worcestershire
county council

15 January 2015

11. REPORTS OF COMMITTEES

SUMMARY OF DECISIONS TAKEN BY THE AUDIT AND GOVERNANCE COMMITTEE

Disaster Recovery	1. Further to the last report to Council, the Committee received an update to the draft Disaster Recovery Internal Audit Report with particular regard to the Frameworki (FWi) system.

2.   The current operational environment for the FWi system will be managed at minimal cost, and the new service provider for ICT infrastructure will be commissioned to cost a scheme to re-host FWi and provide a disaster recovery service, in line with the suggested service improvement plan, at the earliest opportunity.

3. The Commissioning work, engaging with Hewlett Packard (HP) to deliver operational support for the Council systems, and the Digital by Default strategy, will see substantial change in the way systems are designed and delivered to the Council. The limitations of the two existing computer rooms in County Hall and Wildwood, specifically, the lack of fire suppressant, are well understood and can be built into the arrangements for recovery of systems, such that the risk of loss of service through fire can be tolerated.

4. The Digital by Design is making greater use of services provided externally in the Cloud, reducing the risk of loss from disruption to central resources. Similarly, opportunity exists to seek hosting services external to the Council via the contract for support with HP. Deployment of services away from the Council through current and developing technologies will reduce the risk of loss on the Council to a point where the Council can accept the risk.

5.   The Committee has noted the update to the draft Disaster Recovery Internal Audit Report and the Frameworki system and the proposals to manage the current operational environment for the FWi system at minimal cost, and to commission the new service provider for ICT infrastructure to cost a scheme to re-host the FWi

system and provide a disaster recovery service, in line with the suggested service improvement plan, at the earliest opportunity.

6.   The Committee would wish to inform Council that it was reasonably re-assured by the mitigation measures set out in the disaster recovery plans for the next 12 months.

Information Commissioner's Office Audit and Progress Report

7.   The Information Commissioner's Office (ICO) has undertaken a consensual audit of the County Council, looking specifically at three areas: data protection governance; security of personal data; and data sharing. The result of the audit was that the ICO had a 'very limited assurance' that processes and procedures in place were delivering data protection (DP) compliance**.**

8.   Following the audit, the ICO presented the Council with a report and a list of recommendations. These recommendations have provided the focus of the work the organisation has now undertaken to bring it up to an acceptable standard. These included: ensuring a robust governance structure; review of Policies; new policy development; and cultural change. These recommendations have provided the focus of the work the organisation now undertakes to bring it up to an acceptable standard. The ICO is planning to return during 2015 to undertake a follow-up audit

9.   The Committee was pleased to see the progress being made to bring the Council up to an acceptable standard and has noted the progress made against the recommendations put forward by the ICO following their visit.

Corporate and Transformation Risk Report

10. The Corporate Risk Register and the Transformation Risk Register are key documents in the Council's approach to risk management.

11. As part of a review of the Risk Register conducted earlier this year, the resulting outcomes were approved by the Future Fit Programme Board (FFPB) in May 2014. Since then, work has continued to further embed both existing and new processes for managing risk across the organisation.

12.   The review resulted in a number of fundamental changes to the way risks are managed and reported, including:

- The number of corporate risks were reduced from 24 to 10 with some risks being combined to provide a more focused approach and others being devolved to directorate level risk registers

- The introduction of a Transformation Risk Register

(TRR) to run in parallel with the Corporate Risk Register (CRR) where both contain four 'Shared Risks' that impact both corporately and on organisational transformation

- The CRR was revised to include further detail on activities undertaken during the reporting period to control or mitigate individual risks therefore providing better assurance that risks are being managed actively

- 'Risk Appetite' was included as part of the overall risk assessment based on a five point scale ranging from low to high; the inclusion of risk appetite enables the Council to determine the amount of risk it is willing to take to achieve its strategic objectives and to enable tolerance levels to be set that ensure risks remain within the agreed parameters and the Council is not exposed to unnecessary risk.

13. The CRR and TRR are updated quarterly and reported to Cabinet and Future Fit Programme Board respectively on a twice-yearly basis.

14. The Committee has agreed the latest refresh of the Corporate and Transformation Risk Registers, and noted the red risks and mitigating actions.

Annual Audit Letter 2013/14

15. The Committee has noted the Annual Audit Letter 2013/14 and requested an update report regarding the resolution of the outstanding objection to the Accounts which will be reported in the External Audit Plan at its meeting on 20 March 2015.

16. In particular the Committee wishes to draw the Council's attention to the unqualified audit opinion issued by the External Auditor on the Accounts and the anticipated increase in the fee charged by the External Auditor as a result of the additional work associated with the objections made against the accounts.

Counter Fraud Report 2014/15

17. The Council's response to the Government's expectations for tackling fraud and corruption is reflected in the Annual Counter Fraud report which includes a draft 2015/16 Counter Fraud Plan. The Committee has noted the content of the Counter Fraud Report 2013/14.

Publishing Planned Internal Audit Reports

18. The Committee has agreed a proposed system for publishing Internal Audit reports. Quarterly Internal Audit Progress reports will include details of those audit reports to be published. The Audit and Governance Committee will be able to request to review individual reports where required.

Internal Audit Progress Report 2014/15	19. The Committee has approved the content of the draft Internal Audit progress report 2014/15.
	20. The Committee has noted that the recruitment of agency staff is managed via the Matrix system (Agency Staff Recruitment System). Members expressed concern about the potential conflict of interest between the role of Matrix as a Managed Service Provider as well as acting as a "middle man" and managing the "supply chain" on the Council's behalf. The Committee has requested that a report on the use of agency staff be brought to the Committee meeting on 20 March 2015.
Internal Audit Commissioning Update	21. The Committee noted the contents of an update report on the Internal Audit Commissioning process. The Committee was informed that consideration was being given as to whether to keep the service in-house, to commission it to a private sector company or to create a shared service with another Council. Discussions were currently being held with Warwickshire County Council to explore shared service arrangements as a possible option. The Committee would be kept informed of progress.
Work Programme	22. The Committee noted its work programme.
	Mr W P Gretton **Chairman**
Contact Points	**County Council Contact Points**
	Worcester (01905) 763763, Kidderminster (01562) 822511 or Minicom: Worcester (01905) 766399
	Specific Contact Points for this Report
	Simon Lewis (Committee Officer) Ext. 6621 Email: slewis@worcestershire.gov.uk
Background Papers	In the opinion of the proper officer (in this case the Director of Resources) 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 12 December 2014