

Worcestershire County Council

Agenda

Audit and Governance Committee

Friday, 27 June 2014, 10.00 am
County Hall, Worcester

DISCLOSING INTERESTS

There are now 2 types of interests:
'Disclosable pecuniary interests' and **'other disclosable interests'**

WHAT IS A 'DISCLOSABLE PECUNIARY INTEREST' (DPI)?

- Any **employment**, office, trade or vocation carried on for profit or gain
- **Sponsorship** by a 3rd party of your member or election expenses
- Any **contract** for goods, services or works between the Council and you, a firm where you are a partner/director, or company in which you hold shares
- Interests in **land** in Worcestershire (including licence to occupy for a month or longer)
- **Shares** etc (with either a total nominal value above £25,000 or 1% of the total issued share capital) in companies with a place of business or land in Worcestershire.

NB Your DPIs include the interests of your **spouse/partner** as well as you

WHAT MUST I DO WITH A DPI?

- **Register** it within 28 days **and**
- **Declare** it where you have a DPI in a matter at a particular meeting
 - you must **not participate** and you **must withdraw**.

NB It is a criminal offence to participate in matters in which you have a DPI

WHAT ABOUT 'OTHER DISCLOSABLE INTERESTS'?

- No need to register them but
- You must **declare** them at a particular meeting where:
You/your family/person or body with whom you are associated have a **pecuniary interest** in or **close connection** with the matter under discussion.

WHAT ABOUT MEMBERSHIP OF ANOTHER AUTHORITY OR PUBLIC BODY?

You will not normally even need to declare this as an interest. The only exception is where the conflict of interest is so significant it is seen as likely to prejudice your judgement of the public interest.

DO I HAVE TO WITHDRAW IF I HAVE A DISCLOSABLE INTEREST WHICH ISN'T A DPI?

Not normally. You must withdraw only if it:

- affects your **pecuniary interests** **OR**
relates to a **planning or regulatory** matter
- **AND** it is seen as likely to **prejudice your judgement** of the public interest.

DON'T FORGET

- If you have a disclosable interest at a meeting you must **disclose both its existence and nature** – 'as noted/recorded' is insufficient
- **Declarations must relate to specific business** on the agenda
 - General scattergun declarations are not needed and achieve little
- Breaches of most of the **DPI provisions** are now **criminal offences** which may be referred to the police which can on conviction by a court lead to fines up to £5,000 and disqualification up to 5 years
- Formal **dispensation** in respect of interests can be sought in appropriate cases.

Audit and Governance Committee
Friday, 27 June 2014, 10.00 am, County Hall, Worcester

Membership: Mr W P Gretton (Chairman), Mrs S Askin, Mr S J M Clee,
Mr N Desmond, Mr L C R Mallett, Mr R J Sutton and Mr P A Tuthill

Agenda

Item No	Subject	Page No
1	Named Substitutes	
2	Apologies/Declarations of Interest	
3	Public Participation <i>Members of the public wishing to take part should notify the Director of Resources in writing or by e-mail indicating the nature and content of their proposed participation no later than 9.00am on the working day before the meeting (in this case 26 June 2014). Further details are available on the Council's website. Enquiries can be made through the telephone number/e-mail address below.</i>	
4	Confirmation of Minutes To confirm the Minutes of the meeting held on 21 March 2014. (previously circulated – pink pages)	
5	Annual Statutory Financial Statements for the year ending 31 March 2014	To follow.
6	Annual Governance Statement	To follow.
7	Overview of changes to Risk Management processes	1 - 4
8	Draft Internal Audit Annual Report 2013/14	5 - 28
9	Final Internal Audit Risk Assessment and Operational Plan 2014/15	29 - 52
10	Work programme	53 - 54

Agenda produced and published by Patrick Birch, Director of Resources, County Hall, Spetchley Road, Worcester WR5 2NP

To obtain further information or a copy of this agenda contact Simon Lewis, Committee Officer on 01905 766621, slewis@worcestershire.gov.uk

All the above reports and supporting information can be accessed via the Council's website at <http://www.worcestershire.gov.uk/cms/democratic-services/minutes-and-agenda.aspx>

Date of Issue: Wednesday, 18 June 2014

This page is intentionally left blank

Audit and Governance Committee
27 June 2014**7. OVERVIEW OF CHANGES TO RISK MANAGEMENT PROCESSES****Recommendation**

1. The Committee is asked to note:

- a) The changes made to the Council's Risk Registers and the risks that have been identified as a result of the review of risk management;
- b) The revised Risk Management Strategy and accompanying Guide to Managing Risk, taking note of the proposed governance arrangements; and
- c) The frequency of future reporting of risk management to the Committee.

Background Information

2. A report that evaluated the Council's approach to risk management which highlighted improvements that could be made so that risk management is fit for purpose as the Council transforms, was presented to Strategic Leadership Team (SLT) on 4 February 2014. SLT agreed the following:

- that both a **Corporate Risk Register (CRR)** and a **Transformation Risk register (TRR)** should be maintained. However, risks that apply to both corporate and transformational activities ('**shared risks**') should be included on both registers
- that **governance arrangements** should be reviewed so that SLT, Future Fit Programme Board and Cabinet can fulfil their responsibilities towards management of risk
- that the CRR and TRR should be more **dynamic documents** so that SLT, FFPB and Cabinet can be assured that managers are actively mitigating against risks and that risk appetite be considered, and
- the County Council's **Risk Management Strategy and Guide to Risk** are updated to reflect these changes.

3. As a result, the following developments have taken place and were approved by Future Fit Programme Board (FFPB) on 27 May 2014:

- The CRR has been reviewed and the number of risks reduced from 24 to 10 (achieved by deleting risks that were no longer active and by combining risks (e.g.

individual risks relating to business continuity planning). The first four risks are 'shared risks' which appear on both the CRR and TRR because they impact both corporately and on organisational transformation

- A Transformation Risk Register has been produced which includes the 'shared risks' and also the top three transformation risks for each directorate
- The risk register template has been amended to provide opportunity to make the CRR and TRR more dynamic documents. The template now includes a narrative around specific activity that has taken place to mitigate against the risk in the period under consideration. In addition, a Risk Appetite has been set for each risk
- A rank has been set for each risk. The rank has been calculated using the information provided by each directorate. The rank that appears on the CRR and TRR for each risk is based on the highest assessment provided by the directorates. A risk heat map showing the distribution of risks across the risk matrix has been added to the front of the TRR and CRR
- An owner has been suggested for each risk. The role of the risk owner is to take responsibility for the risk and to have sufficient authority to ensure that the risk is managed effectively. Discussions are currently taking place with risk owners so that they are briefed to undertake their role
- The Risk Management Strategy has been reviewed and updated to support the revised approach for the management of both corporate and transformational risks. The strategy includes a revised corporate governance structure as well as roles and responsibilities for members, officers and staff throughout the organisation. The strategy is supported by a Guide to Managing Risk which provides information for managers on how to set and manage risk, enabling a consistent approach.

Reporting to Audit and Governance Committee

4. The Risk and Business Continuity Manager is currently creating a forward plan for reporting risk management for the next twelve months. Members had requested at the Committee meeting on 21 March that officers look at the possibility of timetabling reports on risk management and it is proposed that a further report be brought to the Committee meeting on 12 December 2014.

Contact Points

County Council Contact Points

Worcester (01905) 763763, Kidderminster (01562) 822511 or Minicom: Worcester (01905) 766399

Specific Contact Points

List of Background Papers

Lisa Peaty, Business Planning & Performance Manager, Chief Executive's Unit Tel: 01905 728536 Email: lpeaty@worcestershire.gov.uk

In the opinion of the proper officer (in this case the Business Planning & Performance Manager) the following are the background papers relating to the subject matter of this report:

- FFPB papers (27 May 2014)

This page is intentionally left blank

Audit and Governance Committee
27 June 2014**8. DRAFT INTERNAL AUDIT ANNUAL REPORT 2013/14****Recommendation**

1. **The Director of Resources recommends that the Internal Audit Annual Report 2013/14 set out in the Appendix to this report be approved.**

Introduction

2. The Annual Internal Audit Report presents a summary of the audit work carried out over the past year. The report specifically:
 - Includes an opinion of the overall effectiveness of the internal control environment and governance framework and the extent to which the Council can rely on the opinion
 - Makes reference to any issues relevant to the Annual Governance Statement
 - Details work carried out in respect of the 2013/14 internal audit plan and individual audit opinions.
3. During the year there have been a number of areas where Internal audit have identified the need to strengthen individual control processes.
4. Internal Audit continues to work with the Audit and Governance Committee and management to both maintain and improve risk, control and governance processes.
5. The detailed report is set out in the Appendix to this report.

Supporting Information

Appendix – Internal Audit Progress Report 2013/14

Contact Points**County Council Contact Points**

Worcester (01905) 763763, Kidderminster (01562) 822511 or
Minicom: Worcester (01905) 766399

Specific Contact Points

Sean Pearce, Head of Corporate Financial Strategy
Ext: 6268. Email: spearce@worcestershire.gov.uk

List of Background Papers

In the opinion of the proper officer (in this case the Director of Resources) there are no background papers relating to the subject matter of this report.

This page is intentionally left blank

Worcestershire County Council Draft Internal Audit Annual Report 2013/14



Distribution list

Audit and Governance Committee

Contents

Section	Page
1. BACKGROUND AND SCOPE	3
2. OUR ANNUAL OPINION	4
3. INTERNAL AUDIT WORK CONDUCTED	6
4. LIMITATIONS AND RESPONSIBILITIES.....	9
5. APPENDIX 1 ANNUAL ASSURANCE LEVELS AND RISK RATINGS	10
6. APPENDIX 2 RESULTS OF INDIVIDUAL AUDIT ASSIGNMENTS.....	11
7. APPENDIX 3 SUMMARY OF KEY FINDINGS.....	15
8. APPENDIX 4 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME	17

1. Background and Scope

Background to this report

- 1.1. The Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2011 requires the Head of Internal Audit to provide a written report to those charged with governance timed to inform the organisation's Annual Governance Statement (AGS). The purpose of this report is to present our annual opinion of the adequacy and effectiveness of the Council's system of internal control. This report is based upon the work agreed in the annual internal audit plan and conducted during the year.
- 1.2. Whilst our report is a key element of the assurance framework required to inform the Annual Governance Statement, there are also a number of other sources from which those charged with governance should gain assurance. The level of assurance required from Internal Audit was agreed with the Audit Committee and presented in the annual internal audit plan, with subsequent amendments being reported to the Committee. Our opinion does not supplant responsibility of those charged with governance from forming their own overall opinion on internal controls, governance arrangements, and risk management activities.
- 1.3. This report covers the period from 1 April 2013 to 31 March 2014.

Acknowledgements

- 1.4. Internal Audit would like to take this opportunity to thank all staff for their assistance during the year.

2. Our Annual Opinion

Introduction

- 2.1. Internal Audit is required to provide those charged with governance with an opinion on the overall **adequacy and effectiveness** of the Council's:
- risk management;
 - control; and
 - governance process

Collectively we refer to all of these activities in this report as “**the system of internal control**”.

- 2.2. Our opinion is based on the audit work performed as set out in our 2013/14 Internal Audit Plan agreed by the Audit and Governance Committee.

Annual opinion on the system of internal control

- 2.3. It is management's responsibility to develop and maintain a sound system of internal control, and to prevent and detect irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.
- 2.4. We have planned our work so that we had a reasonable expectation of detecting significant control weaknesses. However, internal audit procedures alone, although they are carried out with due professional care, do not guarantee that fraud will be detected. Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist, unless we are requested to carry out a special investigation for such activities in a particular area.
- 2.5. Whilst we are satisfied that the overall standard of internal control for the financial year ending 31 March 2014 is performing adequately, our work did offer a number of areas for improvement.
- 2.6. We have completed the programme of internal audit work for the year ended 31 March 2014, subject to management responses being finalised and agreed for the following draft reports:
- Open for Business- Partnership Arrangements
 - Joint Commissioning Unit – Contract Management (Residential & Nursing Care)
 - Pension Administration
 - Future Fit-Benefit Realisation
 - Payroll
 - Children's Social Care
 - Commissioning of Out of Area and High Cost Placements (Adults)
- 2.7. We are liaising with management to finalise these reports.
- 2.8. There were no areas receiving a 'No Assurance' opinion (2012/13 [1]). There were a number of areas that were 'Limited Assurance' (11) (2012/13 [17]). Management has agreed to implement a number of recommendations that will improve the system of internal control and manage potential risks.

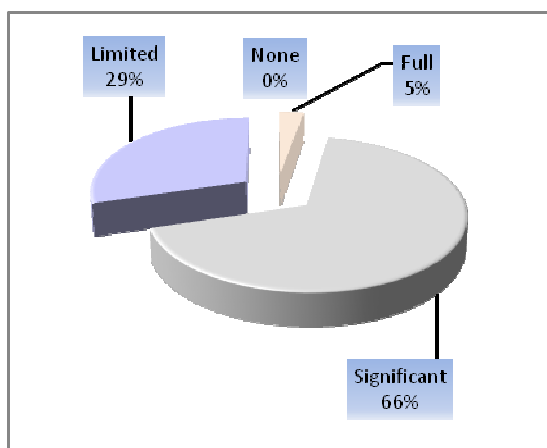
- 2.9. The Council has further work to do in these areas to address the control weaknesses identified. The issues identified within these areas that have resulted in our Limited Assurance opinion are specified within 'Summary of Key Findings' on pages 9-11.
- 2.10. Therefore, on the basis of our conclusions, with the exception of the reviews detailed above, we are able to give **MODERATE ([Moderate 2012/13])** assurance on the design, adequacy and effectiveness of the system of internal control at the Council. We provide 'moderate' assurance where we have identified mostly low and medium rated risks during the course of our audit work on business critical systems, but there have been some isolated high risk recommendations and / or the number of medium rated risks is significant in aggregate. The level of our assurance will therefore be moderated by these risks and we cannot provide a high level of assurance. See Appendix 1 for the full list of available opinions and their definitions.
- 2.11. We have also provided support to the Council through our reviews and we have provided advice throughout the year to help improve controls and add value.

3. Internal Audit work conducted

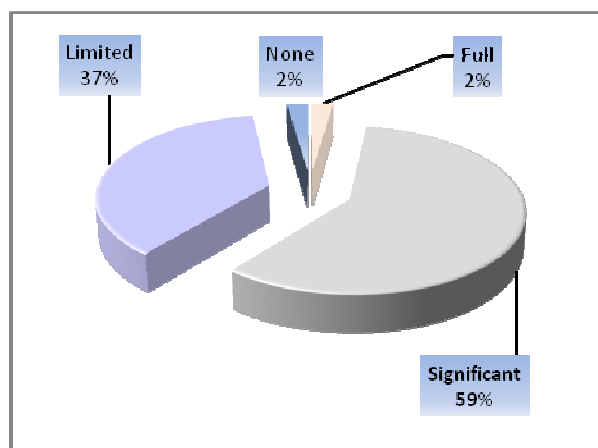
Current year's internal audit plan

- 3.1. Our internal audit work has been conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) and the agreed Annual Internal Audit plan.
- 3.2. The key outcome of each individual audit is an identification of the inherent risks within the system and an overall opinion of the adequacy and effectiveness of the controls within the area audited. The opinions given ranging from the lowest to the highest are:
- 3.3. No assurance,
- 3.4. Limited assurance,
- 3.5. Significant assurance and
- 3.6. Full assurance.
- 3.7. In recognition of the increasing amount of advisory work and Internal Audit's approach of being innovative and supporting change, a traffic light system (RAG status) has been introduced for some audits, to provide an indication to the client of current performance and to highlight areas that require further attention. The Audit and Governance Committee have been given regular reports during the year summarising audits undertaken.
- 3.8. The charts below show the assurance opinions given in 2013/14 compared to those in 2012/13. Our audit plan covers different areas each year, it is therefore not unexpected that these vary, however the assurance levels do give a meaningful insight regarding the Council's control environment. A full list of assurance work is shown in Appendix 2.

3.9. Assurance Levels 2013/14



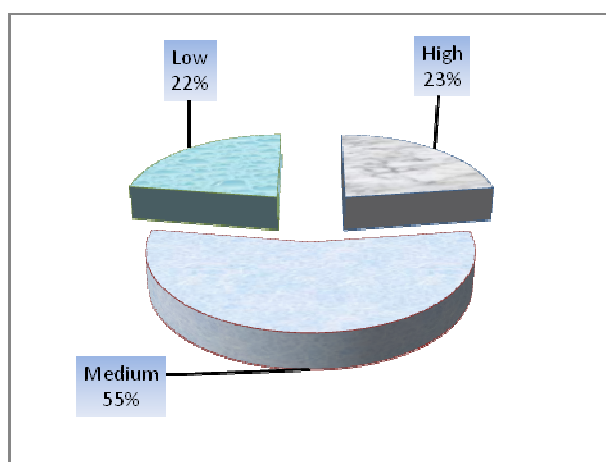
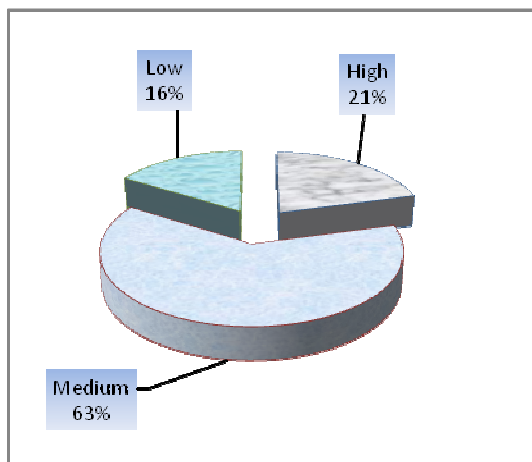
Assurance Levels 2012/13



- 3.10. Recommendations are categorised to reflect the risk that they are intending to mitigate. This also assists managers in prioritising improvement actions. The categories used in increasing order of importance are low, medium and high. During the year 495 recommendations (362 during 2012/13) were made to improve control. The charts below show the comparison of internal audit recommendations made 2012/13 and 2013/14.

3.11. Audit Recommendations 2013/14

Audit Recommendations 2012/13



3.12. In Appendix 3 we set out a summary of the key findings in relation to those areas where we have given only Limited Assurance for work carried out as part of the 2013/14 Internal Audit Plan.

Advice

3.13. Internal audit tends to be most effective when advice is sought at an early stage in the planning of policy or system development.

3.14. Internal Audit meets regularly with directors and other senior staff to identify areas where such advice or input is required. This work reduces the issues that will be raised in future audits, contributes to a stronger control environment and allows the audit team to keep up to date with current and future challenges facing the directorates.

3.15. During 2013/14 the Audit and Governance Committee have been updated on a number of areas where Internal Audit has been involved in an advisory capacity.

Special investigations

3.16. The Audit Commission have stated in their national report Protecting the Public Purse 2013 that fraud costs Local Government £2 billion a year. Every pound lost through fraud cannot be spent on providing public services.

3.17. The Council does not appear to have a significant number of irregularities. However, the size and complexity of the Council means that it is inevitable that there will be a small number of irregularities to be investigated; any significant issues are reported to the Audit and Governance Committee.

3.18. A significant amount of pro-active work has taken place during the year to raise awareness of fraud issues. Internal Audit arranged for a publicity campaign during October to raise awareness of fraud and corruption with staff and members. This included information and case studies on SID, posters, plasma screens and encouragement to participate in e-learning training. Information has also appeared on the Member's Portal. This has also provided an opportunity to publicise the Council's Anti-Fraud and Corruption Strategy, Whistle Blowing Policy and Money Laundering Policy, all of which were approved at the Audit and Governance Committee on 13 September 2013. A confidential fraud reporting hotline has also been introduced.

- 3.19. It is intended to produce a separate Counter Fraud audit report for the December Audit and Governance Committee.

Certification

- 3.20. Internal Audit has carried out work to check and certify a number of grant claims. These were all found to be satisfactory.

Risk management

- 3.21. Risk management plays a significant role in how the Council meets its challenges, and strives to achieve its business objectives. As a component of the Council's corporate governance framework, risk management provides a positive contribution towards the achievement of the Council's vision, aims and objectives by identifying risks and providing assurances that those risks are actively managed.
- 3.22. Internal Audit provides an annual independent, objective assessment/opinion of the effectiveness of the risk management and control processes operating within the Council which feeds into the Council's Annual Governance Statement
- 3.23. Internal audit also provide guidance on risk and control and are part of the Council's Risk Management Group (CRMG).

Delivery of internal audit plan 2013/14

- 3.24. The Audit and Governance Committee approved the 2013/14 audit plan on 27 June 2013. We have now achieved 100% of the plan albeit there is some ongoing work to ensure that all reports are appropriately approved by management. The plan was revised slightly during the year to take account of changes to the audit work required.

Effectiveness

- 3.25. This section of the report sets out information on the effectiveness of the Internal Audit service and focuses on compliance with the PSIAS and the Local Government Application Note (LGAN), the Quality Assurance and Improvement Programme (QAIP) and customer feedback. The PSIAS code includes a detailed checklist against which effectiveness can be measured. Internal Audit has carried out a self assessment against the standards during 2013/14 and has identified a number of areas for improvement in the form of a QAIP. These are detailed in Appendix 4.
- 3.26. Following the completion of most audits, a "Customer Survey" has been issued to relevant managers asking for their views on the delivery of the audit. There are a range of questions including audit planning, reporting and an overall assessment. It is pleasing that an average score of 4.4 (out of a maximum of 5) has been achieved. In addition a number of positive comments and compliments regarding Internal Audit work have been received during the year.
- 3.27. The PSIAS requires that there are appropriate quality controls around audit work carried out. There is a rigorous review around the work performed by audit staff including a post audit review which feeds into the staff review and development process.

4. Limitations and responsibilities

Limitations inherent in the internal auditor's work

Internal control

- 4.1. Internal control, no matter how well designed and operated, can provide only **reasonable** and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future Periods

- 4.2. The assessment of controls relating to Worcestershire County Council is as at 31 March 2014. The historic evaluation of effectiveness is not relevant to future periods due to the risk that:
- the design of controls may become inadequate because of changes in the operating environment, law, regulation or other; or
 - the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and of internal auditors

- 4.3. Management is responsible for maintaining appropriate risk management processes, internal control systems and governance arrangements i.e. the control environment and for the prevention and detection of irregularities and fraud. Internal audit review, appraise and report on the efficiency and effectiveness of these arrangements. We have planned our work so that we had a reasonable expectation of detecting significant control weaknesses and, if detected, we carried out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.
- 4.4. Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist, unless we are requested to carry out a special investigation for such activities in a particular area.

Basis of our assessment

- 4.5. In accordance with the Good Code of Practice for Internal Audit in Local Government in the UK 2006, our assessment on risk management, control and governance is based upon the result of internal audits completed during the period in accordance with the plan approved by the Audit and Governance Committee. We have obtained sufficient, reliable and relevant evidence to support the assertions that we make within our assessment of risk management, control and governance.

Limitations in our scope

- 4.6. The scope of our work has been limited to those areas identified in our individual Terms of Reference.

5. Appendix 1 Annual assurance levels and risk ratings

Annual assurance statements

Level of Assurance	Description
High	We will provide 'high' assurance in our annual opinion where we have only identified low and medium rated risks during the course of our audit work on business critical systems.
Moderate	We will provide 'moderate' assurance in our annual opinion where we have identified mostly low and medium rated risks during the course of our audit work on business critical systems, but there have been some isolated high risk recommendations and / or the number of medium rated risks is significant in aggregate. The level of our assurance will therefore be moderated by these risks and we cannot provide a high level of assurance.
Limited	We will provide 'limited' assurance in our annual opinion where we have identified high or critical rated risks during our audit work on business critical systems, but these risks are not pervasive to the system of internal control <u>and</u> there are identifiable and discrete elements of the system of internal control which are adequately designed and operating effectively. Our assurance will therefore be limited to these elements of the system of internal control.
No	We will provide 'no' assurance in our annual opinion where we have identified critical rated risks during the course of our audit work on business critical systems that are pervasive to the system of internal control or where we have identified a number of high rated risks that are significant to the system of internal control in aggregate.

Definition of priority ratings within our individual audit assignments

Priority rating	Assessment rationale
● High	This is essential to provide satisfactory control of serious risk(s).
● Medium	This is important to provide satisfactory control of risk.
● Low	This will improve internal control

6. Appendix 2 Results of individual audit assignments.

6.1. We set out below the results of our work in terms of the number and relative priority of findings. A number of reports are awaiting management responses to either the draft or final report. These have been highlighted (*) for reference.

Assignment	Overall opinion
School Themed Audit – Governance arrangements (overall report)	Significant
<u>Individual schools – Governance arrangements</u>	
- Far Forest Primary	N/A
- Kingsley College	N/A
- Offenham First	N/A
- Parkside Middle	N/A
- Pitcheroak school	N/A
- Wolverley Seabright Primary	N/A
- St Joseph RC Primary	N/A
- St Nicholas Middle	N/A
- Tenbury High	N/A
- Wyre Forest school	N/A
Pension Fund Governance	RAG rating amber
Enterprising Worcestershire	No opinion, advisory. A number of recommendations were made but not ranked.
Governance	Advisory
Health and Safety	Significant
Construction Industry Scheme (CIS)	Full
Overhead costs and recharges	RAG rating over 7 areas, 4 green, 2 Amber and 1 red
Use of External Consultants	Limited

Assignment	Overall opinion
<u>Use of External Consultants- individual audit</u>	Opinion given in overall report
- Consultant Ai & Aii	N/A
- Consultant B	N/A
- Consultant C	N/A
- Consultant D	N/A
- Consultant E	N/A
- Consultant F	N/A
- Consultant G	N/A
- Consultant H	N/A
- Consultant I	N/A
People Strategy	RAG: Overall Amber
Recruitment Issues	No overall opinion
Contract Management	Significant
Special Education Needs (SEN) Independent Specialist Providers (ISPs)	RAG: 2 Green, 3 Amber & 3 Red
Tax Compliance	Significant
Capital Expenditure	Significant
Standard of Provision of External Services	Significant
Disaster Recovery & Business Continuity	Limited
Emergency Planning	Significant
Business Loan Fund	Full
BACS Payment System	Significant
Quality of Care Records	Limited
School Themed Audit – Contract Management (overall report)	Limited
<u>Individual schools - Contract Monitoring</u>	
- Wolverley Secondary	N/A

Assignment	Overall opinion
- Eldersfield Lawn	N/A
- Blessed Edward Oldcorne	N/A
-Abberley Parochial	N/A
-Burlish Park	N/A
-Church Hill Middle	N/A
-Oak Hill First	N/A
-Evesham High	N/A
-Fort Royal Community	N/A
-Witton Middle	N/A
Transport	Significant
Fixed Assets	Significant
Early Help Strategy- Contract Monitoring & Outcomes	Limited
WM Youth Offending	RAG status
Bishops Wood	Significant
Sustainability	Significant
Safeguarding – Winterbourne House	Significant
Mental Capacity & DOLS	Significant
Treasury Management	Significant
Bank Reconciliation	Significant
Performance Management	Significant
Improvement & Efficiency West Midlands (IEWM)	Significant
Infrastructure Fund for the Voluntary and Community Sector	Significant
Open for Business – Partnership Arrangements*	Limited
Creditors	Significant
Debtors	Significant

Assignment	Overall opinion
Payroll*	Significant
One-time Vendors	Significant
Commissioning of Out of Area and High Cost Placements (Adults)*	Limited
Joint Commissioning Unit – Contract Management (Residential & Nursing Care)*	Limited
Write - off Procedures	Significant
Pension Administration*	Significant
SAP Authorisation Follow Up	Limited
Children's Social Care*	RAG: 5 High, 6 Medium and 2 Low
Local Enterprise Projects	Limited
Future Fit - Benefit Realisation*	Limited

7. Appendix 3 Summary of Key findings

- 7.1. We set out a summary of the key findings in relation to those areas where we have given only Limited Assurance for work carried out as part of the 2013/14 Internal Audit Plan:

Audit review	Key issues
Information Technology, Disaster Recovery and Business Continuity	Business continuity arrangements had not been reviewed for a number of years. Disaster recovery procedures did not encompass all of the requirements needed to facilitate a recovery from a full disaster and did not reflect the current business operations of the organisation. In addition, systems needed to be prioritised to ensure that the most important ones are recovered first. Finally, there were no fire suppression systems in place.
Quality of Care Records (vulnerable people aged 18 and over)	The audit identified concerns regarding the frequency and consistency of reviews, selection procedures, consistency of reviews, and a requirement for independent reviews and improved reporting procedures.
Use of External Consultants	The audit report identified a number of issues regarding policy, authorisation, procurement procedures, HR issues and monitoring.
Open for Business – Partnership Arrangements	There is no overall register of partnership arrangements and a lack of clarity around the definition of partnerships. There is also a requirement to develop a partnership policy to provide guidance for officers involved in partnership working. Other recommendations covered risk management and governance arrangements.
School Themed Audit – Contract Monitoring (overall report)	There were 24 recommendations covering procurement, contracts, contract monitoring and review procedures. It was recognised that this was from a sample of schools, but that the issues raised in the report are likely to be wider ranging across the county than in just the schools audited. Management have taken note of the recommendations, and have brought to the attention of schools the key issues raised.
Early Help Strategy – Contract Monitoring & Outcomes	Thirty percent of funding is subject to achieving Payment by Results (PBR) targets. Further work needs to be conducted ahead of the PBR mechanism going live, as in many cases monitoring tools have yet to be put into place to facilitate a way of determining whether targets have been achieved and, in turn, what the impact on funding is. Monitoring arrangements also need to ensure that PBR targets do not prove to be counter-productive. There is a lack of clarity as to

Audit review	Key issues
Commissioning of Out of Area and High Cost Placements (Adults)	<p>which PBR data is to be produced by the Council and which results data is to be produced by the providers.</p> <p>There were a number of issues regarding process documentation, authorisation processes, utilisation of resources, contract and review procedures.</p>
SAP Authorisation Follow Up	<p>Whilst improvements have taken place there were concerns over current authorisation levels and the lack of appropriate reporting which restricted directorate finance team's ability to monitor SAP authorisation levels.</p>
Local Enterprise Projects	<p>There were recommendations around governance arrangements including the partnership agreement and strategic plan, risk management and performance reporting arrangements.</p>
Benefit Realisation	<p>There was only limited assurance that the Council is realising all the benefits expected from the programme, as directorates are too narrowly focused on projects that aim to achieve short term financial savings. In addition, projects are primarily focussed on individual directorates, rather than considering how collaborative projects between directorates can achieve benefits and savings.</p>
Joint Commissioning Unit – Contract Management (Residential & Nursing Care)	<p>There were a number of concerns regarding contractual and monitoring arrangements.</p>

8. Appendix 4 Quality Assurance and Improvement programme

8.1. The attached table shows the outcome of Internal Audit's self assessment against the Public Sector Internal Audit Standards (PSIAS).

PSIAS check list ref	PSIAS Description	Audit Standard	Actions	Timescale for tasks to be achieved	Person Responsible	Status
1000	Purpose, Authority & Responsibility	The Internal Audit Charter should include a formal definition of Purpose, Authority & Responsibility	Produce IA Charter to reflect new standards. Charter approved by Audit and Governance Committee	August 2013 September 2013	Senior Manager, Internal Audit & Assurance	Complete Complete
1000	Purpose, Authority & Responsibility	Purpose, Authority & Responsibility of the Audit and Governance Committee	Issue skills matrix Approval of training programme Stage 1 training	September 2013 March 2014 May 2014	Senior Manager, Internal Audit & Assurance	Complete Complete
1100	Organisational Independence	Chief Audit Executive (CAE) should report to level of corporate management team	CAE reports to Service Director. However, can where appropriate report to a member of the corporate management team.	June 2104	Senior Manager, Internal Audit & Assurance	Complete
1100	Organisational Independence	Reporting and management arrangements in place to preserve the CAE's independence and objectivity	Amend Senior Managers, Internal Audit & Assurance job description to include arrangements for raising concerns	July 2014	Head of Corporate Financial Strategy	Ongoing
1100	Organisational Independence	The Board approves decisions relating to the appointment and removal of the CAE	This responsibility is fulfilled by the Head of Corporate Financial Strategy.	June 2104	Head of Corporate Financial Strategy	Complete
1100	Organisational	The chief executive or	There is currently no formal	April 2014	Head of Corporate	Complete

PSIAS check list ref	PSIAS Description	Audit Standard	Actions	Timescale for tasks to be achieved	Person Responsible	Status
	Independence	equivalent undertake, countersign, contribute feedback to or review the performance appraisal of the CAE?	contribution from the Chief Executive. Include in future Staff Review & Development		Financial Strategy	
1100	Organisational Independence	Feedback should be sought from the Chair of the Audit Committee for the CAE's performance appraisal	There is currently no formal contribution from the Chair. Include in future Staff Review & Development.	April 2014	Head of Corporate Financial Strategy	Complete
1210	Proficiency	To ensure that up-to-date job descriptions exist that reflect roles and responsibilities and that person specifications define the required qualifications, competencies, skills, experience and personal attributes.	Introduction of management competencies. Set out key skills relevant to carrying out the role of an internal auditor. Provide guidelines on the competence level expected to be achieved at each staff level Highlight training needs and inform SRD process. Review of Job descriptions	Started April 2013 Updated	Senior Manager, Internal Audit & Assurance Senior Manager, Internal Audit & Assurance	Complete August 2013
1230	Continuing Professional Development	To ensure that internal auditors undertake a programme of continuing professional development.	Behavioural skills training. <u>Learning Outcomes</u> By the end of the session you will be able to:- <ul style="list-style-type: none"> Recognise body language and signals in communication in order to effectively influence and steer negotiations Utilise appropriate questions and 	October 2013	Senior Manager, Internal Audit & Assurance	Complete

PSIAS check list ref	PSIAS Description	Audit Standard	Actions	Timescale for tasks to be achieved	Person Responsible	Status
			<p>summarising techniques in order to engage customers</p> <ul style="list-style-type: none"> Adapt your language to suit different preferences Recognise different approaches to decision making Identify with and respect different preferences within the team 			
1230	Continuing Professional Development	To ensure that internal auditors undertake a programme of continuing professional development.	<p>Critical thinking. To help develop our ability to critically analyse information Explore different techniques to:</p> <ul style="list-style-type: none"> Develop an awareness of the 'bigger picture' and how this might impact on your audit Aid evaluation and forming of evidenced based opinions <p>Sharing approaches for tackling audit assurance on the more complex service outcome areas</p>	November 2013 April 2014	Senior Manager, Internal Audit & Assurance	Ongoing
1230	Continuing Professional Development	To ensure that internal auditors undertake a programme of continuing professional development	<p>Training and Development Strategy / Plan. To support team and individual development / skills.</p>	October 2013	Senior Manager, Internal Audit & Assurance	Complete

PSIAS check list ref	PSIAS Description	Audit Standard	Actions	Timescale for tasks to be achieved	Person Responsible	Status
			Link in with wider Financial Services training plan			
1310	Requirements of the Quality Assurance and Improvement Programme	The QAIP should include both internal and external assessments	No external assessment has been completed to date re new standards. External assessment of compliance with the standards will be needed.	December 2017	Senior Manager, Internal Audit & Assurance	Ongoing
1311	Internal Assessments	Ongoing performance monitoring should include comprehensive performance targets?	New performance targets to be introduced and reported to Audit & Governance committee.	September 2014	Senior Manager, Internal Audit & Assurance Engagement Managers	Ongoing
1320	Reporting on the Quality Assurance and Improvement Programme	Are the performance targets developed in consultation with appropriate parties and included in any service level agreement?	Not previously reported. Report to Audit and Governance Committee.	June 2014	Senior Manager, Internal Audit & Assurance	Complete
1320	Reporting on the Quality Assurance and Improvement Programme	Ongoing performance monitoring includes obtaining stakeholder feedback?	Issue an Internal Audit Customer survey to ascertain quality of work. Review feedback and report in annual report. Review questions on customer survey to ensure that they continue to provide meaningful feedback to progress the Internal audit service.	April 2013 June 2014 April 2014	Senior Manager, Internal Audit & Assurance Senior Manager, Internal Audit & Assurance	Complete Complete

PSIAS check list ref	PSIAS Description	Audit Standard	Actions	Timescale for tasks to be achieved	Person Responsible	Status
2040	Policies and Procedures	The CAE should develop and put into place policies and procedures to guide the internal audit activity.	Produce new Internal Audit Manual to reflect current working practices.	April 2014	Senior Manager, Internal Audit & Assurance Engagement Managers	Complete to draft
2050	Planning	The risk-based plan should set out the approach to using other sources of assurance and any work that may be required to place reliance upon those sources	Not formally set out in the risk-based plan. Working with the Risk Management Group (RMG) to develop assurance model.	April 2014 onwards	Senior Manager, Internal Audit & Assurance Engagement Manager	Ongoing
2050	Planning	The CAE should carry out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance	Working with the Risk Management Group (RMG) to develop assurance model	April 2014 onwards	Senior Manager, Internal Audit & Assurance Engagement Manager	Ongoing
2120	Risk Management	Internal audit activity should evaluate the potential for fraud and also how the organisation itself manages fraud risk?	Increase awareness through publicity and on-line training. Review effectiveness of publicity and training	January 2014 July 2014	Engagement Manager Engagement Manager	Complete Not due
2200	Engagement Planning	Internal auditors develop and document a plan for each engagement?	Better engagement with the client to ensure that the client has ownership of the audit and greater acceptance of the work. Introduction of an Engagement Planning record.	April 2014	Senior Manager, Internal Audit & Assurance Engagement Manager	Started to use in March 2014

PSIAS check list ref	PSIAS Description	Audit Standard	Actions	Timescale for tasks to be achieved	Person Responsible	Status
2200	Engagement Planning	Raise awareness of role and remit of both Internal Audit & Audit and Governance Committee	Meet with Heads of Service, Directors and Chief Executive re planning process and ongoing audit work.	November to March	Senior Manager, Internal Audit & Assurance Engagement Managers	Complete for planning process. Ongoing engagement required.
2450	Criteria for Communicating	Engagement results released outside the organisation should include limitations on distribution and use of the results.	Review wording on reports. Disclaimer included in report	June 2014	Senior Manager, Internal Audit & Assurance Engagement Managers	Ongoing
2450	Overall opinion	Progress against the QAIP should be set out in the CAE's Annual Report	The Annual Report will include a section on progress against the QAIP	June 2014	Senior Manager, Internal Audit & Assurance	Complete

Audit and Governance Committee
27 June 2014**9. FINAL INTERNAL AUDIT RISK ASSESSMENT AND OPERATIONAL PLAN 2014/15****Recommendation**

1. The Director of Resources recommends that the content of the final Internal Audit Risk Assessment and Operational Plan 2014/15 set out in the Appendix to the report be approved.

Introduction

2. Following approval of the draft Internal Audit Risk Assessment and Operational Plan at the Audit and Governance Committee held on 21 March 2014, the plan has been discussed further with directorate management teams to obtain their final approval.

3. There have only been two small changes to the Plan since the last meeting. One was the omission of the Systems and Customer Access and the other was a change of name and emphasis to one of the audits.

Supporting Information

Appendix – Internal Audit Risk assessment and Draft Operational Plan 2014/15

Contact Points**County Council Contact Points**

Worcester (01905) 763763, Kidderminster (01562) 822511 or Minicom: Worcester (01905) 766399

Specific Contact Points

Sean Pearce, Head of Corporate Financial Strategy
Ext: 6268. Email: spearce@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 and Minutes of the Committee on 21 March 2014

This page is intentionally left blank

**Final Internal Audit Risk Assessment and
Operational Plan
2014/15**



Distribution List

Audit Committee
Chief Executive
Directors

Contents

Section	Page
1. Introduction	3
2. Providing assurance	4
3. Resources.....	6
4. Proposed internal audit plan	7

1. Introduction

- 1.1. In order to ensure that Worcestershire County Council's (WCC) internal audit resources are effectively utilised, we have made use of the current assessment of the most significant risks facing WCC, as part of the process for preparing the Annual Internal Audit Plan for the period 2014/15.
- 1.2. This is in line with current Internal Audit Standards and the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom. We recognise that from 1 April 2013 new Public Sector Internal Audit Standards (PSIAS) replaced the Code of Practice for Internal Audit in Local Government in United Kingdom.
- 1.3. The Standards, which are based on the mandatory elements of the Chartered Institute of Internal Auditors (CIIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.
- 1.4. To reflect the priorities of the County Council, the Internal Audit Plan has been aligned to the County Council's Corporate Plan, Worcestershire Future Fit. Clearly, it is important that Internal Audit plays a part in ensuring that the County Council's Strategic Plan – Future Fit is delivered.
- 1.5. Our understanding of the risk management processes at the County Council means that we are able to place some reliance on the County Council's risk management process and its risk registers in formulating our audit plan.
- 1.6. This Risk Assessment is a key factor in deciding how to allocate internal audit resources available. It ensures that resources are focused on those areas where they can be of most benefit to the County Council by providing assurance to the Audit and Governance Committee and management on controls over key risks. This document sets out our responses as internal auditors to those risks and to other factors that have been considered as part of our assessment of audit need.

2. Providing assurance

- 2.1. This section sets out the fundamental areas of the plan together with the basis upon which coverage by Internal Audit is required.

Delivering value

- 2.2. Internal Audit can also provide a valuable role in improving business performance and delivering future value. We can assist the Council through the deployment of specialist skills and experience.
- 2.3. Audit work will focus on the four key areas of Worcestershire Future Fit; Open for Business, Children and Families, Environment and Health and Wellbeing.

Providing fundamental "core systems" assurance

- 2.4. We recognise the necessity to provide management with an on-going level of fundamental "core systems" assurance. We will also seek to maximise audit efficiency by working closely with the external auditors, Grant Thornton. This includes developing and enhancing existing working arrangements with the external auditors.

Moving towards a risk based audit approach

- 2.5. Risk based work is also critical to the County Council, as it seeks to improve the risk awareness of staff, and improve overall control. The internal audit work programme is designed to provide assurance that the significant risks identified within the County Council's risk registers are being managed effectively. As part of this process we will also examine the risk management framework and governance procedures.
- 2.6. A significant element of the Internal Audit plan is still focused on fundamental assurance. However, over time as risk management processes develop and the internal control environment strengthens, we would expect the proportion of the internal audit plan spent on this to reduce. This will enable us to concentrate more of our resources on assisting the Council in areas such as efficiency gains, process improvements and delivering savings.

Next steps

- 2.7. Following consultation with key stakeholders, we seek final approval of the risk assessment and internal audit plan. During the year we will agree the timing of each review and issue a terms of reference agreed with management for each individual audit. The intention is for all internal audit work to be completed before the end of March 2015.

The risk assessment process

- 2.8. The Information which has been used to prepare our Risk Assessment and proposed Internal Audit plan has been collected and collated from a number of different sources, including:
- The prior year internal audit plan approved earlier in the year;
 - The Corporate Plan, Worcestershire Future Fit;
 - A review of risk registers;
 - Consultation with key individuals;

- A review of relevant documentation and reports provided to us; and
- Our knowledge of the Council and results of Internal Audit work undertaken in prior years.

Completeness of assessments and future reviews

- 2.9. Our risk assessment is limited to matters emerging from the processes listed above. We will review and update this assessment and the resulting internal audit plan annually. If, however, additional risks arise, or change in priority, during the year the audit plan will be reconsidered with management and, with the approval of the Audit and Governance Committee, amended to ensure that audit resources are focused on new risk areas.

3. Resources

- 3.1. The current internal audit structure includes a Senior Manager, Audit and Assurance, two Engagement Managers, three Senior Auditors and four Audit Assistants. It is also the intention to purchase approximately 50 days of specialist IT knowledge using the Internal Audit Framework agreement.

Productive days:	Total
Senior Manager, Audit & Assurance	60
Engagement Managers (2)	344
Senior Auditors (3)	583
Audit Assistants (4)	763
Specialist IT skills and knowledge.	50
Total	1800

- 3.2. Any changes in resourcing requirements in year will be communicated to the Audit and Governance Committee.

4. Proposed Internal Audit Plan

- 4.1. The proposed Internal Audit Plan for 2014/15 is set out below (in summary and detail) for the approval of Audit and Governance Committee. This has been informed by the risk analysis in Section 2 in accordance with modern internal auditing standards and the CIPFA Code of Practice for Internal Audit in Local Government in the UK.
- 4.2. In each instance an overview of the review has been included, the estimated number of days will be confirmed with Directors and the Senior Manager, Audit and Assurance prior to the final Audit Plan presented for approval at the next Audit and Governance Committee meeting. Once the programme has been agreed in outline, we will refine the precise scope of each review and agree this, and the related days, with management.
- 4.3. The responsibilities of Internal Audit, Audit and Governance Committee and management in developing and delivering the Internal Audit Plan are set out in the Internal Audit Charter.

Summary operational internal audit plan 2014/15

Area of coverage	Proposed Days (2014/15)
OP1 Fundamental assurance (core systems reviews)	260
OP2 Audits across the key areas of focus in the Corporate Plan	755
OP3 Open for Business	80
OP4 Children and Families	200
OP5 The Environment	90
OP6 Health and Wellbeing	135
Days available for WCC audit work.	1520
External Clients	280
TOTAL	1800

- 4.4. All audit days have been confirmed through due diligence with Directors and the Senior Manager, Audit and Assurance.
- 4.5. This plan excludes management time and all overheads. Special investigations will be in addition to the agreed internal audit plan; 80 days have been included in the above plan.
- 4.6. As per the requirements of the Public Sector Internal Audit Standards, individual audits have been prioritised. High priority audits include key financial systems, investigative work and high level corporate objectives and risks. Medium priority audits are based on discussions with senior managers and review of directorate risk registers. Low priority audits do have some organisational risk but have been

mainly excluded from the plan due to lack of resources.

- 4.7. The following tables outline the detailed plan to be presented to the Audit and Governance Committee for approval.

Detailed operational internal audit plan 2014/15

System	Priority	Source	Point of Focus	Audit Approach	Days	Quarter
OP1 Core systems reviews – fundamental assurance						
Core financial systems e.g. General Ledger / Financial accounting Debtors Creditor payments Payroll Pensions – administration processes Pensions – investment management Pension Governance arrangements Treasury Management Budgetary arrangements	High	Managed Audit	In line with three year financial systems cycle To be agreed in conjunction with external audit	Full systems	200	1-4

System	Priority	Source	Point of Focus	Audit Approach	Days	Quarter
VAT Bank Reconciliations Fixed Assets						
National Fraud Initiative	High	Internal Audit	In line with national NFI requirements	National Fraud Initiative	30	1-4
Grant Certification	High	Internal Audit	Where required	Grant certification	30	1-4
Subtotal OP1					260	
OP2 Audits across the key areas of focus in the Corporate Plan						
Directorate Risks	TBC	Directorate risk registers Conversation with Directors	Specific reviews on key directorate risks that arise during the year. To be agreed with Directors.	Flexible	150	1-4
Investigative work	High	Internal audit Requests from management	As suggested, to be confirmed during the audit year.	TBC	80	1-4

System	Priority	Source	Point of Focus	Audit Approach	Days	Quarter
		Whistleblowing				
Intelligence led pro-active fraud investigations	High	Internal Audit	Use of internal specialist data analysis software and output from Audit Commission's NFI data matching exercise.	Compliance	25	1-4
Advice		Requests for advice	To be determined following requests received.	Flexible	50	1-4
ICT audits – externally provided as part of the Internal Audit framework agreement.	High	Internal audit Consultation	To be determined following IT risk assessment.	Full systems	50	1-4
Data Information Security	High	Consultation Risk registers	Compliance with relevant legislation.	Full Systems Compliance	10	2
Computer Recycling	High	Consultation	Security of the arrangements for recycling computer equipment.	Full Systems	10	1
IT Policy Framework	High	Consultation	Review of appropriate and relevant policies.	Advisory	10	3

System	Priority	Source	Point of Focus	Audit Approach	Days	Quarter
Ethical Culture	Medium	Public Sector Internal Audit Standards (PSIAS)	Evaluate the design, implementation and effectiveness of the organisation's ethics related objectives, programmes and activities.	Evaluation	10	3
Performance Management	Medium	Consultation Corporate Plan	How performance information is used by the Council to drive forward change.	Advisory	15	3
Contract Management	High	Corporate Plan Internal Audit	Contract terms Contract monitoring Lessons learnt	Full systems	20	4
Commissioning	High	Consultations	Is the authority achieving value for money from out sourcing services? Decision making and adequacy of specification. Performance indicators Control environment Monitoring arrangements	Compliance Advisory Added value	30	3

System	Priority	Source	Point of Focus	Audit Approach	Days	Quarter
Cost of change- redundancy costs.	Low	Consultation	To assess whether redundancy costs have provided value for money.	Added value Compliance	10	4
Travelling and Subsistence –Employees	Medium	Consultation Internal Audit	Review of controls and processes around travelling and subsistence claims.	Full systems Compliance	25	1
Travelling and Subsistence – Councillors	Medium	Consultation Internal Audit	Review of controls and processes around travelling and subsistence claims.	Full systems Compliance	10	2
Councillor ICT arrangements.	Medium	Consultation Internal Audit	Controls around expenditure.	Full systems Compliance	5	2
WCDF – Worcestershire Councillor's Divisional Fund	Medium	Consultation	Approval of bids and transfer of funds.	Full systems Compliance	10	1
Flexible and Mobile Environment (FAME) working	Medium	Consultation Council Policy	Review of arrangements.	Compliance Added value	20	3

System	Priority	Source	Point of Focus	Audit Approach	Days	Quarter
Procurement	High	Consultation	Review of procurement e.g. new stationery contract. Appropriate procedures followed. Savings realised.	Full systems Compliance	30	2
Future Fit: Future Operating Model	High	Consultation	Configuration of processes and systems. Future delivery linked to corporate objectives.	Advisory Systems	20	3
Joint Property Vehicle (JPV)	High	Consultation	On-going advice, governance arrangements, performance indicators, milestones and outputs. Also link into financial due diligence.	Advisory Systems Added value	30	1-4
Archaeology	Low	Consultation	Emphasis on financial systems including income and invoice procedures. Also separation of roles between field and planning Archaeology.	Full systems	15	4

System	Priority	Source	Point of Focus	Audit Approach	Days	Quarter
Registrars	Low	Consultation	To ensure that appropriate systems and controls are in place.	Full systems	10	4
Governance	High	Consultation	Governance framework Annual Governance statement	Full systems Advisory	15	4 1
Risk Management	High	Consultation	Risk management process	Full systems	10	1-4
Audit and Governance Committee training	High	Internal Audit	Training members of the Audit & Governance Committee.	Training	5	1-2
General follow up	High	Internal audit	Follow up of previous Audit Findings.	Follow up of high and medium risk issues	20	1-4
Freedom of Information Requests	Medium	Internal Audit	Decision making process for the release of information.	Full systems	15	3
Insurance arrangements	Medium	Internal Audit	Appropriate cover is held by partners. Review of paid and	Compliance Full systems	5 10	3

System	Priority	Source	Point of Focus	Audit Approach	Days	Quarter
			disputed claims.			
Training and Development	Medium	Risk Register	Review of SRD process and monitoring arrangements.	Full systems	15	3
Use of agency staff	Medium	Internal Audit	Review of MATRIX system and monitoring arrangements.	Full systems	15	1
Subtotal OP2					755	
OP3 Open for Business						
European Funding	High	Consultation	Compliance with terms and conditions.	Compliance Added value	10	3
Local Enterprise Projects	High	Corporate Plan	Review of accountable body arrangements through the LEP to support business growth and development.	Full systems/validation	10	4
Growing Places Fund	High	Internal Audit Corporate Plan	Loans to companies for capital projects (grant provided by DCLG).	Validation	10	4

System	Priority	Source	Point of Focus	Audit Approach	Days	Quarter
Broadband project	High	Consultation	Payment procedures	Compliance	20	1-4
		Corporate Plan	Contract monitoring	Advisory		1-4
			Ongoing advice	Validation		3-4
Improvement & Efficiency West Midlands (IEWM)	Medium	Consultation	Planned approach regarding hand over arrangements.	Advisory	10	4
		Internal Audit	Finance, delivery evidence and legacy documents.	Systems approach		4
Efficiency Audit	Medium	Internal Audit	Review a sample of payments in excess of £100,000 to determine the appropriateness of the contracting arrangements, performance monitoring and VFM.	Compliance	20	2
Subtotal OP3					80	
OP4 Children and Families						
Sufficiency of Alternative	Medium	Consultation	TBC	Systems	25	2

System	Priority	Source	Point of Focus	Audit Approach	Days	Quarter
Provision.				Advisory		
Not in Education, Employment or Training (NEETS).	Medium	Consultation	Identification and monitoring of NEETS	Advisory Added value	10	1
Safeguarding	High	Consultation Corporate Plan	Lessons learnt from in-house reviews around safeguarding and child protection.	Advisory Added value	30	2
Primary School Sports Grant	Medium	Consultation	Review use of grant and share best practice.	Advisory	15	3
School Themed Audits	Medium	Internal Audit Corporate Plan	Including: <ul style="list-style-type: none"> ➤ Procurement cards ➤ Safeguarding in schools 	Compliance	100	1-4
Provision of Support Services in Schools.	High	Consultation	Future arrangements.	Advisory Systems	20	3
Subtotal OP4					200	

System	Priority	Source	Point of Focus	Audit Approach	Days	Quarter
OP5 The Environment						
PFI Waste Contract	High	Internal Audit	To be agreed.	Full systems	20	1
Highways Maintenance Contract	High	Consultation	To ensure that the new contractual arrangements are being adhered to with an emphasis on planned works.	Full systems	30	3/4
Design Services Contract	High	Consultation	Contractual arrangements. Contract management.	Full systems	20	1
Evesham Abbey Bridge	High	Consultation	Independent review of delays and associated increased costs.	Added value/advisory	20	3
Subtotal OP5					90	
OP6 Health And Wellbeing						
Direct Payments	High	Consultation Corporate Plan	Audit work will focus on new arrangements.	Systems/advisory	20	4
Delayed Transfer of Care	High	Consultation Corporate Plan	Consideration of delays in the system, across the whole of the NHS, liaising with auditors across the	Systems Systems/advisory	35	1

System	Priority	Source	Point of Focus	Audit Approach	Days	Quarter
			Acute Trust and NHS.			
Responsibilities for Community Safety	High	Consultation Corporate Plan	Community safety priorities and programmes. Comparison with other authorities. Are we doing what we should be doing?	Systems Added value	10	3
Public Health Ring Fenced Grant	High	Consultation Corporate Plan	Governance arrangements. Do we meet our mandatory requirements? Is the expenditure legitimate?	Validation Systems	30	1
Care and Support Planning	High	Consultation	Care Act compliance.	Full systems Added value	20	4
DASH Savings Plans	High	Consultation Corporate Plan	Identification of savings. Savings plans are realistic, adequately resourced and monitored.	Validation Systems	20	2
Subtotal OP6					135	

System	Priority	Source	Point of Focus	Audit Approach	Days	Quarter
TOTAL OP1 to OP6					1520	

This page is intentionally left blank

Audit and Governance Committee
27 June 2014**10. WORK PROGRAMME****Recommendation**

1. **The Committee is asked to note its future work programme and consider whether there are any matters it would wish to be incorporated.**

Background Information

2. In order to allow the Committee to manage its future work programme, a list of anticipated items has been set out below:

12 September 2014

Internal Audit Progress Report 2013/14

The Hive – Governance Arrangements

Follow up on the Deloitte report commissioned to carry out an income diagnostic of the council

12 December 2014

Internal Audit Progress Report 2014/15

External Audit Letter 2013/14

Internal Audit: Counter Fraud report

Risk Management

March 2015

Internal Audit Progress Report 2014/15

Internal Audit Risk Assessment and Draft Plan 2015/16

External Audit Plan 2014/15

The Hive – Governance Arrangements

External Auditor's Report

June 2015

Annual Statutory Financial Statements for the year ending 31 March 2015

Annual Governance Statement

Internal Audit Annual Report 2014/15

Internal Audit Risk Assessment and Plan 2015/16

Other items yet to be timetabled:

Backup and Restore Procedures

Recharging arrangements for services to schools (Minute no. 212 refers)

3. The Committee should consider whether there are any matters it would wish to be incorporated into the above programme.

Contact Points

County Council Contact Points

Worcester (01905) 763763, Kidderminster (01562) 822511
or Minicom: Worcester (01905) 766399

Specific Contact Points

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 and Minutes of this Committee from December 2005 onwards