

## Status of implementation on External Audit recommendations (Governance)

## Appendix A

Recommendation per External Audit Report	Management Response	R-A-G Status	Comment
<p>Recommendation 2</p> <p>The Council should reconsider the depth of its annual internal audit coverage to provide an appropriate level of assurance to members over the systems of internal control.</p> <p>In accordance with best practice, members of the internal audit team should not have any other service responsibilities.</p> <p>The Council should commission an independent assessment of its Internal Audit arrangements against the Public Sector Internal Audit Standards (PSIAS) requirements and implement any necessary changes arising from that review.</p>	<p>Accepted. We match the plan to resource and the depth of the coverage was more shallow during the Covid period because of our involvement in providing pre and post assurance checking to the Department for Business, Energy &amp; Industrial Strategy (BEIS) of all Business Grant claims. Our latest plan for 2022 / 2023 has re-focused on financial controls.</p> <p>Accepted. The run-off of Procurement to the East Sussex Procurement Hub is now almost complete. A review of the Internal Audit team structure was already scheduled for March 2023.</p> <p>Accepted. The East Sussex Borough and District Councils have agreed to assess each other on a reciprocal basis and this programme has already started. It has already been agreed that the review for Hastings BC will be carried out during 2023 / 2024. We will then implement any recommendations to come out of it in the Quality Assurance Improvement Programme (QAIP) to ensure conformance with the Public Sector Internal Audit Standards (PSIAS).</p>	<p>Amber</p> <p>Green</p> <p>Red</p>	<p>An external review of Audit is being commissioned. Procurement has been handed over to the Head of Strategic Programmes from 03/03/23 and the relationship with ESPH strengthened.</p> <p>Due to its importance, this will take Longer to discharge – probably 6 to 9 months from now.</p>

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<p>Recommendation 8</p> <p>The Council's overall Risk Management Strategy and Risk Appetite should be reviewed.</p>	<p>Accepted. The Audit Committee identified a need for more recent Risk Management Training and this was successfully delivered in 2021 to coincide with the roll-out of the new Risk management system. This system is online, facilitates 'drill down' and is equipped with 'dash board' reporting' so whilst our Risk Management processes are robust, the Council's overall Risk Management Strategy and Risk Appetite should be reviewed.</p>	<p>Amber</p>	<p>Risk Management has been handed over to the Head of Strategic Programmes and regular risk monitoring process being put in place with the new Senior Leadership Team.</p>
<p>Recommendation 9</p> <p>Risks within the Council's Corporate risk register should be mapped to corporate priorities and the methodology for assessing and scoring risks included in the Risk Management Strategy.</p>	<p>Accepted – virtually already completely discharged. The Audit Committee has received risk management reports in accordance with the Council's Risk Management Policy and the highest risks always brought to their attention in the covering report both for the Strategic Risk Register and Operational Risk Register. Dash Board reporting was demonstrated to Councillors at a training session on 2 June 2021 and the whole purpose of this was show the high level risks, open risks, risks by service area etc. The new Risk Management system covers all of the above criteria and more except mapping risks to Corporate priorities. This will be immediately addressed.</p>	<p>Amber</p>	<p>It should be noted that the Strategic Risk Register presented at the January meeting was fully mapped.</p> <p>Work remains to embed this across the operational risk register too and is in hand for completion by the summer.</p>
<p>Recommendation 11</p> <p>The Council's Fraud Risk Management Strategy should be reviewed.</p>	<p>Accepted. The Council's Fraud Risk Management Strategy will be formally reviewed and updated</p>	<p>Amber</p>	<p>We are aware that cyber fraud needs to be included and a</p>

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<p>Recommendation 13</p> <p>The Council should undertake an Internal Audit of its Key Performance Indicators and Data Quality and consider the need to create a Data Quality Policy.</p>	<p>and communicated to all councillors and staff. However, whilst the main document has not been reviewed for several years, we do review our arrangements each year and report those in the Annual Governance Statement. The Internal Audit team comprises of 2 professionally qualified Investigators and 1 experienced Investigator.</p> <p>Agreed. An Internal Audit of Key Performance Indicators will be carried out during quarter 1, 2023/2024 before publication of the full year's performance data.</p>	<p>Amber</p>	<p>screening process for all government grants received.</p> <p>Planned for quarter 2 2023.</p>
<p>Footnote:</p> <p>Red means not started Amber means in progress Green means completed</p>			