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

CONTENTS

East Sussex County Council

1. Summary of Completed Audits

Key Financial System Audits – Accounts Payable (Procure to Pay) and Payroll

1.1   The Council's new Enterprise Resource Planning (ERP) system, Oracle, replacing the current system, SAP, was due to go-live in November 2023. Our previous audits of Accounts Payable and Payroll were completed in June and March 2023 respectively, both receiving opinions of reasonable assurance. In view of the impending go-live of the new system and the recent completion of the 2022/23 audits in these areas, for 2023/24 we completed interim reviews whereby we undertook limited sample testing of key controls in order to provide assurance that these continue to operate as expected. We also sought to confirm that the agreed actions from the previous reviews had been implemented.

1.2   For both reviews, we found that the systems continue to be well controlled and remained fundamentally unchanged since the previous audit. We did not provide audit opinions on this occasion due to the nature of these interim reviews. However, based on the work carried out, we saw no evidence of any deterioration in the control environment since providing reasonable assurance in both areas as above.

1.3   Minor areas for improvement were, however identified. In relation to Accounts Payable, this related to the need to ensure that, annually, Chief Officers review and approve a record of officers within their departments who are authorised to approve orders and their delegated financial limits, to help ensure that purchase order approval remains appropriate.

1.4   In respect of Payroll, we found a need to ensure that receipts are clear and legible in order to ensure the validity of travel and expense claims and support the reclaiming of VAT, and the need to review the long-term sickness procedure to ensure that suspended network accounts are removed should an employee subsequently leave.

1.5   Actions in both areas were agreed with management to address these issues.

General Ledger

1.6   The Council's General Ledger is operated via the SAP system. It aims to provide complete and accurate data for the production of the annual accounts and financial returns.

1.7   Strategic Finance in ESCC maintain overall responsibility for the key financial processes, which includes reconciliation of bank accounts to SAP, and reconciliation of control and suspense accounts.

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

- All direct journals input to the general ledger are complete, accurate and correctly authorised;
- Unrecognised accounts or suspense balances are reviewed and cleared on a timely basis;
- Bank reconciliation procedures identify errors;
- Transactions posted from feeder systems into control accounts are complete and accurate; and
- There are up to date and approved policy, regulations and supporting procedures, in line with statutory requirements and accounting standards.

East Sussex County Council

1.9   Based on the work we completed, we were able to provide an opinion of **substantial assurance**, with a number of areas of good practice identified. We found that the General Ledger is well controlled, with appropriate authorisations, reconciliations and controls in place to clear suspense accounts, as well as appropriate segregation of duties.

1.10   Only one minor area for improvement was identified where an action was agreed with management to update key accounting guidance to reflect changes to personnel.

Treasury Management

1.11   Treasury Management is defined as 'the management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.' The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance. The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and aims to operate the service in compliance with this code.

1.12   The purpose of this audit was to provide assurance that:

- The Council has established an appropriate Treasury Management Policy & Investment Strategy;
- All borrowing decisions are based on robust cash flow forecasting over the short, medium, and long term;
- Investments are made with approved counterparties within approved limits, are correctly paid, authorised and are repaid by counterparties with the correct amount of interest;
- Borrowings are made only from approved organisations, are correctly authorised, and repaid to counterparties with the correct amount of interest;
- There is regular and independent reconciliation between the Treasury Management record, the Bank Account, and the General Ledger; and
- Decision-making is effective in maximising income, whilst safeguarding the Council's assets.

1.13   In completing our work, we found that robust controls were in place and operating effectively. Consequently, we were able to provide an opinion of **substantial assurance** with no findings raised that required management attention.

Pension Fund Collection of Contributions

1.14   The East Sussex Pension Fund (ESPF) collects in excess of £130m annually in contributions from approximately 140 employers. Contributions are received monthly, along with supporting information on LGPS 31 forms and via the I-Connect system (an on-line portal). The Fund is, however, without direct access to the employers' prime accounting (or payroll) records that would provide it with assurance that their contributions have been collected accurately from all members of the scheme and paid over in full.

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

- Contributions and supporting information are received, in full, from all employers in the Fund in a timely manner;

East Sussex County Council

- The Council makes best use of the sources of assurance available over employers' payroll (or other systems for collecting and paying contributions).

1.16   We found that robust controls were in place to ensure that contributions and appropriate supporting information are received timeously from all employers, and we were able to provide an opinion of **reasonable assurance** as a result. The receipt of contributions received from employers is monitored closely, and if contributions are not received by the due date, or the amount received falls outside defined tolerance levels, this is addressed with the employer.

1.17   However, when asked, few employers were able to provide us with robust sources of assurance over the process to obtain the information required in their returns. Whilst we have agreed an action with management to help reinforce employers' understanding of their responsibilities in relation to the calculation of pension contributions, it is important to note that it remains the employer's responsibility, not the Fund's, to ensure contribution amounts are correctly calculated and paid over to the Fund. We found that Fund's activities are in accordance with the Pension Regulator's Code of Practice.

Supplier Failure

1.18   A supplier is any organisation that provides a service to the Council under a contract. These include services that may be critical for the Council and examples include the provision of key management information systems, social care, property maintenance and capital projects. Suppliers could be from the private sector, charities and other public sector organisations, and may work directly with a department, or be subcontracted under another supplier to provide part of a service.

1.19   Where suppliers are private companies, or charities, they can be impacted by market forces, takeovers and changes in economic conditions, and these may affect their financial viability. Other considerations include where one supplier has large portfolios of work with the Council, resulting in their over-dependency on the supplier, resulting in failures impacting different departments.

1.20   The Council currently has around 330 active contracts, including for the provision of critical services, worth around £3bn over their lifespan.

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

- Procedures are in place at departmental level to manage risks related to supplier failure;
- The impending or potential loss of key suppliers is identified sufficiently early to allow effective intervention; and
- Business continuity arrangements ensure the continuation of service provision in the event of the loss of a key supplier.

1.22   Our work identified the contract managers had a lack of awareness of the guidance and tools available within the corporate Contract Management Framework in relation to supplier failure and, as a result, demonstrated inconsistent and not always comprehensive approaches to managing the risk of this. Consequently, we were only able to give **partial assurance** over the controls in place across the Council.

1.23   Although instances of good practice were identified, we found that controls needed strengthening in a number of areas and a robust action plan was agreed with management to:

East Sussex County Council

- Increase awareness of the tools available in the Contract Management Framework, including the section on 'risk and continuity management' and the Supplier Failure Recovery Plan;
- Provide additional training to contract managers to promote awareness of supplier failure risk and continuity; and
- Establish specific continuity procedures within departments, to include guidance on when and how to review supplier data to anticipate the potential failure of a supplier.

1.24   Given 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.

MBOS Programme Assurance

1.25   MBOS is the change programme to replace the Council's existing enterprise resource planning (ERP) SAP system with Oracle. In November 2023, the Programme Board paused the programme to re-evaluate its strategic direction.

1.26   Whilst a programme of internal audit work has been agreed with the Programme Board, it is not yet clear if this will need to change given the pause. However, we will continue to provide independent and objective advice, support and challenge to the Board and update Audit Committee on our work as the programme progresses.

1.27   The following areas of work were completed and reported, in the form of position statements, to the Board during the quarter and were used to inform its decision-making:

MBOS Security, Roles and Permissions

1.28   User roles and permissions define who can access, view, modify or delete data and processes within the system. As with any system holding large amounts of personal and sensitive data, there is a risk of data breaches or fraud where the system is not managed securely.

1.29   This review sought to provide assurance that adequate controls have been identified and approved to help ensure that:

- The baseline organisational chart hierarchy will reflect the roles and related access/authorisation levels from the current SAP system; and
- Robust arrangements have been established for managing user access and permissions in the post go-live environment.

1.30   In completing this work, we found that:

- There was no oversight or defined set of arrangements to coordinate, review and sign-off the approximate 15,000 roles and related permissions across the Council. This priority had not been coordinated across the programme workstreams or in the cutover checklist, for which it is a key deliverable;
- An exercise had been planned which would involve sending a spreadsheet to all departments asking them to confirm the users who would need access to the system and the role each user would require. This was not felt to be an effective process;

East Sussex County Council

- The implementation partner is responsible for ensuring the roles and permissions set within SAP are replicated within Oracle. We found no evidence that confirmed whether the baseline positions had been reviewed and agreed; and
- The Council had not yet agreed on a support plan for Oracle post go-live and so we were unable to provide assurance over these change processes.

1.31   All of the findings from our work, which was completed in advance of the originally scheduled go-live date (to help inform the go-live decision), were shared with the Board, who acknowledged the issues raised and fully recognised that measures to address these would need to be in place prior to any go-live of the system.

Modernising Back Office Systems (MBOS) – Business Continuity

1.32   In any ERP project like MBOS, there is a risk of business disruption during or after go-live. Business continuity planning and management is needed to help minimise and manage the potential impact of disruption and delays to Council's operations during the cutover and post go-live period.

1.33   We reviewed business continuity planning and management for the following processes:

- Processing of salary and expenses for staff;
- Processing of payments to critical suppliers; and
- Pension Fund - administration and payment of member benefits.

1.34   The above were selected on the basis that they have been identified as critical processes within the Business Services Department's Business Continuity Plan and are areas that will be reliant on Oracle.

1.35   In conducting this work, we completed limited testing to confirm that:

- Business continuity plans (BCP) and business impact analysis (BIA) are in place and the essential information needed to maintain the critical activities at an acceptable level and to meet the Recovery Time Objective have been identified and documented;
- Business continuity strategies and solutions have been developed for the critical services, and scenario-based testing have been carried out; and
- Lessons are learned from previous business continuity tests or actual disruptive incidents/events relating to relevant to loss of ICT systems.

1.36   We found that business impact analysis (BIA) is in place to provide guidance and information to assist teams to respond to a disruption to the critical processes in our sample.

- The time frame within which the impacts of not resuming the processes in our sample would become unacceptable have been set;
- The resources (e.g. people and essential information) needed to maintain the processes at an acceptable level and to meet the recovery time targets above have been defined and documented;
- The essential information needed to maintain the processes at an acceptable level have been identified. Copies of the essential information (e.g. payroll BACS file, pension payroll BACS files, social care providers payment files etc) are held outside of SAP. The only exception is the accounts payable's suppliers' data file which is not held outside of SAP;
- Actions that staff will take to respond to disruptive events such as the loss of technology have been defined.

East Sussex County Council

1.37   Although BCPs are reviewed on an annual basis, BCP relating to the processing of salary and expenses for staff, and the processing of payments to suppliers, would benefit from scenario-based testing where there is a loss or failure of Oracle. This is because both processes are at most risk of disruption in the event of a loss or failure of Oracle. This was passed to the Programme Board and logged for action as part of future improvements to the programme.

Procurement of IT Systems

1.38   Third Party Services are computer systems and applications used that are outside the control of IT & Digital Services (IT&D), this includes Software as a Service (SaaS) and cloud-based services, known as Tier 3 systems, internally. These services and applications can often be purchased cheaply or even used for free in some circumstances, meaning staff can procure and/or use these with minimal oversight. As these systems and applications can be obtained in this way, and hosted outside of the Council's network infrastructure, it may mean IT&D are not informed of their use and therefore may provide limited or no technical support. The risks to the security and availability of the data held within these systems is greatly increased.

1.39   The scope of this review was therefore to focus on those Tier 3 systems hosted outside of the ESCC networks and managed or used by 'System Owners' and staff throughout the Authority. We aimed to provide assurance that:

- Governance arrangements are in place to help ensure that all systems and/or applications are subject to appropriate review by IT&D to ensure they meet Council standards;
- There are clear and documented processes and requirements for staff procuring and using new IT systems and/or applications;
- Any patches and other updates are subject to sufficient review and authorisation and are applied in a timely manner; and
- Council data is held in accordance with relevant legislation with data sufficiently protected by the system provider.

1.40   In completing this review, we were able to provide an opinion of **reasonable assurance**, finding areas of good practice, including that:

- The Authority has IT&D Business Partners who work proactively and reactively to provide guidance and support to services looking to procure and implement or use a new piece of software;
- There is a risk assessment process in place for new software being procured or used, provided by the Information Security (IS) Team, which advises on and assesses the risks attached to the software, including for patching and updates and to ensure Council data is being stored appropriately and complies with legislation;
- We found that there are technical controls in place that prevent staff from accessing inappropriate or malicious websites and installing software on devices without the involvement of IT&D; and
- A 'Cloud Applications and Software as a Service (SaaS)' intranet page is available to staff which provides information to staff on cloud and SaaS applications, including the difference between "standard" software and cloud software and SaaS.

1.41   However, two areas for improvement were identified where there is a need to:

- Enhance the IT and Digital Purchasing and Guidance page on the intranet to reflect the process that should be followed for purchasing cloud applications and SaaS; and

East Sussex County Council

- Ensure that purchases of cloud applications and SaaS are only made once there has been prior consultation and agreement with the appropriate teams within IT&D.

1.42   Actions in respect of the above findings were agreed with management.

Children's Services Data Handling Follow-Up

1.43   It is important for organisations to ensure that data is retained, handled, and held securely over its entire life cycle. Data handling and data integrity controls are important to ensure that data is managed appropriately in a secure environment and is accurate and reliable. Within Children's Services, front-line staff use a number of tools to obtain records relating to service users in a digital format, including audio recording and video recording, photographs etc.

1.44   An audit on data handling in Children's Services was completed in 2021/22 and received an opinion of partial assurance, with opportunities for improvement identified in a number of areas.

1.45   In completing this follow-up review, we concluded that the handling of data within Children's Services had improved since the previous audit, and we were able to provide an improved opinion of **reasonable assurance** as a result.

1.46   There were, however, some previously agreed actions that had not been implemented in full, where work was continuing. The previous audit found that there was no dedicated guidance available to staff in relation to the handling of video, photo and voice media relating to service users, with an increased potential for accidental data breach to occur. Whilst draft guidance on 'Video, Audio and Image Use and Storage' has now been created, there has been a delay to the publication of this. Children's Services are also continuing to work with IT&D to overcome the lack of a technical solution to develop eCaseFile, which will allow the adding of meta data alongside photographs and videos saved in the case management systems.

Children's Disability Service Direct Payments

1.47   Direct payments are available as a means of providing care services to children and young people via a social work assessment of need, undertaken by the Children's Disability Service. They were introduced to offer a greater level of independence to service users and their families by providing them with funds to procure their own care services.

1.48   This audit was undertaken to provide assurance in relation to the administration, payment and monitoring of direct payments within the Children's Disability Service.

1.49   Based on the testing undertaken, we were able to provide an opinion of **reasonable assurance** in this area, where good practice included that:

- There is a wide range of information available to employees in the form of policies, procedures and guidance;
- When setting up a new client, there is a comprehensive process in place, including approval at panel which ensures a separation of duties and that there is challenge to the level of funding on a case-by-case basis to ensure appropriateness; and
- Sample testing confirmed that monies provided to clients under the Direct Payment scheme were used for the intended purposes, with clients providing evidence of their transactions.

East Sussex County Council

1.50   However, some areas where further improvement was required were identified, including to ensure that:

- Annual reviews of client care needs are completed where these were found to not always take place, increasing the risk of clients not receiving the appropriate level of care and/or unnecessary expenditure;
- There is guidance in place in relation to client transaction monitoring and reconciliation, which would help support the identification of clients with high account balances (which could be an indicator that they are not receiving the care that they require);
- External providers provide timely and complete information to the Council, to further enable account balances to be monitored; and
- All policy, procedures and guidance documents are reviewed regularly to ensure they provide up-to-date guidance for staff.

1.51   Actions to address these issues were agreed with management in the form of a formal management action plan.

Home to School Transport Follow-Up

1.52   As a Local Authority, the Council is required to provide Home to School Transport (HTST) to eligible children in order to facilitate their attendance at school. The previous audit in this area, which looked at controls in relation to the procurement and commissioning, service delivery, payments, budget management and forecasting of HTST, received an opinion of partial assurance, so this review was undertaken to provide assurance that the agreed actions from the previous audit had been implemented.

1.53   Based on the work undertaken, we were able to provide an improved opinion of **substantial assurance** over the controls in place. We found that extensive work had taken place to strengthen controls within the areas identified in the previous audit. This included the introduction of a new system which has improved controls in relation to the engagement and on-boarding of new HTST providers.

1.54   During the review, we identified one low risk finding where further improvement could be made. This related to the record detailing the current eligibility of backup and reserve drivers. An action was agreed with management to ensure that individuals' records are highlighted as historic when they cease working on HTST contracts or when their DBS checks expire, to reduce the risk of them being used on a contract without a sufficient DBS check.

School Audit Work

1.55   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 to ensure 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.

East Sussex County Council

1.56   We undertake school audits through a range of both remote and on-site working arrangements.

1.57   The table below shows a summary of the one school review completed in Q3, together with the level of assurance received and areas for improvement.

Name of School	Audit Opinion	Areas Requiring Improvement
St. Mary's Catholic Primary School	Reasonable Assurance	Ensuring that: • The school's Crisis Management Plan is up-to-date and approved; • Significant budgetary values, e.g., the forecast outturn and the approved budget for the year, are recorded in the minutes of meetings; • Regular exercises are undertaken to identify staff members that are due to progress up the salary scale, to identify future additional impacts on staffing costs; • Purchase orders are raised in respect of goods and services; and • Contractors have the correct level of public liability insurance before starting any work.

Grant Related Audit Work

Supporting Families Programme 2023/24 Quarter 3

1.58   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.

1.59   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 7 of the 66 families included in the October/December 2023 grant cohort.

1.60   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. We therefore concluded that the conditions attached to the SF grant determination programme had been complied with.

Transport Grant Capital Block Funding (Integrated Transport and Highway Maintenance Blocks) Grant

1.61   Payments from the Department of Transport (DfT) are made to local authorities in relation to highway maintenance and infrastructure. This grant included five elements:

East Sussex County Council

- Integrated Transport Block;
- Highways Maintenance Block needs element;
- Highways Maintenance Block incentive element; and
- Pothole Fund after advance payment.

1.62   The grant was not ring-fenced but was to be used only for the purposes that a capital receipt may be used for. Internal Audit was required to confirm that the conditions had been complied with. A sample of transactions was tested which confirmed this, and a signed declaration was returned to the DfT within the required timescales.

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   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.

Summary of Completed Investigations

Direct Payment

2.4   Following an allegation of misuse of a direct payment identified through monitoring in 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.

Timesheet Fraud

2.5   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.

3. Action Tracking

3.1   All high priority actions agreed with management as part of individual audit reviews are subject to action tracking, whereby we seek written confirmation from services that these have been implemented. As at the end of quarter three, all high priority actions due had been implemented.

4.   Amendments to the Audit Plan

4.1   In accordance with proper professional practice, the internal audit plan for the year remains under regular review to ensure that the service continues to focus its resources in the highest priority areas

East Sussex County Council

based on an assessment of risk. Through discussions with management, the following reviews have been added to the audit plan so far this year:

Review	Rationale for Addition
Sea Change Sussex	Continued support in helping the organisation collate information to address issues and complaints raised.
IT Asset Records Management	Service requested additional assurance following issues highlighted from their own internal review.
Bus Recovery Grant Certification	New grant.
Domestic Abuse – Governance and Contract Arrangements	Brought forward from reserve list in 2023/24 audit plan.
SAP Support Pack – Key Control Testing	New risk identified. Technical and legislative updates to SAP. We will look to ensure that the on-system controls in SAP remain post upgrade.
Migration of SAP to Azure	New risk identified following the Council's decision to extend the current SAP provision, following the recent pause in the go-live of Oracle. Due to ageing hardware, the Council is transferring from an on-premises SAP solution to a cloud-based Azure solution. We will review the governance and risk management arrangements of this.
Establishment Reviews in Adult Social Care and Health	Brought forward from reserve list in 2023/24 audit plan.
Procurement Cards (Proactive Counter Fraud Work)	Part of the Counter Fraud proactive work plan.

4.2   To-date the following audits have been removed or deferred from the audit plan and, where appropriate, will be considered for inclusion in the 2024/25 plan as part of the overall risk assessment completed during the annual audit planning process. These changes are made on the basis of risk prioritisation and/or as a result of developments within the service areas concerned requiring a rescheduling of audits:

Planned Audit	Rationale for Removal
Covid Outbreak Management Fund – Grant Certification	No requirement for certification this year.
Schools Basic Needs Allocation – Grant Certification	No requirement for certification this year.
New Home to School Transport System	System will not be fully implemented this financial year. Audit postponed until 2024/25.
Property Asset Management System (PAMS) Replacement	No requirement for additional support for the implementation project.
Managing Service Demand	The focus of this review was going to be in Children's Services due to the significant pressures that the Department is facing. However, during the year, the Council has engaged a consultant, IMPOWER, to build a shared understanding across

East Sussex County Council

Planned Audit	Rationale for Removal
	Children's Services and corporately, defining current challenges and opportunities relating to sufficiency and children in care, and to collaboratively develop an evidenced set of investment proposals for interventions that will mitigate spend pressures and improve outcomes for children. Given this work, the planned audit was not considered necessary.
Adult Social Care Regulatory Changes	Regulatory changes were expected in 2024 in relation to Social Care Reform, Health Integration with the NHS, together with the CQC inspection. These have not materialised as expected but remain in consideration for the 2024/25 internal audit plan.
Procurement Regulatory Changes	The changes have not been implemented by Government yet, so this work will be undertaken as part of the 2024/25 audit plan.
External Funding – Grants and Loans Follow-Up	This has been deferred until April 2024 due to the work currently being undertaken by the same team in Communities, Economy and Transport in preparedness for the transition of SELEP functions to the Council.

4.3   The following audit work is currently in progress at the time of writing this report (including those at draft report stage, as indicated) or is scheduled for quarter 3:

In Progress:

- Business Continuity Planning (draft report)
- Ukraine Funding (draft report)
- Robotics Process Automation – Governance Arrangements (draft report)
- Mobile Device Management (draft report)
- Mental Health Services Compliance with Corporate and Local Procedures (draft report)
- Waste Management Contract – Contract Management (draft report)
- Migration of SAP to Azure (draft report – unplanned)
- Parking – Procurement and Monitoring of External Service Providers
- Pension Fund Cash Management
- Pension Fund Administration of Pension Benefits
- Adult Social Care Debt Management and Recovery
- System Change Control and Release Management
- LAS/Controcc
- Health and Safety Compliance
- Contract Management Group Cultural Compliance Follow-Up
- Vehicle Use Follow-Up
- Workforce Capacity
- Children's Services – Quality Assurance Framework
- Cyber Security – Response and Resilience
- SeaChange Sussex (unplanned)
- Bus Recovery Final Grant (unplanned)
- Domestic Abuse – Governance and Contract Arrangements (unplanned)
- SAP Support Pack – Key Control Testing (unplanned)
- Climate Change Follow-Up

East Sussex County Council

Scheduled:

- Pension Fund Investments and Accounting
- Procurement Data Analytics Follow-Up
- IT Asset Records Management (unplanned)
- Establishment reviews in Adult Social Care

5.   Internal Audit Performance

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

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score (RAG)	Actual Performance
Quality	Annual Audit Plan agreed by Audit Committee	By end April	G	2023/24 Internal Audit Strategy and Annual Audit Plan formally approved by Audit Committee on 31 March 2023.
	Annual Audit Report and Opinion	By end July	G	2022/23 Internal Audit Annual Report and Audit Opinion was approved by Audit Committee on 7 July 2023.
	Customer Satisfaction Levels	90% satisfied	G	100%
Productivity and Process Efficiency	Audit Plan – completion to draft report stage	90%	G	77.1% achieved to the end of Q3, against a Q3 target of 67.5%.
Compliance with Professional Standards	Public Sector Internal Audit Standards	Conforms	G	Dec 2022 - External Quality Assurance completed by the Chartered 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:

East Sussex County Council

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score (RAG)	Actual Performance
			G	• Excellent in: Reflection of the Standards. Focus on performance, risk and adding value. • Good in: Operating with efficiency Quality Assurance and Improvement Programme. • Satisfactory in: Coordinating and maximising assurance. November 2023 – Updated self-assessment against the Public Sector Internal Audit Standards completed. The service was found to be fully complying with 319 of the standards and partially complying with 2. In both cases, proportionate arrangements remain in place. Quality review exercise 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 was addressed as part of our assignment manager review process and will be further considered at our auditor development days during 2024/25
	Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act	Conforms	G	No evidence of non-compliance identified

East Sussex County Council

Aspect of Service	Orbis IA Performance Indicator	Target	RAG Score (RAG)	Actual Performance
Outcome and degree of influence	Implementation of management actions agreed in response to audit findings	97% for high priority agreed actions	G	100%
Our staff	Professionally Qualified/Accredited	80%	G	91%*

*Includes part-qualified staff and those undertaking professional training.

East Sussex County Council

Audit Opinions and Definitions

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

East Sussex County Council