

Audit & Standards Committee

Date: **16 April 2024**

Time: **4.00pm**

Venue: **Council Chamber, Hove Town Hall**

Members: **Councillors:** West (Chair), Robinson (Opposition Spokesperson), Atkinson, Czolak, Daniel, Guilmant, Meadows and Miller

Independent Persons: Barbara Beardwell, David Bradly and David Gill

Contact: **Grace Leonard**
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Date of Publication - Monday, 8 April 2024

AGENDA

Part One

Page

41 PROCEDURAL BUSINESS

- (a) **Declarations of Substitutes:** Where councillors are unable to attend a meeting, a substitute Member from the same political group may attend, speak and vote in their place for that meeting.
- (b) **Declarations of Interest:**
 - (a) Disclosable pecuniary interests;
 - (b) Any other interests required to be registered under the local code;
 - (c) Any other general interest as a result of which a decision on the matter might reasonably be regarded as affecting you or a partner more than a majority of other people or businesses in the ward/s affected by the decision.

In each case, you need to declare

- (i) the item on the agenda the interest relates to;
- (ii) the nature of the interest; and
- (iii) whether it is a disclosable pecuniary interest or some other interest.

If unsure, Members should seek advice from the committee lawyer or administrator preferably before the meeting.

- (c) **Exclusion of Press and Public:** To consider whether, in view of the nature of the business to be transacted or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

Note: Any item appearing in Part Two of the agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the press and public. A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls and on-line in the Constitution at part 7.1.

42 MINUTES

7 - 10

To consider the minutes of the meeting held on 30 January 2024.

Contact Officer: John Peel

Tel: 01273 291058

43 CHAIR'S COMMUNICATIONS

44 CALL OVER

- (a) Items (47-49) will be read out at the meeting and Members invited to reserve the items for consideration.
- (b) Those items not reserved will be taken as having been received and the reports' recommendations agreed.

45 PUBLIC INVOLVEMENT

To consider the following matters raised by members of the public:

- (a) **Petitions:** to receive any petitions presented to the full council or at the meeting itself;
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 10 April 2024;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 10 April 2024.

46 MEMBER INVOLVEMENT

To consider the following matters raised by councillors:

- (a) **Petitions:** to receive any petitions submitted to the full Council or at the meeting itself;
- (b) **Written Questions:** to consider any written questions;
- (c) **Letters:** to consider any letters;
- (d) **Notices of Motion:** to consider any Notices of Motion referred from Council or submitted directly to the Committee.

47 INTERNAL AUDIT AND COUNTER FRAUD QUARTER 3 PROGRESS REPORT 2023-24 11 - 30

Contact Officer: Carolyn Sheehan
Ward Affected: All Wards

48 INTERNAL AUDIT STRATEGY AND ANNUAL AUDIT PLAN 2024-25 31 - 58

Contact Officer: Carolyn Sheehan
Ward Affected: All Wards

49 STANDARDS UPDATE 59 - 70

Contact Officer: Victoria Simpson *Tel: 01273 294687*
Ward Affected: All Wards

50 ITEMS REFERRED FOR COUNCIL

- (1) To consider items to be submitted to a relevant Committee for information.
- (2) To consider items to be submitted to full Council for information.

In accordance with Procedure Rule 24.3a, the Committee may determine that any item is to be included in its report to Council. In addition, any Group may specify one further item to be included by notifying the Chief Executive no later than 10am on the eighth working day before the Council meeting at which the report is to be made, or if the Committee meeting take place after this deadline, immediately at the conclusion of the Committee meeting

51 ITEMS FOR THE NEXT MEETING

The City Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public. Provision is also made on the agendas for public questions to committees and details of how questions can be raised can be found on the website and/or on agendas for the meetings.

The closing date for receipt of public questions and deputations for the next meeting is 12 noon on the fourth working day before the meeting.

Meeting papers can be provided, on request, in large print, in Braille, on audio tape or on disc, or translated into any other language as requested.

Infra-red hearing aids are available for use during the meeting. If you require any further information or assistance, please contact the receptionist on arrival.

Further information

For further details and general enquiries about this meeting contact John Peel, (01273 291058, email john.peel@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk

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- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building, but move some distance away and await further instructions; and
- Do not re-enter the building until told that it is safe to do so

Brighton & Hove City Council

Audit & Standards Committee

4.00pm 30 January 2024

Council Chamber, Hove Town Hall

Minutes

Present: Councillor West (Chair) Robinson (Opposition Spokesperson), Atkinson, Burden, Czolak, Guilmant and Miller

Other Members present: David Gill

Part One

28 PROCEDURAL BUSINESS

29a Declarations of substitutes

29.1 Councillor Burden was present as substitute for Councillor Daniel.

29b Declarations of interests

29.2 There were none.

29c Exclusion of the press and public

29.3 In accordance with Section 100A of the Local Government Act 1972 ("the Act"), the Committee considered whether the public should be excluded from the meeting during consideration of any item of business on the grounds that it is likely in view of the business to be transacted or the nature of the proceedings, that if members of the public were present during it, there would be disclosure to them of confidential information as defined in Section 100A (3) of the Act.

29.4 **Resolved** - That the press and public not be excluded from the meeting.

29 MINUTES

30.1 **Resolved** – That the minutes of the previous meeting be approved as the correct record.

30 CHAIR'S COMMUNICATIONS

30.1 The Chair provided the following communications:

“I have been discussing with officers my concern in the level of detail given in the quarterly standards update. I don't think the detail we receive is sufficient for committee to fully oversee its responsibility the standards process. Officers have agreed that it would be possible to explore options for greater detail in the report. Therefore I've asked that Councillor Robinson and I meet with officers to explore these options. Any proposals for change will then be table to the next meeting”.

31 CALL OVER

31.1 All items were reserved for discussion.

32 PUBLIC INVOLVEMENT

No public representations were received.

33 MEMBER INVOLVEMENT

33.1 The Committee considered a letter submitted by Councillor Shanks relating to poor standards of behaviour by councillors in council and committee meetings.

33.2 The Chair provided the following response:

“Thank you presenting your letter and bringing your concerns to us. Your comments made are noted.

In terms of the conduct of elected members, this Council does have in place a detailed set of arrangements which aim to make sure that councillors stay within the Nolan principles at all times, including (but not only) at Council meetings, which as we all know, are webcast and may be viewed online.

The arrangements we have in place are regularly reviewed, as is the training we offer all members to ensure compliance with the Code. This subject matter is the subject of regular Reports to each meeting of this Committee.

Also, as it happens, on today's agenda we have our annual review of complaints which assesses themes and trends and offers members the opportunity to ask questions and to make suggestions for actions to be taken having considered the landscape overall. In this context, it is not considered that a review of the type requested is either necessary or a proportionate use of officer resources”.

33.3 **Resolved-** That the Committee note the Letter.

34 FORMAL APPROVAL OF THE RISK MANAGEMENT FRAMEWORK 2023/24

34.1 The Committee considered a report of the Executive Director, Governance, People & Resources that gave oversight of the Brighton & Hove City Council's current Risk Management Framework with a view to for approval.

34.2 Councillors Miller, Robinson, Burden and Czolak asked questions and contributed to the debate of the report.

34.3 **Resolved-**

- 1) That the committee approves the Risk Management Framework as set out in Appendix 1.
- 2) That the committee notes the current corporate Strategic Risks and the Committees those Risks are reported to, as set out in Appendix 2.

35 INTERNAL AUDIT AND COUNTER FRAUD QUARTER 2 PROGRESS REPORT 2023-24

- 35.1 The Committee considered a report of the Executive Director, Governance, People & Resources that provided Members with an update on all internal audit and counter fraud activity completed during quarter 2 (2023/24), including a summary of all key audit findings. The report also includes an update on the performance of the Internal Audit Service during the period.
- 35.2 Councillors Atkinson, Guilment, Miller, Robinson, Czolak and Burden asked questions and contributed to the debate of the report.
- 35.3 **Resolved-** That the Committee note the report.

36 ANNUAL SURVEILLANCE REPORT 2023

- 36.1 The Committee considered a report of the Executive Director, Governance, People & Resources that appraised Committee of the activities that have been undertaken utilising the powers under the Regulation of Investigatory Powers Act 2000 (RIPA) since the last report to Committee in March 2023. The report also introduced an updated Policy and Guidance document
- 36.2 Councillor Atkinson asked a question on the report.
- 36.3 **Resolved-**
 - 1) That Committee approves the continued use of covert surveillance as an enforcement tool to prevent and detect crime and disorder investigated by its officers, providing the activity is in line with the Council's Policy and Guidance and the necessity and proportionality rules are stringently applied.
 - 2) That Committee notes the surveillance activity undertaken by the authority since the report to Committee in March 2023 as set out in paragraph 3.3.
 - 3) That committee approves the continued use of the Policy and Guidance document as set out in Appendix 1 in its updated form.

37 STANDARDS UPDATE

- 37.1 The Committee considered a report of the Executive Director, Governance, People & Resources that provided an update on Standards-related matters, including a review of complaints received in during 2023 alleging that Members have breached the Council's Code of Conduct for Members.

37.2 Councillors Miller, Burden and Atkinson asked questions and contributed to the debate of the report.

37.3 **Resolved-** That the Committee note the report.

38 ITEMS REFERRED FOR COUNCIL

36.1 No items were referred for information.

39 ITEMS FOR THE NEXT MEETING

39.1 There were none.

The meeting concluded at 5.25pm

Signed

Chair

Dated this

day of

Brighton & Hove City Council

Audit & Standards Committee

Agenda Item 47

Subject: Internal Audit and Counter Fraud Quarter 3 Progress Report 2023/24

Date of meeting: 16th April 2024

Report of: Executive Director Governance, People and Resources

Contact Officer: Carolyn Sheehan (Audit Manager)
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Russell Banks (Chief Internal Auditor)
Tel: 07824 362739
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Ward(s) affected: All

For general release

1. Purpose of the report and policy context

1.1 The purpose of this report is to provide Members with an update on all internal audit and counter fraud activity completed during quarter 3 (2023/24), including a summary of all key audit findings. The report also includes an update on the performance of the Internal Audit Service during the period.

2. Recommendations

2.1 That the Committee note the report.

3. Context and background information

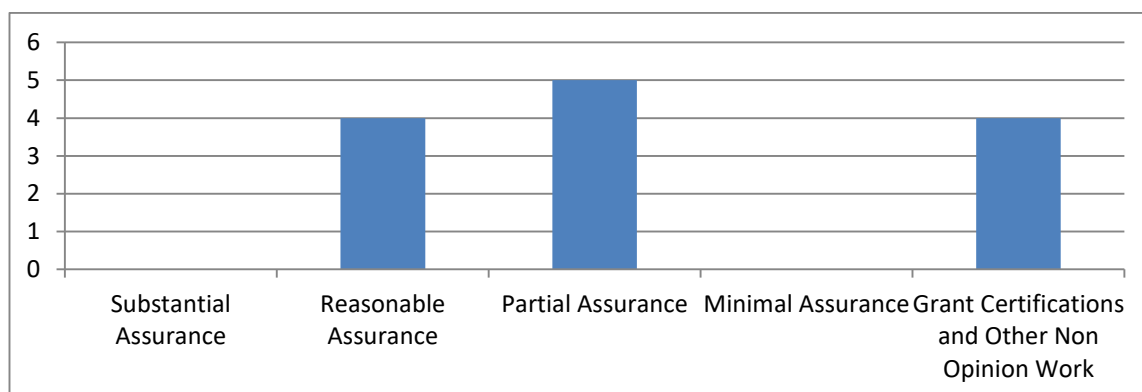
3.1 The current annual plan for internal audit is contained within the Internal Audit Strategy and Annual Plan 2023/24 which was approved by the Audit and Standards Committee on 18th April 2023.

4. Analysis and consideration of alternative options

4.1 Full details of both the audit and counter fraud work delivered during quarter 3 are detailed in Appendix 1, together with our progress against our performance targets.

4.2 Members will note from the report that there are an increased number of partial assurance opinions arising from our work during the quarter, some of which are occurring in key financial or corporate functions.

- 4.3 We recognise that many of the issues identified are often driven by increased demand on services and capacity pressures within tight financial constraints, which have been building for some time. Whilst in the past we may have become aware of these issues developing, they are only now beginning to be evidenced, within the results of our audit work.
- 4.4 Following on from the results of our Q2 report, we continue to take the opportunity to discuss these current and emerging audit opinions with senior management, who have clearly recognised the risks of a deterioration in the control environment and have committed to taking all necessary action to address the issues arising. We will work closely with management to help support the necessary improvements and deliver prompt follow up reviews as required to provide assurance that this has taken place.
- 4.5 The audit opinions finalised in quarter 3 are summarised in the chart below, with four reasonable assurance reports and five partial assurance reports issued during the quarter. In addition, there was one grant certification, which has been included under the category “Grant Certifications and Non-Opinion work.”
- 4.6 Internal Audit resources have also been utilised in providing ongoing advice and support to the replacement of the back-office systems (ERP) and the housing repairs works management system programmes.



5. Community engagement and consultation

- 5.1 The annual report has been informed by internal audit and counter fraud work carried out during the year which has included extensive engagement with officers and members.

6. Conclusion

- 6.1 The Committee is asked to note the report.

7. Financial implications

- 7.1 It is expected that the Internal Audit Annual Plan 2023/24 will be delivered within existing budgetary resources. Progress against the plan and action taken in line with actions support the robustness and resilience of the

council's practices and procedures in support of the council's overall financial position.

Name of finance officer consulted: James Hengeveld Date consulted : 26/03/2024

8. Legal implications

- 8.1 The Accounts and Audit Regulations 2015 require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control, and governance processes, taking into account Public Sector Internal Audit Standards. Reviewing the work planned and completed by the Council's internal audit function is a key part of the Audit and Standards Committee's delegated functions.

Name of lawyer consulted: Victoria Simpson Date consulted: 04/04/2024

9. Equalities implications

- 9.1 There are no direct equalities implications.

10. Sustainability implications

- 10.1 There are no sustainability implications

11. Other Implications

- 11.1 There are no other implications.

Supporting Documentation

Appendices

1. Internal Audit and Counter Fraud Quarter 3 Progress Report 2023-24

Internal Audit and Counter Fraud Quarter 3 Progress Report 2023/24

CONTENTS

1. Summary of Completed Audits
2. Counter Fraud and Investigation Activities
3. Action Tracking
4. Amendments to the Audit Plan
5. Internal Audit Performance

1. Summary of Completed Audits

Complex Care Placements for Children- Safeguarding and Care

1.1 Residential care placements for children fall under either Safeguarding and Care, or Health, SEN, and Disabilities. This audit considered only those placements within Safeguarding and Care. For the purposes of this work, we have defined complex care as a placement with an above-average weekly cost (as cost and complexity are expected to broadly align). As of June 2023, there were 29 children in placements relating to Safeguarding and Care, with an average cost of £5,757 per week, per placement. Provision of such placements is a statutory requirement, and the service is demand-led, which can therefore lead to budgetary pressures.

1.2 The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:

- Assessments and approvals for complex care placements are determined by clear procedures that are both statutorily compliant and balance appropriate provision of care need with cost;
- Robust gateways for checking and approving complex care placements allow consistency, quality, and value for money to be achieved;
- Within the context of the prevailing market conditions, appropriate arrangements are in place to commission and purchase suitable complex care placements;
- There are effective processes operating to provide management with reliable and accurate information both on incurred and forecast spend; and
- Ongoing review of care packages and placements is mindful of both meeting the care need and maintaining a sustainable budget.

1.3 We were able to provide an opinion of **Reasonable Assurance** in this area, as robust processes to identify suitable residential placements were in place, giving consideration to both the care needs of the child and value for money. Approval, oversight, and review of placements was found to be at a suitable level, including instances where the use of unregistered placements was necessitated.

1.4 We did, however, identify some areas of opportunity to improve the control environment, including the need to:

- Review Provider Response Forms and guidance around them, with consideration given to the appropriateness of scoring mechanisms and thresholds used, particularly for unregistered placements;
- Consider identified errors in relation to placement dates to inform best practice going forward; and,
- Ensure process documentation is regularly reviewed and updated.

1.5 A formal action plan to address the findings of this review has been agreed with management.

Adult Services Data Handling

1.6 Front-line Adult's Services staff have a number of tools available to them to obtain records relating to the service users in a digital format. Data handling and data integrity controls are important to ensure data is managed appropriately, is accurate and up to date and is held securely.

1.7 The purpose of our audit was to provide assurance that controls are in place to meet the following objectives:

- Clear roles and responsibilities are in place to ensure the accountability for data access;
- There are documented retention and disposal procedures to include provision for permanent preservation of archival material and secure disposal of information at the end of its life;
- Processes and procedures are in place to ensure information is secure from accidental alteration or erasure, and the accuracy and reliability of data provided to management that will be used to inform decisions; and,
- Clear policy, guidance and training is available to I officers in relation to the information/data handling of personal and/or sensitive information and keeping responsibilities through learning or awareness programmes and guidance.

1.8 We were able to provide an opinion of **Reasonable Assurance** in this area. We found that the Eclipse case management system used by Adult Services, tracks changes and amendments made to service user records and a retention schedule is in place for digital records. We also found robust controls around the access to systems through the Business Solutions Team.

1.9 We did, however, find some areas where improvement was required in order to strengthen the controls already in place, including the need to:

- Review the retention schedule and disposal guidance, updating it to include photographs, videos or voice recordings held by the service; and,
- Review recording data standards guidance in relation to the use and sharing of photographs, videos, or voice recordings to support case work.

1.10 A formal action plan to address the findings of this review has been agreed with management.

School Meals Contract Management Follow-up

1.11 The four-year Primary & Special School meals contract, currently with Caterlink Ltd was awarded in August 2018. The option to extend the contract by two years has been applied and the contract will therefore end on 31 July 2024.

1.12 In 2022/23 we conducted an audit of the school meals contract to review the adequacy of contract management arrangements. At that time, we were only able to provide an audit opinion of Partial Assurance with a number of areas identified for improvement including a need to:

- Review and update procedure notes and file in a central location;
- Restart monitoring visits for the contract;
- Develop specific, meaningful and time bound key performance indicators for the next school meals contract, by which the contractor can be measured and held accountable;

- Sealing outstanding Deeds of Variation for the current contract; and,
- Improving information to parents around credit balances and refunds.

1.13 We have undertaken a follow up review to assess the extent that actions to improve controls, agreed with management in the original audit, had been implemented. In completing this follow-up review, we are pleased to be able to provide a revised opinion of **Reasonable Assurance**. Many of the agreed actions had been fully implemented and sufficient progress has been made on the remaining actions.

1.14 We did, however, find some areas where improvement was still required in order to strengthen the controls already in place and in preparation for a new contract, including the need to:

- Restart monitoring visits for the contract, which have been delayed due to the need to recruit;
- Include developed key performance indicators in tender documents for the new school meals contract, following expiry of the current contract in July 2024. This will include a social value key performance indicator; and,
- Include advice regarding informing parents of credit balances in the annual reminder to schools.

1.15 A formal action plan to address the findings of this review has been agreed with management.

Business Continuity Planning

1.16 As a category one responder, the Council has a statutory duty under the Civil Contingencies Act 2004, to develop, maintain and test business continuity plans. Effective business continuity planning provides a controlled resumption of prioritised services within expected timescales, ensuring an organisation can deliver a satisfactory and pre-defined level of business operations in response to a disruption to business as usual.

1.17 The purpose of our audit was to provide assurance that controls are in place to meet the following objectives:

- Adequate governance arrangements are in place in relation to business continuity planning;
- A business impact assessment (risk assessment) has been completed across the Council to prioritise service continuation;
- Adequate and effective continuity plans have been developed, maintained, kept up to date, communicated and tested for all services; and,
- Business continuity plans for business-critical partner organisations are regularly reviewed to ensure they are adequate and up to date.

1.18 It should be noted that, business continuity does link to disaster recovery planning and emergency planning, however, these were not considered or reviewed as part of this audit.

1.19 In completing this work, we were only able to prove an opinion of **Partial Assurance**. Whilst we acknowledge there is a system in place for business continuity, during our review we identified a number of weaknesses.

1.20 In response to this audit an action plan was agreed with management that included measures to:

- Document and communicate the business continuity framework, this includes roles and responsibilities for business continuity being defined and known, and invocation of business continuity at various levels is clear to officers;
- Review and update the Business Continuity Policy, Business Continuity Plans (at all levels), and business impact analysis to ensure that they are consistent, outline interdependencies with other plans, and contain relevant information for the effective and efficient response to a business continuity incident;
- Develop a testing schedule for all business continuity plans, at all levels;
- Review the business continuity training offer to confirm that this is adequate and delivered to appropriate officers;
- Request and review business critical contractor and/or third-party business continuity plans. These should be reviewed annually by the appropriate manager and reported to the Corporate Business Continuity Group; and
- Ensure that business continuity documentation is appropriately and securely stored.

1.21 A follow up audit is scheduled for 2024/25 to provide assurance that the agreed actions have been implemented.

Council Tax

1.22 Council Tax is a key financial information system, dealing with the calculation, billing, and collection of the revenue. The funds received from Council Tax form an integral part of the Council's budget. Brighton & Hove City Council's 2023/24 total budget is £891.1 million, with £170.3 million (19.1%) of this coming from collection of Council Tax. For 2023/24, Full Council agreed an increase of 4.99% in the Brighton & Hove City Council element of Council Tax, inclusive of a 2% increase in the Adult Social Care Precept.

1.23 The purpose of our audit was to provide assurance that controls are in place to meet the following objectives:

- All taxable domestic properties have been identified and records are regularly reconciled to the Valuation List;
- The annual billing process is effectively conducted and documented;
- Discounts and exemptions are correctly awarded;
- Arrears are dealt with efficiently; write-offs are valid and authorised; and all refunds are approved and accurate;
- All payments are posted promptly to the correct accounts, reconciliations to the main accounting system are undertaken and suspense accounts are regularly cleared;
- Processes are completed in a reasonable timeframe. Customer enquiries are responded to in a reasonable timeframe; and,
- All "Agreed Actions" from previous audits report have now been implemented.

1.24 Although instances of good practice were identified, we were only able to give an opinion of **Partial Assurance**. This is primarily due to a significant backlog of Council Tax processes leading to the risk of prolonged periods of incorrect billing and collection resulting in financial loss, as well as inaccurate forecasting of income collection rates. Many of the weaknesses identified were known by the service but the service had not had sufficient capacity to be able to resolve them.

1.25 Following our review, actions to improve the control environment have been agreed with management and include the need to:

- Reduce the significant backlog of processes through appropriate resourcing, identifying opportunities for increased efficiencies and productivity, and exploring digital and automation functionality. Metrics for measuring the backlog will also be refined, to allow the accurate measure of progress;
- Ensure reviews of discounts, disregards and exemptions take place (with reference to the backlog) and appropriate evidence in support of these is requested and retained;
- Review and update procedure documentation;
- Ensure correspondence is sent to the correct liable party, with technical controls around this explored, and a reminder sent to staff; and,
- Reduce arrears on accounts where BHCC is the liable party.

1.26 A follow up audit is scheduled for Q4 of 2023/24 to provide assurance that the agreed actions have been implemented.

Payroll

1.27 The payroll and HR processes are hosted on the Personal Information and Employment Resource (PIER) system. The system covers salary, overtime, and other employment-related payments such as travel and subsistence, and some system data can be input by individual employees on a self-service basis. Employee expenditure accounts for a significant element of the Council's budget. The April 2023 pay run value was £9.3 million (excluding schools) in relation to 4,894 staff. It is essential that effective control and management is exercised over the payroll function to ensure that records are accurate and up to date and staff are paid correctly and on time.

1.28 The purpose of our audit was to provide assurance that controls are in place to meet the following objectives:

- Only genuine new starters are set up, approved, and are paid accurately from the correct starting date;
- Leavers are removed from the payroll in a timely manner and paid correctly and accurately;
- Permanent variations to pay accurately reflect employees' grades and/or changes to their contracts, and are calculated and paid from the correct dates;
- Pay runs and BACS transmissions are checked for accuracy and authorised;
- Accurate data is passed to the East Sussex Pension Fund in line with the requirements of the Fund;
- Payroll data is accurately reflected in the General Ledger;
- Temporary payments (including additional hours, expense claims and payment to casual staff) are only made for hours worked and expenses incurred legitimately as a result of employment;
- Changes to standing data are reviewed, authorised, and input accurately.
- Enquiries are responded to in a reasonable timeframe; and,
- Actions from the previous audit have been implemented as expected.

1.29 Control weaknesses were identified during our review and as a result we were only able to provide an opinion of **Partial Assurance**. Many of the weaknesses identified were known by the management but the service had not had sufficient capacity to be able to resolve them.

1.30 A robust action plan has been agreed with management to address these issues, including the need to ensure that:

- Up-to-date and accurate data is shared with the East Sussex Pension Fund via the i-Connect system, with the appropriate resource and expertise in place to facilitate this on an ongoing basis;
- The backlog of Payroll work is addressed. This is largely reliant on a new system, the options for which are being explored, and the resolution of ongoing capacity issues via recruitment. Improved metrics around the backlog will allow for optimal monitoring and resourcing of the situation;
- Levels of overpayments are kept to a minimum via use of technical solutions and staff awareness;
- Review and revision of vetting reports and processes relating to these takes place;
- Changes to standing data are recorded and signed off appropriately;
- PIER system updates are applied, subject to technical review;
- Action is taken to ensure that an identified variance of £79k from the April 2021 payroll control account reconciliation, impacting around 80 records and arising from transferring weekly pay to monthly, is resolved;
- Outstanding debt, including unrecovered salary advances, is reviewed and appropriate action taken, as capacity allows; and,
- Variances in relation to pay overs, and actions needed to resolve these and minimise such instances going forward will be explored, as capacity allows.

1.31 As this is a key financial system a full audit is scheduled for 2024/25 and this will include providing assurance that previously agreed actions have been implemented.

CareLink

1.32 CareLink is the Council's telecare alarm service. Telecare provides a range of services and equipment that allows an individual to call for help in an emergency, which could be inside or outside of the home. The service is available 24 hours a day, seven days a week, all year round. The Council has in-house provision for this service and in recent years, the CareLink Team has been able to provide out of hours telephone services to other teams across the Council, where they also require an out of hours telephone service.

1.33 This audit aimed to provide assurance over the governance and key controls in CareLink in relation to:

- Robust governance arrangements are in place to manage the provision of the CareLink service effectively;
- Adequate contractual/ service level agreements are in place to ensure requirements of the service are well defined, known, and charges can cover the service provided;
- Appropriate financial arrangements are in place to ensure value for money is achieved; and,
- The quality of the service provided is aligned to Council customer standards as well as regulatory/ statutory standards, which are supported by clear and robust procedures covering these requirements.

1.34 In completing this work, whilst we identified some areas of good practice, we also found weaknesses in control in a number of areas and were only able to provide an opinion of **Partial Assurance**.

1.35 Following our review, actions to improve the control environment have been agreed with management and include the need to;

- Improve and document governance processes across the service to demonstrate compliance with the Council's corporate policies and procedures, legislative requirements, and to evidence that key processes have been followed to ensure the safety of officers performing their duties;
- Develop and implement a fee policy that will include documented roles and responsibilities and a consistent mechanism for the evaluation of new requests of work made to the service;
- Ensure that financial management and monitoring is undertaken to ensure all income due is received and potential overspends against the budget are identified as soon as possible to be managed and mitigated;
- Document completion of physical stock checks ensuring they are comprehensively recorded, and a reconciliation is completed with the information recorded on the electronic system, and any variations being subject to review;
- Document and test the business continuity plan, including lessons learned being actioned and recorded;
- Ensure reviews are completed of the risk assessments, procedures, and guidance documents available in the service to ensure these are appropriate, relevant and in date;
- Review key performance indicators to ensure these are meaningful to the service and are an accurate measure to determine whether the service is meeting its objectives; and,
- Capture all feedback from customers, through all different avenues, to inform and improve the future service delivery.

1.36 A follow up audit is scheduled for 2024/25 to provide assurance that the agreed actions have been implemented.

Housing Rents Follow-up

1.37 In 2021/22, an audit was conducted to assess the adequacy of arrangements in place to calculate, collect and recover rental income due to the Council. In completing this work, we were only able to provide an audit opinion of Partial Assurance, with a number of areas for improvement being identified, including the need to:

- Ensure that direct debits are calculated correctly within the system to ensure debt does not accrue from an under-collection of rent through direct debits;
- Monitor, manage and recover housing rents debts and accounts in arrears;
- Review the pause in issuing Notices of Seeking Possession (NOSP);
- Identify the training needs of officers and develop guides of how to use the new system and deliver key training;
- Evaluate whether additional reports are required from the system to allow officers to undertake their roles more efficiently and effectively; and,
- Introduce a process for regularly reviewing procedures and updating the Rent Arrears & Income Collection Policy and aligning this to the Corporate Debt Policy.

1.38 We have, therefore, undertaken a follow up review to assess the extent that actions to improve control, agreed with management in the original audit, had been implemented. In completing this follow-up review, we were only able to provide an unchanged opinion of **Partial Assurance**.

1.39 Two of the key actions agreed in the original audit were to identify a way in which arrears can be managed within the housing rents system, removing the use of spreadsheets outside of the system, and reviewing accounts with arrears regularly and retaining this evidence on the system. However, our work found that addressing these actions, to reduce the potential risk, had not been able to progress as expected, and were still awaiting implementation.

1.40 In discussing these issues with management, further action was in the process of being taken through the implementation of the 'Escalation Policy' in the system, which enables the monitoring and management of rent arrears within the system. In addition, training would be provided to officers on the recent updates to the system and policies and procedures would be created, updated, and reviewed on a regular basis to ensure they are appropriate.

1.41 As this is a follow up audit of a key financial system, a full audit is scheduled for 2024/25 and will include providing assurance that the previous agreed actions have been implemented.

Schools

1.42 We have a standard audit programme in place for all school audits, with the scope of our work designed to provide assurance over key controls operating within schools. The objectives of our work are to ensure that:

- Governance structures are in place and operate to ensure there was independent oversight and challenge by the Governing Body;
- Decision making is transparent, well documented, and free from bias;
- The school is able to operate within its budget through effective financial planning;
- Unauthorised or inappropriate people do not have access to pupils, systems, or the site;
- Staff are paid in accordance with the schools pay policy;
- Expenditure is controlled and funds used for an educational purpose;
- The school ensures value for money on contracts and larger purchases; and,
- All voluntary funds are held securely and used in accordance with the agreed purpose.

1.43 One school audit was finalised in quarter 3. The table below shows details of the school we audited, together with the final level of assurance reported to them.

Name of School	Audit Opinion
Hill Park School	Reasonable Assurance

1.44 We aim to undertake follow-up audits at all schools with Minimal Assurance opinions. For Partial Assurance opinions we will write to the Chair of Governors to obtain confirmation that recommendations have been implemented.

1.45 The core financial role of the LA is to set and monitor a local framework, including provision of budgetary information, provision of a financial oversight and ultimately intervening where schools are causing financial concerns. Schools (the governing body and the Headteacher) are required to manage their delegated budget effectively ensuring the school meets all its statutory obligations, and through the Headteacher comply with the LA's Financial Regulations and Standing Orders.

Grant Certifications and Non-Opinion Work

Transport Capital Grant

1.46 This is capital funding provided by the Department of Transport towards local transport from the Pothole Fund, Integrated Transport Block and Highways Maintenance Block. The amount of £6,357,000 was provided to the Council for 2022/23. The grant expenditure requires certification by Internal Audit.

1.47 No significant issues were identified in the grant certification. The 2022/23 underspend will be carried forward to the 2023/24 capital programme to meet planned and re-profiled Local Transport capital expenditure, in line with the terms of the grant.

Modernisation of Data and Information Systems (Modis) formerly the Enterprise Resource Planning (ERP) Programme

1.48 In July 2022, Policy and Resources Committee agreed to commence procurement of a corporate Enterprise Resource Planning system to replace the current Finance and HR/Payroll systems which have been used by the Council for 16 and 12 years, respectively.

1.49 Internal Audit have been attending Programme Board meetings to provide independent and objective advice, support, and challenge as the programme develops.

1.50 A package of deliverable internal audit work has been agreed with the Board, designed to provide the Programme Board with assurance when making critical decisions, including the provision of assurance over the design of the control environment within the new system.

1.51 The programme is currently paused and a 'reset' is taking place to address a number of risks and issues identified by the Programme Board. The Programme Board are working through several different options in relation to how to move forward in terms of improving current processes and systems and will align this against potential costs and timelines.

1.52 It is not clear if our planned audit work in this area will need to change, however, we will continue to provide independent and objective advice, support and challenge to the Programme Board and will continue to update the Audit and Standards Committee on our work as the programme progresses.

Housing Repairs Works Management System Replacement Programme

1.53 It was agreed by the Housing & New Homes Committee and the Policy, Resources & Growth Committee in 2018 to bring the responsive repairs and empty property refurbishments service in house on 1st April 2020. This service includes emergency repairs, and the procurement of suppliers to provide specialist works, where the in-house team do not have the skills to complete them.

1.54 We have agreed to attend programme board meetings and provide ad-hoc advice, support, and challenge as appropriate to support the procurement of a Works Management System that works alongside and interfaces with the NEC Housing Management System.

1.55 Whilst no specific internal audit work has yet been required on the new system to date, internal audit work will be provided to support the programme as and when appropriate, in agreement with the Board.

Shared Prosperity Fund

1.56 The Council has been allocated £1,766,076 from the Department of Levelling Up, Housing and Communities, as part of the UK Shared Prosperity Fund. Some of this funding is being made available to local community organisations and small businesses via five grant programmes.

1.57 Internal Audit have reviewed and provided advice on processes and documentation associated with applications for these grants and reporting back to DLUHC.

2. Proactive Counter Fraud Work

Counter Fraud Activity

2.1 Internal Audit have been liaising with the relevant services to provide advice and support in processing the matches received as part of the National Fraud Initiative. The team are currently working with the relevant services to upload the data for the next National Fraud Initiative Single Person Discount exercise, which is due to take place in early 2024.

2.2 The team continue to monitor intel alerts and share information with relevant services when appropriate.

2.3 Advise and support was provided to services in several cases that did not require internal audit investigation.

Housing Tenancy Fraud

2.4 The Tenancy Fraud Team continue to investigate allegations of potential sublet. They work closely with Housing Managers and officers for a joined-up approach to allegations of abandonment with an increasing emphasis on visits and communication with tenants to increase awareness and reiterate a tenant's responsibility under their tenancy agreements.

2.5 The Tenancy Fraud Team are currently working with the Housing and Legal Team with court papers drafted for submission to the courts for a property to be recovered.

Council Tax Fraud

2.6 The Team continues to investigate allegations of false claims for Single Person Discount (SPD) and Council Tax Reduction Support (CTRS). An improved process is in place whereby errors and discrepancies with Council Tax liability are identified and adjusted in a timely manner to make savings, but also to ensure accounts are correct to minimise any ongoing loss.

2.7 The results for the 2023/24 financial year, to the end of quarter 3, are summarised in the table below:

Fraud Area	Number YTD 2023/24	Savings YTD (£) 2023/24
Social Housing Recovered	3	279,000
Succession Prevented	2	186,000
Housing Application withdrawn		
Homeless Application withdrawn		
RTB Withdrawn		
SPD Removed	12	7,758
CTRS	1	440
Business Rates		
Total		473,198

3. Action Tracking

3.1 All high priority actions agreed with management as part of individual audit reviews are subject to action tracking. When high priority actions become due, we seek confirmation from service management that actions have been implemented. At the end of quarter 3, we can report that 96% of high priority actions due, have been confirmed as implemented by management.

3.2 There was one high priority action which was overdue at the end of Q3. Details are provided below.

Details of Audit Issue	Due date	Revised date	Agreed Action
Council Tax Backlog of Council Tax Processes	31/12/23	N/A	<p>We have been given permission (16/11/23) to utilise a TBM underspend funding of £180,000 to plan and manage increased resources from external partner (NEC) and overtime opportunities to help partially mitigate the backlog situation.</p> <p>With the aim of reducing the backlog, we will continue ongoing work to:</p> <ul style="list-style-type: none"> Analyse demand, productivity, capacity, and system processes to identify opportunities for developing efficiencies and increases in productivity based on evidence led decisions. Focus available resources on priority work so that the impact of the backlog on income collection is minimised. Work with IT&D to try to reduce the impact that the delays to the CTAX

Details of Audit Issue	Due date	Revised date	Agreed Action
			digital service implementation have on our workload, to improve the current digital and automation service and identify opportunity for further development or functionality.

3.3 A follow up audit of Council Tax is currently underway.

3.4 A number of high priority actions have had their implementation deadlines extended, in agreement with management. Where the revised deadlines are not met, these will be reported to the next meeting of the Audit & Standards Committee.

4. Amendments to the Audit Plan

4.1 In accordance with proper professional practice, the Internal Audit plan for the year has been kept under regular review to ensure that the service continues to focus its resources in the highest priority areas based on an assessment of risk. Through discussions with management the following audits have been added to the audit plan this quarter:

Planned Audit	Rationale for Addition
General Ledger	This audit will provide some assurance around the current main accounting system before any change to back-office systems. This audit will review controls in relation to the Council's general ledger, including year-end procedures, journal transfers and bank reconciliation
Shared Prosperity Fund	To provide advice and support for processes and reporting to DLUHC
Council Tax Follow Up	To review whether actions agreed in the previous audit have been implemented and mitigate the risks identified.

4.2 In order to allow these additional audits to take place, the following audits have been removed or deferred from the audit plan and, where appropriate, will be considered for inclusion in future audit plans as part of the overall risk assessment completed during the annual audit planning process. These changes have been made on the basis of risk prioritisation and/or as a result of developments within the service areas concerned requiring a rescheduling of audits:

Planned Audit	Rationale for Removal
Procurement Contract Standing Orders	This review is deferred until next year. The new regulations are expected to come into force from October 2024, in accordance with the Procurement Act 2023.
Revenue Budget Management	This audit looks at the framework for the budget management process and would be better timed alongside a follow up review of the effectiveness of savings targets in 2024/25

5. Internal Audit Performance

5.1 In addition to the annual assessment of internal audit effectiveness against Public Sector Internal Audit Standards (PSIAS), the performance of the service is monitored on an ongoing basis against a set of agreed key performance indicators as set out in the following table:

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	G	2023/24 Internal Audit Strategy and Annual Audit Plan formally approved by Audit and Standards Committee 18th April 2023.
	Annual Audit Report and Opinion	By end July	G	2022/23 Annual Report and Opinion presented to Audit and Standards Committee 27th June 2023.
	Customer Satisfaction Levels	90% satisfied.	G	100%
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	67.5%	A	60.8% At the end of the quarter a large amount of work was underway that had not reached the draft report stage. We are working towards achieving the end of year target of 90%.
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	<p>Dec 2022 - External Quality Assurance completed by the Institute of Internal Auditors (IIA). Orbis Internal Audit assessed as achieving the highest level of conformance available against professional standards with no areas of non-compliance identified, and therefore no formal recommendations for improvement arising. In summary the service was assessed as:</p> <ul style="list-style-type: none"> • Excellent in: Reflection of the Standards Focus on performance, risk and adding value. • Good in: Operating with efficiency Quality Assurance and Improvement Programme • Satisfactory in:

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
				Coordinating and maximising assurance
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures, and Investigations Act	Conforms	G	No evidence of non-compliance identified
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	95% for high priority agreed actions	G	96% for high priority agreed actions (see above)
Our staff	Professionally Qualified/Accredited (Includes part-qualified staff and those undertaking professional training)	80%	G	91%

Audit Opinions and Definitions

Opinion	Definition
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

Brighton & Hove City Council

Audit and Standards Committee

Agenda Item 48

Subject: Internal Audit Strategy and Annual Audit Plan 2024/25

Date of meeting: 16th April 2024

Report of: Executive Director, Governance People and Resources

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Ward(s) affected: All

For general release

1. Purpose of the report and policy context

- 1.1 The purpose of this report is to provide Members with the Internal Audit Strategy and Annual Audit Plan for 2024/25
- 1.2 This includes the proposed programme of internal audit and counter-fraud work for the coming year (Appendix 1 and 2).
- 1.3 It also includes the Internal Audit Charter which sets out the purpose, authority, and responsibilities of the Internal Audit function (Appendix 3).

2. Recommendations

- 2.1 That the Committee approves the Internal Audit Strategy and Annual Audit Plan for 2024/25 and notes the Internal Audit Charter.

3. Context and background information

- 3.1 Regulation 5 of The Accounts and Audit Regulations 2015 requires the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control, and governance processes'. In addition, the Public Sector Internal Audit Standards (PSIAS) require "senior management" and "the board" to approve internal audit activity's plans and resource requirements and the Internal Audit Charter.
- 3.2 For Brighton & Hove, "senior management" is the Corporate Leadership Team (CLT), and the "board" is the Audit & Standards Committee.
- 3.3 A copy of the Internal Audit Strategy and Annual Audit Plan for 2024/25 is included as Appendix 1 and 2.

- 3.4 The development of the annual plan involves extensive consultation with key stakeholders and horizon scanning is undertaken to ensure audit activity is proactive and future focussed. For 2024/25, the plan composes 1860 days, including 450 days funded directly from the Housing Revenue Account to support Housing related activities.
- 3.5 The strategy, which accompanies the schedule of audits, details the priorities for delivering an effective internal audit and counter fraud service together with details of the quality assurance and performance management arrangements for the coming year.
- 3.6 The Internal Audit Charter (Appendix 3) describes the purpose, authority and responsibilities on internal audit, its statutory basis and the standards which underpin best practice.

4. Analysis and consideration of alternative options

- 4.1 The 2024/25 audit plan will again be delivered in partnership with our colleagues from East Sussex County Council and Surrey County Council as part of Orbis Internal Audit. The service will be delivered predominantly by a sovereign team of staff based at Brighton & Hove City Council supplemented by two specialist teams (ICT and Corporate Fraud) who will undertake audit work across the Orbis partnership. There are also resources in place to allow for the delivery of external IT and other specialist audits if required.

5. Community engagement and consultation

- 5.1 The process of compiling the Internal Audit plan has involved substantial consultations, including with members of CLT, heads of service and other senior management staff.

6. Conclusion

- 6.1 The Internal Audit Strategy and Annual Audit Plan, attached at Appendix 1, sets out proposals for maintaining an adequate and effective system of internal audit for 2024/25.

7. Financial implications

- 7.1 It is expected that the 2024/25 Internal Audit plan will be delivered within the proposed budgetary resources.
- 7.2 The strategy, audit plan and action taken in response to internal audit findings support the robustness and resilience of the Council's practices and procedures and support delivering of the Council's overall objectives.

Name of finance officer consulted: James Hengeveld Date consulted:
26/03/2024

8. Legal implications

- 8.1 This report sets out the Council's plan for complying with Regulation 5 of the Accounts and Audit Regulations 2015 which requires the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes.' It is within the delegated authority of the Council's Audit and Standards Committee to approve the Plan.

Name of lawyer consulted: Victoria Simpson Date consulted 04.04.24

9. Equalities implications

- 9.1 There are no direct equalities implications.

10. Sustainability implications

- 10.1 There are no sustainability implications.

11. Other Implications

- 11.1 There are no other implications.

Supporting Documentation

1. Appendices

1. Internal Audit Strategy and Annual Audit Plan 2024/25
2. Detailed Annual Audit Plan 2024/25
3. Internal Audit Charter

Internal Audit Strategy and Annual Audit Plan 2024- 2025

1. Role of Internal Audit

1.1 The full role and scope of the Council's Internal Audit Service is set out within the Internal Audit Charter and Terms of Reference (attached as Appendix 3).

1.2 The mission of Internal Audit, as defined by the Chartered Institute of Internal Auditors (CIIA), is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. Internal Audit is defined as "*an independent, objective assurance and consulting activity designed to add value and improve an organisation's 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.*"

1.3 The organisation's response to internal audit activity should lead to a strengthening of the control environment, thus contributing to the overall achievement of organisational objectives.

2. Risk Assessment and Audit Planning

2.1 Brighton and Hove City Council's Internal Audit Strategy and Annual Audit Plan is updated annually and is based on a number of factors, especially management's assessment of risk (including that set out within the strategic and departmental risk registers) and our own risk assessment of the Council's major systems and other auditable areas. This allows us to prioritise those areas to be included within the audit plan on the basis of risk.

2.2 The annual planning process has once again involved consultation with a range of stakeholders to ensure that their views on risks and current issues, within individual departments and corporately, are identified and considered. In order to ensure that the most effective use is made of available resources, to avoid duplication and to minimise service disruption, efforts will continue to be made to identify, and where possible, rely upon, other sources of assurance available. The following diagram sets out the various sources of information used to inform our 2024/25 audit planning process:



2.3 Through this process, we have been able to identify key areas for audit activity in 2024/25, including strategic risks and issues, key priority projects and programmes, priority service reviews, key financial systems, and grant claims. The remainder of the direct audit days are earmarked as emerging risks/contingency which enables us to respond to the rapidly changing risk landscape across the Authority.

2.4 In order to ensure audit and assurance activity is properly focussed on supporting the delivery of the Council’s priorities, the audit plan has taken into account the key corporate priority outcomes of the Council as set out within the Council Plan. These are:

- A city to be proud of;
- A fair and inclusive city;
- A healthy city where people thrive; and
- A responsible council with well-run services.

2.5 In producing the audit plan (which is set out in Appendix A to this report) the following key principles continue to be applied:

- Key financial systems are subject to a cyclical programme of audits covering, as a minimum, compliance against key controls;
- Previous reviews which resulted in ‘minimal assurance,’ or ‘partial assurance’ audit opinions will be subject to a specific follow-up review to assess the effective implementation by management of agreed actions; and
- Any reviews which we were unable to deliver during the previous financial year will be considered once again as part of our audit planning risk assessment and prioritised as appropriate.

2.6 As with previous years, the 2024/25 audit plan remains flexible. This is in part due to the continued uncertainties over timing of the go-live of the replacement of back office systems, and also because the changing nature of the risk landscape across the public sector. Given the likelihood of the plan needing to flex within the year ahead, we have

identified, at the end of Appendix 2, a number of additional audit assignments that may, on a risk-prioritised basis, be drawn into our workload if planned audits are postponed or cancelled.

2.7 In addition, formal action tracking arrangements are in place to monitor the implementation by management of all individual high-priority agreed actions, with the results of this work reported to the Corporate Leadership Team and the Audit and Standards Committee on a quarterly basis.

2.8 Since 2018, Brighton and Hove City Council, East Sussex County Council, and Surrey County Council have been working together to establish and develop the Orbis Internal Audit Partnership. In doing this, we are able to deliver high quality and cost-effective assurance services to each partner, drawing upon the wide range of skills and experience from across the various teams. The size and scale of the partnership has also enabled us to invest in specialist IT Audit and Counter Fraud services, to the benefit of each partner council and external fee-paying clients.

3. Key Issues

3.1 In times of significant transformation, organisations must both manage change effectively and ensure that core controls remain in place. In order to respond to the continued reduction in financial resources and the increased demand for services, the Council needs to consider some radical changes to its service offer in many areas.

3.2 Internal Audit must therefore be in a position to give an opinion and assurance that covers the control environment in relation to both existing systems and these new developments. It is also essential that this work is undertaken in a flexible and supportive manner, in conjunction with management, to ensure that both risks and opportunities are properly considered. During 2024/25, a number of major organisational initiatives and/or risks will feature within the audit plan, with the intention that Internal Audit is able to provide proactive advice, support and assurance as these programmes progress. These include:

- Replacement of Back Office Systems;
- Organisational Response to Financial Challenges;
- Information Security Risk Management; and
- Cultural Compliance

3.3 As explained previously, in recognition of current uncertainties and that in some cases, sufficient information regarding the full extent of future changes and associated risks may not yet be known, the 2024/25 audit plan will, as in previous years, include a proportion of time classified as 'Emerging Risks'. This approach has been adopted to enable Internal Audit to react appropriately throughout the year as new risks materialise and to ensure that expertise in governance, risk and internal control can be utilised early in the change process.

3.4 In view of the above, Internal Audit will continue to work closely with senior management and Members throughout the year to identify any new risks and to agree how and where audit resources can be utilised to best effect.

3.5 Other priority areas identified for inclusion within the audit plan include:

- Key Financial Systems;
- Artificial Intelligence;
- Contract Management Compliance;
- Home Care Contract Management;
- Public Health Local Commissioning;
- Housing Major and Planned Works;
- Property Maintenance Budget;
- Complex Care Placements for Children; and
- Fleet Management

3.6 The results of all audit work undertaken will be summarised within quarterly update reports to Corporate Leadership Team and the Audit and Standards Committee, along with any common themes and findings arising from our work.

4. Counter Fraud

4.1 Managing the risk of fraud and corruption is the responsibility of management. Internal Audit will, however, be alert in all its work to risks and exposures that could allow fraud or corruption and will investigate allegations of fraud and corruption in line with the Council's Anti-Fraud and Corruption Strategy.

4.2 The Chief Internal Auditor should be informed of all suspected or detected fraud, corruption, or irregularity in order to consider the adequacy of the relevant controls and evaluate the implication for their opinion on the control environment.

4.3 In addition, Internal Audit will promote an anti-fraud and corruption culture within the Council to aid the prevention and detection of fraud. Through the work of the Counter Fraud Team, Internal Audit will maintain a fraud risk assessment and deliver a programme of proactive and reactive counter fraud services to help ensure that the Council continues to protect its services from fraud loss. This will include leading on the National Fraud Initiative data matching exercise on behalf of the Council.

5. Matching Audit Needs to Resources

5.1 The overall aim of the Internal Audit Strategy is to allocate available internal audit resources so as to focus on the highest risk areas and to enable an annual opinion to be given on the adequacy and effectiveness of the Council's governance, risk, and control framework.

5.2 In addition to this, resources have been allocated to the external bodies for whom Orbis Internal Audit also provide internal audit services, at an appropriate charge. These include Horsham District Council, Hastings Borough Council, Elmbridge Borough Council, East Sussex Fire Authority and South Downs National Park.

5.3 Internal audit activities will be delivered by a range of staff from across the Orbis Internal Audit Service, maximising the value from a wide range of skills and experience available. In the small number of instances where sufficient expertise is not available from within the team, mainly in highly technical or specialist areas, the option of engaging externally provided specialist resources will continue to be considered.

5.4 The following table summarises the level of audit resources expected to be available for the Council in 2024/25 (expressed in days), compared to the equivalent number of planned days in previous years. As can be seen, there is a slight increase in the number of planned days from 2023/24, returning to 2022/23 levels. The number of planned tenancy fraud days, funded by the Housing Revenue Account, increased in 2023/24 from 250 to 450. In addition, wherever necessary, we will continue to look to source additional capacity from outside of the service. The overall level of planned resource continues to be considered sufficient to allow Internal Audit to deliver its risk-based plan in accordance with professional standards and to enable the Chief Internal Auditor to provide his annual audit opinion.

Table 1: Annual Internal Audit Plan – Plan Days

	2021/22	2022/23	2023/24	2024/25
Internal Audit and Counter Fraud Days	1,410	1,410	1,365	1, 410
Housing Tenancy Fraud *	250	250	450	450
Total Audit & Counter Fraud Days	1,660	1,660	1,815	1,860

*Provision of additional audit days to deliver housing tenancy fraud work funded by HRA.

6. Audit Approach

6.1 The approach of Internal Audit is to use risk-based reviews, supplemented in some areas by the use of compliance audits and themed reviews. All audits have regard to management’s arrangements for:

- Achievement of the organisation’s objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures, and contracts.

6.2 In addition to these audits, and the advice on controls given on specific development areas which are separately identified within the plan, there are a number of

generic areas where there are increasing demands upon Internal Audit, some of which cannot be planned in advance. For this reason, time is built into the plan to cover the following:

- Contingency – an allowance of days to provide capacity for unplanned work, including special audits and management investigations. This contingency also allows for the completion of work in progress from the 2023/24 plan;
- Advice, Management, Liaison and Planning - an allowance to cover provision of ad hoc advice on risk, audit and control issues, audit planning and annual reporting, ongoing liaison with service management and Members, and audit management time in support of the delivery of all audit work, planned and unplanned.

6.3 In delivering this strategy and plan, we will ensure that liaison has taken place with the Council's external auditors, Grant Thornton, to ensure that the use of audit resources is maximised, duplication of work is avoided, and statutory requirements are met.

7. Training and Development

7.1 The effectiveness of the Internal Audit Service depends significantly on the quality, training, and experience of its staff. Training needs of individual staff members are identified through a formal performance and development process and are delivered and monitored through on-going management supervision.

7.2 The team is also committed to coaching and mentoring its staff, and to providing opportunities for appropriate professional development. This is reflected in the high proportion of staff holding a professional internal audit or accountancy qualification as well as numerous members of the team continuing with professional training during 2024/25.

8. Quality and Performance

8.1 With effect from 1 April 2013, all of the relevant internal audit standard setting bodies, including CIPFA, adopted a common set of Public Sector Internal Audit Standards (PSIAS). These are based on the Institute of Internal Auditors International Professional Practices Framework and replace the previous Code of Practice for Internal Audit in Local Government.

8.2 Included within the new Standards is the requirement for the organisation to define the terms 'Board' and 'senior management' in the context of audit activity. This has been set out within the Internal Audit Charter, which confirms the Audit Committee's role as the Board.

8.3 The PSIAS require each internal audit service to maintain an ongoing quality assurance and improvement programme based on an annual self-assessment against the Standards, supplemented at least every five years by a full independent external assessment. The outcomes from these assessments, including any improvement actions arising, will be reported to the Audit and Standards Committee, usually as part of the

annual internal audit report. In our latest external assessment, completed by the Chartered Institute of Internal Auditors (IIA) in autumn 2022, we were assessed as achieving the highest level of conformance available against the professional standards, with no areas of non-compliance identified, as reported to Audit and Standards Committee in January 2023.

8.4 For clarity, the Standards specify that the following core principles underpin an effective internal audit service:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused;
- Promotes organisational improvement.

8.5 In addition, the performance of Orbis Internal Audit continues to be measured against key service targets focussing on service quality, productivity and efficiency, compliance with professional standards, influence, and our staff. These are all underpinned by appropriate key performance indicators as set out in Table 2 below.

8.6 At a detailed level, each audit assignment is monitored, and customer feedback sought. There is also ongoing performance appraisals and supervision for all Internal Audit staff during the year to support them in achieving their personal targets.


8.7 In addition to the individual reports to management for each audit assignment, reports on key audit findings and the delivery of the audit plan are made to the Audit Committee on a quarterly basis. An Annual Internal Audit Opinion is also produced each year.

8.8 Whilst Orbis Internal Audit liaises closely with other internal audit services through the Sussex and Surrey audit and counter fraud groups, the Home Counties Chief Internal Auditors' Group and the Local Authority Chief Auditors' Network, we are continuing to develop joint working arrangements with other local authority audit teams to help improve resilience and make better use of our collective resources.

Table 2: Performance Indicators

Aspect of Service	Orbis IA Performance Indicators	Target
Quality	<ul style="list-style-type: none"> Annual Audit Plan agreed by Audit Committee Annual Audit Report and Opinion Customer satisfaction levels 	<p>By end April</p> <p>By end July. To inform Annual Governance Statement (AGS)</p> <p>90% satisfied.</p>
Productivity and Process Efficiency	<ul style="list-style-type: none"> Audit Plan – completion to draft report stage by 31 March 2024 Audit Days – delivery of audit plan days 	<p>90%</p> <p>90%</p>
Compliance with Professional Standards	<ul style="list-style-type: none"> Public Sector Internal Audit Standards Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures, and Investigations Act 	<p>Conforms</p> <p>Conforms</p>
Outcomes and degree of influence	<ul style="list-style-type: none"> Implementation of management actions agreed in response to audit findings 	<p>97% for high priority actions</p>
Our Staff	<ul style="list-style-type: none"> Professionally Qualified/Accredited 	<p>80%</p>

Russell Banks
Orbis Chief Internal Auditor

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Planned Audit Reviews

Review Name	Outline Objective
Key Financial Systems	
Accounts Payable	To review compliance with key controls within the accounts payable system, including controls in place for ordering, the creation and maintenance of supplier details, goods receipting and the payment of invoices.
Payroll	To review compliance with key controls in the staff payment system, including those relating to payroll deductions, starters, leavers, temporary and permanent payments, and variations of pay.
Housing Rents	To provide assurance that effective controls are in place for the billing and collection of housing rents.
Treasury Management	To ensure that effective controls are in place over the Council's borrowing and investments, including cash flow management and the monitoring and reporting of performance.
Capital Programme Budgetary Control	To document and assess the Council's processes and key controls to ensure robust capital budgetary control is achieved.

Review Name	Outline Objective
Key Governance Arrangements	
Risk Management	To assess the adequacy and effectiveness of arrangements in place to identify, assess and mitigate risk across the Council.
Corporate Governance	To review the adequacy of corporate governance arrangements within the Council, including a review of overall governance arrangements, impact/risk assessments, and continuity planning. This could include a review of the Best Value principles self-assessment.

Review Name	Outline Objective
Strategic Projects	
Housing Replacement Works Management System	We will continue to provide independent advice, support and challenge on risk, control, probity, and governance issues in respect of this programme, including the provision of post go-live assurance activity as agreed with the Board.

Review Name	Outline Objective
Other Known Areas of Risk	

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Contract Management - Compliance	To review compliance with the Contract Management Framework by reviewing a sample of contracts to ensure arrangements are in place to effectively manage supplier contracts.
Housing Major and Planned Works Programme	To review the programme for major and planned works, including arrangements to ensure compliance with building regulations, arrangements in place for engaging and managing contractors under the new supplier framework, and monitoring of performance and delivery.
Home Purchase Scheme	Review of the controls in place to ensure the Home Purchase Scheme capital programme is delivered in accordance with the Council plan and delivers value for money.
Complex Care Placements for Children, Health, SEN & Disabilities	To review commissioning arrangements in place for determining and resourcing suitable health, SEN, and disability care placements for children. This review will provide assurance that key controls are operating as intended.
Apprenticeship Programme	To ensure that the controls over the use of apprentice levy funds are effective, achieve value for money and deliver the intended training and development outcomes for Council staff and are aligned to the People Strategy.
Inclusion Support Service	To review the arrangements for the delivery of Inclusion Support Services. We will seek assurance that robust governance and processes are in place to help ensure outcomes are as expected.
Early Help Services	To review the revised arrangements for the delivery of Early Help Services. We will seek assurance that robust governance and processes are in place and that outcomes are as expected.
Public Health Local Commissioning	To assess the adequacy of the commissioning and monitoring arrangements (financial and quality) in place for providers in order to deliver against health outcomes.
Home Care Contract Management	To review the arrangements, including the payment mechanisms, for the commissioned Home Care Contract and provide assurance that robust contract management controls are in place.
Joint Funding Arrangements (for individual care packages)	To assess the adequacy of the joint funding arrangements in place in adult social care to ensure they are mitigating potential risks to the Council.

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Property Maintenance Budget	To provide assurance that the overall programme of work within property maintenance is effectively managed, including the planning, prioritisation, and allocation of resources and how performance and delivery is monitored.
Fleet Management	To provide assurance that fleet management controls are in place and work effectively, ensuring that vehicles are procured and managed in a way that supports service delivery, provides value for money and meets health and safety regulations.
Brighton Centre Cultural Compliance	To provide assurance that management and financial controls are in place and operating effectively, assessing compliance with key Council policies and procedures.
Employment Checks - Disclosure and Barring Service.	To review the controls and processes in place to ensure that Disclosure and Barring service pre-employment checks and requests to renew are managed and applied appropriately to roles to safeguard clients and residents, whilst balancing this with the need to ensure requests are proportionate and legal.
Employment Checks – Right to Work	To review the controls and processes in place to ensure that Right to Work checks are completed in accordance with Home Office guidance and legislation
Absence Management – Cultural Compliance	Assessing compliance with new corporate arrangements in place to record, manage and monitor staff absences.
Prepayment Cards – Contract Management	A review of the controls and processes in place through contract management to provide assurance that financial loss to the Council through supplier failure or similar event is minimised and client funds are safeguarded and secure.
Procurement Regulatory Changes	Major changes to procurement regulations are likely to include more stringent transparency requirements. These will need to be reflected in the Council’s own regulations, including Procurement and Contract Standing Orders. We will provide support and advice in relation to the updating of these.

Review Name	Outline Objective
School Audits	
School Audits	We will continue our audit coverage in schools which will involve a range of assurance work, including key controls testing in individual schools and follow-ups of previous audit work where appropriate. We will also work with our Orbis partners to provide information bulletins

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Review Name	Outline Objective
	and guidance for schools on risk, governance, and internal control matters.

Review Name	Outline Objective
ICT Audit	
IT&D Project Management	This audit will review the effectiveness of the control environment to ensure the overall delivery of a major IT&D projects across the Council. As part of the scope, we will consider IT&D's approach to project management, its prioritisation of projects and their delivery.
Artificial Intelligence	The future of artificial intelligence (AI) in local government in the UK is a topic of increasing importance and interest, opportunity, and risk. As AI technology continues to advance and become more widely available, local authorities are exploring how it could be used to improve key services and support communities. This audit will review the framework by which AI is being applied within the Council and to ensure its implementation is in line with relevant policies that have been introduced.
Supply Chain Cyber Security	The Council relies on numerous suppliers to deliver products, systems and services that help us support our residents. Organisations are seeing that rather than being targeted directly, there is an increasing trend in supply chains being targeted by cyber attackers to exploit vulnerabilities and obtain access to networks and/or system data via these indirect routes. This audit will review the approach to supplier management of key strategic or operationally critical contracts to assess the extent to which third party cyber resilience is monitored and assured as part of the core contract and supplier management responsibilities.
Mobile Phone Application Management	This audit will review the effectiveness of the control environment to ensure the overall delivery and deployment of applications to mobile phones is managed appropriately. As part of the scope, we will consider application security, compliance with data protection legislation and risk management processes.
Microsoft Teams - Governance	Microsoft Teams is a part of the Microsoft 365 series of products and is used for chat, video conferencing and collaboration, with file storage and sharing capabilities within individual Teams sites. This audit will review the Council's control arrangements in relation to Microsoft

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Review Name	Outline Objective
	Teams, including the creation and management of individual Teams sites and the securing of council data within the application.
IT Asset Records Management	IT Asset Records Management is the systematic process of acquiring, monitoring, maintaining, and documenting an organisation's information technology (IT) assets throughout their lifecycle. This process is crucial for efficient IT asset management, compliance, cost control and security. This audit will review the Council's arrangements for managing IT assets to ensure that there is a clear understanding of asset ownership and appropriate processes in place to monitor and safeguard these assets.

Review Name	Outline Objective
Follow Up Reviews	
Business Continuity Planning	A follow-up of the previous audit completed which received an audit opinion of Partial Assurance
Budget Management – Effectiveness of Savings Targets	A follow-up of the previous audit completed which received an audit opinion of Partial Assurance
CareLink	A follow-up of the previous audit completed which received an audit opinion of Partial Assurance
Housing Benefit and Council Tax Reduction	A follow-up of the previous audit completed which received an audit opinion of Partial Assurance

Review Name	Outline Objective
Grant Certification	
Local Transport Capital Block Funding	To check and certify the grants in accordance with the requirements of the Department for Transport.
Bus Subsidy Grant	To check and certify the grants in accordance with the requirements of the Department for Transport.
Supporting Families Programme	Certification of periodic grant claim returns in year on behalf of Childrens Services to enable the release of funds from the Department for Levelling Up, Housing and Communities and Department for Education

Review Name	Outline Objective
Internal Audit Service Management and Delivery	
Action Tracking	Ongoing action tracking and reporting of agreed, high risk actions.
Audit and Fraud Management	Overall management of all audit and counter fraud activity, including work allocation, work scheduling,

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Review Name	Outline Objective
	development and production of the Internal Audit Strategy and Annual Audit Plan and Orbis Audit Manager meetings
Audit Committee Reporting, Attendance and Other Member Support	Ongoing liaison with Members on internal audit matters and attending Audit Committee meetings and associated pre-meetings.
Client Service Liaison	Liaison with clients and departmental management teams throughout the year.
Client Support and Advice	Ad hoc advice, guidance and support on risk, internal control and governance matters provided to clients and services throughout the year.
Orbis IA Developments	Internal Audit and counter fraud service developments, including quality improvement and ensuring compliance with Public Sector Internal Audit Standards.
Organisational Management Support	Attendance and ongoing support to organisational management meetings, e.g. Governance Assurance Meeting, Local Leadership Network and Leads Meetings, Departmental Consultative Group.
System Development and Administration	Development and administration of Audit and Fraud Management systems.

Review Name	Outline Objective
Contingencies	
Anti-Fraud and Corruption	To cover the investigation of potential fraud and irregularity allegations as well as proactive counter fraud activities, including the National Fraud Initiative (NFI) data matching exercise.
Housing Tenancy Fraud	To deliver investigations into housing tenancy fraud and illegal subletting to help ensure that housing is provided to those most in need. The CIPFA Fraud and Corruption Tracker places housing fraud as the largest threat to local authorities. We receive funding from the Housing Revenue Account to fund investigator resource.
Emerging Risks	A contingency budget to allow work to be undertaken on new risks and issues identified by Orbis IA and/or referred by management during the year.
General Contingency	A contingency budget to allow for effective management of the annual programme of work as the year progresses.

INTERNAL AUDIT PLAN 2024/25



Other Auditable Areas Identified During the Audit Planning Process

These are potential audits that could be drawn into the 2024/25 annual programme of work on a risk-basis should other audits be postponed or deferred, or should available contingency time allow for it.

Microsoft 365 - Governance

Outdoor Event Management

Transition Children to Adults

Adolescent Services Functional Family Therapy

Schools Traded Services

Eclipse Contract Management

Direct Payments (Childrens)

Purchasing Cards

Learning Disability

Public Health Grant (Financial Monitoring)

Bus Service Improvement Plan

Sports Leisure Facilities (Income)

Planning & Development (Sustainability)

S106 Funding

Visit Brighton

Stripe - Application Control

BromCom - Application Control

Libraries PFI

Allocation of School Places

INTERNAL AUDIT CHARTER

1. Introduction

This Charter describes for the Council the purpose, authority and responsibilities of the Internal Audit function in accordance with the UK Public Sector Internal Audit Standards (PSIAS).

The PSIAS require that the Charter must be reviewed periodically and presented to “senior management” and “the board” for approval. For the purposes of this charter “senior management” will be the Executive Leadership Team (ELT) and the board will be the Audit and Standards Committee.

The Charter shall be reviewed annually and approved by ELT and the Audit and Standards Committee. The Chief Internal Auditor is responsible for applying this Charter and keeping it up to date.

2. Internal Audit Purpose

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Internal Audit is defined in the PSIAS as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s 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.”

Internal Audit supports the whole Council to deliver economic, efficient and effective services and achieve the Council’s vision, priorities and values.

3. Statutory Requirement

Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2015, which require every local authority to maintain 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.

These regulations require any officer or Member of the Council to:

- make available such documents and records; and
- supply such information and explanations;

as are considered necessary by those conducting the audit.

This statutory role is recognised and endorsed within the Council’s Financial Regulations.

In addition, the Council's S151 Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. To perform that duty the Section 151 Officer relies, amongst other things, upon the work of Internal Audit in reviewing the operation of systems of internal control and financial management.

4. Internal Audit Responsibilities and Scope

Annually, the Chief Internal Auditor is required to provide to the Audit and Standards Committee an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

Internal Audit is not responsible for control systems. Responsibility for effective internal control and risk management rests with the management of the Council.

Internal Audit activity must be free from interference in determining the scope of activity, performing work and communicating results.

The scope of Internal Audit includes the entire control environment and therefore all of the Council's operations, resources, services and responsibilities in relation to other bodies. In order to identify audit coverage, activities are prioritised based on risk, using a combination of Internal Audit and management risk assessment (as set out within Council risk registers). Extensive consultation also takes place with key stakeholders and horizon scanning is undertaken to ensure audit activity is proactive and future focussed.

Internal audit activity will include an evaluation of the effectiveness of the organisation's risk management arrangements and risk exposures relating to:

- Achievement of the organisation's strategic objectives;
- Reliability and integrity of financial and operational information;
- Efficiency and effectiveness of operations and activities;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

5. Independence

Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations. Internal auditors should not have any operational responsibilities.

Internal auditors will not review specific areas of the Council's operation in which they have previously worked, until a period of at least 12 months has elapsed.

Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. The Chief Internal Auditor has direct access to, and freedom to report in their own name and without fear of favour to, all officers and Members and

particularly those charged with governance. This independence is further safeguarded by ensuring that the Chief Internal Auditor's formal appraisal/performance review is not inappropriately influenced by those subject to audit. This is achieved by ensuring that both the Chief Executive and the Chairman of the Audit and Standards Committee have the opportunity to contribute to this performance review.

All Internal Audit staff are required to make an annual declaration of interest to ensure that objectivity is not impaired and that any potential conflicts of interest are appropriately managed.

6. Appointment and Removal of the Chief Internal Auditor

The role of Chief Internal Auditor is a shared appointment across the 3 Orbis partner authorities (East Sussex County Council, Surrey County Council and Brighton & Hove City Council).

In order to ensure organisational independence is achieved, all decisions regarding the appointment and removal of the Chief Internal Auditor will be made following appropriate consultation with Member representatives from each of the authorities' audit committees.

7. Reporting Lines

Regardless of line management arrangements, the Chief Internal Auditor has free and unfettered access to report to the S151 Officer; the Monitoring Officer; the Chief Executive; the Audit and Standards Committee Chair; the Leader of the Council and the Council's External Auditor.

The Audit and Standards Committee will receive reports on a periodic basis – as agreed with the Chair of the Audit and Standards Committee – on the results of audit activity and details of Internal Audit performance, including progress on delivering the audit plan.

8. Fraud & Corruption

Managing the risk of fraud and corruption is the responsibility of management. Internal Audit will, however, be alert in all its work to risks and exposures that could allow fraud or corruption and will investigate allegations of fraud and corruption in line with the Council's Anti Fraud and Corruption Strategy.

The Chief Internal Auditor should be informed of all suspected or detected fraud, corruption or irregularity in order to consider the adequacy of the relevant controls and evaluate the implication for their opinion on the control environment.

Internal Audit will promote an anti-fraud and corruption culture within the Council to aid the prevention and detection of fraud.

9. Consultancy Work

Internal Audit may also provide consultancy services, generally advisory in nature, at the request of the organisation. In such circumstances, appropriate arrangements will be put in place to safeguard the independence of Internal Audit and, where this work is not already

included within the approved audit plan and may affect the level of assurance work undertaken; this will be reported to the Audit and Standards Committee.

In order to help services to develop greater understanding of audit work and have a point of contact in relation to any support they may need, Internal Audit has put in place a set of service liaison arrangements that provide a specific named contact for each service; and, regular liaison meetings. The arrangements also enable Internal Audit to keep in touch with key developments within services that may impact on its work.

10. Resources

The work of Internal Audit is driven by the annual Internal Audit Plan, which is approved each year by the Audit and Standards Committee. The Chief Internal Auditor is responsible for ensuring that Internal Audit resources are sufficient to meet its responsibilities and achieve its objectives.

Internal Audit must be appropriately staffed in terms of numbers, grades, qualifications and experience, having regard to its objectives and to professional standards. Internal Auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate ongoing development programme.

The Chief Internal Auditor is responsible for appointing Internal Audit staff and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Chief Internal Auditor may engage the use of external resources where it is considered appropriate, including the use of specialist providers.

11. Due Professional Care

The work of Internal Audit will be performed with due professional care and in accordance with the UK Public Sector Internal Audit Standards (PSIAS), the Accounts and Audit Regulations (2015) and with any other relevant statutory obligations and regulations.

In carrying out their work, Internal Auditors must exercise due professional care by considering:

- The extent of work needed to achieve the required objectives;
- The relative complexity, materiality or significance of matters to which assurance procedures should be applied;
- The adequacy and effectiveness of governance, risk management and control processes;
- The probability of significant errors, fraud or non-compliance; and
- The cost of assurance in proportion to the potential benefits.

Internal Auditors will also have due regard to the Seven Principles of Public Life – Selflessness; Integrity, Objectivity; Accountability; Openness; Honesty; and Leadership.

12. Quality Assurance

The Chief Internal Auditor will control the work of Internal Audit at each level of operation to ensure that a continuously effective level of performance – compliant with the PSIAS, is maintained.

A Quality Assurance Improvement Programme (QAIP) is in place which is designed to provide reasonable assurance to its key stakeholders that Internal Audit:

- Performs its work in accordance with its charter;
- Operates in an effective and efficient manner; and,
- Is adding value and continually improving the service that it provides.

The QAIP requires an annual review of the effectiveness of the system of Internal Audit to be conducted. Instances of non-conformance with the PSIAS, including the impact of any such non-conformance, must be disclosed to the Audit and Standards Committee. Any significant deviations must be considered for inclusion in the Council's Annual Governance Statement.

February 2024

Brighton & Hove City Council

Audit & Standards Committee

Agenda Item 49

Subject: Standards Update

Date of meeting: 16th April 2024

Report of: Corporate Director – Corporate Services and Monitoring Officer

Contact Officer: Victoria Simpson, Senior Lawyer – Corporate Law
Tel: 01273 294687
Email: Victoria.Simpson@brighton-hove.gov.uk

Ward(s) affected: All

For general release

1. Purpose of the report and policy context

1.1. To provide an update on Standards-related matters, including data on complaints alleging that Members have breached the Council's Code of Conduct for Members.

2. Recommendations

2.1. That the Council's Audit & Standards Committee note the contents of this report.

3. Context and background information

3.1. The Council is required by the Localism Act 2011 to have in place arrangements for dealing with complaints against elected and co-opted Members. Brighton & Hove City Council regularly reviews the arrangements it has in place, including its Code of Conduct for Members and related Procedure and guidance. It is transparent about those arrangements, which it publishes on [its website](#). It also makes data regarding the complaints received in about member conduct publicly available via the reports to this Committee.

3.2. At Brighton & Hove City Council, the Audit & Standards Committee has delegated authority for leading in discharging the statutory requirement that the Council maintain and promote high standards of conduct by Members. This Committee receives quarterly reports on complaints against members as well as information on the training and briefings offered to assist Members in discharging their responsibilities according to the expectations of the Nolan Principles.

3.3. This quarterly Report provides data on the complaints both still outstanding at the time of the last Report, and those which have been received in since then. In this way, the Report seeks to provide reassurance that recent complaints are being considered and dealt with in accordance with the Council's processes.

4. Update on Current Complaints

Complaints previously reported to this Committee

4.1. In accordance with the last report to this Committee, this data is provided in the attached [Appendix 1](#), at table 1.

Complaints received in since the last Update

4.2. This data is provided in table 2 of [Appendix 1](#).

4.3. All of the complaints referred to in this section have either been determined or are being progressed by the Monitoring Officer in accordance with [the Procedure](#) which governs member complaints.

5. Member Training

5.1. To assist Committee in discharging its role in promoting and maintaining high standards of conduct by councillors, member training sessions on standards-related matters are offered in addition to the member development training run by other areas in the Council.

5.2. Following the local elections in May, there was a particular focus on providing all elected members – including but not only those who were new - with the tools they needed to carry out their roles effectively, within the Code. This included offering sessions focused on the Council's standards arrangements and on how members are expected to discharge their duties in accordance with the Code of Conduct. This training is a requirement for all members, and so duplicate sessions (for those members who have not previously attended it) have been offered twice more in March and twice more in April 2024.

5.3. Standards Panel training (mandatory for any member seeking to be appointed to a Standards Panel) will be offered later this year.

6. Analysis and consideration of alternative options

6.1. The Council is obliged under the Localism Act to make arrangements for maintaining high standards of conduct among members and to make arrangements for the investigation of complaints. This Council's arrangements are regularly reviewed. This Report draws attention to the wider picture without recommending specific options.

7. Community engagement and consultation

7.1. Past reviews of the Council's Standards arrangements (most recently in 2021) have been carried out by its elected Members and the Council's Independent Persons, supported by officers who have provided stakeholder data as well as signposting relevant LGA resources.

8. Conclusion

8.1. Members are asked to note the contents of this Report, which aims to assist the Council in discharging its responsibilities for overseeing that high standards of conduct are maintained in a way which is compliant with local requirements.

9. Financial implications

9.1. There are no additional financial implications arising from the recommendation in this Report. All activity referred to has been, or will be, met from existing budgets.

Name of finance officer consulted: Jeff Coates

Date consulted: 05/04/2024

10. Legal implications

10.1. These are covered in the body of the Report.

Name of lawyer consulted: Victoria Simpson

Date consulted 26/03/2024

11. Equalities implications

11.1. There are no equalities implications arising from this Report.

12. Sustainability implications

12.1. No sustainability implications have been identified.

13. Other Implications

13.1. No significant other implications have been identified as arising from this Report.

Supporting Documentation

Appendices

1. Appendix 1 – data on member complaints

Appendix 1: Complaint data

Table 1: Complaints previously reported to this Committee (at its [January 2024 meeting](#))

Case No	Date	Status of complaint	If concluded, basis on which decision was taken	Complaint Topic	Additional notes
V2023	November 2023	Determined by decision to take no action at preliminary assessment stage.	Insufficient evidence of conduct contrary to the Code identified to merit referral of complaint for formal investigation.	A	Complaint against member alleging failure to respond to concerns about a ward issue articulated via email and voicemail.
W2023	November 2023	Closed.	This complaint was not pursued when the complainant became unable to supply any evidence due to ill health.	D	Complaint about member's posts on social media re events in the global arena.
X2023	November 2023	Determined by decision to take no action at preliminary assessment stage.	Insufficient evidence of conduct contrary to the Code identified to merit referral of complaint for formal investigation.	B	Complaint against two members by another elected member regarding conduct toward the complainant at Children, Families and Schools Committee and one of the member's comments on X, formerly known as Twitter, after the CFS meeting.
Y2023	November 2023	Determined by decision to take no action at preliminary	Insufficient evidence of conduct contrary to the Code identified to merit referral of complaint for formal investigation.	D	Complaint about member's retweets / posts on social media re events in the global arena.

		assessment stage.			
Z2023	November 2023	Determined by decision to take no action at preliminary assessment stage.	Insufficient evidence of conduct contrary to the Code identified to merit referral of complaint for formal investigation.	B	Complaint against member's conduct towards other Councillors at the Culture, Heritage, Sport, Tourism & Economic Development Committee.
AA2023	November 2023	Determined by decision to take no action at preliminary assessment stage.	Insufficient evidence of conduct contrary to the Code identified to merit referral of complaint for formal investigation.	B	Complaint about a member's conduct at an online consultation session with a Council maintained school.
BB2023	November 2023	Determined by decision to take no action at preliminary assessment stage.	Insufficient evidence of conduct contrary to the Code identified to merit referral of complaint for formal investigation.	B	Complainant alleged that member had breached the Code of Conduct at meetings of the Council in the context of an item relating to alleged child safeguarding concerns.
CC2023	December 2023	Determined by decision to take no action at preliminary assessment stage.	Insufficient evidence of conduct contrary to the Code identified to merit referral of complaint for formal investigation.	B	Complaint against two members alleging that they had breached the Code of Conduct at a meeting of Full Council in the context of an item relating to alleged child safeguarding concerns.

DD2023	December 2023	Determined by decision to take no action at preliminary assessment stage.	Insufficient evidence of conduct contrary to the Code identified to merit referral of complaint for formal investigation.	A	Complaint against member alleging failure to respond directly to concerns about child safeguarding concerns in schools articulated via email.
EE2023	December 2023	Determined by decision to take no action at preliminary assessment stage.	Insufficient evidence of conduct contrary to the Code identified to merit referral of complaint for formal investigation.	D	Complaint about member's comments on a Brighton and Hove news article regarding events in the global arena
FF2023	December 2023	Determined by decision to take no action at preliminary assessment stage.	Neither proportionate nor necessary in the public interest to merit referral of complaint for formal investigation.	A	Complaint against member alleging failure to respond to concerns about a ward issue articulated via email.
GG2023	December 2023	Determined by decision to take no action at preliminary assessment stage.	Neither proportionate nor necessary in the public interest to merit referral of complaint for formal investigation.	B	Complaint against member regarding their response in Committee to a written question concerning a section 106 agreement involving the Council.
A2024	January 2024	Determined by decision to take no further action.	Individual is no longer "a member", so there is no longer an "allegation" to be determined under the Council's process. As a result, the Council has had no	A	Complaint regarding information given by a member regarding their place of residence whilst campaigning for the May 2023 local elections.

			option other than to determine the complaint without taking any action.		
B2024	January 2024	Determined by decision to take no further action.	Individual is no longer “a member”, so there is no longer an “allegation” to be determined under the Council’s process. As a result, the Council has had no option other than to determine the complaint without taking any action.	A	Complaint alleged that member had engaged in conduct contrary to the Code by failing to act with integrity and honesty and / or failing to act lawfully by providing a false place of residence, plus also alleged failures to respond re ward issues via email.
C2024	January 2024	Determined by decision to take no action at preliminary assessment stage.	Investigation was neither proportionate nor necessary in the public interest to merit referral of complaint for formal investigation.	A	Complaint alleged that the member had been insufficiently responsive to the complainant’s requests for information about the Council’s services in the local area and about being asked to make an email appointment to see the member to discuss ward issues.
D2024	January 2024	Determined by decision to take no action at preliminary assessment stage.	Investigation was neither proportionate nor necessary in the public interest to merit referral of complaint for formal investigation.	A	Complaint against member alleging failure to respond to concerns about a ward issue articulated via email.

Table 2: Complaints received in since January 2024

Case No	Date	Status of complaint	If concluded, basis on which decision was taken	Complaint Topic	Additional notes
E2024	January 2024	Determined by decision to take no action at preliminary assessment stage.	Insufficient evidence of conduct contrary to the Code identified to merit referral of complaint for formal investigation.	B	Complaint against member alleging that they had breached the Code of Conduct at a meeting of Children, Families & Schools Committee.
F2024	January 2024	Determined by decision to take no action at preliminary assessment stage.	Insufficient evidence of conduct contrary to the Code identified to merit referral of complaint for formal investigation.	B	Complaint against member alleging that they had breached the Code of Conduct at a meeting of Children, Families & Schools Committee.
G2024	January 2024	Determined by decision to take no action at preliminary assessment stage.	Insufficient evidence of conduct contrary to the Code identified to merit referral of complaint for formal investigation.	B	Complaint against member alleging that they had breached the Code of Conduct at a meeting of Children, Families & Schools Committee.
H2024	January 2024	Determined by decision to take no further action.	Individual is no longer “a member”, so there is no longer an “allegation” to be determined under the Council’s process. As a result, the Council has had no option other than to determine the complaint without taking any action.	A	Complaint alleged that the member had been insufficiently responsive to the complainant’s requests for information about the Council’s services. In addition, complaint against member’s comments on online news articles.

I2024	January 2024	Remains at preliminary assessment stage, having been referred to the Independent Person for review.	N/A	B	Complaint by an elected member against another member alleging that they had breached the Code of Conduct at a Council meeting.
J2024	January 2024	Determined by decision to take no action at preliminary assessment stage.	Insufficient evidence of conduct contrary to the Code identified to merit referral of complaint for formal investigation.	B	Complaint against two members alleging that they had breached the Code of Conduct at a meeting of Children, Families & Schools Committee.
K2024	January 2024	Determined by decision to take no action at preliminary assessment stage.	Insufficient evidence of conduct contrary to the Code identified to merit referral of complaint for formal investigation.	B	Member on member complaint which alleges misconduct at a Council meeting, specifically around comments made by one member when allowed to speak as a third speaker for their group on a particular Notice of Motion.
L2024	January 2024	Determined by decision to take no action at preliminary assessment stage.	Insufficient evidence of conduct contrary to the Code identified to merit referral of complaint for formal investigation.	B	Complaint against member alleging that they had breached the Code of Conduct at a meeting of Children, Families & Schools Committee.

M2024	February 2024	Ongoing- has been referred to IP for their view	N/A	A	Complaint against member alleging failure to respond to concerns about a Freedom of Information Request.
N2024	February 2024	Ongoing- has been referred to IP for their view	N/A	A	Complaint against member alleging misconduct at a Brighton & Hove City Council event and not responding to the constituent's email following the event.
O2024	March 2024	Ongoing- has been referred to IP for their view	N/A	B	Complaint against member alleging misconduct at a Brighton & Hove City Council event and not responding to the constituent's email following the event.
P2024	March 2024	Ongoing	N/A	C	Multi faceted complaint about a members conduct in their ward, including but not only complaints about handing of personal data

Key to Complaint topics

Code	Description of type of conduct complained about
A	<i>Complaints about members' conduct in their wards, including when discharging their ward responsibilities or otherwise communicating with constituents or other stakeholders.</i>
B	<i>Complaints about comments or conduct either at council meetings, or at meetings at which members are representing BHCC</i>
C	<i>Complaints about conduct relating to council business or other members made outside council meetings, including on social media</i>

D	<i>Complaints about a member's conduct or position on an issue which is not council business or a ward matter, including conduct or a statement reported in the press or made on social media</i>
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