



## AUDIT COMMITTEE

FRIDAY, 5 JULY 2024

10.00 AM COUNCIL CHAMBER, COUNTY HALL, LEWES

MEMBERSHIP - Councillor Colin Swansborough (Chair)  
Councillors Gerard Fox (Vice Chair), Matthew Beaver, Stephen Holt,  
Philip Lunn, Matthew Milligan and Georgia Taylor

## AGENDA

1. Minutes of the previous meeting (*Pages 3 - 6*)
2. Apologies for absence
3. Disclosures of interests  
Disclosures by all members present of personal interests in matters on the agenda, the nature of any interest and whether the member regards the interest as prejudicial under the terms of the Code of Conduct.
4. Urgent items  
Notification of items which the Chair considers to be urgent and proposes to take at the appropriate part of the agenda. Any members who wish to raise urgent items are asked, wherever possible, to notify the Chair before the start of the meeting. In so doing, they must state the special circumstances which they consider justify the matter being considered urgent.
5. Assessment of the Corporate Governance Framework and Annual Governance Statement for 2023/24 (*Pages 7 - 58*)  
Report by the Assistant Chief Executive
6. Internal Audit Annual Report and Opinion 2023/24 (*Pages 59 - 82*)  
Report by the Chief Operating Officer
7. Counter Fraud Annual Report 2023/24 (*Pages 83 - 92*)  
Report by the Chief Operating Officer
8. Strategic Risk Monitoring - Quarter 4 2023/24 (*Pages 93 - 102*)  
Report by the Chief Operating Officer
9. Audit Committee: Annual Report 2023/24 (*Pages 103 - 114*)  
Report by the Chief Finance Officer
10. Audit Committee Oracle Subgroup Update (*Pages 115 - 132*)  
Report by the Chief Operating Officer
11. Work programme (*Pages 133 - 138*)
12. Any other items previously notified under agenda item 4

PHILIP BAKER  
Assistant Chief Executive  
County Hall, St Anne's Crescent  
LEWES BN7 1UE

27 June 2024

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## AUDIT COMMITTEE

MINUTES of a meeting of the Audit Committee held at Council Chamber, County Hall, Lewes on 28 March 2024.

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PRESENT Councillors Colin Swansborough (Chair), Gerard Fox (Vice Chair), Matthew Beaver, Nuala Geary, Matthew Milligan and Georgia Taylor

LEAD MEMBERS Councillor Nick Bennett

ALSO PRESENT Ros Parker, Chief Operating Officer  
Ian Gutsell, Chief Finance Officer  
Russell Banks, Chief Internal Auditor  
Nigel Chilcott, Audit Manager  
Paul Fielding, IT Audit Manager

Andy Conlan, Grant Thornton UK LLP  
Darren Wells, Grant Thornton UK LLP  
Parris Williams, Grant Thornton UK LLP

### 41. MINUTES OF THE PREVIOUS MEETING

41.1 The Committee RESOLVED to agree the minutes of the meeting held on 24 November 2023 as a correct record.

### 42. APOLOGIES FOR ABSENCE

42.1 Apologies for absence were received from Councillor Stephen Holt.

### 43. DISCLOSURES OF INTERESTS

43.1 There were none.

### 44. URGENT ITEMS

44.1 There were none.

### 45. REPORTS

45.1 Reports referred to in the minutes below are contained in the minute book.

### 46. INTERNAL AUDIT PROGRESS REPORT - QUARTER 3 (01/10/23 - 31/12/23)

46.1 The Committee considered a report by the Chief Operating Officer which set out the internal audit and counter fraud activity completed during quarter 3.

46.2 The Committee discussed the supplier failure audit, which had a partial assurance opinion, and noted that the agreed action plan addresses the issues regarding guidance awareness for contract managers.

46.3 The Committee RESOLVED to note the report.

#### 47. INTERNAL AUDIT STRATEGY AND 2024/25 ANNUAL AUDIT PLAN

47.1 The Committee considered a report by the Chief Operating Officer which presented the Internal Audit Strategy and detailed the Internal Audit Plan for 2024/25, together with the Internal Audit Charter.

47.2 The Committee discussed the need for local authorities to be prepared to take more risk in response to the national position for local government and noted that Internal Audit Strategy and 2024/25 Annual Audit Plan takes into consideration the likelihood of the Council adjusting its risk appetite and risk exposure.

47.3 The Committee RESOLVED to:

- 1) Endorse the Council's Internal Audit Strategy and 2024/25 Annual Audit Plan; and
- 2) Endorse the Internal Audit Charter.

#### 48. EXTERNAL AUDIT - 2021/22 AND 2022/23 AUDIT UPDATE

48.1 The Committee considered a report by the Chief Finance Officer which provided an update regarding the progress on the delivery of Grant Thornton's responsibilities as the Council's external auditor for the 2021/22 and 2022/23 statement of accounts.

48.2 Andy Conlan from Grant Thornton UK LLP (GT) confirmed that the 2021/22 audit was signed-off at the end of 2023 and it is anticipated that the 2022/23 audit is nearing completion with sign-off anticipated in April 2024.

48.3 The Committee noted that the sign-off of the 2022/23 audit in April 2024 following the closure of audit queries and receipt of an adjusted statement of accounts will bring the external audit programme up to date several months before the national backstop of the end of September 2024.

48.4 The Committee were informed of the great collaboration between GT and the finance team and the Committee thanked Darren Wells of GT who will be moving on after being the engagement lead for East Sussex County Council for 5 years.

48.5 The Committee RESOLVED to:

- 1) Note the conclusion to the audit of the 2021/22 Statement of Accounts; and
- 2) Note the latest position regarding the audit of the 2022/23 Statement of Accounts.

#### 49. EXTERNAL AUDIT PLAN 2023/24

49.1 The Committee considered a report by the Chief Finance Officer which presented the plan proposed by the external auditors (Grant Thornton) in connection with the County Council's 2023/24 accounts together with supplementary information informing the audit risk assessment for East Sussex County Council 2023/24.

49.2 Andy Conlan from Grant Thornton UK LLP presented the plan to the Committee and highlighted the future work around IT and technical infrastructure and the timeline for completion of all field work anticipated between June and September 2024.

49.3 The Committee discussed the fee increase for the 2023/24 audit and that external audit fees have seen an average increase of 150% across local government. The increase is largely reflective of the recruitment challenges faced by the audit firms, together with increased

regulatory requirements of audits, particularly regarding valuations of Property, Plant and Equipment (PPE) and Pension Funds. The draft statement of accounts will be published by 31 May 2024, in line with the guidance.

49.4 The Committee discussed the audit risk assessment regarding consideration of climate change as a risk to fixed assets and noted that there is no specific requirement for the valuer to take into account longer term climate implications.

49.5 The Committee noted the work that will be undertaken to review the accessibility of the Council's published accounts.

49.6 The Committee RESOLVED to note the content of the External Audit Plan for 2023/24.

#### 50. EXTERNAL AUDIT PLAN FOR THE EAST SUSSEX PENSION FUND 2023/24

50.1 The Committee considered a report by the Chief Finance Officer which presented the plan proposed by the external auditors (Grant Thornton) in connection with the 2023/24 accounts of the East Sussex Pension Fund (ESPF).

50.2 Parris Williams from Grant Thornton UK LLP presented the audit plan to the Committee and highlighted the focus of the plan being contributions and investments and the timeline for completion of all field work anticipated between June and September 2024.

50.3 The Committee noted the fee increase for the 2023/24 East Sussex Pension Fund audit.

50.4 The Committee RESOLVED to note the content of the external audit plan for the East Sussex Pension Fund for 2023/24.

#### 51. STRATEGIC RISK MONITORING - QUARTER 3 2023/24

51.1 The Committee considered a report by the Chief Operating Officer which presented current strategic risks faced by the Council, their status and risk controls and responses together with the current Risk Management process.

51.2 The Committee discussed Risk 9 – Workforce and noted the work being undertaken to mitigate the risk through both recruitment and retention.

51.3 The Committee RESOLVED to:

1) Note the process of strategic risk management; and

2) Note the current strategic risks and the risk controls / responses being proposed and implemented by Chief Officers.

#### 52. AUDIT COMMITTEE SELF-ASSESSMENT

52.1 The Committee considered a report by the Chief Finance Officer which presented the outcome of the Audit Committee self-assessment and actions arising.

52.2 The Committee noted that the gaps in skills for the Audit Committee were mainly around accountancy, audit and legal qualifications and experience and that these areas will be the focus for recruitment of the two co-opted members to the Audit Committee.

52.3 The Committee were informed that the Terms of Reference for the Audit Committee will be reviewed, an annual report of the Audit Committee introduced, and a tailored training

programme will be developed for the Committee were the main actions arising from the self-assessment exercise.

52.4 The Committee RESOLVED to note the outcome of the self-assessment exercise and the actions arising.

53. WORK PROGRAMME

53.1 The Committee considered its current work programme of forthcoming items.

53.2 The Committee RESOLVED to note the programme and agree that an annual report of the Audit Committee be added to the Work Programme for July 2024.

The meeting ended at 11.16 am.

Chair

**Report to:** Audit Committee

**Date:** 5 July 2024

**By:** Assistant Chief Executive

**Title of report:** Assessment of the Corporate Governance Framework and Annual Governance Statement for 2023/24

**Purpose of report:** To consider the draft report to the Governance Committee on the Annual Assessment of the Corporate Governance Framework and Annual Governance Statement.

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## **RECOMMENDATION:**

**The Committee is recommended to:**

- 1) Consider the draft report to the Governance Committee and its appendices (set out in Appendix A); and**
  - 2) Confirm whether there are any changes to the Annual Governance Statement that the Committee wishes to recommend to the Governance Committee.**
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## **1. Supporting Information**

1.1 Under its terms of reference, it is the role of this Committee: "To review the Council's assurance statements, including the Annual Governance Statement, ensuring that they properly reflect the risk environment, and any actions required to improve it."

1.2 The Council publishes its Annual Governance Statement (AGS) in compliance with the requirements of the Accounts and Audit Regulations 2015. It is also reported separately to the Governance Committee as part of the Annual Assessment of the Corporate Governance Framework.

1.3 The draft Governance Committee report is attached as Appendix A, and the Annual Governance Statement is included as Appendix 1 to the draft report. Any comments the Committee wishes to make will be reported to the Governance Committee at its meeting on 16 July 2024. In reviewing the AGS report, Members should consider whether it properly reflects the Council's risk and internal control environment.

## **PHILIP BAKER**

**Assistant Chief Executive**

Contact officers:

Russell Banks, Orbis Chief Internal Auditor, 07842 362739

Bekki Freeman, Solicitor, 07584 262522

Georgina Seligmann, Governance and Democracy Manager, 01273 482355

Local Member: All

## **BACKGROUND DOCUMENTS**

None

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Committee: **Governance Committee**  
Date: **16 July 2024**  
Title of report: **Assessment of the Corporate Governance Framework for 2023-24**  
By: **Assistant Chief Executive**  
Purpose of report: **To (i) provide information on compliance with the Council's code of corporate governance and any changes to it that may be necessary to maintain it and ensure its effectiveness in practice; and (ii) gain approval of the Council's Annual Governance Statement in compliance with the requirements of the Accounts and Audit Regulations 2015.**

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**RECOMMENDATIONS: The Governance Committee is recommended to:**

- 1. approve the action plan for 2024/25 as set out in Annex E of Appendix 1;**
- 2. note that actions identified to enhance governance arrangements are reflected in Business Plans and that implementation will be monitored throughout the year;**
- 3. confirm that Members are satisfied with the level of assurance provided to them through this report and the Council's governance framework and processes;**
- 4. consider any comments from the Audit Committee;**
- 5. identify any significant governance issues that should be included in the Council's Annual Governance Statement;**
- 6. approve the draft Annual Governance Statement for signature by the Leader and the Chief Executive and publication within the Statement of Accounts; and**
- 7. approve the Local Code of Corporate Governance for 2024/25.**

**1. Supporting Information**

1.1 The corporate governance framework reflects both legislative and regulatory change and is based on revised guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Chief Executives and Senior Managers (SOLACE).

1.2 The Accounts and Audit Regulations 2015 require the Council to ensure that it has in place a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for risk management. The Council is required to conduct an annual review of the effectiveness of its system of internal control and to prepare an Annual Governance Statement (AGS) in accordance with proper practices in relation to internal control to accompany its Statement of Accounts.

1.3 The production of an AGS is the final stage of an ongoing process of review of our governance arrangements including risk management and internal control. In summary the process must involve an organisation reviewing the adequacy of its governance arrangements, developing an action plan for improving those arrangements and communicating the framework to users and stakeholders.

**2. Assessment of the Corporate Governance Framework for 2023-24**

2.1 The main policies and strategies that make up the Council's corporate governance framework are set out in the Local Code of Corporate Governance attached as Annex C to Appendix 1. The Local Code of Corporate Governance was updated to reflect the revised CIPFA/SOLACE Framework that was published during 2016 and was agreed by the Governance Committee in March 2017. The Council's Local Code of Corporate Governance sets out the main principles of good governance for the Council. The Code is based on existing good practice and the core principles of the CIPFA/SOLACE framework.

2.2 The CIPFA/SOLACE framework defines the principles that should underpin the governance of local councils. To achieve good governance the Council should be able to demonstrate that its

governance structures comply with the core principles contained in the framework. It has therefore developed and maintained a Local Code of Governance including the core principles set out in the framework.

2.3 The seven principles included in the framework are:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- Ensuring openness and comprehensive stakeholder engagement;
- Defining outcomes in terms of sustainable economic, social and environmental benefits;
- Determining the interventions necessary to optimise the achievement of the intended outcomes;
- Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- Managing risks and performance through robust internal control and strong public financial management; and
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

2.4 The Council's corporate governance framework is underpinned by a number of key documents and processes and the Local Code of Corporate Governance reflects the CIPFA/SOLACE Framework with the seven (7) core principles of the Framework being included as the Council's principles of good governance. The main policies and processes that underpin the Council's corporate governance framework have been reviewed against the seven core principles as set out in Annex A of Appendix 1.

2.5 Annually, the Chief Internal Auditor is required to provide an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement and this is provided in the Internal Audit Annual Report and Opinion. Based on the internal audit work completed, the Orbis Chief Internal Auditor has provided reasonable assurance that the Council had in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2023 to 31 March 2024.

2.6 A review of the Council's governance arrangements for 2023/24 has been undertaken. Each document or process in the framework has been assessed and named officers have been required to provide an assurance as to whether the document is being complied with, the level of awareness of the document amongst staff and stakeholders, whether it reflects Council policy and best practice, and arrangements for reviewing it. Where further improvements are identified these are set out within Annex E to Appendix 1 and form part of departmental business plans for the year ahead.

2.7 In addition, all Chief Officers have signed their own Directorate Assurance Statement confirming that proper governance arrangements, effective risk management and a sound system of internal control are in place within their department. They are also asked to identify any exceptions and any actions being taken to address them. These actions will also be monitored through the relevant business plans. The Chief Finance Officer has signed an Assurance Statement regarding the Council's governance arrangements.

2.8 The overall corporate governance assessment and review of effectiveness has also been informed by the sources of assurance set out in Annex A to Appendix 1. As part of the assurance gathering process, the CIPFA/SOLACE guidance on corporate governance was taken into account and is reflected in the Local Code.

2.9 The recently published 'Best value standards and intervention: a statutory guide for best value authorities' has been considered as part of producing the Annual Governance Statement. The guidance notes that Annual Governance Statements should include lessons learned and steps taken to address mistakes and poor performance; how recommendations on improvement from external parties are being implemented; and how specific references to work on ongoing continuous improvement across all of the best value themes, which should be delivered at pace. Decisions taken on interventions are based on the priorities agreed in the Council Plan and are regularly reviewed

through the quarterly Council Monitoring report. Improvements being implemented based on recommendations from external parties are set out within the AGS where the relevant inspection is referenced, such as the Ofsted Inspection and the LGA Peer Review. The targets set out at Annex E as part of the Directors Assurance Statements demonstrate the ongoing continuous improvement across all the best value themes and that they will be delivered at pace.

### **3. Annual Governance Statement**

3.1 A draft AGS from the Leader of the Council and the Chief Executive is attached at Appendix 1. It includes the mandatory disclosure of any significant governance issues identified through the Council's governance and internal control arrangements.

3.2 Sound corporate governance is crucial if the Council is to continue to provide leadership, direction and control. It is important that Members are aware of the documents and activities that work together to provide assurances about the Council's governance measures in place. The AGS provides an opportunity for the Council to assess and report transparently to the public how it ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

3.3 The Governance Committee is therefore recommended to:

- approve the action plan for 2024/25 as set out in Annex E of Appendix 1;
- note that actions identified to enhance governance arrangements are reflected in Business Plans and that implementation will be monitored throughout the year;
- confirm that Members are satisfied with the level of assurance provided to them through this report and the Council's governance framework and processes;
- consider any comments from the Audit Committee;
- identify any significant governance issues that should be included in the Council's Annual Governance Statement;
- approve the draft Annual Governance Statement for signature by the Leader and the Chief Executive and publication within the Statement of Accounts; and
- approve the Local Code of Corporate Governance for 2024/25.

**PHILIP BAKER**  
**Assistant Chief Executive**

Contact officers:

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Bekki Freeman, Solicitor 07584 262522

Stuart McKeown, Member Services Manager, 01273 481583

Local Member: All

BACKGROUND DOCUMENTS: None

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### Executive Summary

The Annual Governance Statement (AGS) explains the processes and systems which give assurance for the effectiveness of the County Council's discharge of its responsibilities. It covers the period 1 April 2023 to 31 March 2024.

A summary of assurance is given for each of the seven principles on which the Statement is based.

### The Purpose of the Governance Assurance Framework

1. East Sussex County Council (the 'Council') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.
2. In discharging this overall responsibility, County Councillors ('Members') and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs, the effective exercise of its functions, the management of risk and the stewardship of the resources at its disposal. To this end, the Council has approved and adopted a Local Code of Corporate Governance (the 'Local Code'), which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/ Society of Local Authority Chief Executives and Senior Managers (SOLACE) Framework Delivering Good Governance in Local Government. A copy of the Local Code is on our website and is set out in Annex C. This Statement also sets out how the Council has complied with its Local Code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.
3. Good governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Our governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. Through effective governance the Council is accountable to, engages with and, where appropriate, leads the community.
4. The Local Code can provide only reasonable and not absolute assurance that the Council achieves its aim of good governance. Equally, the Council's system of internal control is designed to identify and prioritise the risks to the achievement of our policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and to manage those risks efficiently, effectively and economically. It cannot eliminate all risk of failure; it can therefore only provide reasonable and not absolute assurance that our policies, aims and objectives are achieved.
5. The Local Code and the system of internal control have been in place at the Council for the year ended 31 March 2024 and up to the date of the approval of the statement of accounts.
6. The recently published 'Best value standards and intervention: a statutory guide for best value authorities' has been considered as part of producing the Annual Governance

Statement. The Council's arrangements for monitoring performance ensures that recommendations for improvements are implemented. The targets set out at Annex E demonstrate the ongoing continuous improvement across all of the best value themes, which will be delivered at pace.

7. The East Sussex County Council Framework for the Annual Governance Statement is set out at Annex D.

#### **Review of effectiveness**

8. The Council reviews the effectiveness of its governance arrangements, including its system of internal control, on an ongoing basis. This review of effectiveness is informed by:
  - the work of Members through the Cabinet, Committees (including Governance Committee, Standards Committee, Audit Committee, Scrutiny Committees) generally and the full Council;
  - the work of Chief Officers and managers within the Council, who have primary responsibility for the development and maintenance of the internal control environment;
  - the work of the Chief Executive, Monitoring Officer, Chief Finance Officer and the Statutory Officers Group (SOG);
  - the risk management arrangements, including the maintenance and regular review of strategic risks by Chief Officers and departmental risks by management teams;
  - the work of the internal audit service including their quarterly progress reports, ongoing action tracking arrangements and overall annual report and opinion;
  - the external auditors in their audit annual letter and annual governance report; the judgements of a range of external inspection and other statutory bodies including the Local Government and Social Care Ombudsman, the Care Quality Commission and the Office for Standards in Education.

#### **Key elements of the governance and internal control environments**

9. The key elements that comprise the Council's governance arrangements are set out in the Local Code and they include:
  - a Council Plan that sets out our vision for the community and the outcomes we intend to achieve;
  - an established medium term planning process including the process for reconciling policy priorities with financial resources, which takes account of performance and the need to improve both customer focus and efficiency;
  - a business planning and performance management framework which includes setting clear objectives and targets, both financial and otherwise;
  - regular reporting of performance against the Council's key objectives, as set out in the Council Plan, to officers and Members;
  - established budgeting systems, clear budget management guidance and regular reporting of financial performance against budget forecasts to officers and Members;
  - financial management structures which promote ownership of financial issues within service departments;
  - compliance with CIPFA's Statement on the Role of the Chief Finance Officer;
  - the Council's constitution which sets out clear arrangements for decision-making, scrutiny, communication and the delegation of powers to officers and Members;

- codes of conduct for Members and employees which set out clear expectations for standards of behaviour;
- a clear framework for financial governance based on Procurement and Contract Standing Orders, Financial Regulations and Standard Financial Procedures;
- a risk management framework, which takes account of both strategic and operational risks and ensures that they are appropriately managed and controlled;
- Member committees with clear responsibilities for governance, audit and standards;
- established arrangements for dealing with complaints and whistleblowing, and combating fraud and corruption;
- schemes for identifying the development needs of Members and officers, supported by appropriate training;
- strategies for communication and consultation with the people of East Sussex and our key stakeholders;
- clear guidance that promotes good governance in our partnership working;
- a range of policies and processes designed to ensure best practice and legal compliance for personnel matters, ICT security, access to information, data protection and project management.

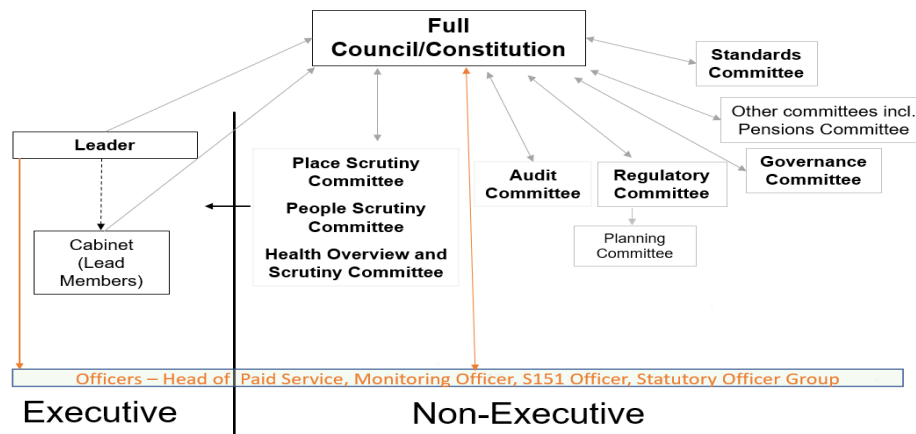
### The Governance Assurance Framework Principles

10. There are seven principles and sub-principles of Corporate Governance adopted by the Council, as set out below. Assurance for how they are met is provided in the text below each principle in this Statement. Whilst descriptions of how the principles are met are included in each section, this Statement should be viewed in its entirety as there is overlap between the principles and how they are met. Further work to be done is highlighted and set out at Annex E.

Principle	Description of Principle
A	Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
B	Ensuring openness and comprehensive stakeholder engagement.
C	Defining outcomes in terms of sustainable economic, social and environmental benefits.
D	Determining the interventions necessary to optimize the achievement of the intended outcomes.
E	Developing the entity's capacity including the capability of its leadership and the individuals within it.
F	Managing risks and performance through robust internal control and strong public financial management.
G	Implementing good practices in transparency, reporting and audit to deliver effective accountability.

## The County Council's Governance Framework

11. The governance framework covers the allocation of functions, the rules for how they are carried out and the mechanisms for tracking that this happens correctly. The relationship of responsibilities is shown here:



### Section A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

#### Assured

The Council has high standards for sound governance as set out in law and government guidance. It promotes a culture of compliance.

The Council's codes of conduct set out expectations and requirements for behaving with integrity for both Members and officers. Action was taken to promote these and provide assurance that they continue to be implemented fully and correctly.

12. The Governance Committee oversees the democratic arrangements of the Council and reviews and advises Full Council on the Constitution. The Responsibility for Functions (including the Scheme of Delegation) and Standing Orders require Members and officers to ensure that all decisions are compliant with internal policies and procedures, as well as with the law. These help ensure transparent decision-making, giving authority and certainty to the allocation of responsibilities as set out in the Constitution.
13. Part 5 of the Constitution contains the Code of Conduct for Members. A parallel Code of Conduct for officers sits in the suite of employee policies. The Council has also adopted policies relating to responsibilities for ethical behaviour including equality and sustainability, such as the Equality of Opportunity and Diversity Policy Statement. Decision-making is supported by advice from officers and internal guidance that should ensure compliance with these policies.



14. The statutory roles of the Chief Financial Officer (s.151 officer) and the Monitoring Officer are set out in the Constitution and in the scheme of delegation. They provide oversight of propriety and lawfulness. They have a direct reporting line to the Chief Executive and are involved in all major decision-making as part of the Corporate Management Team, as well as being signatories to all key and other significant decisions.
15. The codes of conduct define the standards of behaviour for Members and officers. All Members undertake training on the Member Code of Conduct. Member conduct is monitored by the Standards Committee, which has a remit to deal with complaints of breaches of the Member Code of Conduct. All Members complete the register of interests and receive quarterly reminders on the subject of personal interest declarations, and it is a standing item on all formal meeting agendas for both officers and Members. In relation to the appointment of Members to outside bodies, the Council will avoid structural conflict of interests where possible.
16. The Council has a whistleblowing policy to offer a route for challenges to processes or actions within the Council where complainants need confidentiality. The use and effectiveness of the policy is overseen by the SOG made up of the Chief Executive, Monitoring Officer, Chief Finance Officer, Chief Internal Auditor, Assistant Director for HR, and the Chief Operating Officer.
17. A system for recording officer interests, including gifts and hospitality, is in place and kept under review. A review of the system was undertaken in 2020 and actions were identified to improve the current system. The current system is situated within SharePoint 2013, support for which is soon to be withdrawn. Work is under way to migrate the system to SharePoint Online.
18. The Council's Procurement and Contract Standing Orders and the Financial Regulations and Procedures provide rules for lawful and sound processes for contract and spending decisions. These are managed by the Chief Operating Officer, Monitoring Officer, and Chief Financial Officer in consultation with the Governance Committee. These Standing Orders help ensure transparency and a Governance framework in relation to how decisions are made.
19. The Officer Scheme of Delegation is held under regular review by the Chief Executive and the Monitoring Officer, with any new delegations needing the agreement of the Leader of the Council (for executive functions) or the Governance Committee (for non-executive functions).

<b>Section B: Ensuring openness and comprehensive stakeholder engagement</b>
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<b>Assured</b>
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<p>The Council exists to serve its residents and is dependent on a wide range of stakeholders for working effectively in partnership.</p>
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<p>Consultation and engagement mechanisms are in place and are used effectively.</p>
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<p>The Council has clear decision-making processes and rules and procedures to enforce them which emphasise openness and transparency.</p>
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## Decision-making and Scrutiny

20. The Council is the principal decision-making body and forum for political debate. All Council meetings take place in public and are webcast. The Council sets the strategic aims that form the Policy Framework and determines the Council's budget following a well-developed process of Member engagement and scrutiny.
21. The Executive (Cabinet) takes decisions on most matters of Council policy and service delivery. The non-executive responsibilities of the Council are discharged through its non-executive committees as described in the Constitution. The Council appoints Members to Scrutiny Committees, by which Cabinet is held to account through Member overview and scrutiny. Scrutiny Committees are politically proportionate. Chairs and Vice-Chairs are appointed by Full Council. Influential scrutiny is achieved by ensuring the Scrutiny Committee's involvement in the Reconciling Policy, Performance and Resources (RPPR) process and having significant decisions or proposals previewed. Proposals may also be called in for scrutiny after a decision has been proposed in final form. The Council has determined that all Scrutiny Committee meetings take place in public and be webcast. An overview and summary of the work of the Scrutiny Committees is reported to the Governance Committee on a 6 monthly basis.
22. The Forward Plan describes all significant (key) decisions planned to be taken in the following four months and is published and updated at least monthly. The Forward Plan is used by Scrutiny Committees to help plan business. As decisions become more significant in terms of service changes and savings proposals there is a greater need to ensure early awareness by, and engagement with, all Members.
23. Decision-making operates with a presumption of openness. Cabinet, Lead Member and committee meetings are held in public. Members of the public can subscribe to email updates on Council committee meetings in which they have expressed an interest. Agendas and reports for Cabinet and committee meetings, unless considered exempt from publication, are published at least five clear working days in advance - exceptions are explained in public documents.
24. Decisions and agendas are held on the Council's website. The content management system, Modern.Gov, is the principal method of publishing the Forward Plan, decisions, agendas, and minutes. Members and staff have portable devices which can easily access Modern.gov information. The Constitution also prescribes the rules and constraints around urgent decisions (including those not notified in the Forward Plan). Key decisions taken under special urgency provisions (as set out in the Constitution) are reported to the Council. The report to the Council includes a summary of the decisions taken under these provisions.
25. To retain the benefits identified through remote meetings, the Council has agreed the following measures, which are permitted under existing legislation:

**Full Council** - All Council Members must attend in person.

**Cabinet** - all Members of the Cabinet must attend in person. Officers and other Members (including opposition spokespersons and local Members), as well as petitioners are permitted (with the agreement of the Chair) to attend and speak remotely.

**Planning Committee** - All Members of the Committee must attend in person. Officers and members of the public or local Members making representations are permitted to attend remotely.

At the Council's **Panels and Committees** (including Governance Committee, Pension Committee, Scrutiny Committees, Audit Committee and Health and Wellbeing Board) - Committee and Panel Members must be present in person (unless legally permitted to attend remotely). Other participants, including officers and advisors, may attend remotely.

**Pension Board** - may be wholly remote or a hybrid meeting with some Members present physically and others remotely at the Chair's discretion.

Lead Member decisions are not subject to the same legislation that applies to the majority of Council and committee meetings (i.e., that requires the Members of those committees to meet in person). The Council agreed that Lead Member decisions can continue to be made remotely on an ongoing basis, subject to the discretion of the Lead Member to hold a physical meeting if preferred. Other Members, with the agreement of the Lead Member, are able to attend and speak virtually at Lead Member meetings, whether the meeting itself is a remote or a physical meeting. All Lead Member meetings held remotely are webcast to facilitate public access and provision is made at County Hall for those members of the public who may not have access to the webcast to be able to watch it.

26. During 2023, the Council undertook a review of its process for considering Notices of Motion to ensure that the process remains efficient, effective and fit for purpose.
27. Full Council agreed, to retain the existing process whereby the Chairman of the Council determines the most appropriate route for the Motion to take. However, it was agreed that where a motion is referred straight to Full Council, it shall be accompanied by an officer briefing to ensure that full context and background information is provided. It was also agreed that where a motion is referred straight to Full Council, the deadline for submitting a Notice of Motion shall be twenty Working Days before the meeting at which it is to be considered. The revised process will be kept under review.
28. Communication to the public is via the Council's website, in public meetings, and through social media. The Council's corporate website meets legal requirements to ensure content is accessible to as many people as possible. A transition to the new, accessible corporate pages was completed in May 2022.
29. The Council works with a range of stakeholders. This includes a range of public bodies, local authorities, the NHS, and Sussex Police. Other tiers of local government are important partners in many areas of service delivery, strategic planning, and community development. There are both formal and informal forums in place for regular liaison with elected Members and senior officers in the district and borough councils, including regular meetings of all the leaders of the councils (East Sussex Joint Leaders Meetings), to discuss issues of common interest, and regular meetings of all chief executives, including the Chief Fire Officer, Chief Superintendent and the Chief Executive of East Sussex College Group (East Sussex Chief Executives Group). The Leader and Chief Executive of the Council are members of the East Sussex Strategic Partnership, which brings together public services, local businesses, community groups, and Voluntary, Community and Social Enterprise (VCSE) sector organisations to work together in a co-ordinated way to plan local services, tackle issues that matter to residents, and improve quality of life in East Sussex.
30. Regular meetings with other partners are held at various levels between officers to oversee operational, commissioning and service planning. For several years the Council has operated a joint service commissioning and pooled budget agreement with the NHS

to cover a range of social care and NHS services, principally through the Better Care Fund.

31. The Sussex Integrated Care System (ICS) is made up of two statutory bodies; the Sussex Health and Care Assembly (the Integrated Care Partnership) and the NHS Sussex Integrated care Board (ICB). The Sussex Assembly is a joint committee formed by the NHS Sussex ICB with East Sussex County Council (ESCC), West Sussex County Council (WSCC), and Brighton & Hove City Council (BHCC). The Leader of the Council is a member of the Sussex Assembly (the ICP) in his role as Chair of the East Sussex Health and Wellbeing Board, the principal forum for health and social care liaison and partnership. It was agreed in February 2024 that a new Independent Assembly Chair will be engaged by one of the Local Authorities on behalf of all four statutory partner members through a competitive selection process, with unanimous support for the successful candidate. The Chair will work closely with NHS Sussex ICB and all three Local Authorities to plan meetings and agendas in advance of meetings. ESCC will take the lead on recruiting the Independent Assembly Chair in 2024/25, and NHS Sussex will continue to publish the agendas, papers and meeting recordings on the Sussex Health and Care website. By agreement of the Chief Executives of each of the Councils, the three upper tier Councils in Sussex (namely East Sussex County Council, West Sussex County Council and Brighton and Hove City Council) are represented on the NHS Sussex Integrated Care Board (the ICB) by the ESCC Director of Adult Social Care and Health, the BHCC Director of Children's Services and the WSCC Director of Public Health. Each Officer provides a collective view from their professional peers drawn from across all three councils, which will alternate between professions on a timely basis.
32. The five-year Sussex Integrated Care Strategy 'Improving Lives Together' was approved by the Sussex Assembly in December 2022 which sets out our shared ambition for a healthier future for everyone in Sussex over the next five years. In line with the NHS England Joint Forward Plan guidance, the supporting Sussex Shared Delivery Plan (SDP) was developed and agreed by all system partners in July 2023, and covers areas for immediate, continuous and long-term improvement, as well as shared priorities specific to each of the three statutory Health and Wellbeing Boards and their populations in Sussex. Joint work takes place with the NHS on a pan-Sussex and Place (East Sussex) level which contributes to a range of service improvement objectives for the benefit of the East Sussex population.
33. Both the Strategy and the SDP build on our understanding of population health needs in East Sussex, and the refreshed East Sussex Health and Wellbeing Strategy 'Healthy Lives, Healthy People (2022 - 2027)'. Delivery plans reflect our shared HWB priority transformation programmes covering children and young people, mental health, community (and integrated community teams) and improving health outcomes. A core principle for this joint work is that the primary building blocks in Sussex are the three 'Places' (East Sussex, West Sussex and Brighton and Hove). East Sussex is clear that 'Place' is key to strategic leadership, local commissioning, and delivery in order to achieve the best health, care and wellbeing outcome for our population. This is operationalised through the East Sussex Health and Care Partnership which brings together local NHS partners with the County Council, Borough and District Councils, the VCSE Alliance and Healthwatch. The Partnership is accountable to the HWB and is the forum for local strategic management of integration and delivery of the SDP. There is a joint Executive Delivery Group that oversees system pressures, specific transformation programmes and the Better Care Fund (BCF), and a wider strategic Partnership Board.
34. The Council has set out its commitment to working in partnership with residents, businesses, communities, the VCSE sector, and local authority partners through a

number of initiatives. It has a set of partnership principles with the VCSE sector for the commitment to more effective ways of working together, building stronger alliances, and empowering joint action.

35. The Leader of the Council is also appointed on behalf of the Council as a director of South East Local Enterprise Partnership Limited (SELEP). Following the government's announcement in August 2023 that the national network of local enterprise partnerships would no longer be funded beyond 2023/24 and that local enterprise functions would be transferred to the constituent upper tier local authorities, it was anticipated that SELEP would be wound up by 31 March 2024.
36. The functions that transferred to the Council on 1 April 2024 are business representation and strategic economic planning. The winding up the LEP is expected to take place in the 2024/25 finance year. The Leader will cease as a director of SELEP with effect from the date it is wound up.
37. Cabinet agreed the SELEP Transition Plan in March 2024 and the Council will enter into a Transition Agreement with Essex County Council (as the accountable body for SELEP), the other SELEP upper tier local authorities and the Department for Levelling Up, Housing and Communities later in 2024 to formalise the transfer arrangements.

#### **Consultation and engagement in East Sussex**

38. The Council is committed to working with residents, businesses, communities, service users, and partners to help prioritise what it does, to give them a say over the approach and to have the chance to get involved in delivery and change. This requires sound arrangements for engagement and consultation.
39. The Council uses a variety of ways to engage residents and other stakeholders - publications (printed and digital), press releases and social media to keep people informed of plans or decisions, and engagement via questionnaires, public events, workshops, focus groups, satisfaction surveys and feedback forms.
40. In 2023 the Council developed a communications strategy setting out how ESCC's communications are designed to support the council's priority outcomes and keep residents well informed of services, information and activities that may be useful to them.
41. Consultation and Engagement Quality Assurance is managed within departments. Services must develop projects which are robust and produce reliable valid data upon which decisions can be made.

#### **Formal consultation**

42. Formal consultation will generally only be undertaken where there is a statutory duty or legitimate expectation and where there is a service or policy need to do so. Consultations are carried out in accordance with current national Consultation Principles guidance and, where applicable, the Council's 'Statement of Community Involvement'. Individual services are required to maintain open channels of communication with relevant stakeholder groups and representative bodies where relevant to service planning.
43. All formal public consultations and engagement projects are made accessible online using the 'Citizen Space' consultation hub software. Other formats are available on

request. They are also published on the Council's News and Press Release webpages. The Council ensures compliance with the public sector equality duty when processing and securing formal key decisions. The Council has taken steps to improve consistency and appropriateness of use of Equality Impact Assessments, and the template documentation for Key Decisions has been updated to include a prompt for officers to consider Equality implications. Further attention is required to ensure consistent compliance across all types of decisions.

44. The information gathered is analysed and considered as part of the decision-making process. Analysis reports and decisions are made available on the 'Citizen Space' engagement hub webpages as a means of ensuring clarity and increasing public trust in decision-making processes.
45. All elected Members, as part of their induction, were offered Equality, Diversity, and Inclusion in Leadership training to enable them to recognise the considerations that underpin fair decision-making in the Council and to ensure they can fulfil their legal obligations under the Equality Act 2010. All elected Members, as part of their induction, were offered "Let's Talk Equality" training which explored language and terminology around equality characteristics as well as training on Census 2021 equality data.
46. The Council's Corporate Equality Board continues to champion and support the integration of Equality, Diversity and Inclusion in day-to-day business throughout the Council's services. Through its work, the Board helps the Council secure its vision of creating services that understand and effectively respond to our local communities and to meet its legal duties.
47. Through the Board, the Council develops and agrees an annual Equality, Diversity & Inclusion Action Plan. It defines priority cross-council functions for each year and the plan for 2024-25 will be agreed in May. Key successes from the 2023-24 Plan include:
  - updating the Council's equality commitment, to reflect our approach and ambitions;
  - a joint project with the NHS to improve the quality of equality information we collect to better inform and improve service delivery and workplace activity;
  - further training and guidance has been provided to support strong recruitment practice to ensure the council recruits the best candidates for its diverse roles;
  - The recommendations of our workplace adjustment review have been implemented to strengthen support and streamline the process; and
  - further equality learning opportunities have been offered to all elected Members, including a session focused on Census 2021 data on ethnic minority people in the county and current issues.

The Council continues to implement its equality objectives as part of our public sector equality duty compliance.

48. The Council has a Petitions Scheme describing how petitions from residents are dealt with by the Council. These enable a petitioner to speak with a Cabinet Member or at a committee, or to the Council if prescribed thresholds for signatures are reached. A response is made to each petition, explaining what the Council will or will not do in response.

**SECTION C: Defining outcomes in terms of sustainable economic, social, and environmental benefits**

**Assured**

The Council has established arrangements to define outcomes and monitor performance against agreed measures. These cover the strategic aims for supporting the economy, complement the social value policy of the Council and are built against a theme to address sustainability to support the Council's climate change commitments.

In setting policies and strategies, the Council takes a long-term view of outcomes, taking into account sustainable economic, social, and environmental aims and has effective, comprehensive performance monitoring in place.

The corporate document 'the Council Plan' was adopted by the Council in February 2024. The Plan covers the period 2023-26 and performance has and will continue to be monitored in a structured, timely and transparent way by the leadership team, by Cabinet Members and through Scrutiny Committees.

49. The Council Plan 2024-2025 outlines the priorities for the Council over the next three years and how they are to be assessed in terms of delivery and measures to monitor performance. It was agreed by Full Council in February 2024 and is subject to quarterly performance monitoring by Cabinet and Full Council. The Council Plan was developed by the Cabinet and Corporate Management Team with the engagement of elected Members, Scrutiny Committees, and officers at all levels. Measures and targets were developed and approved as part of the agreed plan and are published online as well as being reported and scrutinised in public.
50. Active monitoring of performance is undertaken through regular reviews of business plans and with all staff through individual staff performance conversations. These arrangements link to performance and regular reviews of business plans. The Cabinet reviews the Quarterly Monitoring Report on a quarterly basis and this is reported to Full Council. The Council remains committed to the sustainable economic growth of East Sussex. Over the last year we have been developing a new strategy to guide the investment we and our partners make to achieve the growth and prosperity we aspire to. The strategy has been subject to wide ranging consultation, to ensure it reflects the needs of residents, businesses and stakeholders.
51. The strategy takes a long-term view, with a time horizon of 2050, and complements other related strategies around decarbonization, health & wellbeing, and transport. It is a strategy for East Sussex, and the membership of Team East Sussex (the de facto Growth Board for East Sussex), its sub boards such as Skills East Sussex, and Business East Sussex have been integral to its development.
52. Following the Council's Notice of Motion on climate change, agreed in September 2019, a Climate Emergency Plan was formulated with the aim for the organisation to achieve carbon neutrality from its activities as soon as possible and in any event by 2050. A [revised climate action plan for the period 2022-25](#) was adopted in February 2023 after Member engagement and scrutiny.
53. An internal Officer Climate Emergency Board is in place to lead and oversee the delivery of our climate change action plan. The Board reports on progress each year to Full Council. A dedicated budget of £9.867 is in place to deliver the action plan, supplemented by £1.9m of successful bids for external funding.

54. Following an internal audit review of the Council's arrangements in relation to climate change in 2022/23 which received an audit opinion of partial assurance, a follow-up audit was completed 2023-24. This resulted in an improved opinion of reasonable assurance.
55. Climate change is embedded in the Council Plan for 2023/24, in the corporate capital programme as a basic need, and in the corporate strategic risk register. Quarterly reporting to Cabinet and monthly management reporting (internal) will highlight progress on key climate change indicators.
56. The Council's Social Value Policy (adopted in September 2022) seeks to infuse Social Value into the Council's culture through Good Commissioning, Good Procurement and Good Contract Management. The Council's Social Value Review Group, which consists of a group of subject matter experts, enables the Council to deliver real, meaningful value to local communities and residents.
57. The Place Scrutiny Committee carried out a Scrutiny Review of Procurement in 2022/23 which focussed on Social Value and 'Buying Local' policies and procedures. The Review considered a wide range of evidence and endorsed the Social Value Policy. The Review made nine recommendations for improvements to the Council's approach to Social Value, including: continued engagement and training on social value requirements; improvements in monitoring the delivery of social value commitments; changes to strengthen linkages between social value requirements and achieving the Council's objectives; changes in the Council's approach to carbon reduction and climate change measures; and a recommendation to conduct a trial with the Adult Social Care and Health department to pilot a more qualitative approach to measuring social value, which may have benefits for the Council, local communities, our Voluntary, Community and Social Enterprise partners.
58. In response to the Place Scrutiny Committee's review, the Chief Operating Officer and officers in Business Services devised an action plan setting out the steps the Council will take to deliver against the recommendations. The recommendations of the Scrutiny Review together the Chief Officer's Action Plan were presented to Cabinet for comment on 18 April 2023 and were accepted at Full Council on 9 May 2023.
59. Place Scrutiny Committee considered an update on the implementation of the Action Plan in March 2024 and were pleased with the progress that has been made; in particular, the Social Value trial. The Place Scrutiny Committee will consider a further update report in September 2024.
60. The Council adopted an Environmentally Sustainable Procurement Policy in 2022, in conjunction with Surrey County Council and Brighton & Hove City Council. This sets out a clear commitment to ensuring our operations are environmentally sustainable and resilient to future change through its procurement and supply chain activities and has been embedded in a number of contracts since it was adopted. In 2024 the policy was updated to improve the use of the waste hierarchy, promoting avoidance and reduction, inclusion of Carbon Reduction Plans and aligning it with emerging legislation.



**SECTION D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

**Assured**

The Council takes decisions on interventions based on the priorities agreed in the Council Plan. In areas identified for improvement, systems for governance, oversight, and scrutiny of interventions will continue to be given particular focus.

61. In December 2023 the Council was inspected by the Office for Standards in Education, Children's Services and Skills (Ofsted) under the framework and evaluation schedule for Inspections of Local Authority Children's Services (ILACS). The service was judged to be good overall and outstanding for the experiences and progress of children in care. The report and its findings were reported to Cabinet in March 2024. The report identified a number of good areas of practice and three areas for improvement relating to the quality of plans for children and care leavers so that they are all specific, measurable and timebound; the recording of management oversight, supervision and direction; the oversight, timeliness and rigour of the response to children experiencing neglect, including children in Public Law Outline pre-proceedings, and in private fostering arrangement. An improvement is being prepared and will be shared with Ofsted. The financial outlook faced by the Council represents a step change. Growth in need for the statutory, demand-led services for vulnerable children and adults which account for around three quarters of our budget, coupled with the escalation in costs being felt right across the Council, have significantly increased the expenditure required to maintain core services. Our increased costs have not been offset by additional income.
62. The demand for children's social care and complexity of cases has continued to increase nationally and locally; whilst locally the total number of looked after children has remained relatively constant, the cost of all placements but specifically residential and specialist placements has risen significantly. In line with many other councils, there are some instances when no placements are available and ESCC has had to use unregistered placements until a registered placement can be found. In all cases comprehensive risk assessments are undertaken, which have senior management oversight. Increased visiting by the allocated social worker is undertaken. Due diligence checks are undertaken on all agencies commissioned to provide care and support. In addition unregistered placements are scrutinised by the Head of Service for Looked After Children, and Assistant Director on a monthly basis and overseen at monthly DMT, and monthly updates are provided to the DCS, Chief Executive and Ofsted.
63. The Ofsted inspection of Children's Services in December 2023 highlighted that 'A very small number of children with highly complex needs live in unregistered children's homes. The arrangements are closely monitored and the search to identify registered and suitable provision to meet children's needs is an ongoing process'.
64. The Council has commissioned external consultants, IMPOWER to support Children's Services (CSD) make informed estimates on future numbers and trends in relation to children cared for by the Council and define current challenges and opportunities relating to sufficiency and children in care. In May 2023, a Steering Group to manage the project was established and terms of reference for the Steering Group agreed. The Steering Group is Chaired by the Director of Children's Services and includes the Director of Adult Social Care and Health, the Chief Finance Officer, officers from CSD, and IMPOWER. Progress updates on this work are regularly reported to CMT.

65. Work carried out by IMPOWER between May and July 2023 helped the Council better understand the challenges facing the Council as well as potential opportunities and new ways of working, by drawing on data analysis, benchmarking, and significant stakeholder engagement. Working with IMPOWER, CSD developed a set of interventions to enable the Council to realise the opportunities identified to reduce cost and improve outcomes. Together these interventions form a change programme focused on care and sufficiency and targeting improvement in outcomes and reduction in cost.
66. Phase 2 of the project was approved in July 2023 and work commenced at pace to ensure benefits realisation and mitigation of pressures could take place within this financial year. Phase 3 was agreed in October 2023 and saw the Council establish a Valuing Care Panel; role out further Valuing Care training, host a matching event with potential placements planned and delivered as well as the first set of fostering workshops completed.
67. Artificial Intelligence (AI) describes when computers act independently, in a way that resembles human reasoning. AI applies advanced analysis and logic-based techniques to interpret events, support and automate decisions, and take action. The future of AI in local government in the UK is a topic of increasing importance and interest. 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. At the same time, there are concerns about the potential limitations and risks of using AI in local government, and the need to carefully consider the implications of this technology.
68. The Council's Corporate Digital Board oversees the governance of AI. Throughout 2023/24 the Corporate Digital Board has been working to develop pragmatic Guidance, Guardrails and Governance for the Council's use of AI. The initial workstreams focused on a usage policy for generative AI, which was considered by CMT in April 2024, and agreeing a best practice model to manage demand for technologies like ChatGPT. Subsequent workstreams include developing and sharing best practice guidance and also exploring what an Ethics Policy should look like and where one would best fit within the Council's governance and policy structure. Pilots will be identified to ensure that development of support and guidance aligns closely with service needs.
69. In the medium term, it is proposed that the Corporate Digital Board will develop an underpinning strategic framework that interprets National AI Strategy into local context. This will set out clear foundations on which departments can innovate and shape their service response in a consistent way, all the while keeping abreast of the evolving regulatory landscape and enhanced technological developments.
70. All Directorates are expected to prepare and monitor Portfolio Plans which set out the actions required to meet the outcomes set in the Council Plan and the measures, targets and milestones used to monitor their delivery. These are in place and progress is reviewed regularly by Departmental Management Teams (DMTs) alongside financial performance and the directorate's risk register. The Portfolio Plans are refreshed each year as part of the annual update of the Council Plan.
71. The Quarterly Monitoring Report provides details of our performance against our objectives in the Council Plan. The Cabinet and Full Council review performance through quarterly monitoring and the work of the Scrutiny Committees and Audit Committee.

72. The Quarterly Monitoring Report provides an overview of performance against the agreed priorities within the Council Plan and tracks financial performance and our strategic risks to ensure intended outcomes are kept in focus and expenditure controlled. The Quarterly Monitoring Report focuses on the delivery of:
- Council Plan and Performance Measures;
  - Medium Financial Term Strategy and in-year budget;
  - Strategic Risk Management.
73. All recommendations and findings made by the Ombudsman have been accepted and are recorded through the Quarterly Monitoring Reports.
74. Executive decision reports provide a public record of all significant decisions to implement service plans and spend. They are required to show the intended outcomes, the rationale for the proposal, implications for Council resources, other options considered, advice received, consultation undertaken and how risks are managed.
75. A number of officer boards chaired by senior officers ensure oversight of strategic areas of Council business on behalf of the Corporate Management Team. These boards coordinate subject matter expertise as well as overseeing arrangements for the delivery of priorities at an officer level, prior to Member consideration. They include the Corporate Equality Board, the Corporate Climate Emergency Board, the Communications Management Board, the Corporate Digital Board, the Customer Experience Board, the Capital Board and the HR Management Board.

**SECTION E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

**Assured**

Officers and Members are expected to have a clear sense of their purpose, roles, and responsibilities in line with the Council’s vision and the suite of policies and processes which support it.

The Chief Executive and the Corporate Management Team manage the Council’s workforce, skills and resource planning. All officers are expected to have their performance monitored and their development needs identified and addressed. Specific attention is paid to programmes for leadership development. Work continues to enable the Council’s leaders to promote a positive and supportive culture and to provide the means of enhancing or reinforcing good leadership skills.

The Council launched a second wave of its leadership programme (Ladder to Leadership) in September 2023. The programme is designed to encourage junior/mid-level managers to develop the skills required for senior leadership positions. This includes coaching, mentoring and masterclasses focussed on leadership styles and strategic leadership as well as the opportunity to work on inter-departmental projects. All senior leaders are also offered a series of masterclasses designed to support the development of Heads of Service and Assistant Directors. These masterclasses provide insight into key topic areas that are relevant for strategic leadership in the public sector.

A system is in place to ensure that all elected Members have an understanding of their roles and responsibilities when appointed or elected to particular positions within the Council. Members are expected to be able to fulfil the expectations and demands of their roles as local Members and those positions to which they may be appointed. Areas

of focus for review are identified. Members have received training and support to help them to focus on the strategic nature of their roles.

## Members

76. Arrangements for the Council's Member appointments to specific roles are open and set out in the Constitution. The Council elects the Leader who decides the composition and responsibilities of the Cabinet. The Council makes appointments to all committees. Changes can be made at each Full Council meeting. All terms of reference are published. There is a system for reviewing and refreshing all constitutional terms of reference for committees and boards which transact Council business.
77. Member roles - Executive and non-executive roles are defined and published within the Constitution on the Council's website and as part of the Members' Area of the intranet. The Member induction and training programmes cover these roles. All Member development sessions have attendance and feedback recorded.
78. The knowledge and development needs of Members are identified and addressed through a cross-party Member Reference Group (MRG). The MRG oversees the delivery of a planned programme of development to meet Member training needs, taking into account Members' views on priorities through surveys and feedback. It reviews the impact of Member development work and identifies areas for improvement.
79. Two new members were appointed following by-elections in July and August 2023. Those members were provided with an induction following their election. Member Services have provided access to All Members to training sessions designed to help them focus on their strategic roles, including training relating to Fiduciary duties, planning reform, the role of public health in local government, climate change, race equality in East Sussex, highways East Sussex, town and village green panels and treasury management. Courses on 'getting the most out of Microsoft' and questioning skills (scrutiny) have also been provided to Members. Members also received training on their duties around Member Interests and the Code of Conduct in September 2023. Guidance, which was agreed by the Governance Committee, has been developed and made available to members in relation to the use of social media.
80. Specialist training is given to Members according to the roles they carry out. This includes training for Cabinet Members, Members appointed to the Scrutiny Committees and Members of the Regulatory Committee, Audit Committee, Planning Committee, Pensions Committee and Appeals Panels. Enhanced DBS checks are carried out for Members in Adult and Children's Services related roles, with an online training module also available. As part of the Member Induction, training was also provided to ensure awareness of Information Governance and data protection responsibilities as they apply to elected Members. Members also received guidance on cyber security.

## Officers

81. Statutory roles include the designation of the Chief Executive as Head of Paid Service, the Assistant Chief Executive as the Monitoring Officer and the Chief Finance Officer as s.151 officer. Other critical statutory and leadership roles and their responsibilities are described in the Council's Constitution. These include the Director of Children's Services, the Director of Adult Social Care (ASC) and the Director of Public Health. All Directors are formally required each year to give assurance as to their compliance and

that of their Service with a range of requirements and expectations of them as senior leaders within the Council.

82. All levels of management within the Council have a designated role profile and these profiles are accessible via the Council's intranet. Officers are given copies of their roles on appointment and are supported through induction training, their personal development review and supervision in understanding and developing their roles. Internally published HR procedures cover all aspects of performance and procedure to support managers.
83. Personal development priorities are agreed through a personal development review process. There is an established programme of induction training for new staff. Training is available increasingly through an online learning system. Leadership skills and development for senior officers is led by the Assistant Director of Human Resources and Organisational Development.
84. Issues of capacity and service resilience to ensure service effectiveness are covered through workforce planning as part of directorate business planning. Being an employer of choice is key to ensuring the Council can attract and retain the high calibre staff it needs. There are a number of initiatives underway that support this, including:
- the implementation of hybrid working arrangements as part of the Workstyles review;
  - the launch of a new employer recruitment brand - 'We Choose East Sussex';
  - a range of targeted recruitment and retention strategies including a 'Refer a Friend Scheme', 'Apprenticeships Incentives Policy', an updated relocation policy, salary sacrifice schemes, employee loans policy and financial wellbeing resources;
  - targeted actions such as the use of market supplements etc. for specifically identified job roles where a particular focus is needed;
  - review of the corporate Equality, Diversity and Inclusion Action Plan which includes a number of workforce specific actions to support having a diverse workforce.
85. In April 2023 the Council launched an 'Officer's Guide to Governance' as a reference guide for officers to understand how the Council's governance processes operate. The Guide covers a range of topics including: the Council's Constitution, the role of Members, Scrutiny, Procurement, Finance and Data & Information Management and draws together a range of information from other sources into a single document.

<b>SECTION F: Managing risks and performance through robust internal control and strong public financial management</b>
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<b>Assured</b>
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Risk management is robust overall and risks are being considered during business planning and decision-making processes, corporately and across all services.
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Service and corporate performance management has been addressed in earlier sections of the report.
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The Council has robust internal financial controls in place, displays strong public financial management and operates systems to manage risks and performance in the most effective manner.
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86. The Constitution sets out the rules to ensure robust internal control over the Council's finances. The system and arrangements for financial performance management and budget monitoring demonstrate sound internal monitoring and control and have formal and well published arrangements for Member and officer oversight and transparency.
87. The system of internal financial control is based upon a framework of comprehensive financial regulations and procedures which comply with the CIPFA 'Good Practice Guide for Financial Regulations in a modern English Council'. Control is maintained through regular management information, supervision and a structure of delegation and accountability. External audit of the 2021/22 statement of accounts has now been concluded and Grant Thornton has provided their final report, which confirms an unqualified audit opinion. Grant Thornton reported the audit findings for the 2022/23 statement of accounts to the Council's Audit Committee on 24 November 2023. At the time further work was required to conclude the audit and provide final sign off. The audit of the 2022/23 accounts is nearing completion in April 2024. The report confirms a draft unqualified audit opinion but sets out those matters that are yet to be concluded. A certificate of audit completion is anticipated in early or mid-April. The Council's financial management arrangements conform to the governance requirements of the CIPFA 'Statement on the Role of the Chief Financial Officer in Local Government 2010'. A continuous review is maintained. The Financial Regulations and Procedures are kept under review by the Chief Finance Officer.
88. In completing and signing the Directorate Assurance Statement, each Chief Officer reviews the effectiveness of governance arrangements, risk management processes and the system of internal control and considers:
- The adequacy and effectiveness of management review processes;
  - The work of the department's management team and other managers and staff;
  - The regular review of the department's performance against both financial and non-financial targets;
  - Outcomes from the strategic and operational risk management processes;
  - The level of compliance with the Council's key policies and procedures;
  - Relevant internal audit reports and results of follow-ups regarding implementation of agreed actions in relation to audit findings; and
  - Outcomes from reviews of services by other bodies including our external auditors, inspectorates and other statutory and regulatory review bodies.
89. Evidence of assurance given is supplemented in the Annual Assurance Statement for each directorate. These include actions for improvement. In 23/24 Internal Audit conducted an audit aimed to provide assurance over the extent to which policies and procedures exist which contribute to the Council's overall governance arrangements, and that Directorate Assurance Statements are in place to improve governance within individual departments of the Council.
90. The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
- Activities to enhance Council governance arrangements, and therefore the integrity, transparency and efficiency of the Council, are taken in a timely manner by appropriate individuals;
  - Key policies and procedures that contribute to the Council's overall governance arrangements are in place and subject to regular review, update and approval;

- Actions from the previous audit have been implemented as agreed.
91. The Audit was completed in 23/24 and provided substantial assurance.
  92. The officer scheme of delegation is critical for the effectiveness of controls of spending and performance. Directors are required to ensure and confirm the effectiveness of the scheme of officer authorisation and have worked with the Assistant Chief Executive to ensure that there is shared understanding of the operation of delegations and the need to continually review them.
  93. The County Council annually reviews the effectiveness of its governance framework including the system of internal control. The review is informed by the Chief Internal Auditor's Annual Audit Report and Opinion 2023/24, by the external auditor and other agencies and inspectorates. These findings are brought together within this Statement and are reported annually to the Audit Committee. The Audit Committee undertakes the functions of an audit committee. This includes review of the work and findings of Internal Audit. The audit arrangements which support and reinforce financial controls and assurance are fully addressed under Principle G below.
  94. The appropriate management of risk is a fundamental element of the Council's ability to provide cost effective, quality services and to deliver its four priority outcomes. To achieve this, sound risk management policy and practice are firmly embedded within the culture of the Council, providing a proportionate and effective mechanism for the identification, assessment and, where appropriate, management of risk. In developing its Risk Management Framework, the Council recognises that risks cannot be fully managed and that, in being more innovative, efficient and effective in the delivery of its services, it may choose to take and/or accept more risk. Where this is the case, robust risk management practice will help ensure that the Council takes appropriately informed decisions, having properly evaluated the potential risks and the associated opportunities.
  95. The Council's risk profile is dynamic and continually changing due to the influence of external factors and/or internal influences. The level of risk can alter and consequently, identified risks and associated mitigations are regularly re-assessed to address and combat the impact of these changes. In addition, new risks will periodically emerge which must be identified and analysed to reduce the Council's exposure to adverse risk.
  96. Risk information is recorded within registers maintained at a corporate (strategic) level and individual department/divisional level. As a minimum, all risk registers should be formally reviewed and updated on a quarterly basis as part of the Council monitoring process. This process includes a review of departmental risk registers by each DMT, including any strategic risks for which the Chief Officer concerned has responsibility, prior to subsequent review by the Corporate Management Team. The Strategic Risk Register is also reviewed and updated by the Corporate Management Team prior to being reported to Cabinet and the Audit Committee.
  97. As part of the above process, consideration is given as to the escalation and de-escalation of risks between the Departmental and Strategic Risk Registers.
  98. There is a separate requirement for material risks connected with proposals, policies and spending decisions to be formally identified with actions taken to manage such risks in all recorded and published decision reports.
  99. Risk management is delivered through robust directorate controls including the business planning process, supported by the Risk Management Framework. The Chief Operating

Officer carries the operational officer responsibility for risk management. The Chief Executive is accountable to the Council for the effectiveness of the risk strategy.

**SECTION G: Implementing good practices in transparency, reporting and audit, to deliver effective accountability**

**Assured**

The Council has transparent processes in place through publication of the Forward Plan of key decisions as well as agendas and reports of its meetings and those of its committees. This includes key decision reports on the website and the prominence given to reporting and enforcing of agreed audit actions through the Audit Committee, which meets in public.

The Council has effective, open data reporting arrangements to ensure the accessibility of significant spend, contractual and other data relevant to financial performance. This has also been addressed through the development of the performance management reporting arrangements linked to the implementation of the Council Plan.

100. All meetings of the Full Council and of the committees which discharge executive, non-executive or scrutiny functions take place in public and have their reports and minutes published on the Council's website. Cabinet, Lead Member and Committee decisions, agendas and reports are published on the website and are available to the press and public. This is driven by the publication of the Forward Plan of key decisions. A limited number of reports are considered in private session, but only when the subject matter of the report meets the prescribed criteria set out in the Local Government Act 1972.

**Assurance and Significant Governance Issues**

101. The Audit Committee undertakes the functions of an audit committee. This includes review of the findings of Internal Audit. The Committee meets regularly and in public and holds officers to account for the timely implementation of agreed audit actions.
102. In 2021, the Council undertook a high-level a self-assessment of its governance arrangements in light of the 'Lessons Learned' report published by Grant Thornton in the same year. In 2023/24, the Council updated this self-assessment in light of the updated Grant Thornton report issued in September 2022. Additionally, the Council carried out a self-assessment against the 'characteristics of a well-functioning authority' and 'potential indicators of failure' identified by the Department for Levelling Up, Housing and Communities (DLUHC) in the draft statutory guidance, 'Best Value Standards and Intervention', issued in July 2023. The self-assessment found that the Council's arrangements for governance are robust and well managed.
103. As a key part of its sector-led support programme, the Local Government Association (LGA) offers a Corporate Peer Challenge (CPC) to all councils, approximately every five years. LGA CPCs are intended to be a robust and effective continuous improvement tool managed and delivered by the sector, for the sector, with local government officers and members - as 'peers' - at the heart of the process. The Council's latest CPC took place in June 2023. The review offered a timely opportunity to check in on the Council's progress over the recent challenging years, including the impact of the pandemic, and to provide an external perspective on how the Council has been approaching future challenges and whether we are capturing all we can from national best practice.



104. As part of the CPC, the peer team considered five themes which form the core components of all CPCs, and which are critical to the Council's performance and development: Local priorities and outcomes; organisational and place leadership; governance and culture; financial planning and management; and capacity for improvement. The public report produced by the LGA following the CPC was very positive, finding ESCC to be a well-run and well-managed council, a trusted and respected partner with a strong track record of service delivery. Following the CPC, the peer team made eight recommendations for areas to develop, building on strong foundations already in place. The Council's response to the recommendations was reported to Cabinet in September 2023 and thereafter made publicly available.
105. No assurance can ever be absolute; however, this Statement seeks to provide a reasonable assurance that there are no significant weaknesses in the Council's governance arrangements. On the basis of the review of the sources of assurance set out in this Statement (in Annex A), the LGA CPC and the self-assessments carried out, we are satisfied that the Council has in place satisfactory governance arrangements, including a satisfactory system of internal control, both of which are operating effectively.
106. The Annual Internal Audit Annual Report and Opinion provides an opinion on the adequacy of the Council's control environment as a contribution to the proper, economic, efficient and effective use of resources. The Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. Annually, the Chief Internal Auditor is required to provide an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement and this is provided in the Internal Audit Annual Report and Opinion. Based on the internal audit work completed, the Orbis Chief Internal Auditor has provided reasonable assurance that the Council had in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2023 to 31 March 2024.
107. Additionally, every five years, Orbis Internal Audit is subject to an independent external assessment, with the scope including assessment of compliance, benchmarking against best practice and assessment of internal audit's profile and impact with client organisations. The most recent review was completed in Autumn 2022 by the Chartered Institute of Internal Auditors who assessed Orbis internal audit as achieving the highest level of conformance against professional standards, with no areas of non-compliance identified.
108. The Council will continue to regularly monitor issues that may seriously prejudice or prevent achievement of its key objectives through its strategic risk review process.
109. Both governance and internal control arrangements must be kept under review to ensure that they continue to operate effectively, meet changing legislative needs and reflect best practice and our intention to achieve excellence in all our activities. The Council, through the Directorate Assurance Statements and the Chief Finance Officer's Assurance Statement, has identified a number of areas where it wishes to enhance its governance arrangements. These are set out in Annex A to this Statement, together with the department responsible for them. Each Director has included in their Directorate Assurance Statement confirmation that the actions identified for 2023/24 have been completed or provided an update and explanation regarding progress.
110. In 2022 CIPFA updated its position statement on local authority audit committees and recommended that each local authority audit committee should include at least

two co-opted independent members to provide appropriate technical expertise. Also in 2022, the Council's external auditor recommended the Council to carry out a self-assessment of the effectiveness of the Council's Audit Committee in line with the National Audit Office's (NAO) 'Audit and Risk Assurance Committee effectiveness tool'. In October 2023, the Council agreed the proposal to add two co-opted independent members to the Audit Committee.

111. In addition, officers of the Council have carried out an assessment of the Audit Committee and members of the Audit Committee were asked to self-assess their skills, both of which were carried out by reference to the CIPFA Code of Practice. The outcome of the self-assessment were reported to the Audit Committee in March 2023. The two independent members of the Committee will be recruited in 2024/25 based on the skills gaps identified through the member self-assessment. The findings of the self-assessment were reported to the Audit Committee in March 2024. For the large part, the assessment identified full compliance to good practice; however, some areas that require improvement were identified. Actions to address these were included in the report to Audit Committee. In particular, a standalone Audit Committee Annual Report will now be presented to Governance Committee; the first one in June 2024 and the Audit Committee terms of reference will be reviewed to ensure clarity.

112. Internal Audit completed a review of the Annual Governance Statement (Directorate Assurance Statements and Policy Review) in July 2023. The audit provided assurance over the extent to which policies and procedures exist which contribute to the Council's overall governance arrangements, and that Directorate Assurance Statements are in place to improve governance within individual departments of the Council. The audit concluded substantial assurance.

113. The Council Plan identifies a number of areas that have governance implications and these will be monitored through the Council Plan monitoring process. The areas outlined in Annex A will be monitored through departmental business plans.

114. Details of bodies where the Council is a Member or appoints a Director are set out in Annex B. Where members are appointed to outside bodies, the Council avoids structural conflict of interests where possible.

**Keith Glazier Leader of the Council September 2023**

**Becky Shaw Chief Executive September 2023**

## Annex A - Sources of Assurance and Actions

### Key:

ACE = Assistant Chief Executive

ASC = Adult Social Care

CET = Communities, Economy and Transport

CFO = Chief Finance Officer

COO = Chief Operating Officer

HR&OD = Human Resources & Organisational Development

MRG = Member Reference Group

Table of assurance for Principle A: Integrity and Compliance

Source of assurance	Where found	Who is responsible	Role	last review/ action planned*
Constitution	Website and intranet	Full Council, Governance Committee and ACE	A single source for rules and procedure for lawful sound business and meeting management	Constitution has been reviewed and updated several times during 2023/24. Will continue to be reviewed on a regular basis
Code of Conduct for Members	Website, webshop for schools, intranet, Constitution	Standards Committee & ACE	Defines standards of behaviour and how to enforce them	Approved by the Full Council in May 2019. Reviewed by Standards Committee April 2023.
Code of Conduct for employees	Website, webshop for schools, intranet, Constitution	Governance Committee HR&OD	Defines standards of behaviour and how to enforce them	<p>The Code of Conduct was last reviewed and updated in February 2024, and the following changes will shortly go to the Governance Committee for consideration:</p> <ul style="list-style-type: none"> <li>To state that employees must not access any records that hold information on relatives or friends who access services from the Council.</li> </ul> <p>The document is considered fit for purpose for 2023-24 and beyond.</p>
Code on Officer / Member relations	Website and intranet	Governance Committee and ACE	Defines standards of behaviour and interaction between officers and members	<p>Allegations of breaches of the Code by councillors are monitored.</p> <p>Allegations of breaches by employees are monitored and dealt with by managers.</p> <p>There was no need to update the Code during 2023/24.</p>
Whistleblowing Policy	Intranet	Governance Committee & All Chief Officers	Defines process to report breaches of rules or standards confidentially	Review as part of Counter Fraud Strategy (most recently in 2021). Approved by Audit Committee and Governance Committee.
Anti-fraud and corruption strategy	Intranet	COO	Statutory obligations recorded and enforced	<p>A major review was undertaken in 2021 and the refreshed strategy and policy was approved by Audit Committee in 2021.</p> <p>The strategy remains fit for purpose and a refresh to the strategy will be considered following the publication of</p>

Source of assurance	Where found	Who is responsible	Role	last review/ action planned*
				the revised Fighting Fraud & Corruption Locally Strategy (a guidance note for local authorities).
Anti-Money Laundering Policy	Intranet	COO	Statutory obligations recorded and enforced	Reviewed by Audit Committee 2021. Annual review of Policy and compliance as part of LEXCEL accreditation
Register of Member Interests	Website	ACE	Statutory list of interests	Entries updated on an ongoing basis. Quarterly reminders to Members to review.
Register of Officer Interests	Restricted access		Record of financial and conflicting business interests	On going review through regular reports submitted to SOG regarding system issues and actions
Corporate Complaints Policy	Website, intranet	Chief Executive & Governance Committee	Describes mechanism for handling all complaints	Reviewed annually. Quarterly reports raise awareness with heads of services and team managers of the number and nature of complaints being received.  *Action to have an ongoing dialogue regarding sharing lessons learnt within the complaints team and colleagues handling complaints across the Council.
Employment Policies	Intranet	Governance Committee and Assistant Director HR&OD	Defines rules of conduct and procedures to manage	Policies reviewed in line with changes in legislation and best practice
Information Security Policy (including Data in transit) and Data Protection Policy	Intranet	COO	Defines rules and procedures to protect data.	Reviewed and updated March 2023. *Improvements are informed by feedback from the Information Governance Board (IGB) and the Information Security & Governance Group (ISGG) Guidance documents have also been created to accompany policy. A training and awareness programme is ongoing which includes raising awareness of relevant policy. Training is deployed to ensure comprehensive awareness of information governance and security including tests of understanding.
Freedom of Information policy	Website	Director of CET	Defines rules and procedures	Policy reviewed in 2023/24. *Encourage services across the Council, on an ongoing basis, to make more information available on the website for the public.
Procurement and Contracts Standing Orders	Website, Constitution	COO	To prescribe the rules for all contracts and procurement activity	Reviewed January 2022. The production of the Procurement and Contract Standing Orders are developed in conjunction with our stakeholders and our processes are subject to ongoing review. A series of procurement activities are selected for Audit across each financial year. In addition, we provide reports back to Statutory Officer's Group on a regular basis about the processes we support.

**Table of Assurance for Principle B: Openness and Stakeholders**

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
Scheme of Delegation	Website, Constitution	Full Council, Governance Committee & All Chief Officers	To fully define who takes what decisions and how and how recorded	Scheme updated in 2023/24. Action to continue to monitor and update. Ensure that Internal Schemes of Authorisation are updated accordingly
Forward Plan	Website	ACE	Describes planned key decisions for next 4 months	Ongoing
Scrutiny Committee business planning	Scrutiny Committee reports	Statutory Scrutiny Officer	Records planned scrutiny work	Continuous with annual work programme published with each Scrutiny Committee agenda
Openness and access to meetings/ decisions.	Constitution and Website	ACE	Describes rules and process for ensuring transparency of business	Web casting of meetings extended to all formal meetings during 2020 during Covid restrictions. Meetings held remotely/hybrid continue to be webcast
Equality , Diversity and Inclusion Commitment	Website And decision-making protocol	Chief Executive. Relevant Director (for decisions) COO (for staff)	Source of guidance for ensuring compliance with public sector equality duty	Reviewed in 2023 and changed from the Equality Policy to Equality, Diversity and Inclusion Commitment.
Health and Wellbeing Board arrangements	Constitution	Director of ASC	Forum for strategic joint business and service oversight	Terms of reference were reviewed again in June 2022 to reflect ICS changes.

**Table of Assurance for Principle C: Sustainability**

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
Our Council Plan	Website	Ful Council, Cabinet & Chief Executive	Describes the measure and targets for key corporate & service aims	The County Council agreed current Plan in February 2022. Quarterly reports to Cabinet and Full Council
Climate Change Strategy	Website	Director of CET	Sets Council's commitment to becoming carbon neutral and climate resilient by 2050 at the latest	The Climate Emergency Plan was in 2020. Annual report on progress submitted to the Cabinet and Full Council January 2023.

**Sources of Assurance for Principle D: Optimising Interventions**

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
Policy, Performance and Resources Reports	Website	Chief Executive & Cabinet and	Reviews policy and financial and operational performance	Regular reports to Full Council, Cabinet and Scrutiny Committees
Executive Decisions process	Website	ACE	To record rationale, legality and financial compliance of decisions	Format revised 2018. New publication system by Modern.gov 2018 Kept under review by Member Services
Business Plans	Share Point	All Directors	Record of actions and objectives for delivery of Our Council Plan	Annual. Action taken to ensure better coordination of plans between Directorates implemented as part of Our Council Plan
Financial Regulations (FR) and compliance with Financial Management Code (FMC)	Website, Constitution	CFO	Provide sound systems for financial management	FR - Revision February 2019. Further review in May 2022. FMC - annual compliance report to Audit Committee

### Sources of Assurance for Principle E: Leadership Capability

Source of assurance	Where found	Who is responsible	Role	last reviewed/action planned
Scheme of delegation	Website, Constitution	Full Council, Governance Committee, All Chief Officers	Formal allocation of key roles and functions, including Statutory and senior officers	Scheme updated several times in 2023/24. *Action to continue to monitor and update. *Ensure that Internal Schemes of Authorisation are updated accordingly.
Budget, including medium term financial plan (MTFP)	Reports to Cabinet and Full Council	County Council Chief Executive, CFO	To agree a sound budget and financial strategy	Budget set in February 2023. The MTFP is subject to review as part of the RPPR process
Member Training and Development	Councillors' area of intranet	Governance Committee, MRG, ACE	Plan and record all Member training	Plan reviewed as part of the induction arrangements for August 2023 onwards. Survey undertaken annually with councillors to identify training needs. Rolling plan that is updated during the year and Members are surveyed to help identify training needs.
Employment Policies	Intranet	Governance Committee, HR&OD	Describe all officer duties, rules and requirements	Policies reviewed in line with changes in legislation and best practice
Workforce Planning arrangements	HR policies and Directorate plans	Relevant Director	Provides rationale and scheme for ensuring resilience and capacity	Particular focus on service improvement plans
Staff role profiles	Intranet	Heads of Service	Describe all officer roles	Updated as roles change
Member Induction Programme	Intranet	MRG, ACE	To determine the content of the programme	Plans completed in August 2023 following two byelections. The induction will be comprehensively reviewed throughout 2024 ahead of the elections in 2025.
Officer Performance management	Intranet	HR&OD & all Directors for delivery	To manage performance and development	Annual performance review process for all staff

### Sources of Assurance for Principle F: Risk and Performance

Source of assurance	Where found	Who is responsible	Role	last reviewed/action planned
Governance Statement	Website	Governance and Audit Committees, ACE	Captures all sources of governance assurance	Annual (this document)
Guidance to Members on Outside Bodies	Website, Constitution	ACE	To provide guidance to Members in relation to roles and responsibilities when appointed to outside bodies	Reviewed March 2024. Two training sessions to Councillors as part of the induction programme in 2023.
Local Code of Corporate Governance	Governance agenda	Governance Committee ACE	To confirm the corporate governance principles in place	Reviewed on an annual basis
Risk Management Framework	Intranet	COO	Strategic aims and objectives for corporate risk management	Last updated in May 2022 and subject to regular review ESCC is committed to formalising the training for Audit committee members, in line with the CIPFA Position Statement 2022. This will cover risk management.

Source of assurance	Where found	Who is responsible	Role	last reviewed/action planned
Health and Safety Policies	Intranet and Webshop for schools	Assistant Director HR&OD	Provides rules, procedures and systems for assurance in relation to health and safety at work and in relation to property risk	All policies regularly reviewed. *Action to continue the regular policy review with the consideration of accessibility.
Internal Audit Function	Website, Constitution	Audit Committee Chief Internal Auditor COO	To manage and ensure the effectiveness of Audit	External Quality Assessment of Internal Audit in accordance with the Public Sector Internal Audit Standards. Annual internal audit report and opinion review. Quarterly internal audit report to the Audit Committee. Annual External Audit Plan. Annual Audit Letter
Treasury Management Strategy	Website	COO	For sound strategy to limit risks to borrowings and investments	Reviewed and updated by Council February 2023
Financial Regulations (FR) and compliance with Financial Management Code (FMC)	Website, Constitution		To prescribe the rules for all financial transactions in line with Financial Management Code.	Due to the delay in Oracle go-live, there will be a Financial Regulations review in 24/25, to take into account the impact of the new system
Business Continuity	SharePoint	Director of CET	To provide safe systems and procedures to manage local and civil emergencies	The policy was reviewed in March 2024.  The Action log held through BC management team meeting. The audit suggested all Business Impact Assessments be aligned which has now been implemented.  eLearning module for new starters is being produced. BC Exercises are taking place in different departments. Further testing. BC exercise is being planned for BC week.

#### Sources of Assurance for Principle G: Audit and Transparency

Source of assurance	Where found	Who is responsible	Role	last reviewed/action planned*
Internal Audit Function	Website, Constitution	Audit Committee Chief Internal Auditor COO	To manage and ensure the effectiveness of Audit	External Quality Assessment of Internal Audit in accordance with the Public Sector Internal Audit Standards. Annual internal audit report and opinion review Annual internal audit

Source of assurance	Where found	Who is responsible	Role	last reviewed/action planned*
				report and opinion review. Quarterly internal audit report to the Audit Committee. Annual External Audit Plan. Annual Audit Letter
External Audit of Accounts	Website	COO, CFO	To give external assurance to the quality of the Council's accounts and accounting practice	The 2022/23 audit is completed and the report was published in November 2023.

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**Annex B - Separate bodies where the County Council is a member or appoints a Director**

**TRICS Consortium Ltd** - TRICS is an international system of trip generation analysis that is used in the transport planning industry. TRICS collect data relating to trip rates of different land uses, with members paying to access the database to use the data for a variety of uses.

What the relationship is between the body and the local authority	East Sussex County Council is a shareholder in TRICS Consortium Ltd. The Council has a 16.7% share - equal share with the five other County Council shareholders
What is the structure and form of the body (e.g., private limited company etc.)	TRICS is a local authority trading company, and is a company limited by shares. It has a board of directors (one from each of six counties that are shareholders plus a managing director). It is a private company limited by shares.
How the Council oversee its activities and provided assurance on its governance including financial governance	The East Sussex County Council nominated company director attends monthly board meetings to oversee the business of the company to ensure it is run to maximise the business for the benefit of East Sussex County Council. The East Sussex County Council Director shares the annual report with the relevant Head of Service.
What the relationship is between the body and individual councillors and whether councillors' involvement is likely to constitute a conflict of interest	There is no relationship, aside from the Lead Member for Transport & Environment is updated on the work of TRICS through briefing meetings.
How can councillors scrutinise the activities of the body, in particular if it will fall within the remit of the Audit or Scrutiny Committee, and if not, how else scrutiny will happen	The scrutiny of the work undertaken by the Body is through the planning process. The Council's role within the TRICS consortium falls within the remit of the Places Scrutiny Committee.
Designated Officer contact	Michelle Edser , Communities, Economy and Transport

**Woodland Enterprise Ltd.** - The principal activity of the company is creating prosperity in woodland and wood using industries through sustainable development. The business works with woodcutters and other local businesses to promote sustainable use of wood.

What the relationship is between the body and the local authority	East Sussex County Council is a member of this company. This is a company without shares but in terms of "influence" East Sussex County Council has one seventh (14.3%).
What is the structure and form of the body (e.g., private limited company etc.)	The Company is limited by guarantee.
How the Council oversee its activities and provided assurance on its governance including financial governance	East Sussex County Council receives copies of Woodland Enterprise Limited's annual accounts. East Sussex County Council is required to disclose its interest in Woodland Enterprises in its own statements of accounts. A copy of the Woodland Enterprise Ltd annual accounts are requested each year and are included in the East Sussex County Council Statement of Accounts.
What the relationship is between the body and individual councillors and whether councillors' involvement is likely to constitute a conflict of interest	Councillor Kirby-Green has been appointed to serve as a Director on the Board of Woodland Enterprise Limited. There might be possible conflicts of interest (e.g. grant funding from East Sussex County Council, etc).
How can councillors scrutinise the activities of the body, in particular if it will fall within the remit of the Audit or Scrutiny Committee, and if not, how else scrutiny will happen	East Sussex County Council's role within the Woodland Enterprise Limited consortium falls within the remit of the Place Scrutiny Committee.
Designated Officer contact	Andy Fowler, Business Services

**East Sussex Energy Infrastructure and Development Ltd (ESEID Ltd) trading as 'Sea Change Sussex'**- This is a not-for-profit economic development company delivering capital infrastructure schemes in the County

<p>What the relationship is between the body and the local authority</p>	<p>East Sussex County Council (with others including Rother District Council and Hastings Borough Council) is a member of Sea Change Sussex. The Council is entitled to appoint a Director to the Board of Directors - Councillor Bennett is appointed to this role. As Sea Change Sussex is a company limited by guarantee without share capital its members do not hold shares, but have a percentage voting right in decision-making by members of the company. The County Council alongside Rother District Council and Hastings Borough Council have a combined maximum voting right of 19.9%. Hastings Borough Council and Rother District Council currently do not have Directors appointed to the Sea Change Sussex Board and so East Sussex County Council is currently the only active A Member.</p> <p>Sea Change Sussex develops and manages key economic development and infrastructure schemes in East Sussex. The company delivers capital infrastructure schemes which unlock housing and employment sites in the county - this includes new site infrastructure (access roads) as well as employment space.</p> <p>These schemes are largely funded by external funding from either the South East Local Enterprise Partnership (SELEP) - Local Growth Fund capital grant programme or the SELEP - Growing Places Fund (GPF) loan programme alongside some of their own capital receipts from the sale of commercial properties/land in their portfolio. East Sussex County Council acts as the Local Accountable Body for overseeing the devolution of funds from the SELEP to external partners such as Sea Change Sussex and has grant or loan agreements (as applicable) in place for each scheme awarded.</p>
<p>What is the structure and form of the body (e.g., private limited company etc.)</p>	<p>Private company limited by guarantee without share capital.</p> <p>The company has four classes of membership:  A Members - East Sussex County Council together with Hastings Borough Council and Rother District Council;  B Members - Hastings, Bexhill and East Sussex Business Association Limited;  C Members - representative(s) of the education sector;  D Members - representative(s) of the voluntary and community sector.</p> <p>Under the company's articles of association, so long as there are at least three A Members, one B Member and one D member, votes cast by the B member constitute 50% of the voting rights. The aggregated voting rights of C members constitute no more than 19.9%.</p>
<p>How the Council oversee its activities and provided assurance on its governance including financial governance</p>	<p>Councillor Bennett is the East Sussex County Council appointed Director of the Sea Change Sussex Board of Directors and attends the quarterly Board meetings. These meetings provide quarterly reporting on legal commitments, operations and finance statement and updates on all individual projects.</p> <p>As a scheme promoter of LGF and GPF funded projects, Sea Change Sussex enters into legal agreements for the County Council to monitor the delivery of this public funding and report back to SELEP. The authority to enter into these agreements is sought from the Lead Member for Strategic Management and Economic Development on a project by</p>

	<p>project basis. Sea Change Sussex are bound by the terms of individual Grant and Loan agreements stipulating the guidelines which Sea Change Sussex must adhere to.</p> <p>East Sussex officers regularly meet with Sea Change Sussex representatives and attend project progress meetings for individual schemes, along with attendance and participation at the SELEP Programme progress meetings.</p> <p>The Section 151 Officer carries out the stewardship role in terms of monitoring and accounting in respect of the financial case within the overall business case and agreeing to the receipt of the funding.</p> <p>Capital Programme management of projects includes financial management of the public funds, monthly invoicing and spend review with Sea Change Sussex. This information is used to inform quarterly reports to Team East Sussex (TES), and SELEP and within the County Council, quarterly reporting to the Departmental (CET) Capital Board and Corporate Strategic Asset Board.</p> <p>A report is considered by the Lead Member for Strategic Management and Economic Development annually on the year-end financial statement of public funding (e.g. SELEP Funding managed by East Sussex County Council (Local Growth Fund grants, Growing Places Fund loans, and more recently Getting Building Fund grant) including that invested in the delivery of the capital infrastructure delivered by Sea Change Sussex) and the forecast spend for the coming financial year, all of which are compiled with finance colleagues and signed off by S151 officer.</p> <p>Schemes can be subject to review by Internal Audit.</p>
<p>What the relationship is between the body and individual councillors and whether councillors' involvement is likely to constitute a conflict of interest</p>	<p>Councillor Bennett is a director of the company on the Sea Change Sussex Board of Directors and attends the quarterly Board meetings.</p> <p>If reports relating to Sea Change Sussex were to be considered by Full Council, Cabinet or any Committees that Councillor Bennett attends, he would declare an interest as a Director of Sea Change Sussex.</p>
<p>How can councillors scrutinise the activities of the body, in particular if it will fall within the remit of the Audit or Scrutiny Committee, and if not, how else scrutiny will happen</p>	<p>The Council has appointed Councillor Bennett as a director to the Sea Change Sussex Board of Directors. Councillor Bennett attends Board Meetings at which progress reports on projects are considered.</p> <p>Councillor Keith Glazier sits on both the SELEP Strategic Board and SELEP Accountability Board and regularly attends meetings. The Accountability Board receives updates on project progress, which include projects delivered by Sea Change Sussex and therefore provides a level of assurance or a forum for raising concerns.</p> <p>There are scrutiny arrangements in place for all funding decisions taken by the Accountability Board. Under the SELEP Assurance framework, the Places Scrutiny Committee has the power to call in and scrutinise the decisions before they are implemented. Under the SELEP Accountability Board Joint Committee Agreement, each of the six Partner Authorities has the ability to challenge a decision made by the SELEP Accountability Board.</p>

	<p>Accountability Board decisions may be called-in by Members of any Partner Authority in the same way they call-in decisions of their own executive arrangements, call-in may only be made if the decision affects that partner area. The 6 upper tier Authority Areas that form the SELEP are East Sussex, Essex, Kent, Medway, Southend and Thurrock.</p> <p>Furthermore, to facilitate Local Authority scrutiny of SELEP work and decisions, requests to attend Local Authority partner Scrutiny Committees are welcomed, and attendance prioritised.</p>
Designated Officer contact	Richard Dawson, Communities, Economy and Transport

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**South East LEP Limited (SELEP Ltd)** - Local Enterprise Partnerships (LEPs) were set up by Government in 2011 to identify and support local strategic growth priorities, encourage business investment and promote economic development. As one of 38 LEPs across England, the South East LEP is a business-led partnership between business, government, education and the third sector, plus other groups, covering the local authority areas of East Sussex, Essex, Kent, Medway, Southend and Thurrock.

*Note: following an announcement by the Chancellor at the Spring 2023 Budget that he was 'minded to' discontinue funding for LEPs from April 2024 onwards, SELEP took the decision to wind-up its operations by the end of the 2023/24 financial year, and integrate all of its functions into its constituent Upper Tier Local Authorities. Government confirmed its position in August 2023, announcing that it would not continue to fund the national network of LEPs from 2024/25. SELEP continued to operate throughout all of 2023/24 while the LEP Transition process was implemented. SELEP will cease operations and be formally drawn to a close, with the Company Directors of SELEP Ltd (including the Leader of the County Council) ceasing their Directorships, during Q1 of 2024/25.*

<p>What the relationship is between the body and the local authority</p>	<p>The County Council is a partner authority of SELEP Ltd - one of six county/unitary authorities, as listed above and has one seat on the Board. The Leader of the Council (Councillor Glazier) is the East Sussex County Council appointed Company Director of SELEP Limited occupying this seat. As SELEP Limited is a company limited by guarantee without share capital there are no shares/shareholders in the company. The Council has one seat on the Board of Directors of SELEP Ltd, occupied by the Leader of the Council.</p>
<p>What is the structure and form of the body (e.g., private limited company etc.)</p>	<p>SELEP Ltd became a 'company limited by guarantee' in Feb 2020. SELEP Ltd has a Board of 20 Directors (plus an additional 5 co-opted Directors). East Sussex, Essex, Kent, Medway, Southend and Thurrock are Members of the company. SELEP Ltd operates a federated model of governance, with four 'federated boards' covering its geography, allowing for decision-making and project prioritisation at a local level. The federated board for East Sussex is 'Team East Sussex' (TES).</p>
<p>How the Council oversee its activities and provided assurance on its governance including financial governance</p>	<p>The SELEP Strategic Board (Board of Directors) meets at least quarterly, so the Leader of the County Council can directly oversee the activities of SELEP Ltd.</p> <p>SELEP Ltd has also established the following groups:</p> <ul style="list-style-type: none"> <li>• Accountability Board - a 'joint committee' made up of SELEP's six county/unitary authority Members, to oversee the financial governance of SELEP Ltd, responsible for the sign-off of all funding decisions. The Leader of the County Council is our representative on the SELEP Accountability Board.</li> <li>• Investment Panel - a sub-committee of the Strategic Board to act as an advisory committee on matters pertaining to project prioritisation, recommendations on provisional funding allocations and future priorities. The Leader of the County Council is our representative on the SELEP Investment Panel.</li> <li>• Senior Officer Group - an advisory group made up of a senior officer from each of SELEP's six county/unitary authorities. East Sussex County Council's Head of Economic Development, Skills, Culture and Infrastructure is our representative on the SELEP Senior Officer Group.</li> </ul> <p>For projects within our local federated area, the Council acts as the local accountable body for the defraying of funds (such as the Government's Growing Places Fund, Local Growth Fund or Getting Building Fund) from SELEP Ltd to external partners. A Service Level Agreement (SLA) is in place between the Council and Essex CC as the accountable body to SELEP Ltd, and the Council's S151 Officer is required to sign-off on all grant and loan agreements between the Council and project promoters.</p>

	All of the governance arrangements for SELEP Ltd are set out in the SELEP Articles of Association, SELEP Framework Agreement and SELEP Local Assurance Framework. Senior officers of the Council, including the Chief Finance Officer, collaborated on the development of all of these documents, and they have been approved through our own internal governance procedures (Lead Member SMED and Governance Committee).
What the relationship is between the body and individual councillors and whether councillors' involvement is likely to constitute a conflict of interest	The Leader of the Council is a Company Director of SELEP Ltd, and has filed an appropriate declaration with SELEP Ltd in accordance with the SELEP Register of Interests policy. Where the Leader cannot attend a SELEP meeting, a substitute Cabinet Member may attend in their place, subject to full compliance with the same Register of Interests policy (the Lead Member for Economy attends as substitute and has also filed an appropriate declaration with SELEP Ltd for such an eventuality). The declaration of a disclosable pecuniary interest does not apply where the interest concerned relates primarily to the general interest of any public sector Member in her/his area of geographical responsibility; therefore the involvement of the East Sussex County Council Leader on SELEP Ltd is <u>not</u> likely to constitute a conflict of interest.
How can councillors scrutinise the activities of the body, in particular if it will fall within the remit of the Audit or Scrutiny Committee, and if not, how else scrutiny will happen	The activities of SELEP Ltd do not fall within the remit of the County Council's Audit or Scrutiny Committee, but SELEP Ltd does have its own scrutiny arrangements for all funding decisions taken by the SELEP Accountability Board, whereby each of the six county/unitary authority Members of SELEP Ltd has the ability to challenge a decision made by the Accountability Board, and the Scrutiny Committees of the six county/unitary authorities have the power to call-in the funding decisions before they are implemented.
Designated Officer contact	Richard Dawson, Communities, Economy and Transport

**Hastings and Bexhill Renaissance Ltd (HBRL)** - This is a company limited by guarantee without share capital offering business support services for economic development and to improve local education

<p>What the relationship is between the body and the local authority</p>	<p>Alongside Rother District Council, Hastings Borough Council, East Sussex County Council is a Member of Hastings and Bexhill Renaissance Ltd (HBRL) which trades as 'Seaspace'. HBRL was established as part of the transition arrangements agreed between Government and the South East England Development Agency (SEEDA) and associated organisations. The responsibility for the management of the land and assets SEEDA had acquired was entrusted to HBRL. HBRL no longer holds any land or assets of significance. Hastings Borough Council and Rother District Council currently do not have Directors appointed to the HBRL Board and so East Sussex County Council is currently the only active A Member.</p> <p>The Articles of Association for HBRL identifies that the Members are divided into three classes of membership:</p> <ul style="list-style-type: none"> <li>A. Each of the Councils</li> <li>B. Hastings, Bexhill and East Sussex Business Association Limited</li> <li>C. Up to seven other Members</li> </ul> <p>Councillor Bennett sits as a Director on the Board of Directors alongside the above representatives.</p> <p>The company Members do not hold shares but have a percentage voting right in the decision-making by the members of the company. The local authorities between them have a maximum aggregated voting right of 19.9%.</p>
<p>What is the structure and form of the body (e.g., private limited company etc.)</p>	<p>Private company limited by guarantee without share capital.</p>
<p>How the Council oversee its activities and provided assurance on its governance including financial governance</p>	<p>Annual General Meetings (AGM) attended by the Directors (Councillor Bennett is the Council appointed Director on HBRL) are held where the following agenda items are considered:</p> <ul style="list-style-type: none"> <li>- the Annual Accounts</li> <li>- Key Issues Memorandum</li> <li>- Letter of Representation</li> </ul> <p>The Council appointed Director's attendance at the AGM is supported by a senior officer.</p>
<p>What the relationship is between the body and individual councillors and whether councillors' involvement is likely to constitute a conflict of interest</p>	<p>Councillor Bennett, as a Director of the company, attends the AGM as the Council appointed Director to HBRL.</p> <p>If reports relating to HBRL were to be considered by Full Council, Cabinet or any Committees that Councillor Bennett attends, he would declare an interest as Director of HBRL.</p>
<p>How can councillors scrutinise the activities of the body, in particular if it will fall within the remit of the Audit or Scrutiny Committee, and if not, how else scrutiny will happen</p>	<p>The Council's role in HBRL falls under the remit of the Place Scrutiny Committee.</p>
<p>Designated Officer contact</p>	<p>Richard Dawson, Communities, Economy and Transport</p>



**Combe Valley Countryside Park (CVCP) Community Interest Company (CIC)**

<p>What the relationship is between the body and the local authority</p>	<p>East Sussex County Council is a member of the company. East Sussex County Council has one vote on the Board (equal to all other board members). Cllr Beaver has been appointed by the Council to sit on the Board of Directors.</p>
<p>What is the structure and form of the body (e.g., private limited company etc.)</p>	<p>The Company is a private company limited by guarantee and a Community Interest Company. The company is a not-for-profit organisation.</p> <p><b>The other Members of the company are:</b></p> <ul style="list-style-type: none"> <li>- Hastings Borough Council;</li> <li>- Rother District Council;</li> <li>- Crowhurst Parish Council;</li> <li>- Friends of Combe Valley;</li> <li>- Bourne Leisure Limited;</li> <li>- Kitchenham and Worsham Farms.</li> </ul> <p>In February 2022 the Board approved a new company structure with 12 Directors as follows:</p> <ul style="list-style-type: none"> <li>• 8 Co-opted Directors: 6 from Company Members and 2 independents appointed by the Board;</li> <li>• 4 nominated by Local Authority company Members.</li> </ul> <p>This proposal is due to be put to Members for approval in June 2022. Currently there are 15 Directors. 8 Co-opted (as above) and 7 nominated by Local Authority Members.</p> <p>The Boards role is to provide leadership and oversight of all the CIC activities and is primarily concerned with strategy, planning, fundraising &amp; development and governance. The CIC has appointed Groundwork South as their managing agent (via an agreed SLA) who report progress back to the Board.</p>
<p>How the Council oversee its activities and provided assurance on its governance including financial governance</p>	<p>The Council appointed two Members of the Council to sit as Directors on the Board of Directors. On 14 March 2022, the Lead Member for Transport and Environment considered a report regarding the Council’s representation on the CIC and agreed to support a proposal to reduce the number of Council appointed Directors from two to one. The Council still has one vote on the Board.</p> <p>The East Sussex Councillor Representative attends CIC board meetings.</p> <p>The Board meets 4 times per year, standing papers and minutes are circulated to all Directors. Annual accounts are approved at the February Board meeting and are submitted to Companies House, so are publicly available.</p> <p>Local Authority officers attend the Board meetings which enables them to contribute to discussions of the Board as appropriate. Officers are not Directors so as such do not have voting rights. The CIC has established a Local Authority</p>

	<p>Officers Group which includes the representatives to the Board meeting and other officers. This group meets 2/3 times per year to take forward project ideas and support the process of project approval and delivery.</p> <p>The directors have equal votes at CVCP CIC meetings, except for decisions related to the appointment or removal of a majority of Directors, where Local Authority voting rights are restricted to 49%.</p>
What the relationship is between the body and individual councillors and whether councillors' involvement is likely to constitute a conflict of interest	The East Sussex Councillor Representative attends CIC board meetings and has voting rights. There could be potential conflict of interest if the CIC Board need to make decisions with regard to matters being promoted by the County Council. This is kept under review.
How can councillors scrutinise the activities of the body, in particular if it will fall within the remit of the Audit or Scrutiny Committee, and if not, how else scrutiny will happen	By being present at the CIC meetings and making comments/voting on proposals being put forward by the CIC. Progress reports and management accounts are provided to the Board quarterly and annual accounts are presented to the Board for approval annually.
Designated Officer contact	Virginia Pullan, Communities, Economy and Transport

## Annex C - Code of Corporate Governance

Sets out the County Council's commitment to achieving good governance

Key points:

- Good governance is how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner
- The Council is committed to the principles of good governance, and has adopted the seven core principles of the CIPFA/SOLACE framework
- The Council expects Members and staff to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability when carrying out their duties
- The Assistant Chief Executive will report annually on compliance with this Code and the effectiveness of the Council's governance arrangements and this will be the basis for the production of the Annual Governance Statement

### 1. Introduction

1.1 This Code sets out for Members and officers the main principles of good governance for East Sussex County Council. It is based on existing good practice within the Council and is consistent with the CIPFA / SOLACE framework for "Delivering Good Governance in Local Government".

### 2. What is good governance?

2.1 Good governance is how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

2.2 It comprises the systems, processes, cultures and values by which the Council is directed and controlled. Through effective governance the Council is accountable to, engages with and, where applicable, leads the community.

### 3. Purpose of the Code

3.1 This Code is the framework within which the Council is accountable to its users, stakeholders, and the wider community. It sets out and describes the way in which the Council carries out its functions through its Members and officers, and the procedures and processes through which it undertakes its work, and through which it aims to establish and maintain public confidence.

### 4. The Council's fundamental principles of good governance

4.1 The Council is committed to the principles of good governance, and has adopted the seven core principles of the CIPFA/SOLACE framework as follows:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement

- Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and individuals within it
- Managing the risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

4.2 The key policies that underpin the Council's compliance with these principles are set out in Annex A.

4.3 The Council recognises that establishing, maintaining and reporting a culture of good governance is as important as putting in place a framework of policies and procedures.

4.4 The Council expects Members and staff to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability when carrying out their duties:

- Openness is required so that people can have confidence in our staff and our decision-making and management processes. We need to be as open as possible about the decisions we make and the reasons we have made them. Consulting openly and providing access to full, accurate and clear information helps us stand up to public scrutiny.
- Integrity means straightforward dealing that is based upon honesty, selflessness and objectivity. The public expects us to manage public funds and the Council's affairs properly and appropriately, maintaining the highest standards in all our activities. We must act in the public interest not for personal gain. We will serve the whole community and remain committed to the promotion of equalities and diversity.
- Accountability is the process of taking responsibility for our decisions and actions (including stewardship of public funds and all aspects of performance) and answering to external scrutiny.
- Positive leadership overarches all the principles outlined here because these can only exist where effective leadership is exercised. We all have a personal responsibility to promote and support these principles through our own actions and behaviour and those of any staff we may manage. The key aspects of positive leadership behaviour at the Council are effectively managing:
  - People;
  - customer service;
  - performance;
  - money and other resources, and;

- personal development.

## 5. Roles and responsibilities

5.1 All Members and officers are expected to commit to the Council's principles of good governance; however, there are specific responsibilities for the following individuals and groups:

5.2 The following Member bodies have specific responsibilities for good governance and these are set out in the Council's Constitution:

- Cabinet;
- Standards Committee;
- Governance Committee;
- Audit Committee;
- Scrutiny Committees.

5.3 The Corporate Management Team has a collective responsibility for good governance, but this is underpinned by the role of the three statutory officers of the Council:

Head of Paid Service	-	Chief Executive
Monitoring Officer	-	Assistant Chief Executive
Section 151 Officer	-	Chief Finance Officer

5.4 Chief Officers are responsible for the policies and procedures which form part of this Code and that fall within their functional responsibilities. Each Chief Officer is supported by senior managers who are responsible for ensuring that the relevant policies and procedures are up to date, are being complied with and are effective in achieving good governance.

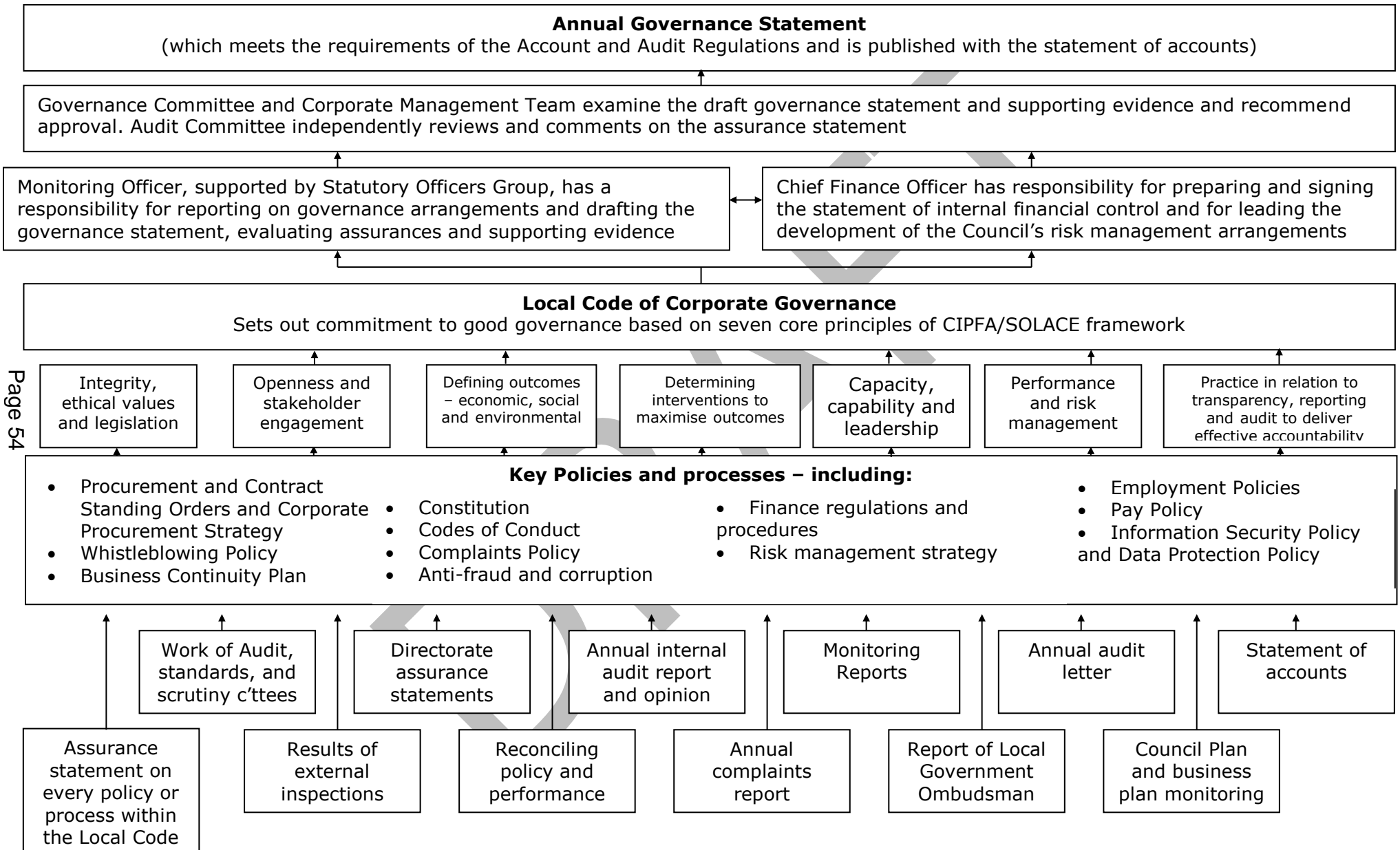
5.5 The Assistant Chief Executive has responsibility for the direction and review of corporate governance within the Council and is supported by the Statutory Officers Group of senior managers.

## 6. Monitoring and review

6.1 The Assistant Chief Executive, as Monitoring Officer, will report annually on compliance with this Code and the effectiveness of the Council's governance arrangements. The report will also be the basis for the production of the Annual Governance Statement which will be published in the Council's Annual Statement of Accounts. The Annual Governance Statement will be approved by the Leader of the Council and the Chief Executive.

Last reviewed: July 2023  
Document Owner: Assistant Chief Executive

## Annex D - East Sussex County Council Framework for the Annual Governance Statement



All of these sources and others provide assurance on the adequacy and effectiveness of our controls over key risks

## Annex E - Action for 2024/25

The following actions will be taken to strengthen governance, risk management and the internal control environment during the current year. The actions are shown for each department and will be monitored through departmental business plans.

### Business Services (BSD)

- Trial the use of the Cyber Assessment Framework (CAF), developed by the National Cyber Security Centre, to further strengthen the council's cyber resilience and to assess technical, process and behavioural controls that manage the risk of disruption from cyber-attack. This is dependent on ESCC being selected to be part of the 2024-25 roll out of this trial framework. In the meantime we will continue to seek annual accreditation under the Public Service Network code of connection and Cyber Essentials Plus. **March 2025**
- Revise Property policies for supporting communities including common asset transfer and joint use leisure assets. Asset rationalisation including finalising the two offices to one office hub in Eastbourne, reviewing further office needs in Hastings and considering options for County Hall. **March 2025**
- Assurance review of financial regulations against the CIPFA Financial Management Code. This is an annual requirement to report to Audit Committee. **March 2025**
- Following on from the Audit Committee Self-Assessment (reported in March 2024), action to recruit up to two independent members for the Audit Committee, together with the development of the training programme to address issues arising from the self-assessment. **March 2025**
- Ensure compliance with the Department of Health and Social Care's Health Care Services (Provider Selection Regime [PSR]) Regulations 2023 and readiness for the regulation changes coming out the Procurement Act, due to come into effect in October 2024. **September 2024**

### Children's Services

- Implement the Children's Services Essential Systems Development programme which is funded by the Capital Programme. In 2024/25, year one of this four-year programme we will focus on three projects to support our early help, social care and SEND systems. These include data accuracy, supporting families and a provider portal for fostering. Year two onwards will focus on integration of the Education systems and Education Portals. **March 2025**
- Implement the actions in the ILACS post inspection action plan. **March 2025**
- Roll out the Valuing Care approach to enhance our ability to secure the right care for the right child for the right length of time across all the children we care for. **March 2025.**

- Make every effort through effective prevention of high cost need and focused delivery of our care sufficiency strategy to achieve a balanced budget in 2024/25. **March 2025**
- In 2024 we will embed the Children's Social Care National framework, working with partners to reflect on our approach and identify priorities for change in our practice with children, young people and families. **March 2025**
- We will review and develop our offer for Alternative Provision across the county, in line with the government's model for 3 tier provision. This includes the voluntary transfer of our Pupil Referral Unit provision to a new academy trust. We will establish an Alternative Provision Subgroup to oversee this work and that will report to the Joint Board and the SEND Strategy Governance Board. **March 2025**
- We will embed the actions to reduce instances of unauthorised access to records including communications to staff including the introduction of a disclaimer on Liquid Logic that staff are required to read and agree to at each log-in. **March 2025**

### **Communities, Economy and Transport**

- An audit of the Council's Registration Service will be conducted in **2024/25**.
- An audit of the Council's Emergency Planning function will be carried out in **2024/25**.
- In response to the Local Government and Social Care Ombudsman develop a Complaints Handling Code, and update the ESCC Corporate Complaints Policy.
- A board established, comprising senior council officers and senior managers from
- local bus companies, will continue to provide governance and oversight of the rollout of the Council's Bus Service Improvement Plan. (ongoing)
- The internal audit of the highway maintenance contract is ongoing and will report in **August 2024**

### **Adult Social Care (ASC) and Health**

- We will continue to prepare for the Care Quality Commission assurance process and assessment of Adult Social Care & Health (ASCH), including responding to the learning from the Local Government Association Peer Review of ASCH in 2024, by **March 2025**.
- We will initiate a project to improve how long people are waiting for assessments from ASCH, by **June 2024**, to optimise our client's and carer's experience of those assessments.



- We will review the procedures for debt management and recovery across Adult Social Care, **by October 2024**, to ensure they are robust, effective and efficient, whilst helping people understand how care and support payments work.
- We will ensure alignment of both national and local policy developments for ASCH. This will include developing a local adult social care policy framework and supporting ASCH to mitigate risks through lessons learned from other local authority approaches to adult social care policy, **by March 2025**.
- We will develop and establish an approach to evaluating the impact of our adult social care strategy: What Matters To You and ensure governance and dissemination arrangements are in place that enable key stakeholders to oversee and scrutinise the delivery and monitoring of the strategy, **by March 2025**.
- Work will be undertaken with Audit to provide assurance that management and financial controls are in place and operating effectively within the Mental Health Service, assessing compliance with key Council policies and procedures, and also their own local procedures, **by January 2025** (action carried forward from 2023/24)

#### Governance Services

- Prepare arrangements for the County Council elections in **May 2025**, including plans for comprehensive Member induction and training programme.
- Liaise with the Local Government Association in relation to any progress review of the Corporate Peer Challenge (CPC) they may wish to conduct, outlining progress made against each of the recommendations in the CPC report - **by March 2025**.
- Given the change in arrangements within the Coroner Service described above, a further review of the service will be undertaken in 2024/25 - ongoing with a target completion date of **December 2024**.
- Lead on the introduction of mechanisms for monitoring and disseminating information relating to Oflog to be in place by the end of **March 2025** in line with the timeline set out in Oflog's draft business plan for 2024/25.
- To lead on the introduction and the publication of the Local Authority productivity plans which will set out how we improve our efficiency in four main areas: the transformation of services, opportunities in data and technology, ways to reduce wasteful spend, and barriers to productivity that the Government can alter. Productivity plans to be published **July 2024**.
- Lead on the adoption and introduction of the corporate Data and Insight Plan **December 2024**.

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<b>Report to:</b>	<b>Audit Committee</b>
<b>Date:</b>	<b>5 July 2024</b>
<b>By:</b>	<b>Chief Operating Officer</b>
<b>Title of report:</b>	<b>Internal Audit Annual Report and Opinion 2023/24</b>
<b>Purpose of report:</b>	<b>To give an opinion on the County Council's control environment for the year from 1 April 2023 to 31 March 2024</b>

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**RECOMMENDATIONS: Committee Members are recommended to:**

- 1) note the Internal Audit Service's opinion on the Council's control environment; and**
  - 2) consider whether the Council's system for internal audit has proved effective during 2023/24.**
- 

## **1. Background**

1.1 The purpose of this report is to give an opinion on the adequacy of East Sussex County Council's control environment as a contribution to the proper, economic, efficient and effective use of resources. The report covers the audit work completed in the year from 1 April 2023 to 31 March 2024 in accordance with the Internal Audit Strategy for 2023/24.

## **2. Supporting Information**

2.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that authorities 'must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'. Annually, the Chief Internal Auditor is required to provide an overall opinion on the Council's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

2.2 It is a management responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

2.3 No assurance can ever be absolute; however, based on the internal audit work completed, the Chief Internal Auditor can provide reasonable assurance that East Sussex County Council has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2023 to 31 March 2024.

2.4 This opinion, and the evidence that underpins it, is further explained in the full Internal Audit Service's Annual Report and Opinion which forms Annex A of this report. The report highlights:

- Key issues for the year, including a summary of all audit opinions provided;
- Key financial systems work; and
- Other internal audit activity.

2.5 There is a separate report of Counter Fraud activity to be presented alongside this report.

2.6 A summary of the major findings from audit reviews completed during quarter 4 of 2023/2024 is included in Annex B. Major findings from previous quarters have already been reported.

2.7 Finally, Appendix A of the annual report at Annex A sets out details of internal audit performance for the year, including details of compliance against the relevant professional standards

and progress against our performance targets, all of which are rated as green and have been achieved.

### **3. Conclusions and Reasons for Recommendation**

3.1 Audit Committee is recommended to note the Internal Audit Service's opinion on the Council's control environment, consider whether there are any significant issues that should be included in the Council's annual governance statement for 2023/24 and consider whether the Council's system for internal audit has proved effective. Cabinet will be recommended to note the Internal Audit Service's opinion on the Council's control environment at its meeting on 16 July 2024.

#### **ROS PARKER**

Chief Operating Officer

Contact Officers: Russell Banks, Orbis Chief Internal Auditor, Tel No 07824 362739  
Nigel Chilcott, Audit Manager, Tel No. 07557 541803

#### **BACKGROUND DOCUMENTS**

Internal Audit Strategy and Annual Audit Plan 2023/24

# INTERNAL AUDIT ANNUAL REPORT & OPINION 2023/2024



## **1. Internal Control and the Role of Internal Audit**

1.1 All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The full role and scope of the Council's Internal Audit Service is set out within our Internal Audit Charter.

1.2 It is a management responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and outcomes achieved.

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

## **2. Delivery of the Internal Audit Plan**

2.1 The Council's Internal Audit Strategy and Plan is updated each year based on a combination of management's assessment of risk (including that set out within the departmental and strategic risk registers) and our own risk assessment of the Council's major systems and other auditable areas. The process of producing the plan involves extensive 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.

2.2 In accordance with the audit plan for 2023/24, a programme of audits was carried out covering all Council departments and, in accordance with best practice, this programme was reviewed during the year and revised to reflect changes in risk and priority. All adjustments to the audit plan were agreed with the relevant departments and reported throughout the year to CMT and the Audit Committee as part of our periodic internal audit progress reports. Full details of the adjustments to the plan can be found in Appendix D.

2.3 It should be noted that whilst there were some audit reports in progress or at draft report stage at year-end, outcomes from this work have been taken into account in forming our annual opinion. Full details of these audits will be reported to CMT and the Audit Committee once each of the reports have been finalised with management.

## **3. Audit Opinion**

3.1 No assurance can ever be absolute; however, based on the internal audit work completed, the Chief Internal Auditor can provide reasonable<sup>1</sup> assurance that the Council has in place an adequate and effective framework of governance, risk management and internal control for the period 1 April 2023 to 31 March 2024.

3.2 Further information on the basis of this opinion is provided below. Overall, the majority of audit opinions issued in the year were generally positive, with only a small number of instances where internal audit activities have identified that the operation of internal controls have not been fully effective. We are pleased to report that no minimal assurance opinions were issued in the year. There were, however, eight partial assurance opinions reported (see 5.4 below), all of which will be subject to follow-up reviews in 2024/25.

3.3 Where improvements in controls are required as a result of our work, we have agreed appropriate remedial action with management.

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<sup>1</sup> This opinion is based on the activities set out in the paragraphs below. It is therefore important to emphasise that it is not possible or practicable to audit all activities of the Council within a single year.

## 4. Basis of Opinion

4.1 The opinion and the level of assurance given takes into account:

- All audit work completed during 2023/24, planned and unplanned;
- Follow up of actions from previous audits;
- Management's response to the findings and recommendations;
- Ongoing advice and liaison with management, including regular attendance by the Chief Internal Auditor and Audit Managers at organisational meetings relating to risk, governance and internal control matters;
- Effects of significant changes in the Council's systems;
- The extent of resources available to deliver the audit plan; and
- Quality of the internal audit service's performance.

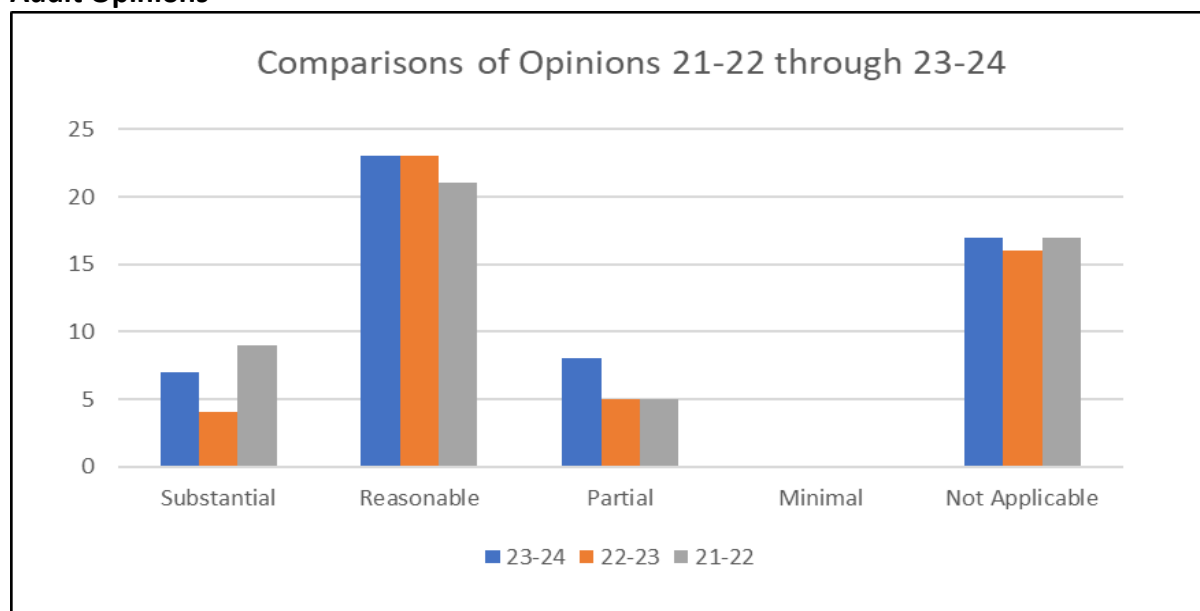
4.2 No limitations have been placed on the scope of Internal Audit during 2023/24.

## 5. Key Internal Audit Issues for 2023/24

5.1 The overall audit opinion should be read in conjunction with the key issues set out in the following paragraphs. These issues, and the overall opinion, will be taken into account when preparing and approving the Council's Annual Governance Statement.

5.2 The internal audit plan is delivered each year through a combination of formal reviews with standard audit opinions, direct support for projects and new system initiatives, investigations, grant audits and ad hoc advice. The following graph provides a summary of the outcomes from all audits finalised over the past three years:

### Audit Opinions



*\*Not Applicable: Includes grant certifications and audit reports where we did not give a specific audit opinion. Typically, this tends to be proactive advice and support activity where, due to the advisory nature of the audit work, provision of formal assurance-based opinions is not appropriate.*

5.3 A full listing of all 2023/24 completed audits and opinions for the year is included at Appendix B. The status of all planned audits in progress but not completed to final report by year-end is shown in Appendix C.

5.4 As stated above, we are pleased to report that there were no minimal assurance audit opinions issued. Eight audits received partial assurance (all of which have been reported on in our quarterly progress reports) as follows:

- Appointeeship and Deputyship Process
- External Funding
- Contract Management
- Supplier Failure
- Ukraine Funding
- Mental Health Services – Compliance with Corporate and Local Procedures
- Techforge IT Application Controls
- St Richard’s Catholic College

5.5 Whilst actions arising from these reviews will be followed up by Internal Audit, either through specific reviews or via established action tracking arrangements, it is important that management take prompt action to secure the necessary improvements in internal control.

### Key Financial Systems

5.6 Given the substantial values involved, each year a significant proportion of our time is spent reviewing the Council’s key financial systems, both corporate and departmental. In 2023/24, in view of the then impending go-live of the Council’s new Enterprise Resource Planning (ERP) system, Oracle, and the recent completion of the 2022/23 audits in these areas, we completed only interim reviews of Accounts Payable, Accounts Receivable and Payroll, whereby we undertook limited sample testing of key controls in order to provide assurance that these continued to operate as expected. For each area, we found that the systems continued to be well controlled and remained fundamentally unchanged since the previous audits. We will complete full reviews of these early in 2024/25, prior to any implementation of the new ERP. In addition, we completed full audits of the General Ledger and Treasury Management, with both of these receiving substantial assurance.

### Other Internal Audit Activity

5.7 During 2023/24, Internal Audit has continued to provide advice, support and independent challenge to the organisation on risk, governance and internal control matters across a range of areas. These include:

- Managing Back Office Systems (MBOS) programme;
- The Department for Levelling Up, Housing and Communities deep-dive into the South-East Local Enterprise Partnership; and
- Sea Change Sussex

And attendance at, and support to:

- Statutory Officers’ Group
- Finance Management Team
- Departmental Management Teams
- BSD Business Partners Group
- Pension Board and Pension Committee

5.8 As well as actively contributing to, and advising these groups, we utilise the intelligence gained from the discussions to inform our own current and future work programmes to help ensure our work continues to focus on the most important risk areas.



## Anti-Fraud and Corruption

5.9 During 2023/24, the Internal Audit Counter Fraud Team continued to deliver both reactive and proactive fraud services across the organisation. Details of all counter fraud and investigatory activity for the year, both proactive and reactive, have been summarised within our quarterly progress reports and also a separate Counter Fraud Annual Report due to be presented alongside this Internal Audit annual report. Where relevant, the outcomes from this work have also been used to inform our annual internal audit opinion and future audit plans.

## Amendments to the Audit Plan

5.10 In accordance with proper professional practice, the Internal Audit plan for the year was kept under regular review to ensure that the service continued to focus its resources in the highest priority areas based on an assessment of risk. All audits added to and removed from the plan during the year are provided in Appendix D.

## 6. Internal Audit Performance

6.1 Public Sector Internal Audit Standards (PSIAS) require the internal audit service to be reviewed annually against the Standards, supplemented with a full and independent external assessment at least every five years. The following paragraphs provide a summary of our performance during 2023/24, including the results of our most recent independent PSIAS assessment (2022), our latest self-assessment (2023) and the year end results against our agreed targets.

### PSIAS

6.2 The Standards cover the following aspects of internal audit, all of which were independently assessed during late 2022 by the Chartered Institute of Internal Auditors:

- Purpose, authority and responsibility;
- Independence and objectivity;
- Proficiency and due professional care;
- Quality assurance and improvement programme;
- Managing the internal audit activity;
- Nature of work;
- Engagement planning;
- Performing the engagement;
- Communicating results;
- Monitoring progress; and
- Communicating the acceptance of risks.

6.3 As reported to Audit Committee in March 2023, Orbis Internal Audit was assessed as achieving the highest level of conformance available against professional standards, with no areas of non-compliance identified. Our most recent self-assessment against the standards in 2023 found that this continued, with only minor areas for improvement identified.

### Key Service Targets

6.4 Performance against our previously agreed service targets is set out in Appendix A. Overall, client satisfaction levels remain high, demonstrated through the results of our post audit questionnaires, discussions with key stakeholders throughout the year through service liaison and annual consultation meetings with Chief Officers.

6.5 Over the course of the year, we have received positive feedback on a range of completed audit assignments from management within services. The following 'word cloud'

identifies some of the key, positive phrases used to describe our service and that contributed to a 100% satisfaction rate being recorded in the year:



6.6 Internal Audit will continue to liaise with the Council's external auditors (Grant Thornton) to ensure that the Council obtains maximum value from the combined audit resources available.

6.7 In addition to this annual summary, CMT and the Audit Committee will continue to receive performance information on Internal Audit throughout the year as part of our quarterly progress reports and corporate performance monitoring arrangements.

## Internal Audit Performance Indicators 2023/24

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	<b>G</b>	2023/24 Internal Audit Strategy and Plan formally approved by Audit Committee 31 March 2024
	Annual Audit Report and Opinion	By end July	<b>G</b>	2022/23 Annual Report and Opinion presented to Audit Committee 7 July 2023
	Customer Satisfaction Levels	90% satisfied	<b>G</b>	100%
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	90%	<b>G</b>	91.2%
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	<b>G</b>	<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"> <li>• Excellent in: Reflection of the Standards Focus on performance, risk and adding value</li> <li>• Good in: Operating with efficiency Quality Assurance and Improvement Programme</li> <li>• Satisfactory in: Coordinating and maximising assurance</li> </ul> <p>November 2023 - Updated self-assessment against the</p>

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score	Actual Performance
				<p>Public Sector Internal Audit Standards completed, the service was found to be fully complying with 319 of the standards and partially complying with 2 of the standards, in both cases proportionate arrangements remain in place.</p> <p>November 2023 - Quality Review exercised completed, no major areas of non-conformance identified. The need to ensure consistency in the quality of the evidence contained within a small number of audit working papers was identified; this will be addressed at auditor development days during 2024/25.</p>
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	<b>G</b>	No evidence of non-compliance identified.
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	97% for high priority agreed actions	<b>G</b>	100%
Our staff	Professionally Qualified/Accredited	80%	<b>G</b>	94% <sup>2</sup>

<sup>2</sup> Includes part-qualified staff and those undertaking professional training

## Summary of opinions for Internal Audit final reports issued during 2023/24

### **Substantial Assurance:**

*(Explanation of assurance levels provided at the bottom of this document)*

<b>Audit Title</b>	<b>Department</b>
Pension Fund Investments and Accounting	BSD
Pension Fund Cyber Security	BSD
Annual Governance Statement – Directorate Assurance Statements and Policy Review	Corporate
General Ledger	BSD
Treasury Management	BSD
Home to School Transport Follow-Up	CET
Children's Services – Quality Assurance Framework	CSD

### **Reasonable Assurance:**

<b>Audit Title</b>	<b>Department</b>
Accounts Payable (Procure to Pay) 22/23	BSD
Pension Fund Cash Management	BSD
Pension Fund Administration of Pension Benefits	BSD
Health and Safety Framework	Corporate
Subject Access Requests and Freedom of Information Reporting Arrangements	Corporate
Cyber Security	BSD
Adults Safeguarding	ASC
Risk Management	Corporate
Milton Grange Nursing Home Establishment Review	ASC
Adult Services Data Handling	ASC
Firle Church of England Primary School	CSD
Pevensey and Westham Church of England Primary School	CSD
Pension Fund Collection of Contributions	BSD
Procurement of IT Systems	BSD
Children's Services Data Handling Follow-Up	CSD
Children's Disability Service Direct Payments	CSD
St. Mary's Catholic Primary School	CSD
Mobile Device Management	BSD
Business Continuity Planning	Corporate
Integrated Waste Management Services – Contract Management	CET
Robotic Process Automation Governance Arrangements	BSD
Forest Row Church of England Primary School Follow-Up	CSD
Beckley Church of England Primary School	CSD

### **Partial Assurance:**

<b>Audit Title</b>	<b>Department</b>
Appointeeship and Deputyship Process	ASC
External Funding	CET / Corporate
St Richard's Catholic College	CSD
Contract Management	Corporate
Techforge IT Application Controls	BSD
Supplier Failure	Corporate

<b>Audit Title</b>	<b>Department</b>
Ukraine Funding	ASC
Mental Health Services – Compliance with Corporate and Local Procedures	ASC

**Minimal Assurance:**

<b>Audit Title</b>	<b>Department</b>
None	

**Non-Opinion:**

<b>Audit Title</b>	<b>Department</b>
Accounts Receivable (Interim Review)	BSD
Accounts Payable (Interim Review)	BSD
Payroll (Interim Review)	BSD
Sea Change Sussex	CET
MBOS – Programme Assurance and Ad-Hoc Advice	Corporate
MBOS – Cutover Arrangements	Corporate
MBOS – Key Control Testing	Corporate
MBOS - Security, Roles and Permissions	Corporate
MBOS - Business Continuity	Corporate
Supporting Families Programme Grant Certification (Quarterly)	CSD
Broadband Grant Certification	CET
Local Authority Bus Subsidy (Revenue) Grant / Bus Services Operators Grant	CET
Transport Grant Capital Block Funding (Integrated Transport and Highway Maintenance Blocks) Grant	CET
Bus Recovery Grant Certification	CET
Migration of SAP to Azure	BSD
SAP Support Pack – Key Control Testing	BSD
New Declaration of Interest System	Corporate

## 2023/24 Audit Plan - Audits in Progress at Year-End

<b>Audit Title</b>	<b>Planned/ Unplanned</b>	<b>Department</b>	<b>Status</b>
ASC Debt Management and Recovery	Planned	ASC	Draft Report
Parking – Procurement and Monitoring of External Service Providers	Planned	CET	Draft Report
Vehicle Use Follow-Up	Unplanned	CET	Draft Report
Contract Management Group Cultural Compliance Follow-Up	Planned	CET	Draft Report
Climate Change Follow-Up	Planned	Corporate	Draft Report
LAS/Controcc	Planned	ASC	Draft Report
Pension Fund Cash Management	Planned	BSD	Draft Report
Sea Change Sussex	Unplanned	CET	Draft Reports
Health Visiting Contract – Contract Management	Unplanned	ASC	Fieldwork
Domestic Violence and Abuse Refuge Contract – Contract Management	Unplanned	ASC	Fieldwork
Health and Safety Compliance	Planned	Corporate	Fieldwork
Highways Contract Management	Planned	CET	Fieldwork
Workforce Capacity and Working Arrangements	Planned	Corporate	Fieldwork
Pension Fund Investments and Accounting	Planned	BSD	Fieldwork
Pension Fund Administration of Pension Benefits	Planned	BSD	Fieldwork
System Change Control and Release Management	Planned	BSD	Fieldwork
IT Asset Records Management	Unplanned	BSD	Fieldwork
Cyber Security – Response and Resilience	Planned	BSD	Fieldwork
Greenwood Residential Care Home Establishment Review	Unplanned	ASC	Fieldwork
Grangemead Residential Care Home Establishment Review	Unplanned	ASC	Fieldwork

## Audits added to and removed from the plan during 2023/24

**Audits Added:**

<b>Audit Title</b>
Greenwood Residential Care Home Establishment Review
Grangemead Residential Care Home Establishment Review
Sea Change Sussex
Bus Recovery Grant Certification
Migration of SAP to Azure
SAP Support Pack Key Control Testing
Health Visiting Contract – Contract Management
IT Asset Records Management
Broadband Grant Certification
Domestic Violence and Abuse Refuge Contract Management
New Declarations of Interest System
Procurement Cards (Proactive Counter Fraud Work)

**Audits Removed/Deferred:**

<b>Audit Title</b>	
Managing Service Demand	The focus of this review was to be in Children's Services due to the significant pressures that the Department is facing. However, during the year, the Council engaged a consultant, IMPOWER, to look at ways to mitigate spend pressures and improve outcomes for children. Given this work, the planned audit was not considered necessary. We will undertake work as part of the 24/25 audit plan to assess whether the recommendations arising from this have been implemented.
Procurement Regulatory Changes	The Procurement Act 2023 received Royal Assent on 26 October 2023, but the new regime will not come into force until October 2024. As a result, Internal Audit support for the updating of Procurement and Contract Standing Orders (PCSO) has not yet been required.
Adult Social Care Regulatory Changes	Regulatory changes were expected in 2024 in relation to Social Care Reform. These were postponed but remain in consideration for audit work in 2024/25.
New Home to School Transport System	System not fully implemented this year. Included in 24/25 audit plan.
Property Asset Management System (PAMS) Replacement	No requirement for additional support for the implementation project as originally expected.
Procurement Data Analytics Follow-Up	Included in 24/25 audit plan.
External Funding Follow-Up	Included in 24/25 audit plan.
Contain Outbreak Management Fund – Grant Certification	No requirement for certification this year.
Schools Basic Needs Allocation – Grant Certification	No requirement for certification this year.



Property Services Programme Management	The focus of this review was to look at the arrangements for the effective management of the programme of work in Property Services. Prior to starting this work, Property engaged a consultant to support them with making improvements in this area. Therefore, the planned audit was not considered necessary.
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## Audit Opinions and Definitions

Opinion	Definition
<b>Substantial Assurance</b>	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Reasonable Assurance</b>	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Partial Assurance</b>	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.
<b>Minimal Assurance</b>	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.

## 1. Audits Completed in Q4 (December to March)

### Business Continuity Planning

1.1 The Civil Contingencies Act 2004 places a statutory duty on Local Authorities, as a category one responder, 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, pre-defined, level of business operations in response to a disruption to business as usual.

1.2 The objective of this audit was to provide assurance over the governance arrangements of the Council's business continuity framework and that continuity planning is well documented and robust.

1.3 Overall, we found that the Council has effective arrangements for business continuity planning and we were able to provide an opinion of **reasonable assurance** as a result. Governance arrangements are in place with a defined framework for all departments and levels within the Council. Arrangements for the identification of the Council's critical/priority activities that feed into business continuity management are robust through the Business Impact Analysis (BIA) process.

1.4 Some areas for improvement were, however, identified, including the need to ensure:

- Roles and responsibilities in relation to business continuity are clearly defined;
- Key business continuity documentation, including plans and business impact analysis, are comprehensive and sufficiently clear; and
- There is a forward plan of tests to ensure business continuity plans are fit for purpose.

1.5 Improvement actions in respect of these areas were agreed with management.

### MBOS Programme Support

#### MBOS – Programme Support

1.6 MBOS is the change programme overseeing the replacement of the Council's existing enterprise-resource planning (ERP) SAP system with Oracle. In November 2023, the Programme Board took the decision to pause and re-evaluate the strategic direction of the programme.

1.7 A plan of audit work has been agreed with the Programme Board, which includes a review of the governance and risk management arrangements when the programme fully restarts. We will continue to provide independent and objective advice, support and challenge to the Programme Board, updating the Audit Committee on our work as the programme progresses.

1.8 The following position statements were produced as an extension to our support to the programme. These position statements have since been formally issued as final and are therefore summarised here for completeness.

### Migration of SAP to Azure

1.9 Following a pause in the go live date for the MBOS programme, the Council sought to extend the current SAP provision as an interim measure.

1.10 The on-site storage infrastructure used by SAP was considered to be old, with failing components. This presented an immediate risk of disruption to Council operations. Therefore, the Council sought to re-platform the application to a cloud based hosted environment (Azure) to best mitigate this risk.

1.11 This review sought to provide assurance over the governance and risk management controls in place to support the secure and effective transition from an on-premise environment to the cloud-hosted site. The review was not a technical review of the arrangements and was delivered whilst the programme was in progress.

1.12 We found that the programme was being managed in a fluid and dynamic way with robust governance arrangements in place to support this agile approach, which included a Programme Board with defined roles and responsibilities. Data migration and reconciliation arrangements were in place to ensure that the data was transferred to the new environment completely.

1.13 There were, however, some areas where improvements could be made, which reflected that the programme was only partly completed. These included:

- Although risk management arrangements were in place, no assigned risk owners or mitigations for identified risks had been entered on the risk register, therefore compromising the overall effectiveness of the risk management process;
- There were no detailed plans for User Acceptance Testing (UAT) at the time of our review. We were therefore unable to comment on the adequacy and coverage of the planned tests;
- Although disaster recovery arrangements for the new site were in place, the back-up policy and back-up schedules had not yet been produced; and
- Although arrangements for the transfer of technical documentation and knowledge from the technical architects to ESCC staff were included within the scope of the programme, the tasks to support this activity had not been explicitly recorded within the programme plan.

1.14 Due to the pace of the programme, there was not sufficient time to agree actions with senior officers, however, we provided Programme Board with a position statement on our work to inform them of the risks and to build changes into the programme as appropriate.

### SAP Update - Control Assurance

1.15 Annual SAP support pack upgrades are made in line with application updates and new governmental mandates (for example, National Insurance changes). This review sought to provide assurance that the testing of 'key controls' within SAP was undertaken following implementation of the latest support pack, to ensure that these continued to function as before.

1.16 Our review found that a comparison document had been compiled manually to identify changes in the system arising from the update. In previous years, this information was compiled by a SAP tool which is no longer available due to the licence expiring, creating a risk that some changes in the upgrade may have been missed.

1.17 Testing was split into two phases: the first phase was Quality Assurance (QA) testing undertaken by the Support Team within IT&D; the second phase was User Acceptance Testing (UAT), undertaken by key users within business areas such as Finance and HR.

1.18 We found that the level of testing undertaken to ensure that the update worked as expected was consistent with the level of risk, focussing on the functional and transactional areas of key change. Whilst some of the UAT included an element of key control testing, it was not a specific objective of UAT to undertake testing to ensure that key controls within the system continued to function as expected. We were, therefore, unable to provide complete assurance that all key controls continued to function post upgrade. Due to the number of key controls within the system (we estimate this to be approximately 150) testing all of these, including those unaffected by the change, on an annual basis could be both excessively time consuming and costly.

1.19 Actions were, however, agreed with the business areas to review and incorporate testing of high-risk key controls into future test scripts. Further actions were agreed to ensure roles and responsibilities within the upgrade process are clearly defined and to ensure consistency of documentation.

### **Robotics Process Automation (Governance Arrangements)**

1.20 Robotic Process Automation (RPA) is a form of business process automation that allows a user to define a set of instructions for a robot to perform automatically, often repeating the task quickly. The main benefits of automation are to remove repetitive, rule based and time-consuming tasks which allows staff to use their time much more productively. However, if automation is not suitably governed and managed, this could represent significant risk to the security and integrity of Council data.

1.21 The review evaluated the effectiveness of the controls to govern the use of robotics within the Council. We were able to provide an opinion of **reasonable assurance** in this area for the following reasons:

- The RPA governance arrangements are well-developed, allowing new RPA's to be developed through the Robotic Development Team;
- Processes ensure each RPA has governance arrangements in place and is built with an integrated activity log to keep track of all successful and unsuccessful activity. Any failures which occur are reported automatically to the service and development team; and
- Controls within the design process ensure that the expected benefits from implementing an RPA are reviewed and assessed at each stage.

1.22 However, we found that there is no signposting to the Robotics Development Team for anyone considering creating their own robot or automated process. This leaves the Council at risk of automated processes being unidentified and, if an officer were to leave, the organisation may not be aware of this automation and the process may not operate as intended.

1.23 Actions were agreed with management to address this and other minor risks.

### **Mobile Device Management**

1.24 Mobile devices such as smartphones and tablet computers have the capability to store large amounts of data and, therefore, can present a high risk of data leakage and loss. Devices and data are often valuable and are therefore attractive to theft and misuse. Mobile device management (MDM)

involves monitoring, managing and securing mobile devices to ensure that the Council's information assets are not exposed.

1.25 In reviewing mobile device security governance, access control and encryption, and incident management, we were able to provide an opinion of **reasonable assurance** over the controls in place to support the organisation's mobile device management arrangements. We found that:

- The security compliance settings applied to all registered iPhones were found to be robust in relation to security arrangements. These include password rules, encryption, automatic locking of devices, antivirus, antispyware and trusted platforms;
- The ability to install third party applications on managed devices has been restricted and users can only install applications that are on the Council's approved applications catalogue. Where a new application is required, a robust commercial, technical and risk review is undertaken prior to being authorised;
- An effective response plan is in place to respond to security incidents such as loss or theft of mobile devices;
- The MDM system will lock or wipe managed devices remotely in the event of loss or theft; and
- Adequate policy documents set out the responsibility of the user, showing what is acceptable practice and what would be unacceptable.

1.26 However, there were opportunities to further enhance controls, including ensuring that:

- There is appropriate oversight and management of the risks and related actions when devices are identified as non-compliant, to ensure appropriate action is taken in each case; and
- Responsibility for periodic reconciliation of the number of active devices as identified by the network provider, to the number of devices enrolled on the MDM, is formally assigned.

1.27 Appropriate actions were agreed with management in relation to these areas.

## **Ukraine Funding**

1.28 In March 2022, the Government launched the Homes for Ukraine Sponsorship Scheme, which gave Ukrainian's the right to apply for a visa if they had a named eligible sponsor who could provide accommodation in the UK. The Council has several obligations under the scheme, including conducting appropriate checks in respect of the sponsor and accommodation, making 'one-off' £200 subsistence payments to each guest (guest payments), making 'thank you' payments to the host (host payments) and assisting guests to access relevant services. To fulfil these obligations, the Council receives grant funding from the Department for Levelling Up, Housing and Communities (DLUHC). In two tier areas such as East Sussex, funding is provided to the upper-tier authority. However, a condition of the funding is that a plan is agreed locally for prompt payments to lower-tier district and borough councils (D&BCs) to enable them to pay upfront costs and provide services for guests under the scheme.

1.29 This review focussed on providing assurance over the payment, monitoring and governance arrangements in place for grant money received, and allocated by, East Sussex, under the Homes for Ukraine Scheme. In completing this work, we found weaknesses in the control environment with regards to the recording of completed safeguarding checks, the administration of the payments made, and the ongoing monitoring of these payments. We were, therefore, only able to provide an opinion of **partial assurance** in this area, finding that improvements were necessary in ensuring that:

- There are appropriate contracts and/or service level agreements in place between the Council and partnering authorities to help ensure that safeguarding checks of properties are completed timeously by East Sussex Fire and Rescue Service (ESFRS) and that scheme monies are appropriately allocated or spent by district and borough councils;
- Grant agreements are appropriately signed by partner organisations to ensure that the terms and conditions can be enforced in the event of future challenge;
- Payments made by district and borough councils are reconciled within Council records to ensure that payments have only been made where instructed;
- District and borough councils submit monthly returns to the Council of payments that have been made, to reduce the risk of inaccurate returns of overall expenditure by the Council to DLUHC; and
- The programme risk register is reviewed to ensure that it includes risk owners, mitigating actions and risk scores.

1.30 Improvement actions in all of these areas were agreed with management and we will complete a follow-up review in 2024/25 to assess the extent to which these have been implemented.

### **Mental Health Services – Compliance with Corporate and Local Procedures**

1.31 The Adult Mental Health Teams provide support for Adult Social Care (ASC) clients whose primary presenting need is mental health.

1.32 The objective of this review was to provide assurance over compliance with corporate and local policies and procedures in relation to practice, performance and quality within the Mental Health Team. In completing this work, we found that corporate policies are not always being adhered to, including in relation to the appropriate use of purchasing cards, completion of relevant online health and safety training, staff expense and overtime claims and the management of absences. As a result, we were only able to provide an opinion of **partial assurance**.

1.33 A robust action plan was agreed with management to ensure that:

- Employees are aware of and adhere to corporate policies in relation to travel and expense claims, health and safety training, declarations of interest, purchasing, and ensuring the security of client information on accessible calendars;
- Sickness absences are appropriately recorded, with absence management procedures being followed where triggers are met;
- Annual leave entitlements are appropriately calculated; and employees only take the level of leave that they are entitled to; and to
- Improve Practice Managers' capability in relation to finance matters.

1.34 Due to the partial assurance opinion, we will complete a follow-up review in 2024-25 to assess the extent to which the agreed improvement actions have been implemented.

### **Waste Management Services – Contract Management**

1.35 Together with Brighton and Hove City Council, the Council has held a Private Finance Initiative contract with South Downs Waste Services Limited for the delivery and operation of waste facilities, including recycling and disposal services for household waste across both authorities. The contract, including a five-year extension that was negotiated in October 2007, has a total value of £1.1bn over its 30-year lifetime and attracts PFI credits of £49m.

1.36 The contract covers the provision of the following services:

- The operation and maintenance of 12 household waste sites;
- The construction, operation and management of additional sites (including a household waste recycling site, a composting plant, a materials recovery facility, an energy recovery facility and three waste transfer stations); and
- The logistic activities to support these operations.

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

- Governance arrangements are effective in delivering the contract's objectives;
- Payments are made in accordance with the terms of the contract;
- Data is secure from unauthorised access;
- Service delivery is maintained in the event of the loss of the supplier or key sites; and
- Any variations to the original contract are made in accordance with the Council's Procurement and Contract Standing Orders.

1.38 Based on the work undertaken, we found that the contract was managed effectively, with appropriate reporting arrangements, liaison with the contractor and robust payment controls, and we were able to provide an opinion of **reasonable assurance**.

1.39 However, a small number of areas for improvement were identified, including in relation to the valuation of sites for insurance purposes, and actions were agreed with management to address these.

### **Children's Services Quality Assurance Framework**

1.40 Children's Services have developed an Early Help and Social Care (EHSC) quality assurance framework which sets out how the service will monitor and evaluate the quality of practice and service provision to improve quality and achieve better outcomes for children, young people and their families.

1.41 The scope of this review was therefore to provide assurance on the effectiveness of the Children's Services quality assurance (QA) function in driving improvement within the service, including in relation to comparison with similar organisations, resourcing, risk management, quality assurance activity, reporting and implementation of improvement actions.

1.42 Our work identified that the Quality Assurance Framework is in line with good practice, with an annual quality assurance plan which is reviewed quarterly and which sets out the assurance activities to be undertaken in order to deliver the Framework. Assurance activities are being regularly undertaken by officers with appropriate knowledge and who are able to maintain appropriate independence to the practice or service under review. There is good management oversight as to the outcomes of quality assurance activities, with progress on the implementation of actions being monitored and reported on a quarterly basis. As a result, we were able to provide an opinion of **substantial assurance**.

1.43 One low risk finding was identified in relation to the case audit reporting tool, where there was an opportunity to improve the efficiency of collating and reporting on findings from QA reviews which was a manual process. An action, in the form of building a monthly automatic report of case file audits, was agreed with management.



## School Audit Work

1.44 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 key objectives of our work include assurance that:

- Decision making is transparent, well documented and free from bias;
- The school is able to operate within its budget through effective planning;
- Staff are paid in accordance with the schools pay policy;
- Expenditure is controlled and funds are used for an educational purpose.
- The school ensures value for money on contracts and larger purchases; and
- All voluntary funds are held securely, and funds are used in accordance with the agreed aims.

1.45 We undertake school audits through a range of both remote and on-site working arrangements. The table below shows a summary of the two school reviews completed in Q4, together with the level of assurance received and areas for improvement.

Name of School	Audit Opinion	Areas Requiring Improvement
Beckley CE Primary School	Reasonable Assurance	Ensuring that: <ul style="list-style-type: none"> <li>• Governor's declarations of interest are published on the school website;</li> <li>• Consolidated accounts are published for the school fund, and subject to annual audit;</li> <li>• Checks are undertaken to ensure that contractors continue to hold sufficient public liability insurance;</li> <li>• All committees have an agreed terms of reference in place;</li> <li>• A leavers checklist is implemented to document the revocation of physical and systems access and return of assets when an employee leaves the employment of the school.</li> </ul>
Forest Row CE Primary School (Follow-Up)	Reasonable Assurance	Ensuring that: <ul style="list-style-type: none"> <li>• Liaison with the bank continues to regain access to the school fund bank account;</li> <li>• Staff are reminded of the need to raise purchase orders prior to making a purchase;</li> <li>• All contracts and subscriptions are identified and documented within a contract register; and</li> <li>• The budget amount is documented within governing body minutes to confirm the value that has been approved.</li> </ul>

## Grant Certification

### Local Transport Authority Bus Recovery Funding

1.46 The Local Transport Authority Bus Recovery Funding (LTA BRG) was provided to support the provision of commercial and tendered bus services following the initial 'emergency' period of Covid. Through this funding, the Council received £116,176.06.

1.47 Testing of provider returns, invoices and payments made was undertaken to ensure that the funding was used in line with the grant conditions and that appropriate documentation had been kept to evidence expenditure.

1.48 We were able to provide a return to confirm that the conditions attached to the Local Transport Authority Bus Recovery Funding had been met.

### **Supporting Families Grant Certification**

1.49 The Supporting Families (SF) programme has been running in East Sussex since January 2015 and is an extension of the original Troubled Families scheme that began in 2012/13. The programme is intended to support families who experience problems in certain areas, with funding for the local authority received from the Department of Levelling Up, Housing and Communities (DLUHC), based on the level of engagement and evidence of appropriate progress and improvement.

1.50 Children's Services submit periodic claims to the DLUHC to claim grant funding under its 'payment by results' scheme. The DLUHC requires Internal Audit to verify 10% of claims prior to the Local Authority's submission of its claim. We therefore reviewed 16 of the 160 families included in the January/March 2024 grant cohort.

1.51 In completing this work, we found that valid 'payment by results' (PbR) claims had been made and outcome plans had been achieved and evidenced. All the families in the sample of claims reviewed had firstly met the criteria to be eligible for the SF programme and had either achieved significant and sustained progress at case closure. We therefore concluded that the conditions attached to the SF grant determination programme had been complied with.

## **2. Counter Fraud and Investigation Activities**

### **Counter Fraud Activities**

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.

2.2 In addition, the team continue to monitor intel alerts and share information with relevant services when appropriate.

2.3 Advice and support was provided on an ad hoc basis, and referrals made to external agencies for allegations not connected to ESCC.

2.4 During the quarter, an attempted bank mandate fraud was logged and reported to ActionFraud. An individual impersonating a senior officer requested, via email, a change to bank details for salary payments. The request was identified as bogus and not actioned.

<b>Report to:</b>	<b>Audit Committee</b>
<b>Date:</b>	<b>5 July 2024</b>
<b>By:</b>	<b>Chief Operating Officer</b>
<b>Title of report:</b>	<b>Counter Fraud Annual Report 2023/24</b>
<b>Purpose of report:</b>	<b>To inform Audit Committee of the irregularity investigations and proactive counter fraud work undertaken by Internal Audit and Counter Fraud between 1 April 2023 and 31 March 2024</b>

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**RECOMMENDATIONS: Committee Members are recommended to note the contents of the report.**

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## **1. Background**

1.1 The report covers the counter fraud work completed in the year from 1 April 2023 to 31 March 2024 in accordance with the Counter Fraud Strategy and Framework.

## **2. Supporting Information**

2.1 The Council's Internal Audit team investigates allegations of fraud and irregularity against the Council and is committed to upholding the Council's Counter Fraud Strategy and Framework. The Council's strategy is aligned to the Fighting Fraud and Corruption Locally Strategy 2020 which is the governments 'blueprint' for tackling fraud in Local Government.

2.2 Within Internal Audit, the Counter Fraud Partnership Team comprises four auditors with counter fraud expertise who work across all departments to identify fraud, and to provide a dedicated proactive counter fraud and responsive investigation function. It also works on behalf of the Council to ensure that its counter-fraud arrangements are robust by raising awareness of fraud risk, reviewing and improving fraud risk management arrangements, using data to actively identify fraudulent activity and monitoring the extent to which the Council is impacted by fraud. Where fraud is suspected or identified, the team provides a professional investigation service and advises on control measures that will prevent recurrence.

2.3 The Counter Fraud Annual Report outlines:

- Details of the work undertaken during the period 1 April 2023 to 31 March 2024;
- Outcomes from investigation activities; and
- Other counter fraud activity.

## **3. Conclusions and Reasons for Recommendation**

3.1 Audit Committee is recommended to note the fraud activity completed during 1 April 2023 to 31 March 2024.

### **ROS PARKER**

Chief Operating Officer

Contact Officers: Russell Banks, Orbis Chief Internal Auditor, Tel No. 07824 362739  
Simon White, Audit Manager Counter Fraud, Tel No. 07779 455501

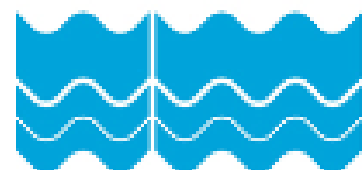
### **BACKGROUND DOCUMENTS**

ESCC Counter Fraud Strategy and Framework

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# **INTERNAL AUDIT COUNTER FRAUD REPORT 2023/24**

**East Sussex**  
County Council



## 1. Introduction

1.1 The Council's Financial Regulations require all officers and members of the Council to notify the Chief Internal Auditor of any matter that involves, or is thought to involve, corruption or financial irregularity in the exercise of the functions of the Council. Internal Audit will in turn pursue such investigations in line with the Counter Fraud Strategy and Framework.

1.2 Within the Orbis Internal Audit Service, the Counter Fraud partnership team provides resource and experience to support ESCC with both proactive and responsive support relating to any instances of financial irregularities and fraud related risks.

1.3 The annual Internal Audit Plan for 2023/24 carried within it a contingency budget for 'Irregularity and Special Investigations' of 120 days. This contingency covered time to investigate 'irregularities' (actual or alleged financial impropriety, corruption, and other similar matters) as well as time for proactive counter fraud work and to support the National Fraud Initiative (NFI), detailed in the latter part of this report.

1.4 Internal Audit reports following irregularity investigations typically help to provide independent evidence to support (or not) a management case against an employee under formal disciplinary procedures, to support potential criminal prosecutions and to help strengthen controls in areas where weaknesses are identified. Irregularity audit reports are not subject to the same distribution as general audit reports due to their confidential and sensitive nature.

## 2. Summary of Investigations between 1 April 2023 and 31 March 2024

### Resources

2.1 During the 2023/24 financial year, a total of seven Internal Audit officers charged time to work on irregularity investigations amounting to 98 days. This included preliminary assessments, liaison with departments, fieldwork, reporting, and subsequent support for disciplinary and criminal activities.

2.2 The Counter Fraud team also monitors the ESCC Confidential Reporting Hotline, prompting investigation activity where appropriate, giving advice to members of staff on whistleblowing, and signposting to other departments where required.

### Number and Types of Investigations

2.3 A total of 30 allegations were logged in the financial year (14 in the first half of the year and 16 in the second half). For comparison, 24 allegations were received in the previous financial year.

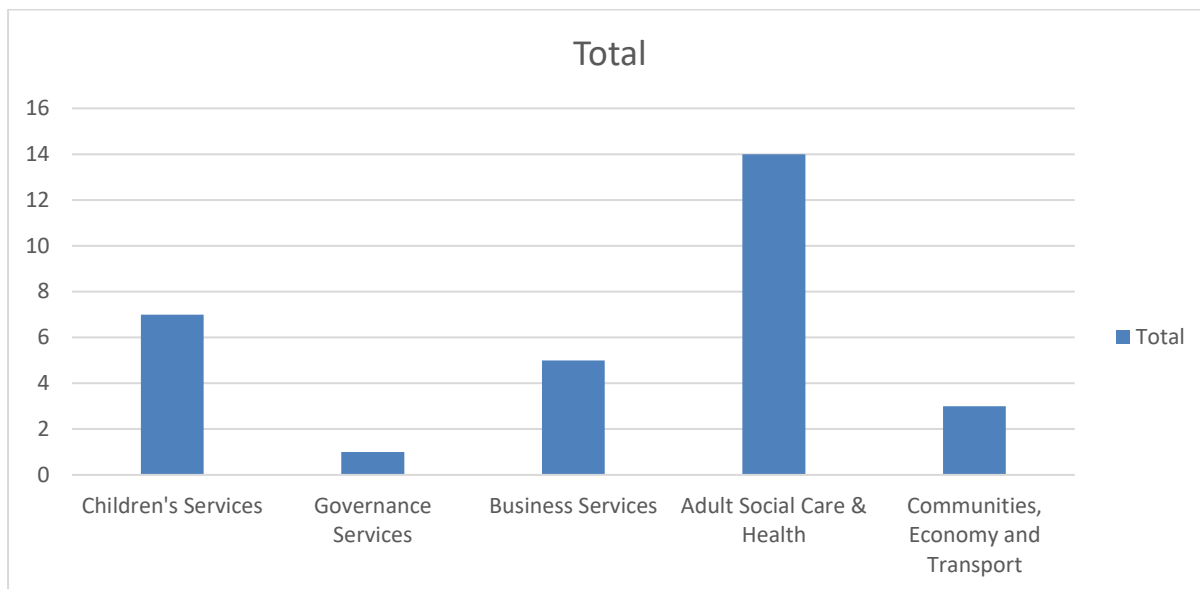
2.4 New allegations were brought to the attention of Internal Audit by the following methods:

- 15 were raised by Council management;
- 5 were raised by employees;
- 7 originated from an external source to the Council;
- 3 were raised through confidential reporting.

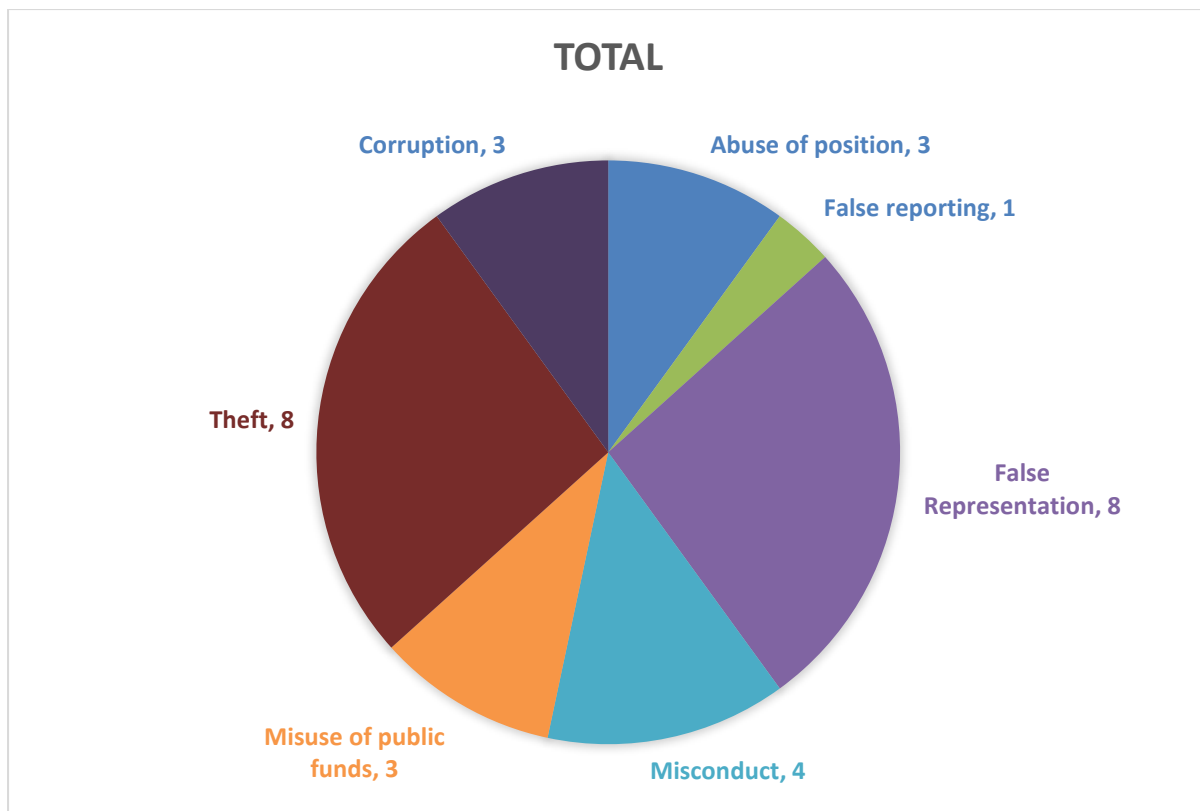
2.5 Full details of the categories by which fraud and irregularity investigations are reported are attached at Appendix A. All proven fraudulent or irregular behaviour by officers may be considered misconduct; similarly, poor controls increase the likelihood of fraud occurring. The categories therefore reflect alleged specific types of fraud or irregularity.

2.6 The number of all recorded allegations across the Council's departments is shown in Figure 1, while Figure 2 shows the categories of allegations received.

**Figure 1.** Allegations by department from 1 April 2023 to 31 March 2024



**Figure 2.** Summary of allegations by type from 1 April 2023 to 31 March 2024



2.7 Of the allegations received, 6 were closed with no action taken, 3 were dealt with through advice to management, and 9 were taken forward for investigation by Internal Audit or support provided to a management investigation. Five were conduct or capability issues dealt with by management with support from HR where appropriate. Seven investigations were still active at the time of writing this report.

2.8 The value of fraud prevented or detected is not always readily quantifiable, however, in cases where this can be estimated, the cumulative value of fraud prevented or detected for the year is approximately £21,833.

2.9 The following paragraphs provide a summary of the investigation activity concluded by the Internal Audit Counter Fraud Team within the last 12 months.

2.9.1 **Petty Cash Discrepancy** – An investigation was conducted following an allegation of a discrepancy in petty cash accounting at an adult respite service. A total discrepancy of £211.72 was identified and the investigation concluded that there were administrative errors, as well as elements of guidance and controls that were not being complied with. A control report was issued with several recommended actions to strengthen the petty cash accounting procedure.

2.9.2 **Inappropriate Use of School Funds** – Preliminary enquiries were conducted following concerns that a Headteacher had inappropriately used school funds to pay for the repair costs on a personal vehicle. The investigation concluded that there was insufficient evidence to support the allegation and a decision made that no further action would be taken.

2.9.3 **Theft from County Hall** – Concerns were raised by Adult Social Care that a pot of charity money had been stolen from County Hall. Insufficient information was available to pursue the investigation further. However, advice was provided relating to the security of personal items.

2.9.4 **Bribery Allegation** – An anonymous allegation was received alleging that an Officer received a cash payment to provide a positive statement in regard to a planning application. An investigation found that an offer had been made and refused. The offer has been reported to management at the time and appropriate action taken.

2.9.5 **Bank Mandate Fraud** – An investigation was conducted following the payment of £9,014 as a result of a bank mandate fraud at a school. The investigation found that the school email had been compromised allowing the interception and diversion of correspondence. In addition to the compromised IT security, the procedures for independently verifying changes to vendor records had not been followed. Following the investigation, an internal control report was issued with agreed control actions. In addition, ICT security support was provided to the school. The incident was reported to Action Fraud.

2.9.6 **Direct Payment** – Following an allegation of misuse of a direct payment identified through monitoring within Adult Social Care, the team supported with the recovery of £3,223 which had been withdrawn without permission by a carer from the account of a recipient of a direct payment. The client has now moved out of the East Sussex area and is no longer receiving support.



2.9.7 **Timesheet Fraud** – High levels of overtime claims by an individual were identified during an internal audit and therefore referred to the Counter Fraud team for further review. The investigation found no evidence of overclaiming and that the service had improved controls since previous issues in this area, through the introduction of a new rota and increased transparency for the scheduling of shifts.

2.9.8 **Bank Mandate Fraud** - An attempted bank mandate fraud was logged and reported to Action Fraud. An individual impersonating a senior officer requested via email a change to bank details for salary payments. The request was identified as bogus and not actioned.

### 3. Proactive Fraud Prevention and Awareness Work

3.1 As well as the investigation work referred to above, we continue to be proactive in the identification and prevention of potential fraud and corruption activity across the Authority and in raising awareness amongst staff. The following paragraphs outline some of the proactive work undertaken in the past year.

3.2 The Council has in place a Counter Fraud Strategy 2021-24 that sets out its commitment to preventing, detecting, and deterring fraud. Internal Audit continues to review this strategy to ensure it is aligned with best practice and to ensure a robust and consistent approach to tackling fraud.

3.3 Fraud risk assessments are regularly reviewed to ensure that the current fraud threat for the Council has been considered and appropriate mitigating actions identified. We have updated the risk assessment to include new and emerging threats. This includes potential threats to payroll, staff fraud relating to multiple employment and the ever increasing cyber threat.

3.4 One of the key controls in fighting fraud is having a strong culture in place with staff vigilant to the threat of fraud. In the past year, Fraud Awareness sessions have been delivered to Business Administration, focussing on the risks to the Council of bank mandate fraud and cyber fraud. The team continue to monitor intel alerts and work closely with neighbouring councils to share intelligence and best practice.

#### National Fraud Initiative (NFI)

3.5 NFI matches electronic data within and between public and private sector bodies to prevent and detect fraud. These bodies include local councils, police authorities, local probation boards, fire and rescue authorities and a number of private sector bodies.

3.6 In the latest National NFI Report, quantified fraud prevented accounted to almost £23 million over a 12 month period. The next submission date is September 2024 when we are required to submit the following core mandatory datasets:

- Payroll
- Pensions
- Trade Creditors' payment history and trade creditors' standing data
- Students eligible for a loan (provided by the Student Loan Company)
- Transport Passes and Permits (including residents' parking, blue badges and concessionary travel)

- Licences (taxi driver only)

3.7 The results from the latest biennial NFI exercise were received in January 2023, with data matching flagging over 14,000 matches. As well as directly undertaking reviews of the matches for evidence of fraud and error, we have been liaising with the relevant departments to ensure that flagged matches are investigated and actioned appropriately.

3.8 The results from the review of data matches include:

- No issues from matches relating to Pensions, Payroll to Creditors, Procurement to Payroll or Payroll to Companies House (Director);
- The review of over 1,673 concessionary travel passes where the pass holder had passed away, with 34 currently open for verification against social care records;
- 194 cases where a pensions recipient has passed away and we were not previously aware. Three of these are under recovery with a cumulative value of £7,320;
- No issues identified from the matches relating to Blue Badges; and
- Over 4,000 matches in relation to duplicate invoices that are believed to be 'false-positives', with one duplicate payment identified and £22,067 recovered.

### Partnership working

3.7 We meet regularly with partners across the south-east to discuss emerging threats and share intelligence. More specifically for the East Sussex area, we are working with district and borough colleagues to explore opportunities for further developing countywide data matching capabilities for the prevention and detection of fraud.

### Reporting categories for irregularities

<b>Reporting category</b>	<b>Description</b>	<b>Examples</b> (not an exhaustive list)	<b>Legislation / Policies</b> (examples)
False representation	Knowingly making an untrue or misleading representation to make gain, cause loss or expose the Council to the risk of loss	Submitting incorrect expense claims; falsely claiming to hold a qualification	Fraud Act 2006
Failure to disclose information	Intentionally withholding information to make gain, cause loss or expose the Council to the risk of loss	Failing to declare pecuniary interests, or assets as part of a means tested assessment	
Abuse of position	Use of position to act against, or fail to safeguard, the interests of the Council or residents	Nepotism; financial abuse of individuals receiving social care	
Theft	Misappropriation of assets (often cash) belonging to the Council or individuals under the Council's care	Removing cash from safes; removing individuals' personal items in care homes	Theft Act 1968
Corruption	Offering, giving, seeking or accepting any inducement or reward which may influence a person's actions, or to gain a commercial or contractual advantage	Accepting money to ensure a contract is awarded to a particular supplier	Bribery Act 2010
False reporting	Intentional manipulation of financial or non-financial information to distort or provide misleading reports	Falsifying statistics to ensure performance targets are met; delaying payments to distort financial position	Theft Act 1968; Financial Regulations; Procurement Standing Orders
Misuse of public funds	The use of public funds for ultra vires expenditure or expenditure for purposes other than those intended	Officers misusing grant funding; individuals misusing social care direct payments	
Procurement	Any matter relating to the dishonest procurement of goods and services by internal or external persons	Breach of the Procurement Standing Orders; collusive tendering; falsifying quotations	
Misconduct	Failure to act in accordance with the Code of Conduct, Council policies or management instructions	Undertaking additional work during contracted hours; inappropriate	Code of Conduct

		use of Council assets and equipment	IT Security Policy
Poor Control	Weak local or corporate arrangements that result in the loss of Council assets or a breach of Council policy	Storing a key to a safe in the immediate vicinity of the safe	

Report to: **Audit Committee**

Date: **5 July 2024**

By: **Chief Operating Officer**

Title of report: **Strategic Risk Monitoring – Quarter 4 2023/24**

Purpose of report: **To update the Committee on current strategic risks faced by the Council, their status and risk controls / responses and to describe the current Risk Management process.**

---

**RECOMMENDATIONS: Committee Members are recommended to:**

- 1) Note the process of strategic risk management.
  - 2) Note the current strategic risks and the risk controls / responses being proposed and implemented by Chief Officers.
- 

## **1. Background**

1.1 Sound risk management policy and practice should be firmly embedded within the culture of the Council, providing a proportionate and effective mechanism for the identification, assessment and, where appropriate, management of risk. This is especially important in the current climate where there remains considerable uncertainty about the future.

1.2 Robust risk management helps to improve internal control and support better decision-making, through a good understanding of individual risks and an overall risk profile that exists at a particular time. To be truly effective, risk management arrangements should be simple and should complement, rather than duplicate, other management activities.

## **2. Supporting Information**

### The Risk Management Process

2.1 The Council's risk management process is a continuous and developing process. In order to manage risk appropriately and effectively, it is necessary to adopt a systematic approach to risk identification, analysis, and control. This approach is referred to as the Risk Management Process and provides a system that can be applied to risks at all levels within the council.

2.2 As a minimum, all risk registers are formally reviewed and updated on a quarterly basis as part of the Council monitoring process. The Strategic Risk Register is reviewed and updated by the Corporate Management Team (CMT) prior to being reported to Cabinet and the Audit Committee. As part of the process, consideration must be given as to the escalation and de-escalation of risks between Departmental and Strategic Risk Registers. Risks are usually escalated to the Strategic Risk Register when it relates directly to a strategic objective and/or the outcome cannot be mitigated at an operational level.

## Strategic Risk Register – Quarter 4 2023/24

2.3 The Council's Strategic Risk Register, which is attached as Appendix 1, is formally reviewed by the CMT on a quarterly basis. Members should note that this version of the Strategic Risk Register, which relates to Quarter 4 of 2023/24, was reviewed by CMT on 22 May 2024 and presented to Cabinet on 25 June 2024 as part of the quarterly council monitoring process. Appendix 1 also includes additional summary information to present historic RAG ratings, as well as current pre and post mitigation RAG ratings.

2.4 The previous update to this Committee was in March 2024 to present the Strategic Risk Register as at Quarter 3 2023/24. There have been various updates to the Strategic Risk Register to reflect the Council's risk profile as follows:

- **Risk 12 (Cyber Attack)** has updated risk definition and risk control.
- **Risk 1 (Roads), Risk 4 (Health), Risk 6 (Local Economic Growth), Risk 9 (Workforce) and Risk 15 (Climate)** have updated risk controls.

2.5 Officers will continue to explore opportunities to further strengthen the Council's risk management arrangements and for mitigating the key strategic risks. It is however, important to recognise that in some cases there is an inherent risk exposure over which the Council has only limited opportunity to mitigate or control.

### **3. Conclusion and Recommendation**

3.1 The Committee is recommended to note the process of strategic risk management and the Strategic Risk Register including the risk controls / responses being proposed and implemented by Chief Officers.

#### **ROS PARKER Chief Operating Officer**

Contact Officers:  
Thomas Alty: Head of Finance (Planning and Reporting)  
Tel: 07701 394836

Steven Bedford: Finance Manager (Capital and Planning),  
Tel: 07701 394847

Local Member: All

Background documents: None

**Strategic Risk Register Summary - Q4 2023/24**

Strategic Risks - Historic Post Mitigation RAG Ratings													
Ref	Strategic Risks	2021/22 Q1	2021/22 Q2	2021/22 Q3	2021/22 Q4	2022/23 Q1	2022/23 Q2	2022/23 Q3	2022/23 Q4	2023/24 Q1	2023/24 Q2	2023/24 Q3	2023/24 Q4
1	Roads	A	A	A	A	A	A	R	R	A	A	R	R
4	Health	R	R	R	R	R	A	A	A	A	A	A	A
5	Reconciling Policy, Performance & Resources	R	R	R	R	R	R	R	R	R	R	R	R
6	Local Economic Growth	G	G	G	G	G	G	G	G	G	G	A	A
7	Schools	A	A	A	A	*							
8	Capital Programme	A	A	A	A	A	A	A	A	A	A	A	A
9	Workforce	A	A	A	R	R	R	R	R	R	R	R	R
12	Cyber Attack	R	R	R	R	R	R	R	R	R	R	R	R
14	Post European Union (EU) Transition	G	G	G	G	G	G						
15	Climate	R	R	R	R	R	R	R	R	R	R	R	R
16	Covid-19	R	R	R									
17	Safeguarding of Children and Young People		A	A	R	R	R	R	**				
18	Data Breach		A	A	A	A	A	A	A	A	A	A	A
19	Schools and ISEND					R	R	R	R	R	R	R	R
20	Placements for Children and Young People in our Care								R	R	R	R	R

\* Risk 7 (Schools) was removed from the Strategic Risk Register as a stand-alone risk

\*\* Risk 17 (Safeguarding of Children and Young People) was removed from the Strategic Risk Register as a stand-alone risk and incorporated into Risk 9 (Workforce)

**Strategic Risks - Pre (■) and Post Mitigation (◆) RAG Ratings (Q3 2023/24)**

Ref	Strategic Risks	High Risk ←—————→ Low Risk											
1	Roads	■	◆										
4	Health	■					◆						
5	Reconciling Policy, Performance & Resource	■	◆										
6	Local Economic Growth		■				◆						
8	Capital Programme		■				◆						
9	Workforce	■	◆										
12	Cyber Attack	■	◆										
15	Climate	■	◆										
18	Data Breach		■			◆							
19	Schools and ISEND	■	◆										
20	Placements for Children and Young People in our Care	■	◆										

# Strategic Risk Register – Q4 2023/24

Ref	Strategic Risks	Pre-mitigation RAG Rating		Risk Control / Response and Post Mitigation RAG score	Post-mitigation RAG Rating	
Strat-5	<p><b>RECONCILING POLICY, PERFORMANCE &amp; RESOURCES</b></p> <p>There is ongoing uncertainty in relation to future funding levels, the longer-term local government funding regime and the impact of national reforms, particularly across Children’s Social Care and Adult Social Care. The impact of a period of high inflation/cost of living are leading to higher demand for Council services and have increased the direct cost of providing services. Together these create a risk of insufficient resources being available to sustain service delivery at the agreed Core Offer level to meet the changing needs of the local community.</p> <p>The proposed budget for 2024/25 requires a draw from the Financial Management Reserve to balance the budget.</p>	R	↔	<p>We employ a robust Reconciling Policy, Performance and Resources (RPPR) process for business planning, which ensures a strategic corporate response to resource reductions, demographic change, and regional and national economic challenges; and directs resources to priority areas. We take a commissioning approach to evaluating need and we consider all methods of service delivery. We work with partner organisations to deliver services and manage demand, making best use of our collective resources. We take a 'One Council' approach to delivering our priorities and set out our targets and objectives in the Council Plan. We monitor our progress and report it quarterly.</p> <p>Our plans take account of known risks and pressures, including social, economic, policy and demographic changes and financial risks. However, we continue to operate in changing and uncertain contexts. Current and forecast economic conditions continue to shape a very challenging financial outlook both for the Council itself and many of the county’s residents and businesses. Alongside this we continue to face ongoing challenges as a result of the persistent legacy of Covid, the increased cost of living and other national and international factors. We will continue to use the latest information available on these challenges to inform our business planning. We will also continually review our performance targets, priorities, service offers and financial plans, and will update these as required. As part of this we will continue to take action wherever we can to mitigate financial and service delivery pressures – making best use of new technology, investing in our workforce, seeking efficiencies, and checking that our services are effective and provide value for money. We will look to develop and implement further measures to address the funding challenges we face.</p> <p>We lobby, individually and in conjunction with our networks and partners, for a sustainable funding regime for local government in general and for children’s social care and adult social care specifically, to meet the needs of the residents of East Sussex.</p>	R	↔
Strat-12	<p><b>CYBER ATTACK</b></p> <p>The National Cyber Security Centre (NCSC) has highlighted the substantial risk to British web infrastructure, with elevated levels of Cyber Crime being reported against all areas of government, particularly in light of current international unrest.</p> <p>Cyber-attacks are growing more frequent, sophisticated, and damaging when they succeed. With many additional functions now routinely carried out virtually and remotely, the change in working practice gives rise to more requests to relax security controls, with services more likely to take risks on the technology they procure and how they use it. Controls have been enhanced to manage these requests.</p> <p>The impacts of a cyber-attack are far-reaching and it is difficult to put a figure on the cost, but authorities that have been subject to major attacks have calculated the disruption to have cost between £10m and £12m.</p>	R	↔	<p>Most attacks leverage software flaws and gaps in boundary defences. IT&amp;D use modern security tools to assure our security posture: Monitoring network activity and identifying security threats; Keeping software up to date with regular patching regimes; Continually monitoring evolving threats and re-evaluating the ability of our toolset to provide adequate defence against them; Ongoing communication with the Security industry to find the most suitable tools and systems to secure our infrastructure. IT&amp;D continues to invest in new tools, which use pre-emptive technology to identify threats and patterns of abnormal behaviour. The Council achieved Cyber Essentials Plus accreditation during 2022/23. Cyber Essentials Plus is the industry standard for the private and public sectors, underpinning safe sharing with partners and helping ensure sufficient controls are in place to minimise the risk of a cyber incident.</p> <p>Enhancing user awareness: Expanding E-Learning and policy delivery mechanisms to cover Cyber threat; educating staff around the techniques and methods used by active threats; and providing General Data Protection Regulation (GDPR) training and workshops to cascade vital skills and increase awareness of responsibilities under GDPR legislation. Business Continuity Scenario testing has been cascaded through Departmental Management Teams.</p> <p>Services hosted in ISO 27001 accredited Orbis Data Centres.</p>	R	↔



<p><b>Strat-9</b></p>	<p><b>WORKFORCE</b> An inability to attract and retain the high calibre staff needed could lead to a reduction in the expertise and capacity required to deliver statutory services to our residents, including to prevent harm to children, young people and vulnerable adults at the required level and standards, impacting on the achievement of the Council's strategic objectives.</p>	<p>R</p>	<p>↔</p>	<p>Following Cabinet's agreement to additional investment of £270k across 2022/23 and 2023/24, a number of strategies responding to the current significant recruitment and retention challenges have been put in place. Highlights include:</p> <ul style="list-style-type: none"> <li>- On-going attendance at events such as careers fairs and shows to maximise our presence with job seekers.</li> <li>- The new Pre-Employment Coordinator postholder has linked in with organisations that support people back into employment to extend our reach into sections of the labour market that are underrepresented or face significant barriers to employment.</li> <li>- Continued use of apprenticeships, traineeships, intern arrangements and more flexible work arrangements etc as a way of bringing in new talent to the Council.</li> <li>- Continued delivery of our two leadership development programmes to support our talent management strategies: the 'Ladder to Leadership' programme and 'Head of Service Masterclasses'. The second cohort of the Ladder to Leadership programme started in September 2023 and are making good progress on the programme.</li> </ul> <p>Additional work undertaken in Q4 includes:</p> <ul style="list-style-type: none"> <li>- Establishment of an exit interview pilot which is running for 3 months in the first instance to enable an assessment of success.</li> <li>- Engagement with all DMTs and other senior management forums to determine the Council's future strategic workforce planning approach</li> <li>- Delivery of a masterclass on the use of AI in the Council led by specialists from Microsoft</li> <li>- Provision of information sessions and training around application and interview techniques for candidates who want to apply for roles at East Sussex County Council (ESCC)</li> <li>- Engagement with employees at ESCC, who are under 25, to get feedback on what attracted them to the Council as an employer; and to begin establishing a forum for young people in the new year to highlight any issues, and to attract candidates from a younger demographic to the Council</li> </ul>	<p>R</p>	<p>↔</p>
<p><b>Strat-15</b></p>	<p><b>CLIMATE</b> Failure to limit global warming to below 1.5°C above pre-industrialisation levels, which requires global net human-caused emissions of carbon dioxide (CO2) to be reduced by about 45 percent from 2010 levels by 2030, reaching 'net zero' by 2050 at the latest. The predicted impacts of climate change in East Sussex include more frequent and intense flooding, drought, and episodes of extreme heat, as well as impacts from the effects of climate change overseas, such as on food supply. This will lead to an increase in heat-related deaths, particularly amongst the elderly, damage to essential infrastructure, increased cost of food, disruption to supply chains and service provision, and greater coastal erosion.</p>	<p>R</p>	<p>↔</p>	<p><b>Climate change mitigation:</b> the science-based target is to reduce scope 1 and 2 carbon emissions by 50% every 5 years (equating to 13% per year). The focus is on buildings, as they made up 79% of carbon emissions in 2020/21. Internal oversight of progress is by the corporate Climate Emergency Board.</p> <p><b>Climate change adaptation:</b> we work with partners on some aspects of adaptation, including flood risk management plans and delivering a Heat Alert service during the summer months.</p> <p>In Quarter 4 2023/24:</p> <p><b>A) Mitigation:</b></p> <p>1) <b>Carbon Reduction Target:</b> the target for 2023-24 is a 13% carbon reduction compared with 2022-23 and a cumulative reduction of 42% against the baseline year of 2019-20. Energy usage data for Qs 1-3 2023-24 indicates that we achieved about a 9% reduction in energy usage compared with Qs 1-3 in 2022-23. If energy usage in Q4 is similar to 2022-23 then the annual result for 2023-24 will be about a 1% overall decrease in carbon emissions compared with 2022-23. The final outturn will be available in August and will be reported to full Council in October 2024.</p> <p>Despite this reduction in energy usage, the carbon emissions from our energy usage increased due to an increase in the carbon emission factor. The carbon emission factor is the figure used to convert electricity consumption from the national grid into equivalent carbon emissions. Carbon emission factors are produced by the Department for Energy Security and Net Zero and are beyond the control of the County Council. They are updated every year and applied widely in the UK. The UK grid carbon emission factor changes from year to year as the fuel mix consumed in UK power stations changes (i.e. between renewables, nuclear, natural gas, oil and coal) and as the proportion of imported electricity also changes. The carbon emission factor used for reporting in 2023/24 is based on the fuel mix used in 2021, due to the time it takes to collate and analyse the data. 2021 saw a post-covid increase in national energy demand and a relatively poor year for wind generation.</p> <p>We continue to see the benefit of energy efficiency projects, which have helped reduce our overall energy consumption and utility bills. Without these projects, we would have missed the carbon target by a greater margin.</p> <p>2) <b>Carbon Reduction Schemes:</b> the target for 2023-24 was for the delivery of a further 23 capital schemes. 25 schemes were completed by the end of Q4.</p> <p><b>B) Adaptation:</b></p> <p>1) <b>Adaptation Plan:</b> In August 2023 the Climate Emergency Board agreed to the procurement of consultancy support to produce a climate change vulnerability and risk assessment, to help inform the development of a corporate adaptation plan. Arup have been appointed and are due to complete the assessment in May 2024.</p>	<p>R</p>	<p>↔</p>

<p><b>Strat-20</b></p>	<p><b>PLACEMENTS FOR CHILDREN AND YOUNG PEOPLE IN OUR CARE</b></p> <p>Inability to secure sufficient high quality placements for children in our care, suitable accommodation for care experienced young people and respite provision, leading to significant financial pressure leading to significant financial pressure and poorer outcomes for children/young people.</p>	<p><b>R</b></p>	<p><b>↔</b></p>	<p>Effective demand management, robust management of front door            Delivery of early help services, implementation of Family Hub programme throughout 2023-24, and Level 2 Family Keyworkers (Q3),            Implementation, monitoring and evaluation of Edge of Care 'Connected Families', Family Safeguarding programmes ('Connected Families in Partnership' launch planned for January 2024), enabling more children to live safely with their families.            Further delivery of kinship/Special Guardianship Order placements.            Capital bid for Sorrel Drive.            Consultancy project-IMPOWER to determine forecast trajectory and development of evidence-based business case to further improve sufficiency of placements.            Fostering Recruitment &amp; Retention Strategy completed. East Sussex County Council is part of the South East Sector Led Improvement Programme, Regional Fostering Strategy and piloting Mockingbird hub.            Uplift to fostering allowance (for in house carers, Special Guardianship Orders, Kinship carers) approved by the Chief Management Team to help secure sufficient supply of in house foster carers as an alternative to more expensive care packages.            In Q3, the valuing care tools have been embedded into the business as usual with a strong focus on reunification.            Fostering allowance uplift has been made part of the recruitment drive. Both elements are attempting to mitigate the increased costs due to the lack of placements for Looked After Children.</p>	<p><b>R</b></p>	<p><b>↔</b></p>
<p><b>Strat-19</b></p>	<p><b>SCHOOLS AND INCLUSION, SPECIAL EDUCATIONAL NEEDS AND DISABILITIES (ISEND)</b></p> <p>For Children with Special Educational Needs. Inability to secure statutory provision due to lack of availability of specialist placement within the county and increasing demand for placements in this sector. This would put the Council at risk of judicial review and/or negative Local Government Ombudsman judgements for failing to meet our duties within the Children and Families Act 2014, with associated financial penalties and reputational damage.</p>	<p><b>R</b></p>	<p><b>↔</b></p>	<p>Effective use of forecasting data to pre-empt issues.            Work with statutory partners to develop contingency plans.            Work with the market to increase provision where needed.            Expanding internal interim offer for children.</p>	<p><b>R</b></p>	<p><b>↔</b></p>

<p><b>Strat-1</b></p>	<p><b>ROADS</b>          Extreme weather events over recent years, including this winter, have caused significant damage to many of the county's roads, adding to the backlog of maintenance in the County Council's Asset Plan: and increasing the risk to the Council's ability to stem the rate of deterioration and maintain road condition. The economic impacts of the pandemic and recent events in Ukraine have had some effects on service delivery during this year, particularly with increased costs and shortages of suitable contractors and materials.</p>	<p><b>R</b></p>	<p>↔</p>	<p>The changing climate is now influencing the rate of road deterioration, with more extreme events such as warmer wetter winters; and drier summers punctuated by unseasonal heavy downpours (drying and shrinking the substructure of roads). Additional funding over the last few years has helped maintain road condition, however, the latest condition and funding modelling showed the potential for deterioration over the next 10 years. Additional carriageway patching, footway, signing and lining works were carried out with additional budget allocated through the Reconciling Policy, Performance and Resources process in 2023 and Cabinet approved additional investment of £15.7m in June 2023 for highway maintenance. The improvements are well underway to provide greater network reliance. Deterioration in road surfaces in 2023/24 has continued with a generally cool and wet summer and wet start to winter and spring.</p> <p>Road Condition Indicator (RCI) scores for this year indicate we are on target for principal roads but slightly below target for non-principal and unclassified roads, this is what we expected from the modelling given the current conditions. The evidence shows the current wet weather is taking its toll on the condition of many of the county's roads, with large numbers of potholes forming daily and roads deteriorating. Mitigations include encouraging road users to report potholes so we can intervene as soon as possible in accordance with our policies and lobbying Government for additional investment as, without it, it will be increasingly difficult to manage the risks of further decline.</p>	<p><b>R</b></p>	<p>↔</p>
<p><b>Strat-18</b></p>	<p><b>DATA BREACH</b>          A breach of security/confidentiality leading to destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. This includes breaches that are the result of both accidental and deliberate causes. A personal data breach is a security incident that has affected the confidentiality, integrity or availability of personal data regardless of whether information has been accessed, altered or disclosed via electronic or manual means.</p> <p>Risks to individuals, reputational damage, fines from the Information Commissioner's Officer (ICO), compensation claims.</p>	<p><b>R</b></p>	<p>↔</p>	<p>Policy and guidance procedures in place to support practice.</p> <p>Data Protection Officer (DPO), Caldicott Guardians and Information Governance Officers monitor breach reporting and put in place mechanisms to minimise recurrence.</p> <p>Staff training to develop awareness. E-learning and policy delivery mechanism expanded to enhance skills and increase awareness of responsibilities under General Data Protection Regulation legislation.</p> <p>Technical security measures operated by Information Technology and Digital (IT&amp;D), including access control and segregation of duties.</p>	<p><b>A</b></p>	<p>↔</p>

<b>Strat-8</b>	<p><b>CAPITAL PROGRAMME</b></p> <p>There are risks and uncertainties regarding the capital programme over the current Medium Term Financial Plan period and beyond, which could impact on the ability to deliver the Council’s priorities and set a balanced budget.</p> <p>Factors such as inflation, supply chain issues, unforeseen operational risks, and wider economic and geopolitical factors are likely to impact project deliverability and affordability.</p> <p>Additionally, if capital expenditure isn’t profiled accurately, then significant slippage against the budgeted programme can undermine the planning process, particularly in relation to treasury management modelling and the impact of borrowing.</p> <p>Due to the complexity of factors and uncertainties impacting them, the level of government grants and other sources of capital programme funding such as developer contributions and capital receipts could be significantly reduced.</p> <p>A combination of the above risks, alongside a volatile interest rate environment, could significantly increase the cost of borrowing to fund the capital programme, increasing pressures on the Council’s revenue budget in an already challenging financial environment.</p>	<b>R ↔</b>	<p>The Council reviews and updates its 20-year Capital Strategy annually as part of the Reconciling Policy, Performance and Resources (RPPR) process, which sets the framework in which the capital programme is planned and allows the Council to prioritise investment to support its objectives. The development and delivery of the capital programme is overseen by a Capital Strategic Asset Board (CSAB), which is a cross departmental group, who also hear from Departmental Capital Board/Sub Boards who oversee priority areas.</p> <p>The capital programme includes an element of ‘normal’ level of inflation for ongoing target-based core programmes (as opposed to programmes that have cash limited envelopes). Additionally, a capital risk provision in the form of additional borrowing flexibility is in place to provide the ability to react to emerging risks such as supply chain issues and inflationary pressures. The level of provision is reviewed and approved on an annual basis as part of the RPPR process and is maintained by the CSAB in adherence to financial regulations.</p> <p>As part of the RPPR process, services are asked to provide a profiled programme based on best knowledge, which is reviewed and challenged by CSAB, to ensure the programme is profiled as accurately as possible. A corporate slippage risk factor can be applied to the programme to reflect likely programme spend to provide greater robustness to the planning and monitoring process.</p> <p>The CSAB have oversight of all sources of capital funding, including grants, capital receipts and developer contributions, to ensure that assumptions are prudent and realistic, and funds are used effectively and to minimise the need to borrow. Funding announcements are actively monitored, and funding targets reviewed to minimise the impact on delivery of the capital programme, ensuring that there is sufficient liquidity to meet funding requirements. The cost of borrowing for the capital programme has a direct impact on the Council's Medium Term Financial Plan position, therefore capital investment decisions are considered as part of the RPPR process based on Treasury Management capacity and affordability in the context of the Council's wider financial position. The Council’s approved Treasury Management Policy and Strategy has been prepared in the context of the current financial situation and seeks to ensure that capital investment plans are affordable, prudent and sustainable.</p>	<b>A ↔</b>
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<p><b>Strat-6</b></p>	<p><b>LOCAL ECONOMIC GROWTH</b>                  The transfer of South East Local Enterprise Partnership (SELEP) responsibilities and functions to East Sussex County Council (ESCC) does not successfully integrate the development of economic strategic planning, business support, and management of capital funded programmes, into Council operations as required by Government policy.</p> <p>Possible consequences if the transfer is not managed successfully include:</p> <ul style="list-style-type: none"> <li>•Management, monitoring and evaluation of the current capital programmes do not meet Government requirements, leading to potential clawback of £m funds; or an inability for ESCC to demonstrate it can manage funds successfully, affecting future allocations of growth funds.</li> <li>•Third parties with existing contracts may raise concerns if new / variation funding agreements are not put in place early from April 2024.</li> <li>•Loss of an effective ‘business voice’ through the current local economic growth board (Team East Sussex) and its various subgroups.</li> <li>•An inability to produce an agreed local economic strategy, which sets the ambitions, objectives, and key outcomes for East Sussex.</li> </ul>	<p><b>R</b> ↔</p>	<p>East Sussex County Council, working with partners, has successfully secured significant amounts of local growth funding totalling £127m since 2012 via the South East and Coast 2 Capital Local Enterprise Partnerships (LEPs), to deliver a wide range of infrastructure projects in East Sussex. In August 2023, Government formally announced that direct funding for LEPs will be removed from April 2024. Upper tier local authorities (UTLA’s) will then be required to take on the current non-statutory LEP powers, responsibilities, and functions. These include strategy development, business support and oversight/management of capital programmes. We submitted our proposal to Government in November 2023 to become an UTLA as per the guidance issued. East Sussex is eligible to be determined a ‘functional economic area’ to take on LEP responsibilities, but we still await a formal decision on this from Government.</p> <p>The South East Local Enterprise Partnership (SELEP) and East Sussex County Council have produced draft integration plans to mitigate the transfer risks on current and future capital programmes; and the financial, legal and reputational risks. SELEP and our own Corporate Management Team endorsed the draft integration plans in Q3, and the plans have been taken to Lead Member in January 2024 and Cabinet in March 2024 to seek approval. Further Government guidance and an Assurance Framework are due to be released either in March or in new financial year to set out transition arrangements.</p> <p>Looking ahead, the lack of large-scale funding programmes to support economic growth across the county presents a big risk to us. Recent funds have been awarded directly to local Borough and District authorities (e.g., UK Shared Prosperity Fund, Levelling Up Funds and Long Term Plan for Towns) or funding has come from time-limited specific sources.</p> <p>The County Council and Team East Sussex, the local economic growth board, are jointly committed to producing a longer-term East Sussex Economic Growth Strategy to 2050. The strategy will set out our collective approach to take advantage of future funding sources as they become available. Significant work has been completed with consultants and stakeholder consultations and a draft strategy produced in March 2024. The draft strategy is currently being reviewed by partners and is scheduled for approval in 2024 and will help to mitigate economic strategic planning risks.</p> <p>The County Council is already in a good position to mitigate the risks on business support and ensuring business has a voice. We directly run the Business East Sussex Growth Hub services and Government have committed to fund this in 2024/25 although a contract has yet to be issued and funding not yet confirmed. We will also ensure the business voice continues to be heard through Team East Sussex, our local strategic advisory economic growth board for the county.</p>	<p><b>A</b> ↔</p>	
<p><b>Strat-4</b></p>	<p><b>HEALTH</b>                  Failure to secure maximum value from partnership working with the National Health Service (NHS). If not achieved, there will be impact on social care, public health and health outcomes and increased social care operational and cost pressures. This would add pressures on the Council's budget and/or risks to other Council objectives, as well as shared system objectives in the context of our Integrated Care System across workforce and patients who are medically ready for discharge (MRD) from hospital or community beds.</p>	<p><b>R</b> ↔</p>	<p>East Sussex was allocated £5,088m, as part of the national Government Discharge Fund Grant for 2024/25, to support local authorities to build additional adult social care and community-based reablement capacity to reduce hospital discharge delays by delivering sustainable improvements to services for individuals. Plans for 2024/25 take account of the Discharge Frontrunner Economic Modelling and review report focussed on improving discharge to home, alongside increased therapy and assessment provision and associated plans to reduce the use of bedded discharge pathways. Funding has been agreed for Q1 2024/25 and Q2, 3 and 4 will be determined alongside the actions required to achieve the recommendations from the review report. The Integrated Care Board (ICB) has retained the £4m uplift, to be used as transformation monies to cover dual running costs/ pump priming to affect the change and pace needed to avoid delays in hospital settings.</p> <p>In 2023/24 we have agreed our Integrated Community Team (ICT) footprints, which align with borough and district boundaries, and a pan-Sussex core offer for ICTs has been developed, focussed on proactive care for the most complex and vulnerable patients, and population health improvement. Alongside this, ICTs will also address local priorities based on intelligence and insight, and data and insight packs have been produced for each area to help further understand and address local health and care needs and inequalities. Building on our progress with integrated care in East Sussex, Hastings is our ‘community frontrunner’ area for developing the ICT model. The next phase of development will aim to identify current and relevant tests of change to further integrate service delivery, and action planning to support this.</p>	<p><b>A</b> ↔</p>	

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**Report to:** Audit Committee

**Date of meeting:** 5 July 2024

**By:** Chief Finance Officer

**Title:** Audit Committee: Annual Report 2023/24

**Purpose:** To present the draft Audit Committee: Annual Report 2023/24 for review and comment.

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## **RECOMMENDATION:**

**The Audit Committee is recommended to review and comment on the Audit Committee: Annual Report 2023/24.**

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### **1. Background**

- 1.1 The *CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022* has been published, replacing the 2018 edition. The statement represents CIPFA's view on Audit Committees and is the outcome of consultation with local authority representatives. It is expected that all local government bodies make the best effort to adopt the principles within the statement. The Department of Levelling Up, Housing and Communities support the guidance.
- 1.2 A recommendation within the Position Statement is for Audit Committees to produce an Annual Report, which will provide an overview of the work of the Committee over the previous year.

### **2. Supporting Information**

- 2.1 The Draft Audit Committee: Annual Report 2023/24 is at Appendix 1. The report provides an introduction from the Chair of the Audit Committee, details of the role and membership of the Audit Committee, together with key activities for the year.
- 2.2 Audit Committee Members have an opportunity to review the report and provide any comments for update. The report will be presented to the Governance Committee once updated.

### **3. Conclusion and reasons for recommendation**

- 3.1 In line with the CIPFA Position Statement 2022, and supported by DLUHC, it is best practice for local authority Audit Committees' to provide an annual report of their activities.
- 3.2 The Audit Committee is recommended to review and comment on the Audit Committee: Annual Report 2023/24.

**IAN GUTSELL**  
**Chief Finance Officer**

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Local Member(s): All  
Background Documents  
None

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East Sussex County Council  
Audit Committee

Annual Report of the work of the  
Audit Committee 2023-2024

DRAFT

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## **Chair's Introduction**

I am very pleased to be able to present the Annual Report for the Audit Committee, which sets out the role of the Audit Committee and the work that we have undertaken during 2023/24.

The Committee operates in accordance with the good practice guidance set out in the CIPFA 2022 Position Statement, providing an independent resource which supports good governance and strong public financial management.

The Committee is well supported by officers, providing high-quality reports and presentations. I would like to thank Finance, Internal Audit, External Audit (Grant Thornton) and Legal Services teams for their input and support.

I would also thank Councillor Gerard Fox, as Vice Chair of the Committee, and all Committee members for their contributions to the working of this Committee, in such a thoughtful and constructive manner through the last year.

Councillor Colin Swansborough

**Chair - Audit Committee**

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## Role of the Audit Committee

The purpose of the Audit Committee is to act as the principal non-executive, advisory function supporting those charged with governance by exercising the Audit Committee functions as follows:

- 1) To review and provide independent scrutiny in relation to all internal and external audit matters.
- 2) To consider the effectiveness of the Council's risk management processes, internal control environment and corporate governance arrangements and to recommend any changes to Governance Committee or Cabinet as appropriate.
- 3) To consider the external auditor's annual letter and the Chief Internal Auditor's annual report and opinion and the level of assurance they can give over the Council's risk management processes, internal control environment and corporate governance arrangements.
- 4) To review and scrutinise the effectiveness of management arrangements to ensure probity and legal and regulatory compliance, including, but not limited to contract procedure rules, financial regulations, codes of conduct , anti-fraud and corruption arrangements and whistle-blowing policies.
- 5) To consider the major findings of internal and external audit and inspection reports, and Directors' responses, and any matters the Chief Internal Auditor or External Auditor may wish to discuss (in the absence of Directors, if necessary).
- 6) To review the Council's assurance statements, including the Annual Governance Statement, ensuring that they properly reflect the risk environment, and any actions required to improve it.
- 7). To review the internal audit strategy and annual plan and the external auditor's annual audit and inspection plan and to monitor performance of both internal and external audit.
- 8) To review the annual statement of accounts and the external auditor's report to those charged with governance.
- 9) To review and monitor treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.
- 10) To review and monitor the Property Asset Disposal and Investment Strategy.

The terms of reference of this Committee can be found in the Council's [Constitution](#).

## Membership of the Audit Committee

The membership of the Audit Committee, together with meeting attendance is set out below:

✓ = present A = apologies ASR = apologies, sent representative

<b>Audit Committee Members:</b>	<b>7 Jul 2023</b>	<b>29 Sep 2023</b>	<b>24 Nov 2023</b>	<b>28 Mar 2024</b>
Cllr Colin Swansborough (Chair)	✓	✓	✓	✓
Cllr Gerard Fox (Vice Chair)	✓	✓	✓	✓
Cllr Matthew Beaver	ASR	✓	✓	✓
Cllr Nuala Geary	✓	✓	ASR	✓
Cllr Stephen Holt	✓	✓	✓	A
Cllr Matthew Milligan	✓	A	✓	✓
Cllr Georgia Taylor	✓	ASR	✓	✓
Substitutes:	Cllr Paul Redstone	Cllr Wendy Maples	Cllr Ian Hollidge	-

Officers who attended the Audit Committee included the Assistant Chief Executive, Chief Finance Officer, Director of Communities, Economy and Transport, Chief Operating Officer, Chief Internal Auditor, Internal Audit Team Members, Grant Thornton (as the Council's external auditors).

## Key Audit Committee Activities

Key Reports to the Audit Committee:	7 Jul 2023	29 Sep 2023	24 Nov 2023	28 Mar 2024
<b>Financial Reporting:</b>				
CIPFA Financial Management Code		Yes		
Review of Annual Governance Report and 2022/23 Statement of Accounts			Yes	
Review of Annual Pension Fund Governance Report and 2022/23 Statement of Accounts			Yes	
Treasury Management Annual Report and Mid-Year Report 2023			Yes	
<b>Internal Audit:</b>				
Internal Audit Services Annual Report and Opinion 2022/23	Yes			
Internal Audit Report: Follow up report from Director of Communities, Economy and Transport	Yes			
Internal Audit Progress Report		Yes	Yes	Yes
Internal Audit Strategy and 2024/25 Annual Audit Plan				Yes
<b>Counter Fraud:</b>				
Counter Fraud Annual Report 2022/23	Yes			
<b>External Audit (Grant Thornton):</b>				
External Audit Plan 2022/23 and 2023/24 for East Sussex County Council	Yes			Yes
External Audit Plan 2022/23 and 2023/24 for East Sussex Pension Fund	Yes			Yes
External Audit Progress Update		Yes	Yes	Yes
Auditor's Annual (VFM) Report on East Sussex County Council 2022/23			Yes	
<b>Governance and Risk Management:</b>				
Assessment of the Corporate Governance Framework and Annual Governance Statement 2022/23	Yes			
Appointment of Independent Members to the Audit Committee	Yes			
Strategic Risk Monitoring	Yes	Yes		Yes
Managing Back Office Systems Update			Yes	
Annual Update on Property Investment Strategy and Key Sites 6 Monthly Update			Yes	
Audit Committee Self-Assessment				Yes

## **2023/24 Key Activities:**

### **Financial Reporting**

The Committee has the responsibility to provide independent scrutiny and review of the statement of accounts and the reporting information contained within, for example, the Narrative Report.

The draft statement of accounts for 2022/23 were prepared and published, for public inspection, in line with the 31 May 2023 deadline. The external auditors undertook their audit and value for money assessment over the summer and reported back to the Committee in November 2023. Whilst the audit was not complete, the Committee was able to ask questions and be assured around:

- The valuation and estimates included within the statement of accounts for Property, Plant and Equipment.
- The valuation basis for the IAS19 pensions assets and liabilities statement.
- Approach Grant Thornton were taking to the impact of climate change on medium to longer term asset valuations.

The backlog in external audit activity was also discussed. The Committee were kept up to date through the year on the progress together with the final sign off of the 2021/22 statement of accounts and audit opinion. The Committee was informed in March 2024 that the audit of the 2021/22 statement of accounts had been concluded in December 2023.

The Committee received the Council's self-assessment against the CIPFA Financial Management Code in September, which provided members with the assurance as to the core financial management activity undertaken by the Council.

The Treasury Management Annual Report and Mid-Year Report 2023 was presented to the Committee in November. Before the start of the meeting refresher training was provided to update Members on Treasury Management.

### **Internal Audit**

The Audit Committee in July 2023, received the Internal Audit Service's Annual Report and Opinion for 2022/23. The report provided reasonable assurance on the effectiveness of risk management, governance and control processes within the Council.

The Committee received and reviewed the Internal Audit Strategy and Annual Audit Plan for 2024/25. The Committee were able, through a separate workshop, to feed in suggestions of areas of Internal Audit work.

Through the year, the Committee received quarterly progress reports, on which Members were able to ask questions and seek assurance. In order to gain further understanding and assurance, the Director of Communities, Economy and Transport was invited to attend a Committee meeting to provide further information and assurance regarding the use of vehicles and cultural compliance within the Highways Service.

## **External Audit**

Grant Thornton, have been the Council's external auditors for 2023/24. They have attended every Audit Committee, either in person or remotely via Microsoft Teams.

Given the backlog in providing final audit opinions, Grant Thornton provided progress updates and took questions from Members.

During this financial year, the 2021/22 audit was concluded, with an unqualified audit opinion. The draft 2022/23 audit report has been received, presented and reviewed by the Committee. Whilst having an unqualified audit opinion, the final sign off is not expected until May 2024.

## **Governance and Risk Management**

The Audit Committee has a responsibility for monitoring the effectiveness of the Council's systems of controls and governance that form the basis of the Council's operations and functions.

In July 2023, the Committee received and reviewed the Council's Assessment of the Corporate Governance Framework and Annual Governance Statement 2022/23.

In July 2023, in response to the *CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022*, the Committee received a report that proposed the expansion of the Audit Committee to include at least 2 Independent Co-Opted Members. The Committee supported the proposal, which was later approved by the Governance Committee and Full Council.

Reports are regularly received on the Strategic Risk Register, providing the Committee the opportunity to challenge and seek assurance on responses and mitigation to identified risks.

## **Managing Back Office Systems (MBOS) Subgroup**

The Council is implementing the change from SAP systems to Oracle Fusion (Finance, HR and Procurement). The Audit Committee has set up a subgroup, comprising Councillors Swansborough, Fox and Beaver, to provide Member oversight and assurance. The sub-group reports back to the Audit Committee.



### Training 2023/24:

The table below sets out training undertaken by Audit Committee Members in 2023/24:

<b>Training</b>	<b>Date</b>	<b>Audit Committee Member Attendance</b>
Fiduciary Duty	28/04/23	<ul style="list-style-type: none"><li>• Cllr Gerard Fox</li><li>• Cllr Georgia Taylor</li></ul>
Questioning Skills	02/10/23	<ul style="list-style-type: none"><li>• Cllr Nuala Geary</li></ul>
Treasury Management	24/11/23	<ul style="list-style-type: none"><li>• Cllr Matthew Beaver</li><li>• Cllr Gerard Fox</li><li>• Cllr Matthew Milligan</li><li>• Cllr Colin Swansborough</li><li>• Cllr Georgia Taylor</li></ul>
Internal Audit Training and Planning	19/01/24	<ul style="list-style-type: none"><li>• Cllr Matthew Beaver</li><li>• Cllr Gerard Fox</li><li>• Cllr Colin Swansborough</li></ul>

DRAFT

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**Report to:** Audit Committee

**Date of meeting:** 5 July 2024

**By:** Chief Operating Officer

**Title:** Audit Committee Oracle Subgroup Update

**Purpose:** To provide an update to the Audit Committee of the Oracle Implementation (previously MBOS) Subgroup's most recent update

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## **RECOMMENDATIONS**

**The Committee is recommended to note that the Committee's Oracle Implementation Subgroup has regularly reviewed the Council's Oracle Implementation programme.**

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### **1 Background**

- 1.1 The Committee at its meeting in September 2021 approved the establishment of a Subgroup to provide oversight of progress with the Oracle Implementation Programme (previously MBOS Programme), seeking assurance that the programme is performing adequately.
- 1.2 The Oracle Implementation Programme was established by the County Council in 2019. Prompted by the expected expiry of support for the Council's existing Enterprise Resource Planning (ERP) software, SAP, the vision for Oracle is 'to implement a suite of back-office systems that best meet the current and future needs of the Council and which provides optimal return on investment'.

### **2 Supporting information**

#### Work of the Subgroup

- 2.1 The Subgroup met again in May 2024 and June 2024 and a summary of the meetings are attached at Appendix 1. The focus of the meetings was on the progress since the Subgroup meeting in November 2023.
- 2.2 The progress and key risks report from the Oracle Programme were discussed. The subgroup noted and endorsed the revised delivery approach to a phased implementation, and recognised the progress made as well as the remaining risks. The report is included at Appendix 2.

### **3. Conclusion and reasons for recommendations**

- 3.1 The Committee is recommended to note that the Committee's Oracle Implementation Subgroup reviewed the Council's Oracle programme in May 2024 and June 2024 to its satisfaction and continues to receive regular updates.

**ROS PARKER**  
**Chief Operating Officer**

Contact Officer: John Davidson, Oracle Delivery Lead, Tel: 07534 699102  
Email: [john.davidson@eastsussex.gov.uk](mailto:john.davidson@eastsussex.gov.uk)

## BACKGROUND DOCUMENTS:

None

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**AUDIT COMMITTEE**  
**MBOS (MANAGING BACK-OFFICE SUPPORT) SUBGROUP**  
**9 May 2024**

**ATTENDEES:**

Councillor Colin Swansborough  
Councillor Gerard Fox  
Councillor Matthew Beaver

**OFFICERS IN ATTENDANCE:**

Ros Parker, Chief Operating Officer  
Ian Gutsell, Chief Finance Officer  
John Davidson, MBOS Delivery Lead  
Mark Winton, Audit Manager - Delivery  
Sophie Webb, Interim Senior Governance and Democracy Officer

**APOLOGIES:**

None

**1. VERBAL UPDATE from Chief Operating Officer**

1.1 RP updated the subgroup following the independent review of the MBOS programme to confirm that there are no fundamental issues with the Oracle system and the review highlighted how implementation can be approached differently.

1.2 RP explained that stopping implementation to review, allowed for reduction in the cost of the programme, more time to speak with other authorities about similar implementation and renegotiation of terms with InfoSys from a milestone basis to a time/materials basis.

1.3 RP confirmed that during the programme pause and review, the existing SAP system was moved to cloud-based Microsoft Azure to mitigate risks of existing hardware failure.

**2. DISCUSSION with subgroup**

2.1 The Subgroup discussed the following points:

- The time/materials-based approach and its impact on resources and delivery.
- Details around adopting the Oracle product rather than adapting the product to fit with existing processes.
- The main outcomes and recommendations from the independent review.
- The relaunch principles including the rebranding of the programme.
- The support required for the implementation across the organisation.
- The ongoing risks associated with the programme.
- The financial implications of the programme including the phased approach.

2.2 The Subgroup agreed to meet again in June for a further update.

**AUDIT COMMITTEE**  
**ORACLE IMPLEMENTATION (PREVIOUSLY MBOS) SUBGROUP**  
**14 June 2024**

**ATTENDEES:**

Councillor Colin Swansborough  
Councillor Matthew Beaver

**OFFICERS IN ATTENDANCE:**

Ros Parker, Chief Operating Officer  
Ian Gutsell, Chief Finance Officer  
John Davidson, Oracle Implementation Delivery Lead  
Mark Winton, Audit Manager - Delivery  
Sophie Webb, Interim Senior Governance and Democracy Officer

**APOLOGIES:**

Councillor Gerard Fox

**1. VERBAL UPDATE from Chief Operating Officer**

1.1 RP updated the subgroup about the next steps for the Oracle Implementation Programme following the recommendations of the independent review.

1.2 RP noted that the pause and review has allowed for decisions to be made on the most effective route for implementation and gave an opportunity to learn from other authorities.

1.3 RP emphasised the relaunch principles for the programme.

1.4 RP highlighted the benefits of a phased implementation in terms of communication, engagement, technical support and financial pressures.

1.5 RP detailed the three different phases being:

Phase 1: Enterprise Performance Management is proposed to go live in quarter 3 of 2024/25.

Phase 2: Finance and HR could potentially go live late in 2024 pending some design decisions.

Phase 3: Payroll and Self-Service processes is proposed to go live in 2025.

1.6 RP highlighted some of the benefits of Oracle including the system being more intuitive to use and having built in AI capability.

1.7 RP noted the risks including continued confidence, financial risk, delivery and support, reputational risk and the risk of SAP going out of support in 2027.

**2. DISCUSSION with subgroup**

2.1 The Subgroup discussed the following points:

- The programme budget and budget forecast for the programme.
- The perception of the programme.
- The vital nature of the programme and its importance in the continuation of public services.
- The involvement of internal audit to provide assurance during the phased implementation.

# Oracle Implementation Update

## Audit Committee Sub-Group

24/06/2024

# Contents

- High-level activities since last update
- Relaunch principles
- Phased delivery
- Key decisions over the coming weeks
- Business Engagement & Comms
- On-going risks



# High-level activities since last update

- CMT agreed to a phased approach for Oracle on 29 May and the programme is therefore working through the full delivery and cost implications of implementing that decision
- Process of revisiting previous decisions where useful based on the findings of the review and learning from other local authorities such as the review of the expense payment decision
- Stand up of support model workstream
- Decision on schools has been revisited and decided to move to self-service model for schools – therefore have stood up a schools engagement workstream
- Programme re-launch session with the programme team
- Re-establishment of programme activity and governance

# Relaunch principles

Built from review recommendations

Adopt not adapt approach and a programme of organisational, not just programme team, activity. Changes in working practices are therefore required such as:

- Implement self-service for expenses, payslips, timesheets and absence
- Create a hierarchy in the system to support workflows
- Schools use Oracle self-service
- Users can access via their personal device if required
- Use Oracle HR Helpdesk for logging 1st and 2nd line tickets, outsource 3rd line support
- Extensive communications and engagement to support necessary changes in organisational working practices

Where an adopt approach is absolutely not possible for a small cohort of people, an alternative delivery method will be found for those individuals rather than customising the system for all.

# Why do a phased delivery

The original business case and subsequent implementation plan was largely focussed on time and milestone achievement due to the commercial nature of the contract with Infosys and the previous end of SAP support being 2024. As such the implementation was largely aimed to implement at speed with minimal disruption and therefore minimal change to the organisational processes.

With the recent contract re-negotiation with Infosys to a time and materials basis, and SAP extending their system support until 2027, the programme can now concentrate on landing a better, more cost effective and more resilient solution rather than a quick replacement. This means that the implementation and processes can be rolled out in phases when ready with exact timings for later phases (at this stage) being less critical.

There are many reasons to do this, including:

- Ability to noticeably 'bank' progress and build from here rather than resetting
- Lower complexity – all modules do not need to be ready at the same time
- Easier user adoption – users can adopt processes as they are released rather than all at once
- Easier support transition – support tickets are phased over a longer period and not all at a 'big bang'
- Potential cost saving - removing programme resources when their element is complete and transition into BAU activity.
- Costs spread over two financial years
- Greater time to work up the detail for the later, more complex phases without holding the programme up

# Programme delivery phases

This gives us something to show for the investment to date rather than waiting for big bang.

- Phase 1, get EPM (Enterprise Performance Management) live, first of 3 phases of roll out.
- Phase 2, Finance & HR dependant processes.
- Phase 3, Remaining HR plus Payroll processes.

This method would start to show some good news with the Oracle product. It also spreads the cost and the peaks in support queries that are likely to result from any go live.

# Programme delivery phases

1. **EPM** (Enterprise Performance Management) – rolled out in three releases expected in Q3 2024/2025:
  - a. Workforce Planning and Revenue Monitoring – go live now being targeted for first week of September with user training to be provided the week prior and week after. User engagement has started.
  - b. Capital
  - c. Budgeting and Virements

Only finance team members are affected (125 users) so no organisational wide comms is therefore planned.
2. **Finance and related HR elements** – early indications are that the system could be ready with these processes to go live late in 2024 but is dependent on some outstanding decisions.
  - c. 1,500 users would be affected and some ramping up of comms and engagement would therefore be required.
3. **Payroll** – the payroll processes could be run in parallel between SAP and Oracle. This parallel running would allow confidence to be gained in the Oracle system using up to date data and transactions. Expectation from the current workstream sponsor is that there is still considerable effort required before Payroll could be ready to go live, reflecting the complexity of this area.

All users affected – substantial organisational comms and engagement required.

# Phase 1 EPM

There is greater clarity over this first phase of EPM as it is the least complex and the chronology is as follows:

## Finish solution design and build

- By 28th June: all calculation scripts completed
- 1st July – 12th July: data load processes will be built
- 8th July – 12th July: user interface will be built
- 11th July - commence Data Migration 1 ahead of testing phases
- Show and tell sessions to take place with Key Stakeholders to introduce them to the system and ensure all requirements are being met
- Report requirements gathering completion and beginning report development

## Testing and training

- 10<sup>th</sup> July – 30<sup>th</sup> July: System Integrated Testing (SIT) preparation and execution
- 15<sup>th</sup> July – 30<sup>th</sup> August: User Acceptance Testing (UAT) preparation and execution
- End user training throughout August and September (working around the holiday period)
- 4<sup>th</sup> September: Go-live of workforce and planning

By which point detailed plans will be in place for the remaining two elements of EPM which will then be delivered in order.

# Phase 2

- Phase 2 Finance and HR
  - Clarity on later phases still being provided due to certain decisions still needing to be made (referred to later on). The benefit of a staggered approach is that it gives the time to work this through without holding things up.
  - Target to close all Phase 2 design decisions by the end of June 2024
  - Complete an environment build and data migration throughout July into August.
  - Testing could start mid/late August, duration required for testing likely to be 3-4 months which could allow a 2024 Go Live
  - Training and comms to run in parallel

# Phase 3

- Payroll and Self-Service processes such as Expenses, Timesheets, Payslips, Absence
  - Absence and open defect regression testing
  - Complete change controls and defect resolution from absence regression testing and other pay effecting change
  - A full data migration - likely duration around 2 months.
  - User Acceptance Testing
  - Changes to the system configuration such as Redwood (New Oracle user screens).
  - Test pay affecting changes using staged scenarios
  - End to end testing
  - Data Migration for Parallel Payroll Running (PPR)
  - PPR – comparison of SAP vs Oracle payroll calculations (minimum 2 monthly payroll comparison)
  - Cut over
  - Go live
  - Hypercare – 3 months
  - Training & comms to run in parallel



# The next few weeks

- Key decisions that would have a material impact on timeline need to be made. These include:
  - Agreement required on the amount of data to migrate to the Oracle system. The decision is complexity vs ease of access to historical data.
  - Cost Centre approval approach – a decision is required as to how approvals are made in the system, Oracle is designed to use an establishment (organisational structure) for logistical workflow. Currently ESCC do not keep this.
  - Login methods – the use of mobile devices needs to be agreed for users without a council laptop such as ‘hard to reach’ users and all schools users. Without allowing personal device access an alternative solution for those users will need to be offered either as technology or paper. This introduces complexity, deviates from the ‘Adopt’ methodology and will extend time and cost.

# Business Engagement & Comms

- With the potential changes to end user processes with the introduction of self-service, the programme needs to increase engagement with the programme teams, the business and the external organisations that use our services such as schools, academies, and East Sussex Fire and Rescue Services. The engagement team will be tasked via various forums to provide programme updates, system and process demonstrations (as-is and to-be), persona case studies, supporting documentation and materials to give all parties as early sight as possible of the future processes and impact to them.
- They will also communicate requests that will support an easier go live such as asking in advance for people to check and cleanse their personal data, confirm expected annual leave balances and confirm team line management structures. To support this the programme will:
  - Use existing comms channels and meetings
  - Rebrand to Oracle rather than MBOS
  - Will reconsider role of Oracle Advocates
  - Deliver key messages around 'adopt not adapt' and understanding where working practices may need to change and how the programme can support with that. Engagement will also be to understand whether there are genuine and unavoidable reasons why an adopt approach would not work and whether any mitigations or concessions to the adopt approach need to be made
- Engagement will be supported by professional training where required, user journeys and personas, quick cards, demonstration videos and guided learning as well as by senior level support for key messages and decisions.

# Key messages

These include:

- Newer, more modern system
- No choice but to implement – the alternative is to keep SAP which is going out of system support in 2027 and will then be a high risk of falling over with no functionality being available (e.g. not being able to pay people at all)
- Other benefits of Oracle
  - streamlined everyday actions (can make staffing changes directly in the system, removing redundant payment options e.g. only 2% of payments are by giro slips the rest are by BACS)
  - everyone can self-serve (staff will be able to make their own updates for things like change of address, expenses etc)
  - has built in AI capability if we do not adapt the system too much
- Refer to project as Oracle and move away from MBOS
- Oracle is a robust system used successfully by other local authorities, including other County Councils
- System implementations are inherently complex (because software vendors don't always consider all the requirements specific to local authorities) and we may encounter teething problems. Staff training and engagement are vital and the programme is set up to provide support
- This will include at go live where we are bound to encounter some issues, even with the greatest level of preparedness. In these instances, the programme commits to being available to support and rectify issues promptly and will ask that staff are understanding and respectful/patient
- It will mean some difference in ways of working but the programme will help staff through it
- Phased implementation

# On-going risks:

## **Continued confidence in Oracle as the system solution.**

- There is a risk that the delay to go-live creates a challenge in the wider organisation to the acceptance of Oracle as the solution which impacts take up and willingness to engage with the solution post go-live. This can be mitigated by a continued comms focus on our drive for quality and not time but also by ensuring commitment to the desired way forward following the independent assessment.

## **Financial risk**

- Future costs will need to be considered alongside other council pressures through the RPPR process and MTFP but that they will also need to be considered alongside the financial and reputational implications of not incurring them.

## **Overall delivery viability and effective post implementation support**

- There is a risk that with organisational process changes that people won't culturally be willing to adopt the new working practices. Employees will have to ensure items such as timesheets and expenses are submitted into the system ahead of cut off dates. Managers will have the responsibility of ensuring processes like new starters, changes to posts, timesheets and expenses are approved. The impact of not doing these submissions and approvals could impact pay for themselves and particularly their direct reports as well as other organisational impacts. Detailed engagement and training plans will be produced but organisational buy in will be required to ensure adoption.

## **Reputation - press and member attention**

- There is a risk that the delay in go-live is perceived as being a negative reason and impacts ESCC's external reputation, rather than a positive focus on learning from other implementations and maintaining a quality focus as opposed to go-live driven by time. This can be mitigated to some extent by careful communication though it is exacerbated by other risks noted here, in particular the cost/challenging financial context risk.

## **Legacy System**

- Our SAP version goes out of support in 2027. At this point updates such as mandatory statutory changes could stop, leaving the council unable to successfully process payroll and report tax accurately and open to fines from HMRC as well as other financial and reputational damage. This could also leave the council open to ransom charges in the short term with a full system replacement the only option.

## Audit Committee – Work Programme

<b>List of Suggested Potential Future Work Topics</b>		
<b>Issue</b>	<b>Detail</b>	<b>Meeting Date</b>
<b>Audit Committee Working Groups</b>		
<b>Working Group Title</b>	<b>Subject area</b>	<b>Meeting Dates</b>
Oracle Implementation (MBOS) Sub-Group	Oversight of the Oracle Implementation programme.	24 June 2024
<b>Training and Development</b>		
<b>Title of Training/Briefing</b>	<b>Detail</b>	<b>Date</b>

<b>Future Committee Agenda Items</b>		<b>Author</b>
<b>20 September 2024</b>		
Internal Audit Progress Report	Internal Audit Progress report – Quarter 1, 2024/25 (01/04/24 – 30/06/24)	Nigel Chilcott, Audit Manager/Russell Banks, Chief Internal Auditor

Financial Management Code	Report of the Financial Management Code	Thomas Alty, Deputy Chief Finance Officer / Ian Gutsell, Chief Finance Officer
Strategic Risk Management	Strategic risk monitoring report – Quarter 1, 2024/25 (01/04/24 – 30/06/24)	Ros Parker, Chief Operating Officer / Ian Gutsell, Chief Finance Officer
Committee Work Programme	Discussion of the future reports, agenda items and other work to be undertaken by the Committee.	Sophie Webb, Interim Senior Governance and Democracy Officer
<b>22 November 2024</b>		
Review of Annual Governance Report & 2023/24 Statement of Accounts	Report of the external auditors following their audit of the Council's statutory accounts. It allows the committee to review the issues raised and assess the management response.	External Auditors/ Ian Gutsell, Chief Finance Officer
Review of Annual Pension Fund Governance Report & 2023/24 Statement of Accounts	Report of the external auditors following their audit of the Pension Fund. It allows the committee to review the issues raised and assess the management response.	External Auditors/ Ian Gutsell, Chief Finance Officer
Treasury Management Annual Report & Mid-Year Report 2024	To consider a report on the review of Treasury Management performance for 2023/24 and for outturn for the first six months of 2024/25, including the economic factors affecting performance, the Prudential Indicators and compliance with the limits set within the Treasury Management Strategy before it is presented to Cabinet.	Ian Gutsell, Chief Finance Officer
Internal Audit Progress Report	Internal Audit Progress report – Quarter 2, 2024/25 (01/07/24 – 30/09/24)	Nigel Chilcott, Audit Manager/Russell Banks, Chief Internal Auditor

Annual Update on Property Investment Strategy and Key Sites 6 monthly Update	Consideration of an annual report on the implementation of the Property Asset Disposal and Investment Strategy.	Ros Parker, Chief Operating Officer
Committee Work Programme	Discussion of the future reports, agenda items and other work to be undertaken by the Committee.	Sophie Webb, Senior Interim Governance and Democracy Officer
<b>28 March 2025</b>		
External Audit Plan 2024/25	This report sets out in detail the work to be carried out by the Council's External Auditors on the Council's accounts for the financial year 2024/25.	Ian Gutsell, Chief Finance Officer & External Auditors
External Audit Plan for East Sussex Pension Fund 2024/25	To consider and comment upon the External Audit Plan for the East Sussex Pension Fund for the financial year 2024/25.	Ian Gutsell, Chief Finance Officer & External Auditors
Auditor's Annual (VFM) Report on East Sussex County Council 2023/24	To provide the Committee with Grant Thornton's Annual (Value for Money) Report for 2023/24	Ian Gutsell, Chief Finance Officer & External Auditors
Internal Audit Strategy and Plan	Consideration of the Internal Audit Strategy and Plan for 2025/26	Russell Banks, Chief Internal Auditor/ Nigel Chilcott, Audit Manager
Internal Audit Progress Report	Internal Audit Progress report – Quarter 3, 2024/25 (01/10/24 – 31/12/24)	Nigel Chilcott, Audit Manager/Russell Banks, Chief Internal Auditor

Strategic Risk Monitoring	Strategic risk monitoring report – Quarters 2 and 3, 2024/25 (01/07/24 – 31/12/24)	Ros Parker Chief Operating Officer / Ian Gutsell, Chief Finance Officer
Committee Work Programme	Discussion of the future reports, agenda items and other work to be undertaken by the Committee.	Sophie Webb, Interim Senior Governance and Democracy Officer
<b>4 July 2025</b>		
Assessment of the Corporate Governance Framework and Annual Governance Statement for 2024/25	Sets out an assessment of the effectiveness of the Council's governance arrangements and includes an improvement plan for the coming year, and the annual governance statement (AGS) which will form part of the statement of accounts.	Philip Baker, Assistant Chief Executive
Internal Audit Services Annual Report and Opinion 2024/25	An overall opinion on the Council's framework of internal control, summarises the main audit findings and performance against key indicators (includes Internal Audit Progress reports – Quarter 4, 2024/25, (01/01/25 – 31/03/25).	Nigel Chilcott, Audit Manager / Russell Banks, Chief Internal Auditor
Counter Fraud Annual Report	Annual report on Counter Fraud work	Simon White, Audit Manager – Counter Fraud / Russell Banks, Chief Internal Auditor
Strategic Risk Monitoring	Strategic risk monitoring report – Quarter 4, 2024/25 (01/01/25 – 31/03/25)	Ros Parker, Chief Operating Officer / Ian Gutsell, Chief Finance Officer



<p>Audit Committee Annual Report</p>	<p>Annual Report 2024/25 of the Audit Committee: meeting a requirement of the CIPFA Position Statement for Audit Committee</p>	<p>Ian Gutsell, Chief Finance Officer, Sophie Webb, Interim Senior Governance and Democracy Officer</p>
<p>Committee Work Programme</p>	<p>Discussion of the future reports, agenda items and other work to be undertaken by the Committee.</p>	<p>Sophie Webb, Interim Senior Governance and Democracy Officer</p>

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