

ACCESS Support Unit (ASU) 2023/24 Final Internal Audit Report

Audit Plan Ref: CS3

Audit Opinion:
Good Assurance

Date Issued: 13 May 2024

Function: Corporate Services

Audit Sponsor: Kevin McDonald, Director, ACCESS Support Unit

Distribution List: Nicole Wood, Executive Director, Corporate Services; Kevin McDonald; Mark Paget, ACCESS Contract Manager; Dawn Butler, ACCESS Support Officer; Sallie Wilson, ACCESS Support Officer; Cllr. Barker, Vice Chair of the ACCESS Joint Committee; Cllr. Whitbread, Chancellor of Essex; and Barry Pryke, BDO External Auditors



Assurance Opinion	No	Limited	Satisfactory	Good
				✓

Number of Issues	Critical	Major	Moderate	Low
	0	0	0	0

Audit Objective	Key Messages
<p>This audit reviewed whether the ACCESS Support Unit (ASU) and therefore by default Essex County Council (ECC) as the Host Authority for the ASU, is undertaking its responsibilities to the ACCESS Pool.</p> <p>The objective of this audit was to evaluate the control design and test the operating effectiveness of key controls in place over the ASU.</p>	<p>The ASU provides the day-to-day support arrangements for the ACCESS Pool which is determined by an Inter-Authority Agreement (IAA), signed by all ACCESS Administering Authorities. This work includes managing the ACCESS Pool including programme and contract management, relationship management, administration and technical support services. The Joint Committee (JC) annually reviews and approves the Business Plan and associated budget required to deliver the Plan, based on recommendations made by the S151 Officer Group (represented by each Authority).</p> <p>ASU workstreams are assigned and monitored at the Officer Working Group (OWG) where key ACCESS business plan activity and deliverables for the fiscal year are considered; S151 Officers from the participating Authorities also contribute to the development of workstreams at their periodic meetings. This audit reviewed reporting packs presented to the ACCESS JC, S151 Officer meetings and the OWG meetings and found these to be timely, consistent and relevant, with good evidence of supporting information.</p>
<p>Scope of the Review and Limitations</p> <p>The scope of the audit was agreed with all participating Authorities' S151 Officers when producing the Terms of Reference.</p> <p>The audit did not cover the ACCESS Pool.</p> <p>Kent County Council continues to provide the secretarial support to the Pool and is responsible for the production and publication of minutes and agendas for the JC, the ASU has no responsibility for this functionality and therefore this function was not covered in this review.</p>	<p>The Operator for listed asset investment of the ACCESS Pool is Waystone (previously Link Fund Solutions) and a Deed of Novation became effective in July 2023. This contract is due to expire in March 2025. Scheduled plans are in place to commence re-procurement and the Exit Project Team (EPT) with membership from participating Authorities and Hampshire Strategic Procurement Team acting as the Procurement Lead. The procurement process has been evidenced within the ACCESS Risk Register demonstrating contingency and business continuity planning.</p> <p>Following a framework procurement in early 2023 Barnet Waddingham were commissioned to conduct a Third Party Review to consider 'the future and past of ACCESS; the decision making process; and implementing the workplan'. This resulted in 37 recommendations across six objectives and the OWG are compiling responses in January 2024 with submittal to the JC in March 2024.</p> <p>The ASU continues to provide the ACCESS Pool with robust information and support which is delivered on time and within the parameters defined within the IAA for the Host Authority. An Audit Summary is included within the following pages and provides evidence of documentation reviewed as part of this audit to assist in the Auditor conclusion of Good Assurance.</p> <p>Essex County Council (ECC) Tech Services have completed and returned a Cyber Assurance Questionnaire to Norfolk County Council in January 2024, the results of which have been shared with ASU. Evidence of ECC's external network environment and external application testing from February – March 2024 was also obtained, the report confirmed that 'testing demonstrated a reasonably well configured environment.'</p>

Audit Summary

The following Audit Summary provides evidence of documentation reviewed as part of this audit to assist in the Auditor conclusion of Good Assurance:

OBJECTIVES FROM TERMS OF REFERENCE	ASU EVIDENCE REVIEWED AS PART OF AUDIT TESTING
<p>Programme Management</p> <p>A programme for pooling assets is agreed to and delivered, with effective ASU management and support given to workstream/project leads.</p> <p>The work of the ASU (and the pool's activity more widely) is planned, communicated, delivered, monitored and reported in a strategic, coordinated and systematic manner.</p>	<ul style="list-style-type: none"> • ACCESS Governance Manual (Working Copy – July 2022) • Objectives and Principles • Inter-Authority Agreement (June 2021 - including Deed of Variation 17 February 2023) • Joint Committee minutes (JC) • Section 151 minutes (S151) • Officer Working Group minutes (OWG) • Exit Programme Team Highlight reports (EPT) • Terms of Reference (JC, S151 and OWG) and EPT • Joint Committee Planner • Meeting Calendar • 3PR Strategic consideration and ASU Review on 3PR • ACCESS Responsible Investment Guidelines • ACCESS Contract Exit Plan
<p>Stakeholder Management</p> <p>Progress toward pooling is timely and specific sub-fund launch milestones are met.</p> <p>Robust contract management ensures that the operator, and other service providers, deliver an effective service to the ACCESS Pool. The ASU provides sufficient, timely and reliable information on the pool's operation including compliance with legal and</p>	<ul style="list-style-type: none"> • Terms of Reference – sub-groups • Contract Operations Manual (Waystone - October 2023) • Ancillary Support Contracts (28 November 2023) • Stakeholder Map (March 2023)





OBJECTIVES FROM TERMS OF REFERENCE	ASU EVIDENCE REVIEWED AS PART OF AUDIT TESTING
<p>regulatory requirements to section 151 Officers, to enable them to fulfil their responsibilities in relation to their individual Authority’s participation in the pool.</p>	<ul style="list-style-type: none"> • ACCESS Responsible Investment Guidelines • Contract Register • Contract Operations • ACCESS Annual Report 2022-23 • Investment Performance Reports inc. appendices – Q3 4/12/23 • EPT meeting schedule • Communications Specification • ESG/RI Core Specification • Pool Aligned Alternatives 4/12/23
<p>Policies and Procedures</p> <p>The Pool’s agreed governance arrangements are clearly set out, approved and complied with in practice, including any delegated authorities.</p> <p>Any changes to Pool’s governance arrangements are made in line with the due process of the IAA.</p> <p style="padding-left: 40px;">The ASU identifies and reports on emerging, or all risks appropriately and timely.</p>	<ul style="list-style-type: none"> • ECC Final Audit Report – Access Support Unit (CS7) 2022/23 (Good Assurance) • Governance Manual • Inter-Authority Agreement • Terms of Reference (JC, S151 and OWG) • Agendas, Minutes and Supporting Information e.g., Business Plan, Budget and Risk Management • Risk Register

OBJECTIVES FROM TERMS OF REFERENCE	ASU EVIDENCE REVIEWED AS PART OF AUDIT TESTING
<p>Managing Commercial and Contractual Relationships</p> <p>The Operator and other service providers meet their contractual requirements and deliver value for money.</p> <p>Any performance issues are identified and resolved.</p> <p>Payments to the Operator are checked, approved and accurate, with an appropriate segregation of duties.</p>	<ul style="list-style-type: none"> • Contract Operations Manual • Agendas, Minutes and Supporting Information e.g., Business Plan, Budget and Risk Management • Performance Report • Contract Supplier and Service Relationship Management • Scale of Basis Points • Operator and Depositor calculation • ASU Investment Manager calculation • ASU Operator Fee
<p>Financial and Physical Resources</p> <p>Sufficient and effective contributions are received from partner Authorities to the Officer Working Group.</p> <p>The ASU makes effective use of the resources at its disposal.</p> <p>The financial statements / outturn statements the ASU bring to the Joint Committee are accurate and supported by evidence.</p>	<ul style="list-style-type: none"> • Agendas, minutes of JC, S151, OWG and Sub-groups and supporting information e.g., Business Plan, Budget and Risk Management • Outturn report 2022/23 • Transactional listings for PASU0001 and HRES0550 – sample transactions reviewed and evidence obtained
<p>Management Information and KPI reporting</p> <p>KPIs are quantifiable and are based on specific goals and objectives which are critical for performance management and are regularly presented to the appropriate audience to predict and address deviation from targets in a timely manner.</p> <p>Management information is sufficiently reliable, useful and timely to allow effective decision-making.</p>	<ul style="list-style-type: none"> • Kent County Council Website • JC planner • Meeting calendar spreadsheet

OBJECTIVES FROM TERMS OF REFERENCE	ASU EVIDENCE REVIEWED AS PART OF AUDIT TESTING
<p>Web Vulnerabilities and Website Security</p> <p>Cyber security controls are in place to safeguard network vulnerabilities and data hacks, providing protection to personal and organisational public-facing website from cyber-attacks.</p> <p><i>* Note that a separate cyber security Internal Audit review is carried out annually for Essex County Council. This audit will place reliance on the outcome of that review where relevant to the ASU.</i></p>	<ul style="list-style-type: none"> • Norfolk Pension Fund Cyber Assurance Questionnaire • ECC IT Health Check Report

Explanation of Assurance and Risk Priority Levels

Assurance level	Assessment Rationale
Good	There is a sound system of internal control designed to achieve the objectives of the system/process and manage the risks to achieving those objectives. Actions will normally only be of Low risk rating. Any Moderate actions would need to be mitigated by significant strengths elsewhere.
Satisfactory	Whilst there is basically a sound system of control, there are some areas of weakness, which may put the system/process objectives at risk.
Limited	There are significant weaknesses in key areas of the system of control, which put the system/process objectives at risk. Improvement in the design and/or operational effectiveness of the control environment is necessary to gain assurance that risks are being managed to an acceptable level, and core objectives will be achieved.
No	The system of internal control has serious weaknesses and controls are not effective in managing the key risks in scope. It is highly unlikely that core objectives will be met without urgent management intervention.

Risk Priority Level		Definition	
Corporate	Critical	 Red	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, for example, reputational damage, significant financial loss (through fraud, error or poor value for money), intervention by external agencies and / or lack of compliance with statutory regulations. Remedial action is required immediately
Service	Major	 Amber	Audit findings indicate a serious weakness or breakdown in the control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently
	Moderate	 Yellow	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Prompt specific action should be taken
	Low	 Green	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. Remedial action is suggested

Further Information

Management Responsibility: It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit (IA) work should not be seen as a substitute for management's responsibilities for the design and operation of these systems. IA endeavour to plan work so they have a reasonable expectation of detecting significant control weaknesses and, if detected, IA & Counter Fraud (CF) will carry out additional work directed towards identification of consequent fraud or other irregularities. However, IA procedures alone do not guarantee that fraud will be detected.

Following the Final Report: It is the Action Owner's responsibility to ensure the agreed actions are implemented within agreed timescales and to update Ideagen on a timely basis.

IA are regularly required to provide updates on the status of actions to the Audit Governance and Standards Committee, to the Corporate Governance Steering Board and to Functional Leadership Teams. We also receive adhoc requests for updates e.g., from the relevant Cabinet Member.

IA use the updates provided by Action Owners on Ideagen for this purpose, so it is essential that progress is recorded regularly and accurately and when an action becomes overdue that a revised date to indicate when the action will be implemented is provided.

Audit Sponsor Responsibility:

- Approve the draft terms of reference to confirm their understanding and agreement of the risks, scope and nature of the review.
- Inform appropriate staff associated with the process under review about the nature of the review and what is required of them. Facilitate timely access to staff, records and systems.
- Approve and/or complete the Action Plan in the Draft Report and return to the Internal Audit Team within 15 working days to enable the Final Report to be issued promptly.
- Have oversight to ensure all agreed Actions are implemented within the agreed timescales as recorded in the Action Plan in the Final Report.

Head of Assurance	Paula Clowes
Audit Manager	Alice Walker
Auditor	Sarah Collins
Date of Last Review	March 2023
Fieldwork Completed	January 2024
Draft Report Issued	January 2024
Management Comments Requested by	May 2024
Management Comments Received	13 May 2024
Final Report	13 May 2024