

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

Internal Audit Progress Report – 2019/20

1. Since the last progress report, a final report for one audit had been issued, one audit was with managers for sign off and 9 audits are underway (including 4 IT audits which are being delivered by Worcestershire Internal Audit Shared Service). A number of older outstanding actions had been completed and there was now a total of 83 outstanding actions, with 58 overdue. This is a significant improvement from the last quarter and of the 50, 19 of these relate to Northleigh Primary School and Internal Audit are working with the new headteacher at the school to manage these. The Committee has noted the Internal Audit Progress Report.

External Auditor – Annual audit Letter 2018/19

2. Grant Thornton is responsible for producing an Annual Audit Letter which brings together all aspects of external inspection work undertaken across the County Council including the audit work carried out on the accounts. The Annual Audit Letter looks back over the year and summarises all of the reports and work the external auditors have undertaken and closes that year's audit. As such there are no new audit findings. The Committee has noted the External Auditor – Annual audit Letter 2018/19.

Fourth Update on Finance Improvement Plan

3. 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 and the Committee received an update on each of the following projects: 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. The Committee has noted the report and that a further update will be brought to the March 2020 Committee meeting. The Committee has also requested that a report on debt be brought to the December 2019 Committee meeting.

Corporate Risk Report

4. 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.

5. The Council's approach to risk monitoring and risk management continues to develop, and over the next 12 months the Corporate Risk Management Group (CRMG) will review the system and reporting requirements for risk management (including, for example, an assessment of the suitability of Pentana, the Council's new internal audit system, as a potential replacement for the corporate risk register tool).

6. At the end of Quarter One 2019/20 there were 124 individual risks entered in the risk register of which 15 were identified as high / "red" risks. The highest risks have been grouped into five risk areas, following discussion by CRMG and the Performance and Transformation Board as follows: Safeguarding vulnerable children; Education; Demand for Adult Social Care; Compliance management of the council's estate; and business continuity response to major event. Two further risk areas that have previously been reported as high / "red" are highlighted as medium / "amber" following significant mitigating activity during 2018/19 as follows: financial control; and staff capacity, capability and productivity.

7. The Committee has noted the latest update of the Corporate Risk Register including mitigating actions identified in respect of red risk. Following concerns expressed during the debate about the Council's response to Brexit, the Committee has requested that the full local and regional Brexit planning arrangements, report and spreadsheet of risks and mitigations be considered for release to all members of the Council.

Work Programme

8. The Committee has noted its future work programme subject to the addition of an item on cash management and debt to the December 2019 meeting.

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 20 September 2019.