

Internal Audit Progress Report (December 2020)

West Sussex County Council



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

Contents:

| | | |
|---------|---|-------|
| 1. | Role of Internal Audit | 3 |
| 2. | Purpose of report | 4 |
| 3. | Performance dashboard | 5 |
| 4. | Analysis of 'Live' audit reviews | 6-7 |
| 5. | Executive summaries 'Limited' and 'No' assurance opinions | 7 |
| 6. | Planning and resourcing | 8 |
| 7. | Rolling work programme | 8-10 |
| 8. | Adjustments to the Internal Audit Plan (Since Last Progress Report) | 11 |
| Annex 1 | Overdue 'High Priority' Management Actions | 12-15 |
| Annex 2 | Overdue 'Low and Medium' Management Actions | 16 |

1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations’ operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

The County Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the County Council that these arrangements are in place and operating effectively.

The County Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations’ objectives.

2. Purpose of report

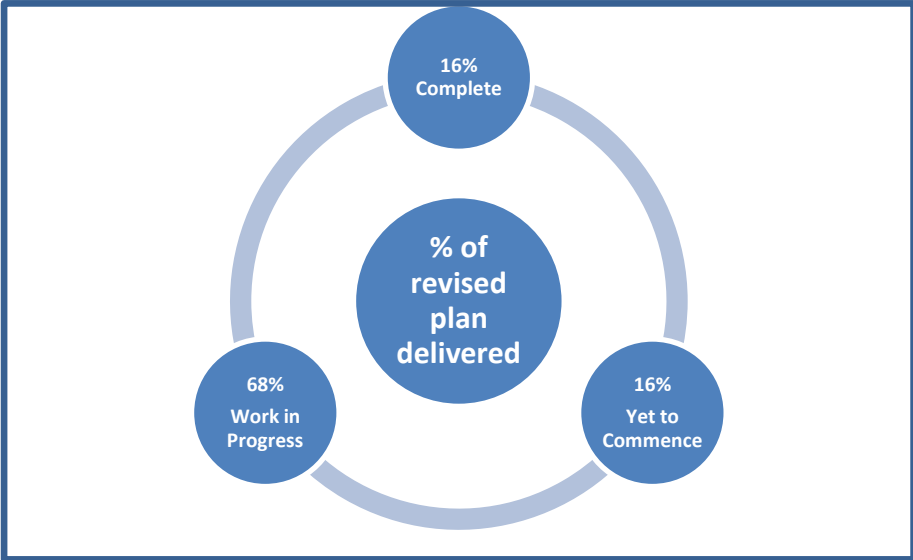
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

| | |
|------------------------------|--|
| Substantial | A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. |
| Reasonable / Adequate | There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited. |
| Limited | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. |
| No | Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited. |

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards

An 'External Quality Assessment' of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.'

'We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Analysis of 'Live' audit reviews

| Audit Review | Report Date | Audit Sponsor | Assurance Opinion | Total Management Action(s) | Not Accepted | Not Yet Due | Complete | Overdue | | |
|--|-------------|---------------|-------------------|----------------------------|--------------|-------------|----------|---------|---|---|
| | | | | | | | | L | M | H |
| Governance Compliance | Feb 2019 | Corp | Limited | 3 | 0 | 0 | 2 | | 1 | |
| Home to School Transport | Mar 2019 | DH&T | Limited | 4 | 0 | 0 | 3 | 1 | | |
| Special Guardianship Orders | May 2019 | DC&FS | Limited | 24 | 0 | 0 | 22 | | 2 | |
| E-Income | Jun 2019 | F&SS | Adequate | 1 | 0 | 0 | 0 | 1 | | |
| Payroll and Employment Administration | July 2019 | HR&OD | Adequate | 10 | 0 | 0 | 9 | 1 | | |
| MSS | July 2019 | Corp | Adequate | 1 | 0 | 0 | 0 | 1 | | |
| Retained Firefighters | Sep 2019 | CFO | Adequate | 12 | 0 | 0 | 11 | | 1 | |
| Intentionally Homeless – Financial Control | Dec 2019 | DC&FS | Limited | 11 | 0 | 0 | 10 | | | 1 |
| Application Review - Mosaic | Dec 2019 | F&SS | Adequate | 2 | 0 | 0 | 1 | | 1 | |
| External Placements | Jan 2020 | DC&FS | Limited | 5 | 0 | 0 | 4 | | | 1 |
| Civil Parking Arrangements | Jan 2020 | DH&T | Adequate | 9 | 0 | 0 | 4 | | 1 | 4 |
| Document Management & Retention | May 2020 | DC | Adequate | 8 | 0 | 0 | 5 | | 3 | |
| Accounts Payable | May 2020 | F&SS | Adequate | 4 | 0 | 0 | 0 | | 4 | |
| Quality Assurance Framework | Jun 2020 | DASS | Limited | 9 | 0 | 1 | 5 | | 2 | 1 |
| Fraud Proactive – Purchasing Cards | Aug 2020 | F&SS | Limited | 7 | 0 | 0 | 6 | | 1 | |
| Capital Programme Governance | Aug 2020 | DP&A | Adequate | 2 | 0 | 0 | 1 | 1 | | |
| Travel Portal | Sep 2020 | F&SS | Adequate | 7 | 0 | 0 | 6 | 1 | | |
| Highways Asset Protection | Sep 2020 | DH&T | Adequate | 6 | 0 | 0 | 5 | | 1 | |
| Companies House – NFI (Proactive Fraud) | Sep 2020 | L&A | Limited | 9 | 0 | 3 | 3 | | 3 | |
| Investment Plan (CS) | Oct 2020 | DC&FS | Adequate | 6 | 0 | 1 | 3 | 2 | | |
| Special Educational Needs | Oct 2020 | DC&FS | Limited | 6 | 0 | 3 | 3 | | | |
| Procurement | Oct 2020 | F&SS | Adequate | 3 | 0 | 1 | 2 | | | |
| Crawley Schools PFI report | Dec 2020 | DP&A | Adequate | 4 | 0 | 4 | 0 | | | |

| Audit Review | Report Date | Audit Sponsor | Assurance Opinion | Total Management Action(s) | Not Accepted | Not Yet Due | Complete | Overdue | | |
|---|-------------|---------------|-------------------|----------------------------|--------------|-------------|----------|----------|-----------|----------|
| | | | | | | | | L | M | H |
| Employers Contributions / Relationships | Dec 2020 | F&SS | Reasonable | 8 | 0 | 7 | 1 | | | |
| Total | | | | | | | | 8 | 20 | 7 |

| | | | |
|--|----|----|----|
| Overdue Management Actions - Direction of travel since November 2020 progress report | +3 | -3 | -9 |
|--|----|----|----|

| Audit Sponsor | |
|---|--|
| Chief Executive Chief Fire Officer (CFO) Director of Human Resources and Organisational Development (HR&OD) | Executive Director Place Services Director of Highways and Transport (DH&T) Director of Environment and Public Protection (DE&PP) Director of Property and Assets (DP&A) Director of Communities (DC) |
| Executive Director, Adults & Health and Statutory DASS (DASS) | Executive Director Resource Services Director of Law and Assurance (DL&A) Director of Finance and Support Services (DF&SS) |
| Executive Director of Children, Young People and Learning Director of Children and Family Services (DC&FS) Director of Education and Skills (DE&S) | |

5. Executive Summaries of reports published concluding a 'Limited' or 'No' assurance opinion

There have been no new reports published concluding a "limited" assurance opinion, since our last progress report.

6. Planning & Resourcing

The internal audit plan for 2020-21 was approved by the County Council’s Executive Leadership Team and the Regulation, Audit & Accounts Committee in July 2020.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the County Council. Progress against the plan is detailed within section 7.

7. Rolling Work Programme

| Audit Review | Sponsor | Scoping | Audit Outline | Fieldwork | Draft Report | Final Report | Assurance Opinion | Comment |
|--|-----------|---------|---------------|-----------|--------------|--------------|-------------------|---------|
| Dual Use Agreements | P&A | ✓ | ✓ | ✓ | Apr 20 | | | |
| Governance – COVID | Corporate | ✓ | ✓ | | | | | Q3 |
| Health and Safety / Staff Welfare / Wellbeing / Performance Management | Corporate | ✓ | ✓ | ✓ | | | | Q2 |
| Market Underwriting / Contract Management – Supply chain | Corporate | ✓ | ✓ | ✓ | Dec 20 | | | Q2 |
| Emergency Planning / Business Continuity / Service resilience | Corporate | ✓ | ✓ | ✓ | | | | Q2 |
| Central Government Grants (allocation) | Corporate | ✓ | ✓ | ✓ | | | | Q2 |
| PPE Cell | Corporate | ✓ | ✓ | ✓ | Jul 20 | Sep 20 | Reasonable | |
| Recovery | Corporate | | | | | | | Q4 |
| Health and Safety | DHR&OD | ✓ | | | | | | Q4 |
| Corporate Governance | DL&A | | | | | | | Q3 |
| Corporate Projects Support | Corporate | ✓ | | | | | | Q1-4 |
| Risk Management | DFSS | ✓ | ✓ | ✓ | | | | Q2 |
| Annual Governance Statement | DL&A | n/a | n/a | n/a | n/a | n/a | n/a | |
| Procurement (sub £100k) | DFSS | ✓ | ✓ | ✓ | | | | Q3 |
| Financial Resilience | DFSS | ✓ | | | | | | Q4 |

| Audit Review | Sponsor | Scoping | Audit Outline | Fieldwork | Draft Report | Final Report | Assurance Opinion | Comment |
|--|-------------|---------|---------------|-----------|--------------|--------------|-------------------|---------------------|
| Debt Recovery / Write off | DFSS / DL&A | ✓ | ✓ | ✓ | Dec 20 | | | Q3 |
| Grant Returns | DFSS | n/a | n/a | ✓ | n/a | n/a | n/a | 5 completed to date |
| Pensions (Employer Contributions & relationships) | DFSS | ✓ | ✓ | ✓ | Nov 20 | Dec 20 | Reasonable | |
| Follow up of Limited Opinion IT Audits | DFSS | ✓ | ✓ | ✓ | Sep 20 | Oct 20 | n/a | |
| Cyber Security | DFSS | | | | | | | Q4 |
| Cloud Service Provisioning | DFSS | ✓ | | | | | | Q3 |
| Endpoint & Peripheral Provisioning | DFSS | | | | | | | Q4 |
| Email & Document Management | DFSS | ✓ | | | | | | Q3 |
| Highways Statutory Inspections | DHT&P | ✓ | ✓ | ✓ | | | | Q3 |
| Ash Dieback | DHT&P | ✓ | ✓ | ✓ | | | | Q3 |
| Home to School Transport | DHT&P | ✓ | | | | | | Q4 |
| Climate Change Strategy | DE&PP | ✓ | | | | | | Q4 |
| Children, Young People and Learning Transformation Programme (Governance) | EDCYP&L | ✓ | ✓ | | | | | Q2 |
| Children, Young People and Learning Transformation Programme (Workstreams) | EDCYP&L | | | | | | | Q4 |
| Special Guardianship Allowances | EDCYP&L | ✓ | ✓ | ✓ | Oct 20 | Oct 20 | Reasonable | |
| Children's – P-Cards | EDCYP&L | ✓ | ✓ | ✓ | | | | Q2 |
| School Thematic Review(s) | EDCYP&L | ✓ | | | | | | Q4 |
| Children Safeguarding (QAF) | EDCYP&L | ✓ | ✓ | | | | | Q3 |
| SFVS | EDCYP&L | ✓ | ✓ | ✓ | n/a | n/a | n/a | Q1 & Q4 |
| School Traded Services | EDCYP&L | ✓ | ✓ | ✓ | | | | Q3 |
| Think Family | EDCYP&L | ✓ | ✓ | ✓ | n/a | n/a | n/a | |
| Approved Mental Health Professionals (AMHPs) | EDA&H | ✓ | | | | | | Q4 |
| S75 Mental Health | EDA&H | ✓ | | | | | | Q4 |

| Audit Review | Sponsor | Scoping | Audit Outline | Fieldwork | Draft Report | Final Report | Assurance Opinion | Comment |
|--|---------|---------|---------------|-----------|--------------|--------------|-------------------|---------|
| Establishment Thematic Review(s) | EDA&H | ✓ | ✓ | ✓ | | | | Q3 |
| Data Quality (Adults) | EDA&H | ✓ | | | | | | Q4 |
| Adults Safeguarding Post COVID19 | EDA&H | ✓ | | | | | | Q3 |
| S75 Governance | JSDC | ✓ | ✓ | | | | | Q3 |
| Multi-Disciplinary Consultant (Contract) | DP&A | ✓ | ✓ | | | | | Q3 |
| Management of restructures | DHR&OD | ✓ | ✓ | ✓ | Nov 20 | | | Q2 |
| Recruitment of Interims | DHR&OD | ✓ | ✓ | ✓ | Sep 20 | Oct 20 | Reasonable | |
| Health and Safety - FRS | CFO | ✓ | ✓ | | | | | Q3 |
| Safe and Well Visits | CFO | ✓ | ✓ | | | | | Q3 |
| Programme Management Office | CFO | ✓ | | | | | | Q4 |
| Grey Book Contracts | CFO | ✓ | | | | | | Q4 |
| Contract Management (Grasstex) | DFSS | | | | | | | Q4 |
| SEND (Special Educational Needs) | EDCYP&L | | | | | | | |
| Data Quality (Children's) | EDCYP&L | | | | | | | |
| Self Help in Schools | DP&A | ✓ | | | | | | Q4 |
| Compliance with HR requirements | DHR&OC | | | | | | | |
| IR35 | DHR&OC | ✓ | | | | | | Q4 |
| Reviews remain within the plan for completion during 20/21, however have been identified as those with greatest potential to defer to Q1 21/22 or have other sources of assurance contributing to the overall framework of governance, risk, and control. | | | | | | | | |

8. Adjustments to the Internal Audit Plan (Since Last Progress Report)

| Audit reviews removed from the plan (since last progress report) | |
|--|---|
| Adults Development Plan | Defer to 21/22. Departmental pressures due to COVID 19 |
| School Reviews | Restrictions of visits due to COVID19 |
| Adult Commissioning | Defer to 21/22. Departmental pressures due to COVID 19 |
| Premises Risk Management | Implementing the PRM process in January to April 2021 utilising new software system and App, go live in April 2021. Move into Q2/3 next year with audit in time for the next HMICFRS. |
| Retained Duty System | Service implementing changes following their HMI inspection and are aware of issues |

| Audit reviews added to the plan (since last progress report) | |
|--|--|
| S75 Mental Health | Scoped as a separate review (formerly part of the AMHPs audit) |

Overdue ‘High Priority’ Management Actions

Quality Assurance Framework - Limited

Observation: There is a documented Quality Assurance Framework in place within Adults Services. This was created in 2013 and was last reviewed in October 2019.

This review of the framework was completed in isolation to the review of the new Safeguarding Adults Board Quality Assurance Framework (published in November 2019), and therefore this missed the opportunity to bring the two assurance documents in line with each other. The Author of the QAF does not report into the Head of Safeguarding and Quality.

Observation: Whilst there is a mechanism for feeding back learning from the QAF, the Framework does not identify how the authority will verify that this learning has been embedded within Adult’s services and therefore is not closing the loop in the assurance process, providing a continuous process

In comparison the WSSAB QAF identifies that a learning and review framework will be in place to enable lessons to be learnt and where there have been poor outcomes to ensure that lessons learned are applied in practice.

| Management Action | Original Due Date | Revised Due Date | Latest Service Update |
|--|-------------------|------------------|---|
| Align the QAF with the Safeguarding QAF and where possible children QAF: Including identifying learning and changes in practice to be tested / evidenced based (embedding best practice) | 31.07.2020 | 31.01.2021 | A revised draft QAF is to be presented and discussed along with quality at the new performance board chaired by the Executive Director of Adults and Health (DASS). The meeting is to take place on the 13 th January 2021. Once these details have been agreed and finalised the revised QAF will be formally launched. |

| External Placements - Limited | | | |
|--|-------------------|------------------|---|
| Observation: There were no commissioning strategies in place for either Adults or Children’s services. An effective commissioning strategy should help identify need, allocate resources and procure provider(s) to meet service need within available means. | | | |
| Management Action | Original Due Date | Revised Due Date | Latest Service Update |
| Produce and publish the adults commissioning strategy aligned to the Adult Social Care Vision and Strategy 2019 – 2021. Finalise the draft Older People Market Position Statement. | 31.01.20 | 30.11.20 | The service has Market Position Statements for Lifelong Services issued November 2019 and Older People, this is currently in draft and the intention is to publish this alongside the Commissioning Strategy. Children Services have provided their Children and Young People’s Sufficiency Strategy which runs to 2021. |

| Intentionally Homeless - Limited | | | |
|--|-------------------|------------------|--|
| Observation: Housing Plans, stating/agreeing the scope of West Sussex County Council’s financial responsibility for an Intentionally Homeless Family are not routinely used by Social Workers when assessing families. This would give clear instruction to the Accommodation Team of what is required. | | | |
| Management Action | Original Due Date | Revised Due Date | Latest Service Update |
| Following development of a model create practice standards for Children’s Social Care and Accommodation Team for IH families. | 31.03.2020 | 31.01.2021 | Required S17 policy sign off to inform the practice standards and the processes. S17 guidance has been signed off. Next action is for the completion of the IH practice guidance which is in progress. |

Civil Parking Arrangements - Adequate

Observation: The signed agency agreements with the districts/boroughs require a monthly reconciliation of income and expenditure for the on-street parking account and the Joint Enforcement Account. The agreements state that the reconciliations should be forwarded to the County Council each month with supporting documentation so that the council can understand the figures in the reconciliation.

Discussions with four district and borough Parking Managers confirmed that although monthly statistical information for on and off-street parking and enforcement is sent, formal reconciliations of income and expenditure are not. One of the councils sends a quarterly reconciliation to the County Council, but the remaining councils only do this at year end.

Additionally, no supporting information other than the statistical reports has been sent to the County Council as required by the agency agreements.

The County Council has not enforced the requirement for monthly reconciliations, nor requested further supporting documentation.

| Management Action | Original Due Date | Revised Due Date | Latest Service Update |
|---|-------------------|------------------|---|
| To raise the reconciliation issues with each DC/BC's, vary the Agency Agreements and get agreement to the variations from the DC/BC's | 31.01.2020 | 01.04.2021 | Quarterly Financial Reconciliations – were intended to go alongside the reports but some of the DCs/BCs have stated that they do not wish to change the financial arrangements we have with them mid-way through the financial year. Therefore, appropriate to start in April 2021. Some DCs/BCs did also state that they would not recognise the new arrangements until the Agency Agreements had been signed as they do impact upon their end of year income. |
| Supporting information (i.e. CPE Reports) will be confirmed with each DC/BC as well as the IT supplier with the first quarterly reports to follow by Spring 2020. | 31.03.2020 | 31.12.2020 | Quarterly Reports – The template for the new quarterly reports has been largely completed and some authorities are starting to send through draft versions. The expectation is that all authorities be able to submit reports for Q3 (Oct – Dec) Therefore target December as a completion date for these reports. These reports will also include compliance surveys. |

| The Agency Agreements have been re-drafted to ensure consistency and understanding and updated policy | 31.01.2020 | 01.04.2021 | In the final stages of drafting the variations to each Agency Agreement and resource in Legal Services have been made available to assist. Plan to have the Agreements completed (including being signed off by each DC/BC) by the end of December but the actions arising from the variations would not become effective until April 2021. (revised date for completion.) |
|---|-------------------|------------------|--|
| <p>Observation: The agency agreements require the districts and boroughs to provide WSCC with monthly statistical reports providing a variety of detailed information which is used by the Parking Strategy Team Manager at WSCC for financial modelling purposes. Although we found there were detailed reports being sent from three of the districts/boroughs tested, we were informed by WSCC staff that one of the councils had not sent any reports to them since June 2018.</p> | | | |
| Management Action | Original Due Date | Revised Due Date | Latest Service Update |
| Supporting information (i.e. CPE Reports) will be confirmed with each DC/BC within this same period with the first quarterly reports to follow in Spring 2020. I am currently awaiting confirmation from the IT supplier that they can provide the necessary information. | 31.03.2020 | 31.12.2020 | Reports were expected to go live from July 1st, 2020 with the first report expected October. The go live for all reports should now be December. |

Overdue 'Low & Medium Priority' Management Actions

| Audit Review | Report Date | Opinion | Priority | Due Date | Revise Due Date |
|--|-------------|----------|----------|----------|-----------------|
| Governance Compliance | Feb 2019 | Limited | Medium | 30.09.19 | 31.12.20 |
| Home to School Transport | Mar 2019 | Limited | Low | 30.04.20 | 30.11.20 |
| Special Guardianship Orders | May 2019 | Limited | Medium | 31.07.19 | 30.09.20 |
| | | | Medium | 30.09.19 | 30.09.20 |
| E-Income | June 2019 | Adequate | Low | 31.12.19 | 31.04.21 |
| Payroll and Employment Administration | July 2019 | Adequate | Low | 31.07.19 | 31.12.20 |
| MSS | July 2019 | Adequate | Low | 31.07.19 | 31.03.21 |
| Retained Firefighters | Sept 2019 | Adequate | Medium | 31.10.19 | 30.09.20 |
| Application Review - Mosaic | Dec 2019 | Adequate | Medium | 31.01.20 | 31.01.21 |
| Civil Parking Arrangements | Jan 2020 | Adequate | Medium | 31.01.20 | 01.04.21 |
| Document Management & Retention | May 2020 | Adequate | Medium | 31.07.20 | 31.01.21 |
| | | | Medium | 31.07.20 | 30.06.21 |
| | | | Medium | 30.09.20 | 31.01.21 |
| Accounts Payable | May 2020 | Adequate | Medium | 31.07.20 | 31.10.20 |
| | | | Medium | 31.07.20 | 31.10.20 |
| | | | Medium | 31.07.20 | 31.10.20 |
| | | | Medium | 31.07.20 | 31.10.20 |
| Information Governance – Document Management and Retention | May 2020 | Adequate | Medium | 31.07.20 | 31.01.21 |
| | | | Medium | 31.07.20 | 30.06.21 |
| | | | Medium | 30.09.20 | 31.01.21 |
| Quality Assurance Framework (Safeguarding) | Jun 2020 | Limited | Medium | 31.05.20 | 31.10.20 |
| | | | Medium | 31.08.20 | 31.03.21 |
| Fraud Proactive – Purchasing Cards | Aug 2020 | Limited | Medium | 31.01.20 | 31.10.20 |
| Capital Programme Governance | Aug 2020 | Adequate | Low | 30.06.20 | 28.02.21 |
| Travel Portal | Sep 2020 | Adequate | Low | 31.05.20 | 30.11.20 |
| Highways Assets (Recoverable) | Sep 2020 | Adequate | Medium | 01.07.20 | 01.11.20 |
| Investment Plan (CS) | Oct 2020 | Adequate | Low | 30.11.20 | TBC |
| | | | Low | 30.11.20 | TBC |

