

COUNCIL
17 JANUARY 2019**REPORTS OF COMMITTEES****(a) SUMMARY OF DECISIONS TAKEN BY THE AUDIT AND GOVERNANCE COMMITTEE**

Internal Audit Report – 1 September to 28 October 2018

1. The Committee has noted the Internal Audit Progress Report for the period 1 September to 28 October 2018. The Committee has expressed concern about the relatively high number of audit recommendations that remained overdue. The Committee has therefore requested that further information on overdue audits be presented to the Committee meeting scheduled on 15 March 2019 and that the relevant Chief Officers be requested to attend to provide an explanation for the delay.

Update on Internal Audit Transfer

2. The transfer in-house is split into three key tasks: The Transfer of Undertakings (Protection of Employment) TUPE of staff; the sourcing and implementation of new audit recording and reporting software; and the preparation of the 2019/20 IA Plan.

3. Both Warwickshire and Worcestershire County Council's Human Resource teams are in contact and agreeing the TUPE list and terms of transfer of Internal Audit Services back in-house. The Audit system used by Warwickshire County Council is not transferrable and it has been agreed to procure a system and software package and a specification and tender is in progress of going to market. The timetable is for a package to be selected in early January 2019. It is expected that an Audit Plan for 2019/20 will be presented for consideration at the next Committee meeting as planned.

4. The Committee has noted the update on the position of Internal Audit services transferring back in-house, and will receive an update at the next Committee meeting.

Statutory Accounts 2017/18 – Lessons Learned Update

5. Improvements continue to be made in the statutory accounts process and the Chief Financial Officer remained confident that matters raised through lessons learned will be addressed. Key stakeholders have been identified and the Council continues to work with them to ensure that the actions identified are implemented.

6. The Committee has received details of the following areas identified as part of the review and progress made to date: Leadership and Governance; Programme Plan; Working Papers; Systems and Processes; Capital accounts; Reliance on Experts;

Annual Governance Statement; and Staffing. The Committee has noted the report and endorsed the recommended actions. The Committee will review the Accounting Policies at its next meeting.

External Audit Plan 2018/19

7. Helen Lillington, Audit Manager presented the external audit plan for Worcestershire County Council and Worcestershire County Pension Fund to the Committee on behalf of Grant Thornton, the Council's external auditor. The Committee has noted the external audit plan for Worcestershire County Council and Worcestershire County Pension Fund.

Second Update on Finance Improvement Plan

8. To ensure that the Council has a fit for purpose finance function to support the organisation in the coming years a Finance Improvement Programme is in place. The Finance Improvement Programme has six projects that are interlinked: Control Environment; Budget Structures and roles and responsibilities; Financial Transactions; Staffing structures; Systems; and Partners and customers. Underpinning these projects are two cross-cutting projects: Communications; and Training.

9. The Programme is being monitored by a Strategic and Operational Programme Board in accordance with the Councils' Project Management processes. The latest highlight report notes no red issues. A budget for the next stage of work and payback assessment is currently being completed. The Committee has noted the update report and requested a further update report be brought to its next meeting.

Corporate Risk Report

10. The Corporate Risk Register provides a mechanism for collating and reporting risks that could affect the delivery of corporate objectives. In April 2017 the Council adopted an electronic risk register tool to hold in one place all the major risks identified by individual Directorates and major projects. A scoring system is used to rate individual risks. This allows risks to be ranked and provides a view of the highest risks identified across the organisation. At the end of Quarter Two 2018/19 there were 187 individual risks entered in the risk register of which 18 were identified as high / "red" risks.

11. The highest risks have been grouped into six risk areas, following discussion by the Corporate Risk Management Group (CRMG) and the newly formed Performance Board (the latter of which agreed the seven areas):

- Vulnerable children – risks around safeguarding children
- Education – risk associated with budget pressures and changes to school organisations / SEND improvement
- Services for vulnerable adults – risks around increasing demand and related pressures in health and social care system
- Financial control – risk associated with ability to monitor and control budgets
- Management of the county estate – risks associated with ageing estate and programme of maintenance

- Business continuity response to major event – resilience of the council to extreme weather events, system failures, human pandemic etc.

12. Staffing (risk of insufficient staff capacity, capability or productivity) had previously been reported as high / "red" but is now highlighted as medium / "amber" following significant mitigating activity.

13. The Committee has noted the latest update of the Corporate Risk Register including mitigating actions identified in respect of red risks. The Committee has requested a more detailed overview of the red risks associated with Education and the management of the County Estate for consideration at its next meeting.

Update on Commissioning

14. The Committee has received an update on Commissioning in relation to the Corporate and Communities Overview and Scrutiny Panel event, the procurement target within the budget proposals, the category management being explored and the number of contracts being reviewed. The Committee has requested that a further update be provided to the next Committee meeting with a more detailed explanation of the main activity headings.

Work Programme

15. The Committee has noted its future work programme.

Mr N Desmond
Chairman

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Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda papers for the meeting of the Audit and Governance Committee held on 14 December 2018.