

Agenda

Audit and Governance Committee

Friday, 12 December 2014, 10.00 am
County Hall, Worcester

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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, 12 December 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

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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 11 December 2014). Further details are available on the Council's website. Enquiries can be made through the telephone number/e-mail address below.</i>	
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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, 3 December 2014

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Audit and Governance Committee
12 December 2014**5. DISASTER RECOVERY****Recommendation**

1. **The Head of Systems and Customer Access recommends that:**
 - a) **The update to the draft Disaster Recovery Internal Audit Report be noted;**
 - b) **The update to the position with Frameworki be noted; and**
 - c) **The proposals to manage the current operational environment for FWi at minimal cost, and to commission the new service provider for ICT infrastructure 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 be noted.**

(a) Disaster Recovery for Frameworki Application**Introduction**

2. At the meeting of the Committee on 12 September 2014, members considered the draft Disaster Recovery Internal Audit Report. The Committee requested that van update on Disaster Recovery be brought to this Committee. In addition, the Committee requested that the Head of Systems and Customer Access (S&CA) write to members outlining: whether all options had been considered to address the risks associated with the Frameworki system; what mitigation measures had been undertaken to address the risks in the short term; and the costs associated with addressing these risks.

3. Having consulted the Chairman and Vice-Chairman, it was determined that the issues highlighted by the Committee in relation to Frameworki would be addressed in this Committee report rather than by letter.

Background Information

4. Frameworki (FWi) is a shared application between the Directorate for Adult Services and Health (DASH) and Children's Services (ChS).

5. It is the key ICT system used by Social Workers for storing case histories for both Adults and Children. The ICT Owner for FWi is DASH, with funding for the service coming jointly from DASH and ChS in proportion to their usage (agreed between them).

6. FWi was purchased in 2004 from Corelogic and became operational in 2006, augmenting CLIX at that time. It served social workers operating within business working hours only and had an operational availability set at 98%. The business created a FWi Support team capable of maintaining the FWi application, development and business support.

7. The computer architecture for FWi originally comprised a number of dedicated servers sited in the Councils main ICT Server room. It provided a single production system with Test and Training facilities. No disaster recovery (DR) opportunity was designed or provided. There was no provision for any dedicated ICT service, either capable of instantly taking over from the failed service, nor was there provision for spare ICT hardware to be used in an emergency.

8. Current FWi ICT environment has changed little over the period and still retains the single environment design. By default, DR was (and continues to be) provided by the ICT Section, on the basis of a restore on an 'acquire hardware', 'rebuild the ICT systems' basis. This is the standard approach taken for all ICT systems that have not identified any special arrangements.

9. The DR Service Level offered by the ICT Section was 48 hours, from time of failure to restore, given hardware was available. The design of the FWi service has what is referred to as a 'Reports' server. This reports server holds a copy of the FWi database as it was at the end of the previous day's activity. The Reports server is used to run information retrievals that would otherwise impact production users if performed on the on-line FWi database. For situations where the production FWi database becomes unavailable, the Reports server can be made available to users for enquiry purposes. This offers some business continuity opportunity in the interim.

10. The operating hours for the service was 8.30am to 5pm as specified by the business when Frameworki was installed.

11. In order to access FWi a number of Corporate Applications and Network connections also need to be available and resilient. Any point in the chain could look to the user as meaning FWi is not available but it actually may not be FWi that is not available or has a problem it may be one of the Corporate applications themselves which are unavailable or a Corporate network link may be down. Therefore finding a solution that balances business criticality with cost is part of the overall decision criteria moving forward.

12. In August 2012 the FWi Support team became part of a central for ICT responsibilities as part of the formation of Systems & Customer Access. This transfer enabled the FWi activity to become part of the ICT single operating model, with customer contact provided by the ICT ServiceDesk and technical support integrated.

13. At that time S&CA undertook a review of the FWi service and concluded that there were a number of underlying issues that were affecting operational running of the service that could in a short timescale affect availability to users. These were documented and discussed with the Directorate sponsor.

14. The fundamental issues are:

- over-run of the overnight batch processing affecting availability of the Reports database
- Over-run of the data back-up process that could affect the ability

Formal Review in 2012

What were the fundamental issues?

**Short term actions
- work started**

**Options going
forward for further
Business
resilience**

of the service to be restored if there were a significant failure of the system

- The database size continues to grow and it was estimated it would fill within 6 months (estimated early 2013)
- Access to FWi data was moving to a 7 * 24 service, which is not part of the application design, and consequently there was more pressure on the availability and use of the FWi Report service for access to data overnight by the WHASCAS service
- Disaster recovery arrangements appeared to be out of step with the new business requirements
- The ICT hardware used to provide the service was old and in need of replacement
- The database software used for FWi (SQL 2005) is out of mainstream support and extended support by Microsoft will end on 12 April 2016 which will mean no further security patches
- There was no formal out of hours support for the application of underlying infrastructure. The external maintenance support providers operated on a 9:00 to 17:00 business working day service level.

15. Work on FWi infrastructure was prioritised to address the operational needs of the service to ensure its availability was maintained. The business were very supportive of this work, but evidence pointed to a longer term re-design of the production environment at which point the design could include appropriate DR arrangements. Interim measures were put in place to address the data back-up; disk space and batch schedule issues.

16. A failure of the FWi service on Sunday 23 December 2012 highlighted the inconvenience felt by users, with the level of support offered out of working hours.

17. A document describing the opportunities for FWi disaster recovery was discussed at the DASH DLT on 09/01/2013. It was decided to change the recovery target for FWi to enable a restore of service for loss of FWi in 2 hours post completion of the refresh implementation.

18. An Immediate review of the current DR capability proved that the FWi service could be restored should the service be lost. This was tested in the background in the first quarter of 2013, using spare ICT equipment and working interspersed with normal staff tasks. A significant amount of knowledge was obtained by going through this process, but resulted in a successful test.

19. Given that the time to restore a FWi production database takes between 5 to 7 hours. It was estimated that a full restore of the service with dedicated resource could be completed within 5 days, or 3 days if equipment was to hand immediately. However the process to rebuild and restore FWi was proven, and can be repeated if necessary to cater for loss of the production environment should it happen in the future.

20. A proposal was created from which a number of scenarios for recovery could be explored that would meet the enhanced business criticality. The scenarios included a new production and DR solution hosted internally (with varying configurations balancing FWi and wider business opportunities that infrastructure could have provided) or an

external hosting service taken from the supplier of the software, Corelogic.

21. An interim version of this paper was discussed with DASH management in July 2013, to explore whether the opportunities put forward were appropriate. The paper was formally delivered to DASH management in October 2013. The business requirements for disaster recovery were as follows:

Restore within 2hrs or 24hrs
System Availability 24x7x365
5 year operational window
Cater for growing data requirements
Batch Processing to be completed overnight

22. The options ranged in cost from £86,000 to £425,000. The paper was approved by DASH on 9 April 2014 and a new project established to implement those recommendations, which included establishing a new set of financial projections.

23. Meanwhile, as S&CA were in the process of commissioning the ICT service, a decision was taken with the business in August 2014 to have the FWi DR project delivered by the new service provider in such a manner that it would be a catalyst for improving the operational and Disaster Recovery options for other systems. This would minimise cost and the solution implemented in a manner appropriate to the opportunities a new service provider could bring.

Summary

24. Over the last three years, the measured availability of the FWi service is greater than the 98% originally assigned to it, operating at 99.99% with only three failures since 2012. None of these instances was actually due to a failure of the application itself, but of the FWi hardware and underlying network. However, having said this as a mission critical system the service does need a more robust design that assures business continuity going forward. This is scheduled for the mid part of 2015. Detailed plans are being formulated as part of the ICT managed services commissioning process.

Conclusion

25. The FWi system is not designed to operate in a high availability configuration and has single points of failure. It is only recoverable through the use of business continuity and disaster recovery from a 'cold' start. If the service is lost, it may take up to five days to recover.

26. The current production environment for FWi is at the end of its operational life and needs to be replaced. Short term actions have been implemented to improve the current situation at no financial cost, including testing all the procedures associated with a full restore.

27. The current operational environment for FWi 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.

(b) Update to the Draft Disaster Recovery Internal Audit report

28. The Draft Disaster Recovery Internal Audit report dated 7 August 2014 has the following Detailed Audit Findings.

Ref 5.1

Develop a recovery sequence for a major incident occurring at either of the main server rooms to coordinate recovery of IT systems against worst case scenarios.

Update

29. This is now complete and instruction included in the 'S&CA Main ITDR Plan' Document.

Ref 5.2

30. No actions required. Acknowledges that: "There is a formally documented and communicated ITDR command and control structure in place to manage IT outages, set out within the Main ITDR Plan."

Ref 5.3

Senior Management to consider options for ITDR including:

- a) Whether to accept the current limited ITDR capability;**
- b) Further invest in ITDR capability to enhance recovery times.**

Options for consideration could potentially include:

- Upgrade of County Hall server room to install fire suppression system;**
- Upgrade of Wildwood server room to act as a ITDR site;**
- 3rd party contract for disaster recovery, potentially including data centre space and infrastructure.**

Update

31. The premise in this recommendation revolves around the continued use of the current ICT infrastructure and especially the two computer rooms at County Hall and Wildwood. Both the Commissioning work, engaging with 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.

32. The limitations of the two existing computer rooms, specifically, the lack of fire suppressant, is 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.

33. 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.

34. 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 as in option 5.3(a) opposite.

Ref 5.4

Prioritise the delivery of the project to enhance resilience of FWi to ensure it is delivered as soon as practicable.

Update

35. The HP proposal (for ICT Service commissioning) includes a complete refresh of the server and storage estate and the introduction of resilience across our 2 data rooms in County Hall and Wildwood. FWi will be prioritised in terms of both the aforementioned hardware refresh and resilience but also contractually in terms of the DR planning and DR testing.

36. The current configuration of our two datacentres is centred around G1 (as illustrated in the Appendix). Assuming a failure within G1 the current restore times would be as follows:

- Day 1: Purchase new kit
- Day 3-4: New kit onsite at Wildwood and CH. Begin configuration of new kit
- Day 5: Start rebuild of Internet, Email, Frameworki and Talis
- Day 7: Internet and basic email available
- Day 7: Start rebuild of business apps in priority order
- Day 8-10: Frameworki and Talis available
- Day 10-18: Other business applications available in priority order
- The above schedule would require additional resources and a 24x7 shift pattern established within the team. We currently have no arrangements with third parties to provide kit on standby.

37. The new configuration, which was built into the commissioning strategy, will be finalised once the contract with HP Enterprise Services Ltd is signed and will take our disaster recovery capability onto a new level of performance more consistent with an organisation who see technology as critical to its operation. The Network and Server estate will be split across both sites rather than just primarily one. Commissioning the Service and accessing the skills and knowledge of a mature ICT services provider has provided the opportunity to deliver this improved disaster recovery capability which we would have been very difficult to achieve on our own. It is anticipated that the following is the improved restore times for the major applications involved:

- 2 hours: Mission critical applications in the infrastructure are re-designed in a failover mode (internet, email, Frameworki, Talis)
- 48 hours: Other key applications available.
- Day 5: remaining business applications restored to failed over/new equipment. Some apps may be sooner if they have been configured for application failover as above
- Getting to this new configuration is a major piece of work and will take a substantial amount on 2015 to achieve.

38. A 'Mission critical application' is, by definition, an application that is essential to the continued business of the enterprise. It is usual for Mission Critical Applications to be built with a 99.9% availability over a designated period e.g. 7*24*365 or 5*24*365. Even 99.9% availability however means that an application that is supposed to be available 7*24*365 can actually be 'down' for 61.5 hours per annum. Obviously this does not include planned maintenance.

39. For Mission Critical applications it is therefore usual to have both Application and Infrastructure resilience i.e. should a problem occur then the application can instantly recover to its secondary copy, usually held in a separate location in case of site emergencies.

40. A discussion with Corelogic confirmed that our current Frameworki application does support high level availability using application server clustering. However there are two areas of the system that do not support instant failover; these being forms manager and finance code. In these cases a node failure would result in the user being presented with the login screen and automatically redirected to the next node in the cluster. Data loss in this case would be minimal and only for users connected to the failed node.

41. Although an upgrade of Frameworki is not required to utilise the failover features it would mean a complete reconfiguration and redeployment of the product in line with an infrastructure upgrade as we do not have our instance of Frameworki configured for this at present. In addition to the proposed resilient infrastructure included within the HP proposal we would also purchase and configure load balancers for this application level failover to be implemented.

42. Mosaic has been developed further and has seamless failover for all areas of the application. We have requested supporting documentation to this effect from Corelogic.

Ref 5.5

Implement an ITDR testing strategy and programme that provides the required realism and benefits to validate plans will work when enacted, weighed against potential disruption to the Council.

Update

43. There is opportunity to review a document sent to BAB in February 2014 that gives an overview of the current DR arrangements for business systems priorities as 1 and 2 (critical systems). This document was aimed at raising awareness of the last of formal DR arrangements that included a formal test.

44. S&CA will arrange for this to be revisited at the earliest appropriate time in the BAB meeting agenda, where S&CA and Directorates can agree a way forward with performing DR tests mission and business critical systems.

Appendix - Current architecture for services In County Hall

Contact Points

County Council Contact Points

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

Specific Contact Points

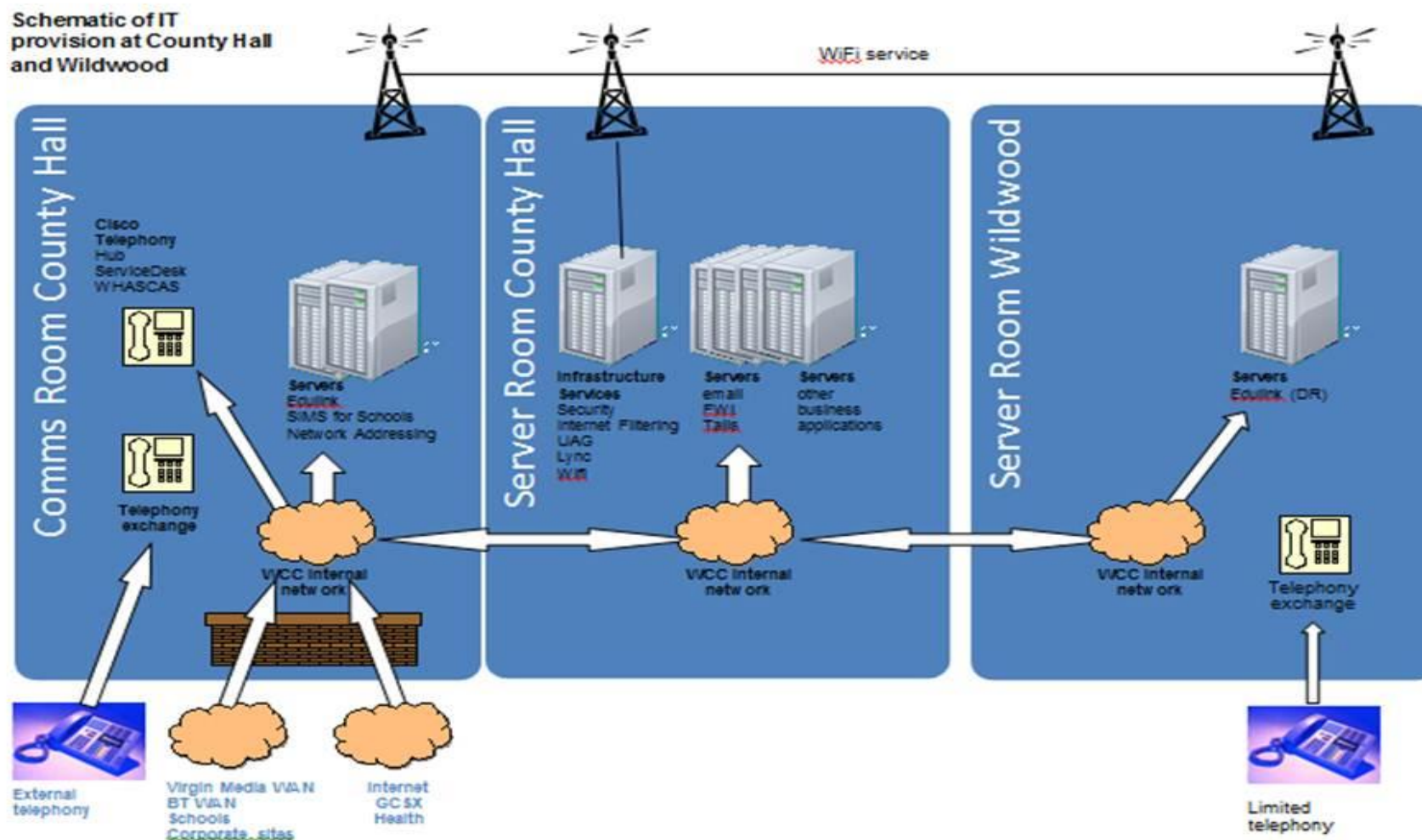
Peter Bishop, Head of Systems & Customer Access
Email: pbishop@worcestershire.gov.uk
(01905) 766020

Background papers

In the opinion of the proper officer (in this case, the Head of S&CA) the following are the background papers relating to this report:

The agenda papers and Minutes of the meeting of the Audit and Governance Committee held on 12 September 2014

Appendix – Current architecture for services In County Hall



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Audit and Governance Committee
12 December 2014**6. INFORMATION COMMISSIONERS OFFICE AUDIT AND
PROGRESS TO DATE****Recommendation**

- 1. The Head of Community and Environment recommends that the progress made against the recommendations put forward by the ICO following their visit be noted.**

Background Information

- In February 2014 the Information Commissioners Office (ICO) undertook a consensual audit of Worcestershire County Council, looking specifically at three areas which included:

- Data protection governance – The extent to which data protection responsibility, policies and procedures, performance measurement controls and reporting mechanisms to monitor DPA compliance are in place and in operation throughout the organisation
- Security of personal data – The technical and organisational measures in place to ensure that there is adequate security over personal data held in manual or electronic form
- Data sharing – The design and operation of controls to ensure that sharing of personal data complies with the principles of the Data Protection Act 1998 (DPA) and the good practice recommendations set out in the Information Commissioner's Data Sharing Code of Practice.

- The purpose of the audit was to provide the ICO and WCC with an independent assurance of the extent to which WCC, within the scope of the agreed audit, complied with the DPA?

- 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.

- 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 now undertakes to bring us up to an acceptable standard. These included:

Ensuring a robust governance structure

- We have developed an Information Governance Structure which includes:

- John Hobbs Director of Business Environment and Communities (BEC) has taken on the role of SIRO (Senior Information Risk Owner) and is the lead in driving improvements and compliance across the organisation.
- A Corporate Information Governance Board has been set up – A group of senior managers/Information asset owners who are responsible for the strategic drive through the organisation
- A Corporate Information Governance Group has been set up – A group of operational managers who work in key areas of the organisation and directorate representatives who develop policy amendments and procedures, as well as option papers for the Boards determination/ratification.

Review of Policies

7. It was recognised that a number of policies were out of date and were overdue for review. A number of these have been updated and ratified by the new Information Governance board and include: Data Security Policy, Clear Desk Policy, Data Protection Policy, Privacy Notice, Privacy statement, Freedom of Information Policy, etc.

New policy development

8. Work has begun on developing a **Privacy Impact Assessment** template and policy. This is essential as we continue our work on becoming a Strategic commissioning authority. The new policy will outline how we can ensure that any personal information held by those organisations we have commissioned services to, is managed appropriately.

9. Work has begun on the development of an **Information Sharing Protocol**, to ensure that we are sharing information, lawfully, appropriately and securely between organisations. Whilst we have a number in place already we need to ensure consistency of approach across the organisation

10. The third major strand of work is around **Information Security**. This includes how we deal with Information breaches, carry out training and change the culture of the organisation as to how we manage information on a daily basis Building on the security checks first introduced by the old ACS directorate we are introducing a clear desk policy across the organisation where-by all staff need to manage their information whether held electronically or in hard copy form .

Cultural Change

11. The work identified above is about cultural change and will take some time. The introduction of security checks , the provision of new red confidential waste bins, the 'Keep Data Safe' button on SID and the mandatory e learning training for Data Protection and Freedom of Information for all staff are all part of a package of measures which will gradually change our approach to information management ensuring that we are safe and compliant

Conclusion

12. There remains a considerable amount of work to do, both in terms of delivering against the ICO recommendations as well as changing our culture in order to raise the awareness and importance of how we look after, manage and deal with information.

13. However we have a team that are committed to driving this forward and a Governance Structure that ensure that the whole organisation top down is pulling in the same direction on Information Management.

14. The ICO is planning to return during 2015 to undertake a follow up audit where it is our objective to be able to demonstrate the significant progress we have made.

Contact Points

County Council Contact Points

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

Specific Contact Points

Neil Anderson, Head of Community and Environment
01905 776580 nadderson@worcestershire.gov.uk

Sharon Duggan, Registration, Coroner and Corporate
Information Services Manager
01905 728754 sduggan@worcestershire.gov.uk

Background papers

In the opinion of the proper officer (in this case the Head of Community and Environment) there are no background papers relating to the subject matter of this report.

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Audit and Governance Committee
12 December 2014**7. CORPORATE AND TRANSFORMATION RISK REPORT****Recommendation**

1. The Chief Executive recommends that:

- (a) the latest refresh of the Corporate and Transformation Risk Registers be considered; and**
- (b) the red risks and mitigating actions be noted.**

Background Information

2. The Corporate Risk Register and the Transformation Risk Register are key documents in the Council's approach to risk management. They capture the key strategic risks to the delivery of the corporate objectives and provide a context through which directorates construct their own risk assessments and are used to inform decision making about business planning, transformation and service delivery.

3. As part of a review conducted earlier this year the resulting outcomes were approved by 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.

4. 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

Summary of Risks

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.

5. The CRR and TRR are updated quarterly and reported to Cabinet and Future Fit Programme Board respectively on a twice yearly basis. This report provides an update for Quarter 2.





6. The **Shared Risks** (i.e. those shared by the CRR and TRR) are listed below with their current Red, Amber, Green ranking and an indication of direction of travel since each risk was last reported.

Shared Risks	RAG	Movement
Failure to maintain business as usual / appropriate levels of service at the same time as transformation	Amber	↔
Failure to deliver financial savings identified in MTFP	Amber	↓
Failure to deliver a major project leading to increased costs, reputational damage to the Council and/or failure to realise savings	Amber	↔
Serious harm or death due to a failure on the part of the Council	Amber	↔

7. All of the four shared risks are assessed as amber. The risk relating to the financial savings required to meet the MTFP has reduced from red to amber due to the strategies implemented to meet the current financial challenges. Savings associated with the MTFP are constantly being monitored and strategies developed to ensure progress.

8. The **Corporate Risks** are listed below with their current Red, Amber, Green ranking and an indication as to whether the risk has increased, decreased or remained the same since each risk was last reported.

Corporate Risks	RAG	Movement
Failure to comply with legislation and statutory duties	Amber	↔
Failure to effectively store, manage and process information and maintain the security of the personal data we hold, (or our partner agencies and commissioned providers hold on our behalf). in compliance with the Data Protection Act	Red	↔

Demographic changes lead to changed demand for Services	Red	
Failure to effectively manage the Council's premises	Amber	
Ineffective Emergency Response arrangements	Amber	
Ineffective Business Continuity arrangements – Business Continuity arrangements need to keep pace with transformation and assurances in place for the arrangements of commissioned services	Amber	

9. Out of the six corporate risks, two are assessed as red.

10. The risk relating to how the council manages information in respect of the Data Protection Act has not changed in RAG status since the previous report. However, there is currently an action plan being actively managed to put in place effective controls that will reduce the risk to a more acceptable level. Actions include the introduction of a Corporate Information Governance Board to oversee progress, particularly in respect of implementation of the recommendations of the audit undertaken by the Information Commissioner's Office in February 2014.

11. The risk relating to potential demographic changes that could increase the demand for council services has not changed its RAG status since the previous report, but work to better understand the potential increases in demand which will give a clearer picture in relation to managing this risk is being undertaken.

12. The risk relating to Corporate Business Continuity has moved from Red to Amber as a result of several factors including a review of the corporate arrangements for a major business continuity incident affecting the Council. The Corporate Risk Register is included for information at Appendix 1.

13. Within the Transformation Risk Register there are 18 risks broken down as follows:

- 4 Shared risks
- 4 Cross Cutting risks (which impact all directorates)
- 10 Programme risks (the top risks from directorate transformation programmes).

14. There are no Transformation Risks currently assessed as red. The Transformation Risk Register is included for information at Appendix 2.

Supporting Information

Appendix 1 – Corporate Risk Register
Appendix 2 – Transformation Risk Register

Contact Points

County Council Contact Points

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Specific Contact Points

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List of Background Papers

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

WCC Risk Management Strategy

Worcestershire County Council Corporate Risk Register

The identification and categorisation of risks is based on the assessment of the Probability (likelihood) and Consequences (impact) of the potential risk using the criteria listed below.

The **Likelihood** is assessed on a continuum ranging from **Almost Impossible** to **Very High** dependant on the degree of probability.

Likelihood and Impact Matrix

Likelihood				
Very High	9	19	21	24
High	8	12	20	23
Medium	4	11	15	22
Low	3	10	14	18
Very Low	2	6	13	17
Almost Impossible	1	5	7	16
	Negligible	Substantial	Critical	Extreme
	Impact			

High 19 – 24	Unacceptable Risk: Immediate control/improvement required
Medium 8 – 18	Acceptable Risk: Close monitoring and cost effective control improvements sought.
Low 1 – 7	Acceptable Risk: Need periodic review, low cost control improvements sought if possible.

The **Impact** should the risk occur can be assessed by using the consequence criteria below. It should be noted that this is a guide only and other considerations may be necessary.

Negligible	Substantial	Critical	Extreme
No injuries beyond 'first aid' level	Medical treatment required - long-term injury	Extensive, permanent injuries, long-term sick	Death
No significant disruption to service capability	Short-term loss disruption of service capability	Short-term loss of service capability	Medium term loss of service capability
Unlikely to cause any adverse publicity	Needs careful public relations	Adverse national/local publicity	Adverse national publicity
No more than 3 people involved	No more than 10 people involved	Up to 50 people involved	More than 50 people involved/affected
Unlikely to cause complaint/litigation	High potential for complaint, litigation possible	Litigation to be expected	Litigation almost certain and difficult to defend
Breaches of local procedures/standards	Breaches of regulations/standards	Breaches of the law punishable by fines only	Breaches of law punishable with imprisonment

Risk Appetite

A Risk Appetite will set the levels of risk the organisation is prepared to accept in pursuit of its business objectives using the Risk Appetite Levels. The scale of Low to High refers to a willingness to accept risks.

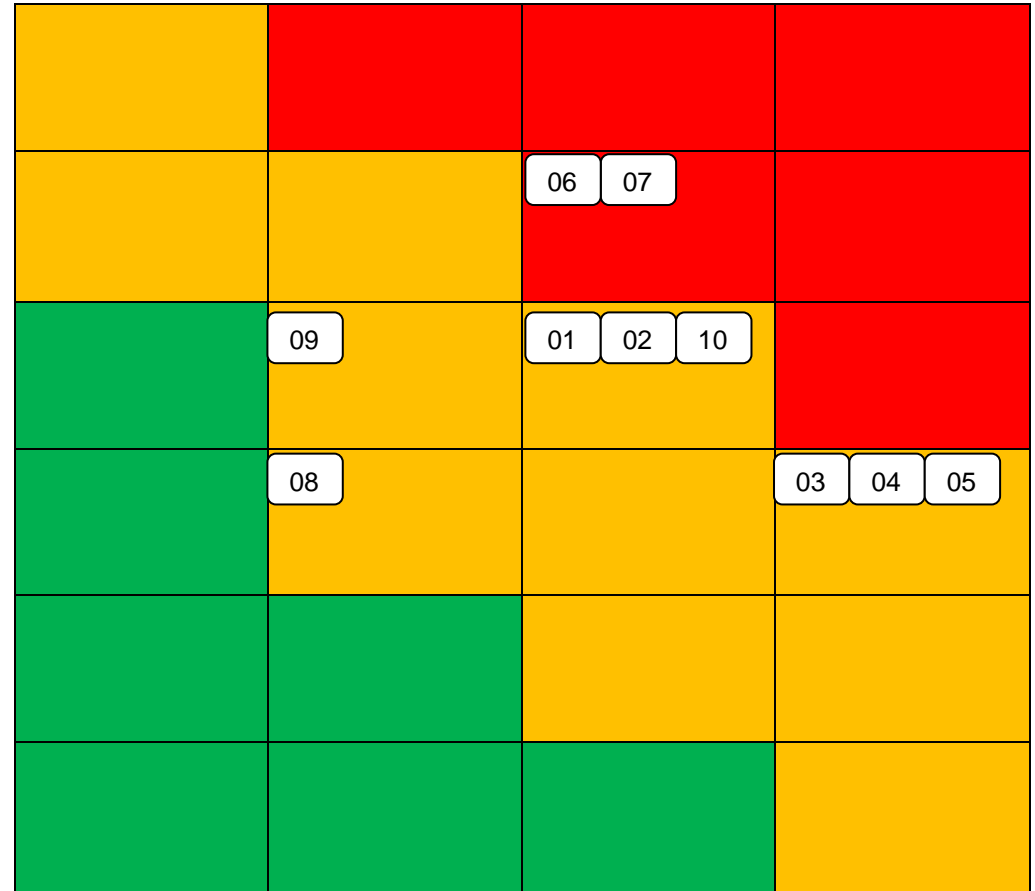
The Risk Appetite will help to determine the organisation's risk tolerance to individual initiatives, projects or programmes.

Risk Heat Map

The risks listed in this register have been assessed based on the Likelihood and Impact Matrix. All risks based on their assessment **with controls in place** are included in the following Heat Map to provide a graphical overview of the risk levels and to support priority setting where necessary.



Appetite Levels	Description
Averse (Low)	Avoidance of risk and uncertainty is a key objective
Minimalist (Medium Low)	Preference for ultra safe options that have a low degree of inherent risk and only have a potential for limited reward
Cautious (Medium)	Preference for safe options that have a low degree of residual risk and may only have limited potential for reward
Open (Medium High)	Willing to consider all options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward
Hungry (High)	Eager to be innovative and to choose options based on potential higher rewards (despite greater inherent risk)



Corporate Risk Register – November 2014

No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
JOINT CORPORATE AND TRANSFORMATION RISKS								

¹ Use Colours – Red, Amber or Green – with associated numbers 1 to 24 from Likelihood & Impact Matrix

No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
	Failure to maintain business as usual / appropriate levels of service at the same time as transformation (Gail Quinton)	<ul style="list-style-type: none"> • Transformational programmes include processes to ensure the right staff with the right knowledge, skills and competencies are in place and retained for delivery of BAU and effective transformation • Appropriate level of staffing within individual projects in place to sustain bau and to deliver transformation • Where possible, individual projects ensure that we have services up and running before we decommission others • Effective commissioning of high quality services • Robust contract management processes and procedures in place with further development of commercial skills planned • Service performance 	<p>Common Activity</p> <ul style="list-style-type: none"> • SRD and 1-1 processes used as a mechanism for managing performance and identifying any skills/competency gaps. SRD completion monitored through Balanced Score Card: WCC. 95.19%. • 'Golden Handcuff' arrangements in some areas of organisation. • All Directorates monitor commissioning projects at least monthly and timescales whilst ensuring that bau and FTE numbers/skills remain appropriate. Exception reporting from HoS and Senior managers in place. • All Directorates have business plans in place. Some are structured to cover both "business as usual" objectives and transformational objectives. <p>BEC</p> <ul style="list-style-type: none"> • HoS review completed, units working to a temporary structure until final post filled, interviews set for late November 2014. <p>ChS</p> <ul style="list-style-type: none"> • Recruitment of Transformation Manager for the Adoption Service and interim Head of Provider Services and Transformation to increase capacity in transformation and support BAU. • We have set up a Social Work Workforce Board to work cross Council to address the issue of the social work recruitment and retention strategy. We have a number of social workers who are in the process of joining the service and this should help us to achieve the December 2014 target of 85% permanently employed. • Each of the 3 key workstreams within ChS has its own dedicated project manager, who is managed by the Programme Manager for ChS. Each workstream project manager is part of the relevant DMT and works with the HoS on tracking both transformational change and business as usual risks 	Open (Medium High)	Uncontrolled	High	Critical	20
					Current (DASH)	Medium	Critical	15

No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
		monitoring and management processes in place.	<ul style="list-style-type: none"> • CHS projects within the Future Fit Programme continue to be tracked monthly by Next Steps Programme Board. Risks are assessed and discussed at the Board, and RAG rated. Plans are in place to address the red and amber projects. • The following projects continue to have the potential for the greatest impact in terms of this risk - Commissioning of Learning and Achievement; Recruitment and Retention of social worker posts; Achievement of financial action plan within the LAC strategy and contract tendering opportunities within Transforming Early Help Services. Ensuring delivery of BAU is part of this process and is tracked through the Next Steps Programme Board <p>DASH</p> <ul style="list-style-type: none"> • Additional (temporary) staff recruited in line with resources identified to provide additional short term capacity. • The Directorate continues to monitor overall capacity within services both formally through metrics such as timeliness of work and informally, and is continuing to recruit to key vacancies. • Resources updated on a monthly basis. • Additional admin support put in place • Capacity increased by internal secondment and use of agency staff • Recruitment of project manager underway to support service redesign • Early identification of case requiring application to Court of Protection • Funding agreed for additional staff and additional advocacy <p>Resources</p> <ul style="list-style-type: none"> • Launch of Management Leadership Competencies and Our People Values (Investing in the Future) at October Management Conference • Workshops commenced on commissioning learning 					

No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
			<p>needs – additional course need identified</p> <ul style="list-style-type: none"> • Delivery of Corporate Business Skills Portfolio • We are currently recruiting to a number of vacancies with mixed success • Partnership arrangements are continuing to be developed through a range of initiatives and services. • Discussion at SLT re staff morale, agreed to work through staff survey responses and agree appropriate action • DLTs considering Directorate specific action • Launch of 					
CR 02 TR 02	Failure to deliver financial savings identified in MTFP (John Hobbs)	<ul style="list-style-type: none"> • Processes in place for identification of Future Fit savings • Governance arrangements in place to report and monitor realisation of savings through FFPB • Monitoring of existing budgets and identification of budget where savings will come from once progressed to DBC • Early warning of areas where identified savings may not be realised (either amount or on time), including unintended consequences. 	<p>Common Activity</p> <ul style="list-style-type: none"> • Monthly review of financial savings at FFPB and reported through dashboard. • Directorate Leadership Teams monitor financial position monthly, identifying the projected year end position, an assessment of future pressures and other financial issues which may affect the year end outturn • Managers supported in monthly budget monitoring by Finance staff <p>BEC</p> <ul style="list-style-type: none"> • Future Fit Programme Plan reviewed at each BLT and savings target gap reviewed as necessary <p>ChS</p> <ul style="list-style-type: none"> • Financial information included within all monthly highlight reports & overall ChS summary reviewed by Next Steps Programme Board monthly • ChS savings tracker reviewed in real time via accountant liaison with Programme Manager and issues escalated where required. • The directorate receives monthly budget monitoring reports to the leadership team which identifies the projected year end position, an assessment of future pressures and other financial issues which may 	Cautious (Medium)	Uncontrolled	Very High	Extreme	24
					Current (BEC)	Medium	Critical	15

Risk No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
		<ul style="list-style-type: none"> Review of financial forecasts at MTFP and CSP Effective project management to realise savings and ensure appropriate staffing levels within projects. 	<p>affect the year end outturn The directorate has a weekly update on the cost implications of starters and ceases that week</p> <ul style="list-style-type: none"> Report to Future Fit Programme Board for ChS indicates that there are no financial savings currently rated as red for 2104/15. Those rated as amber and red for future years are being monitored and tracked robustly. Outside the normal Future Fit monitoring (as it was a project with no savings attached in year) there are issues within the LAC strategy which has meant that an overspend continues to be reported for the end of 2014/15 with regular reviews being undertaken by cabinet members and the Chief Executive following the approval of a transformational fund investment of £1.5m over 2 years. <p>DASH</p> <ul style="list-style-type: none"> Regular monitoring has identified that £4.4m has been delivered to date. £0.7m is currently rated 'at risk' or not yet identified. Report taken to Cabinet in July outlining options for in-house services. <p>Resources</p> <ul style="list-style-type: none"> MFS04 – procured EIS solution to assist in delivery of budget holder self-service 					
CR 03 TR 03	Failure to deliver a major project leading to increased costs, reputational damage to the Council and/or failure to realise savings	<ul style="list-style-type: none"> Project management processes and governance in place to ensure project delivery Key risks identified and monitored for major projects 	<p>Common Activity</p> <ul style="list-style-type: none"> Risk registers maintained for all projects and reviewed monthly. Monthly FFPB and FFSG review and development of focused corporate and transformational risk approach. Project milestones tracked through Directorate programme management and fed into Future Fit Dashboard. 	Open (Medium High)	Uncontrolled	Very High	Extreme	24
					Current (BEC)	Low	Extreme	18

No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
	(John Hobbs)	<ul style="list-style-type: none"> • Effective procurement and contracting processes in place • Effective governance and review mechanisms for Programmes and projects in place • The right staff with the right knowledge, skills and experience are in place to complete transformational projects. 	<p>BEC</p> <ul style="list-style-type: none"> • Integrated Transport Programme Board approving and monitoring all Transport schemes. • Monitoring and review meetings in place for key projects, including Energy from waste project, Hartlebury Incinerator project, Waste Services contract monthly meetings, Highways & Fleet Maintenance • Highways & Fleet Maintenance progress meetings • Working towards a joint protocol with regards to securing appropriate developer contributions <p>ChS</p> <ul style="list-style-type: none"> • Risk register maintained for all projects and reviewed monthly with automatic update to directorate risk register where applicable • Projects monitored monthly through Next Steps Programme Board and through Next Steps Programme Manager. • Contract management processes in place, including Payment By Results. Active performance management of contracts is in place and the contracts staff from the JCU have now transferred back to ChS from 1st September. <p>DASH</p> <ul style="list-style-type: none"> • Currently 11 FL projects are rated as 'green', 4 'amber' and 1 'red' • Regular monitoring has identified that £4.4m has been delivered to date. £0.7m is currently rated 'at risk' or not yet identified. • Additional temporary staffing introduced to support the projects • Report taken to Cabinet in July outlining options for in-house services. • IT supplier for e-market portal selected and detailed work to build system commenced • Detailed work undertaken on new processes, 					

No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
			<p>pathways and required infrastructure including staffing.</p> <ul style="list-style-type: none"> • Additional savings proposals worked up for Corporate Strategy week and supported by members. • Demographic pressures identified and paper presented to SLT. <p>Resources</p> <ul style="list-style-type: none"> • Risk Register maintained for all projects and reviewed monthly with automatic update to Directorate Risk Register where applicable • Project milestones tracked through Directorate programme management and fed into Future Fit Dashboard 					
	<p>Serious harm or death due to a failure on the part of the Council</p> <p>(Richard Harling)</p>	<ul style="list-style-type: none"> • Workforce appropriately trained to mitigate risk of injury • Statutory requirements are fulfilled and monitored • Effective engagement by Council in partnership working via WSCB and WSAB • Learning processes in place (e.g. from SCRs, complaints) • Processes in place for safeguarding adults and children and monitoring to 	<p>Common Activity</p> <ul style="list-style-type: none"> • Relevant staff are DBVS checked <p>BEC</p> <ul style="list-style-type: none"> • Person specifications include relevant qualifications for the post and are reviewed as necessary <p>ChS</p> <ul style="list-style-type: none"> • Mandatory training to all ChS Social Care workforce. • Children's Social Care Workforce development Plan in place alongside CPD online database. • Staff health check and SRDs undertaken to highlight any training and development gaps • Learning from SCRs implemented and embedded. • Incremental appointment of social care staff is reducing use of agency staff leading to practice improvement. • Service development plan in place in place via Directorate business planning cycle • Performance management process in place via Children's Services Performance Board 	<p>Cautious (Medium)</p>	Uncontrolled	Very High	Extreme	24
					Current (DASH)	Low	Extreme	18

No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
		ensure processes are complied with.	<ul style="list-style-type: none"> • Robust review of performance information and case file audit to ensure that no child is at risk of significant harm <p>DASH</p> <ul style="list-style-type: none"> • Risk increased to Red due to lack of capacity of adult social care providers • Work to develop a more joined up commissioning strategy between NHS and DASH for care home provision • Monitoring of workforce availability as economic upturn is likely to see reduction in availability of workforce • DASH DLT action plan for domiciliary care agreed • External investigations commissioned into two complaints • Learning Event has been planned (identifying key themes and actions required) • New independent chair has been appointed to Worcestershire Safeguarding Adults Board • WCC have formally committed to the establishment of a Multi-Agency Safeguarding Hub (MASH) and funds have been committed for this • Health and Safety report considered at DLT in the period • Personal resilience and resourcefulness training sessions rolled out across the Council in June/July • Coaching programme continuing <p>Resources</p> <ul style="list-style-type: none"> • Adults social workers given free access to Children's safeguarding e-learning training • Tender for the provision of social care training is currently being advertised on the WCC portal 					
Corporate Risks								

No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
	Failure to comply with legislation and statutory duties (John Hobbs)	<p>The following includes examples of cross-cutting legislation that affects all areas of the Council:</p> <ul style="list-style-type: none"> • Appropriate H&S policy, procedures, guidance and standards in place and adhered to • Equality Duty – Overseen by FFPB to ensure Equality included in decision making process • Internal Audit processes and procedures to ensure effective financial management • Managers' responsibilities in relation to relevant legislation included in Job Descriptions • SRD/CPD/Training • Annual declaration of assurance statement • Best practice groups • Legal service • Insurance and claims 	<p>Common Activity</p> <ul style="list-style-type: none"> • WCC discharges its statutory duty for H&S, E&D and other legislation with relevant internal policies and procedures in place. • E&D Board being established in all Directorates to ensure regular review of working practices and service provision comply with equality standards. Equality and Diversity considerations are built in to Directorate Plans, Business Cases, and Commissioning and Cabinet reports. • H&S Audits, inspections and surveys conducted and supported by monthly / quarterly directorate reports <p>BEC</p> <ul style="list-style-type: none"> • Directorate discharges its statutory duties to government as required by service provision <p>ChS</p> <ul style="list-style-type: none"> • ChS discharges its statutory duty for H&S, E&D and in relation to other cross-cutting legislation in line with WCC policy. • Scheme of Delegation also outlines managers' responsibilities in these areas • Equality and Diversity considerations are built in to Directorate Plans, Business Cases, Commissioning and Cabinet reports and reported to Next Steps Programme Board for governance purposes • ChS has plans in place to comply with statutory Ofsted Single Inspection Framework <p>DASH</p> <ul style="list-style-type: none"> • Additional admin support put in place • Capacity increased by internal secondment and use of agency staff • Recruitment of project manager underway to support service redesign • Early identification of case requiring application to Court of Protection 		Uncontrolled	High	Extreme	23
				Open (Medium High)	Current (ChS)	Low	Extreme	18

Risk No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
			<ul style="list-style-type: none"> Funding agreed for additional staff and additional advocacy <p>Resources</p> <ul style="list-style-type: none"> Potential changes in legislation are routinely monitored to ensure compliance. Corporate Plan to be reviewed and refocused in line with vision of Leader Joint action being taken by Legal Services and Directorates to prepare for substantial new legislation - Care Act (adult Social care) and Special Education regime. Monitoring of payments to check expenditure is within expected annual pattern Budget monitoring completed and financial position reported to SLT and Cabinet. Legal and Democratic review of Cabinet reports and no successful Judicial review. Monitoring of payments to check expenditure is within expected annual pattern 					
CR 06	<p>Failure to effectively store, manage and process information and maintain the security of the personal data we hold, (or our partner agencies and commissioned providers hold on our behalf). in compliance with the Data Protection Act</p> <p>(John Hobbs)</p>	<ul style="list-style-type: none"> Corporate Information Governance Group in place Plans in place to respond to recommendations of ICO audit Information Sharing Protocols in place Staff training in relation to Data Protection and FOI Appropriate technical and 	<p>Common Activity</p> <ul style="list-style-type: none"> Corporate Governance Board in place. Action Plan to respond to recommendations of ICO audit report being developed <p>BEC</p> <ul style="list-style-type: none"> Unit Managers to promote best practice through chain of command Initial security sweep carried out at County Hall, to identify potential breaches of the Data protection Act. A communications plan being implemented and follow up inspections carried out. <p>ChS</p> <ul style="list-style-type: none"> Monitoring, investigation, and follow up of all 	Minimalist (Medium Low)	<p>Uncontrolled</p> <p>Current (DASH)</p>	<p>Very High</p> <p>High</p>	<p>Critical</p> <p>Critical</p>	<p>20</p> <p>20</p>

No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
		organisational measures are in place to prevent the unauthorised or unlawful processing of personal data and to protect against accidental loss or destruction of personal data	<p>potential data security incidents.</p> <ul style="list-style-type: none"> Quarterly summary report from the Corporate Information Governance Board. A raft of actions have been undertaken within ChS to mitigate risk in this area, including: <ul style="list-style-type: none"> Improved communication campaign Training workshops Further roll out of GCSX- over 110 accounts set up plus a number of team accounts All Breaches are reviewed monthly with CIMU There are no Breaches currently reported to the ICO. Information Sharing: ChS have relevant Tier 3 Information Sharing Protocols in place to share data with commissioned services and partner agencies. In the last quarter ChS have worked on creating data sharing agreements with Academies and Heath Visitors. <p>DASH</p> <ul style="list-style-type: none"> DASH membership of Corporate Information Governance Board and Group, and contribution to work on action plan in response to ICO visit Privacy Notices developed for adult social care, and built into existing documentation Audit for email security in development Data breaches reported and reviewed in DASH Information Governance group. Breaches followed through to identify learning for the service. Most have reflected errors in checking at the level of the individual. <p>Resources</p> <ul style="list-style-type: none"> Roll out of Information Sweeps across Resources, information to be collated. Registers maintained in Resources & BEC for breaches and "near-misses" "Keep data safe" area on SiD launched 					

No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
	Demographic changes lead to changed demand for Services (Richard Harling)	<ul style="list-style-type: none"> Forecasting work to identify and understand future pressures e.g. joint strategic needs analysis Directorate level work to mitigate these pressures and look at internal allocation of resources Council level work on overall allocation of resources e.g. through Corporate Strategy Week 	<p>BEC</p> <ul style="list-style-type: none"> Five Year renewal review for concessionary travel, age and disability, factoring in mortality rates. Planning – South Worcestershire Plan, Wyre Forest and Bromsgrove-Redditch Strategic Plans reviewed. Economic Development monitoring of statistics from the Intelligence Unit to adjust services as necessary Waste Services used housing and population figures to adjust calculations for waste requirements <p>ChS</p> <ul style="list-style-type: none"> ChS use Office of National Statistics population forecasts, pupil number forecasts and forecasts of key groups of service users (e.g. LAC) used to predict demand and to design and commission services, thus mitigating pressures. All key needs assessments include forecasting element to ensure that future pressures are understood and planned for. A monthly review of actual starters and leavers is used to adjust the LAC forecast which is in turn used to inform LAC Commissioning Strategy as well as the monthly financial forecast The service is also now looking at average LAC days and average LAC costs per cohort of LAC to identify trends, analyse practice and where savings and efficiencies can be made and reporting to Children's Services Performance Board on a quarterly basis A needs assessment has been approved by Next Steps Programme Board and FFPB, detailing requirements for updated Early Help needs assessment activity to be undertaken over the next 6 months <p>DASH</p> <ul style="list-style-type: none"> Report taken to SLT on 10 Sep outlining issues and pressures Proposals worked up for Corporate Strategy week and supported by members 	Open (Medium High)	Uncontrolled	High	Critical	24
					Current (DASH)	Medium	Critical	20

No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
			<ul style="list-style-type: none"> Revised proposals developed for Better Care Fund in line with new regime – agreement reached which ensures protection of social care spend. Sign off 19 Sep. Continuing detailed work took place to understand the full potential financial implications of the Care Act DLT reports were provided for budget monitoring and review of savings plans Processes and timetable for 2015/16 budget planning were worked up. <p>Resources</p> <ul style="list-style-type: none"> Workforce strategy function under development within the 'Modernising HR Services' transformation programme Strategic advice given to support future demographic pressures for Social Care Working towards Digital Strategy to increase self-service option. 					
CR 08	Failure to effectively manage the Council's premises (John Hobbs)	<ul style="list-style-type: none"> Policies and accommodation standards are in place Facilities Management / Officer in Charge system Building liaison meetings Approved contractors lists Asset management database Help desk 	<p>Common Activity</p> <ul style="list-style-type: none"> Corporate Landlord Board in place attended by all Directorates, actively managing property and setting policy and standards. Relevant officers undertake Fire Risk Assessments, Customer Surveys, Asbestos Surveys etc. <p>ChS</p> <ul style="list-style-type: none"> ChS are an active member of the Corporate Landlord Board. <p>DASH</p> <ul style="list-style-type: none"> Following July Cabinet report outlining future options for in-house social care provider services, detailed work is now underway. This will have a significant impact on property requirements Audit of managers/officer in charge knowledge of policies completed. Operational support staff with responsibility for property have transferred across to property services 	Open (Medium High)	Uncontrolled	Very High	Substantial	19
					Current (ChS)	Low	Substantial	10

No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
			Resources <ul style="list-style-type: none"> • Development work being undertaken for the Joint Property Vehicle (JPV). 					
	Ineffective Emergency Response arrangements (Richard Harling)	<ul style="list-style-type: none"> • Council's Emergency Response Framework in place and reviewed regularly (for Business Continuity see also CR 10) • Plans for Emergency Response and activation of Emergency Response Centre in place • West Mercia Local Resilience Forum (LRF) Joint Emergency Response Arrangements and Training and Exercising Strategy (Council contributes) • Training of Emergency Management Teams / Gold & Silver cadres / Exercising activity • WCC active participation in and contribution to 	BEC <ul style="list-style-type: none"> • Pre-Seasonal review of Winter Maintenance Plan, snow clearance and gritting. • Highways Emergency Plan detailing inter agency response across the county and region. ChS <ul style="list-style-type: none"> • ChS Emergency Planning Group meets quarterly to ensure that appropriate arrangements are in place and any issues addressed. • Critical Incident SLA published for schools and academies. 210 (87%) schools/academies have signed up to the SLA. • First two training workshops with Schools took place on the 24th of June and 24th September. So far these have been attended by 37 people representing 29 schools, with positive feedback received. DASH <ul style="list-style-type: none"> • A revised corporate emergency plan based on the Council's new matrix operating model and functional service areas was adopted and agreed by the Wider Leadership team in September. An awareness training programme for all Council staff with an ERF response responsibility is scheduled for October / November • Arrangements are in place for the set up and mobilisation of the emergency response centre in the basement of county hall during an incident. These facilities are designed for an in house response and not a multi-agency response which will be set up elsewhere in the county. • WM LRF Joint Emergency Response Arrangements under review with completion due April 2015 • Training of council emergency response is ongoing 	Open (Medium High)	Uncontrolled Current (DASH)	High Medium	Critical Substantial	20 11

No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
		<p>LRF business programme</p> <ul style="list-style-type: none"> • EP Outsourcing Options Appraisal inc Needs Analysis 	<ul style="list-style-type: none"> • WCC EP team continues to contribute fully to the LRF work programme. • Outsourcing of EP service procurement at PQQ stage. Process now formally stopped pending further LRF partner consultations. 					
	<p>Ineffective Business Continuity arrangements – Business Continuity arrangements need to keep pace with transformation and assurances in place for the arrangements of commissioned services</p> <p>(Lisa Peaty)</p>	<ul style="list-style-type: none"> • Business Impact Analysis conducted across council to identify critical functions and prioritise planning needs • Business Continuity plans in place for critical functions • Business Continuity is integral to Council Emergency Response Arrangements (see also CR09) • Staff training in BC planning 	<p>Common Activity A Corporate Business Continuity Plan has been produced and is scheduled for sign-off by WLT on 25th November.</p> <p>BEC</p> <ul style="list-style-type: none"> • Unit BCP's reviewed annually or sooner, if significant change occurs to procedure or service provision (Ongoing programme). <p>ChS</p> <ul style="list-style-type: none"> • All services are currently refreshing their BCPs with all managers receiving relevant documentation to support them in writing their plans. <p>DASH</p> <ul style="list-style-type: none"> • Agreement reached between ChS, DASH and SACA to fund additional server capacity for Fwi in part as a measure for ensuring business continuity - Procurement process has commenced. • Recent incidents at two Care Homes in the county indicate the need for understanding resilience required for maintaining an effective service. The revised Care Home contract (due to be rolled out soon) offers an opportunity to raise awareness of the need for Care Home establishments to have in place adequate BCM plans and for these to be tested and reviewed regularly. Moreover, as a high risk care home subject to river flooding, the Bushley Nursing Home to have in place an adequate BCP that is tested and reviewed regularly. <p>Resources</p>	<p>Open (Medium High)</p>	Uncontrolled	High	Critical	20
					Current (ChS)	Medium	Critical	15

No.	Risk Description (Accountable Officer)	Controls currently in place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
			<ul style="list-style-type: none"> • CFSG BCP plan reviewed and updated. • Disaster Recovery Plans are reviewed periodically in line with Directorate BCP and updated with changing service requirements - Review of DR plans completed and phased improvement initiated • Business critical applications and supporting infrastructure being prioritised with the business (so that the team can restore systems in the right sequence) • Improvements planned to certain high availability systems to improve resiliency e.g. FWi) as well as internet access • Further opportunities planned via the commissioning of ICT Infrastructure. 					

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Worcestershire County Council Transformation Risk Register

The identification and categorisation of risks is based on the assessment of the Probability (likelihood) and Consequences (impact) of the potential risk using the criteria listed below.

The **Likelihood** is assessed on a continuum ranging from **Almost Impossible** to **Very High** dependant on the degree of probability.

Likelihood and Impact Matrix

Likelihood				
Very High	9	19	21	24
High	8	12	20	23
Medium	4	11	15	22
Low	3	10	14	18
Very Low	2	6	13	17
Almost Impossible	1	5	7	16
	Negligible	Substantial	Critical	Extreme
	Impact			

High 19 – 24	Unacceptable Risk: Immediate control/improvement required
Medium 8 – 18	Acceptable Risk: Close monitoring and cost effective control improvements sought.
Low 1 – 7	Acceptable Risk: Need periodic review, low cost control improvements sought if possible.

The **Impact** should the risk occur can be assessed by using the consequence criteria below. It should be noted that this is a guide only and other considerations may be necessary.

Negligible	Substantial	Critical	Extreme
No injuries beyond 'first aid' level	Medical treatment required - long-term injury	Extensive, permanent injuries, long-term sick	Death
No significant disruption to service capability	Short-term loss disruption of service capability	Short-term loss of service capability	Medium term loss of service capability
Unlikely to cause any adverse publicity	Needs careful public relations	Adverse national/local publicity	Adverse national publicity
No more than 3 people involved	No more than 10 people involved	Up to 50 people involved	More than 50 people involved/affected
Unlikely to cause complaint/litigation	High potential for complaint, litigation possible	Litigation to be expected	Litigation almost certain and difficult to defend
Breaches of local procedures/standards	Breaches of regulations/standards	Breaches of the law punishable by fines only	Breaches of law punishable with imprisonment

Risk Appetite

A Risk Appetite will set the levels of risk the organisation is prepared to accept in pursuit of its business objectives using the Risk Appetite Levels. The scale of Low to High refers to a willingness to accept risks.

The Risk Appetite will help to determine the organisation’s risk tolerance to individual initiatives, projects or programmes.

Appetite Levels	Description
Averse (Low)	Avoidance of risk and uncertainty is a key objective
Minimalist (Medium Low)	Preference for ultra safe options that have a low degree of inherent risk and only have a potential for limited reward
Cautious (Medium)	Preference for safe options that have a low degree of residual risk and may only have limited potential for reward
Open (Medium High)	Willing to consider all options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward
Hungry (High)	Eager to be innovative and to choose options based on potential higher rewards (despite greater inherent risk)

Risk Heat Map

The risks listed in this register have been assessed based on the Likelihood and Impact Matrix. All risks based on their assessment are included in the following Heat Map to provide a graphical overview of the risk levels and to support priority setting where necessary.



Transformational Risk Register – November 2014

Transformation Risk Register – November 2014

No.	Risk Description (Accountable Officer)	Controls Currently in Place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
JOINT CORPORATE AND TRANSFORMATION RISKS								
CR 01/ TR 01	Failure to maintain business as usual / appropriate levels of service at the same time as transformation (Gail Quinton)	<ul style="list-style-type: none"> • Transformational programmes include processes to ensure the right staff with the right knowledge, skills and competencies are in place and retained for delivery of BAU and effective transformation • Appropriate level of staffing within individual projects in place to sustain bau and to deliver transformation • Where possible individual projects ensure that we have services up and running before we decommission others • Effective commissioning of high quality services • Robust contract management processes and procedures in place with further development of commercial skills planned • Service performance monitoring and 	<p>Common Activity</p> <ul style="list-style-type: none"> • SRD and 1-1 processes used as a mechanism for managing performance and identifying any skills/competency gaps. SRD completion monitored through Balanced Score Card: WCC. 95.19%. • 'Golden Handcuff' arrangements in some areas of organisation. • All Directorates monitor commissioning projects at least monthly and timescales whilst ensuring that bau and FTE numbers/skills remain appropriate. Exception reporting from HoS and Senior managers in place. • All Directorates have business plans in place. Some are structured to cover both "business as usual" objectives and transformational objectives. <p>BEC</p> <ul style="list-style-type: none"> • Future Fit Programme Plan reviewed at each BLT • Commissioning roadmap and timescales discussed at BEC LT to ensure delivery dates and FTE numbers remain accurate. • HoS & Senior managers rolling reports to BLT • Health & Safety and Safeguarding are regular items on BLT agenda • New HoS Structure resolved and Units working to the revised structure <p>ChS</p>	Open (Medium High)	Uncontrolled	High	Critical	20
					Current (DASH)	Medium	Critical	15

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¹ Use Colours – Red, Amber or Green – with associated numbers 1 to 24 from Likelihood & Impact Matrix

No.	Risk Description (Accountable Officer)	Controls Currently in Place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
		management processes in place.	<ul style="list-style-type: none"> • Each of the 3 key transformational Programmes within ChS has its own dedicated project manager, who is managed by the Programme Manager for ChS. Each workstream project manager is part of the relevant DMT and works with the HoS on tracking both transformational change and business as usual risks • CHS projects within the Future Fit Programme continue to be tracked monthly by Next Steps Programme Board. Risks are assessed and discussed at the Board, and RAG rated. Plans are in place to address the red and amber projects. • Interim Head of Provider Services and Transformation now appointed in line with the new operating model for Children's Social Care alongside the Transformation Manager for Fostering • The following projects continue to have the potential for the greatest impact in terms of this risk - Commissioning of Learning and Achievement; Recruitment and Retention of social worker posts; Achievement of financial action plan within the LAC strategy and contract tendering opportunities within Transforming Early Help Services. Ensuring delivery of BAU is part of this process and is tracked through the Next Steps Programme Board. <p>DASH</p> <ul style="list-style-type: none"> • DASH business planning process for 2014-15 completed. Plans are deliberately structured to cover both "business as usual" objectives and transformational objectives. Plans identify actions to deliver these objectives. Plans have been produced at Directorate and Service level (x5), and will be monitored during the year. • A comprehensive review has been undertaken of the Directorate's major transformation programme - Future Lives. This has included a detailed exercise to specify what additional capacity is needed to 					

No.	Risk Description (Accountable Officer)	Controls Currently in Place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
			<p>support the transformation work so that business as usual functions can be maintained. Resources are being identified for this.</p> <ul style="list-style-type: none"> Resources have been recruited where necessary and backfill arranged The Directorate is continuing to monitor overall capacity within services both formally through metrics such as timeliness of work, and is continuing to recruit to key vacancies <p>Resources</p> <ul style="list-style-type: none"> All transformational change projects have a HoS sponsor, supported by boards and steering groups as appropriate. Resource capacity and risks are monitored to ensure BAU is not adversely affected. Full review across all commissioning and change activity and requirements from support services. Successful transformation fund bid made in July to secure £140,000 for additional professional resource and external expertise in Legal, ICT, HR and Finance. Resource requirements being reviewed quarterly. 					
CR 02/ TR 02	Failure to deliver financial savings (John Hobbs)	<ul style="list-style-type: none"> Processes in place for identification of Future Fit savings Governance arrangements in place to report and monitor realisation of savings through FFPB Monitoring of existing budgets and identification of budget where savings will come from once progressed to DBC Early warning of areas where identified savings 	<p>Common Activity</p> <ul style="list-style-type: none"> Monthly review of financial savings at FFPB and reported through dashboard. Directorate Leadership Teams monitor financial position monthly, identifying the projected year end position, an assessment of future pressures and other financial issues which may affect the year end outcome Managers supported in monthly budget monitoring by Finance staff Preparation work and challenge sessions for CSP underway over the summer months Alternative methodology for critically appraising 	Cautious (Medium)	Uncontrolled	Very High	Extreme	24
					Current (DASH)	Medium	Extreme	15

No.	Risk Description (Accountable Officer)	Controls Currently in Place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
		<p>may not be realised (either amount or on time), including unintended consequences.</p> <ul style="list-style-type: none"> • Review of financial forecasts at MTFP and CSP • Effective project management to realise savings and ensure appropriate staffing levels within projects. 	<p>budgets (Bottom Up Budgeting) and corporate income areas established providing an increased level of transparency</p> <p>BEC</p> <ul style="list-style-type: none"> • Future Fit Programme Plan reviewed at each BLT • Monthly Budget Monitoring Reports to BLT. • Finance Team and Unit/Team managers monthly meetings • Savings target gap reviewed as necessary • Corporate Strategy Planning process 2014 has identified new proposals to help meet the financial gap. Draft proposals will be presented at CSP 2014. <p>ChS</p> <ul style="list-style-type: none"> • Financial information included within all monthly highlight reports & overall ChS summary reviewed by Next Steps Programme Board monthly • ChS savings tracker reviewed in real time via accountant liaison with Programme Manager and issues escalated where required. • The directorate receives monthly budget monitoring reports to the leadership team which identifies the projected year end position, an assessment of future pressures and other financial issues which may affect the year end outturn <p>The directorate now has a weekly update on the cost implications of starters and ceases that week</p> <ul style="list-style-type: none"> • Report to Future Fit Programme Board for ChS indicates that there are no financial savings currently rated as red for 2104/15. Those rated as amber are being monitored and tracked robustly, however there are issues within the LAC strategy which has meant that an overspend is being reported for the end of 2014/15 with regular reviews being undertaken by cabinet members and the Chief Executive following the approval of a transformational fund investment of £1.5m over 2014/15 – 2015/16 					

No.	Risk Description (Accountable Officer)	Controls Currently in Place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
			<p>DASH</p> <ul style="list-style-type: none"> • Directorate review of the Future Lives programme has included revisiting savings targets. The £13.2 efficiency target for 14/15 has been evaluated as follows - £11.732M Green, £1.255 m Amber and £215K red (this will be met from reserves for 14/15 whilst alternative plans are established. • Regular monthly monitoring of delivery of savings is being undertaken via the Future Lives Programme Board. <p>Resources</p> <ul style="list-style-type: none"> • Full review completed and inputs to deliver target savings identified along with required savings to deliver the gap for 2015/16. • Quarterly review at RLT 					
CR 03/ TR 03	Failure to deliver a major project leading to increased costs, reputational damage to the Council and/or failure to realise savings (John Hobbs)	<ul style="list-style-type: none"> • Project management processes and governance in place to ensure project delivery • Key risks identified and monitored for major projects • Effective procurement and contracting processes in place • Effective governance and review mechanisms for Programmes and projects in place • The right staff with the right knowledge, skills and experience are in place to complete transformational projects. 	<p>Common Activity</p> <ul style="list-style-type: none"> • Risk registers maintained for all projects and reviewed monthly. • Monthly FFPB and FFSG review and development of focused corporate and transformational risk approach. • Project milestones tracked through Directorate programme management and fed into Future Fit Dashboard. <p>BEC</p> <ul style="list-style-type: none"> • Integrated Transport Programme Board approving and monitoring all Transport schemes • Libraries remodelling project • Joint review of museums, including Hartlebury Castle • Energy from waste project, Hartlebury Incinerator project • Waste Services contract monthly meetings • Highways & Fleet Maintenance, Design Contracts monthly progress meetings 	Open (Medium High)	Uncontrolled	Very High	Extreme	24
					Current (DASH)	Low	Extreme	18

No.	Risk Description (Accountable Officer)	Controls Currently in Place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
			<p>ChS</p> <ul style="list-style-type: none"> Risk register maintained for all projects and reviewed monthly with automatic update to directorate risk register where applicable Projects monitored monthly through Next Steps Programme Board and through Next Steps Programme Manager. Contract management processes in place, including Payment By Results. Active performance management of contracts is in place with the contracts staff from the JCU having transferred back to ChS on 1 September <p>DASH</p> <ul style="list-style-type: none"> Major projects within DASH are primarily managed via the Future Lives programme board and tracked monthly. Programme risks are assessed and discussed by the Director and at the board. Progress is reported to the Future Fit Board. At end of April, Future Lives projects were overall rated as 'amber' in terms of planned milestones. A revised and strengthened structure for managing the programme has been introduced, and there are plans for additional resources to support the programme, and for strengthened monitoring. Risk registers maintained for individual projects and reviewed monthly <p>Resources</p> <ul style="list-style-type: none"> Project milestones tracked through Directorate programme management and fed into Future Fit Dashboard Monthly review at RLT 					
CR 04/ TR 04	Serious harm or death due to a failure on the part of the Council	<ul style="list-style-type: none"> Workforce appropriately trained to mitigate risk of injury Statutory requirements are fulfilled and monitored 	<p>Common Activity</p> <ul style="list-style-type: none"> Relevant staff are DBVS checked <p>BEC</p> <ul style="list-style-type: none"> Staff are DAB checked 	Open (Medium High)	Uncontrolled	Very High	Extreme	24
					Current (DASH)	Low	Extreme	18

No.	Risk Description (Accountable Officer)	Controls Currently in Place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
	(Richard Harling)	<ul style="list-style-type: none"> • Effective engagement by Council in partnership working via WSCB and WSAB • Learning processes in place (e.g. from SCRs, complaints) • Processes in place for safeguarding adults and children and monitoring to ensure processes are complied with. 	<ul style="list-style-type: none"> • Person specifications include relevant qualifications for the post and are reviewed as necessary <p>ChS</p> <ul style="list-style-type: none"> • Mandatory training to all ChS Social Care workforce • Children's Social Care Workforce development Plan in place alongside CPD online database. • Staff health check and SRDs undertaken to highlight any training and development gaps • Learning from SCRs implemented and embedded. • Service development plan in place in place via Directorate business planning cycle • Performance management process in place via Children's Services Performance Board • Robust review of performance information and case file audit to ensure that no child is at risk of significant harm • Incremental appointment of social care staff is reducing use of agency staff leading to practice improvement. <p>DASH</p> <ul style="list-style-type: none"> • Revised arrangements for Worcestershire Safeguarding Adults Board have been put in place in advance of the Care Bill and in response to the Peer Challenge undertaken recently. • A detailed Safeguarding Adults Plan 2014/15 has been put in place. Actions identified include: <ul style="list-style-type: none"> - The re-design of the operational safeguarding adults process - The embedding of the Large Scale Investigation process - Remit of Specialist Teams - Development of a competency based approach to safeguarding training - Develop developing person centred, outcomes-focused practice and measures 					

No.	Risk Description (Accountable Officer)	Controls Currently in Place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹	
			<p>for safeguarding</p> <ul style="list-style-type: none"> • There is continuing development of Quality Assurance processes for adult services. The Joint Commissioning Unit has an established monthly reporting process for externally commissioned services and a top level indicator has been worked up for the 2014/15 Corporate Scorecard. Adult Social Care has developed a proposed dashboard which will be implemented in 2014/15. • Time taken to complete initial Safeguarding processes has been sustained at a significantly improved level (84% within target timescales compared to 55% in 2012/13). <p>Resources</p> <ul style="list-style-type: none"> • Adults and Childrens social workers still have access to safeguarding e-learning module which is currently being reviewed in relation to take up. • Preferred providers selected for social care and health and safety training and procurement to secure relevant supplier for Care Act training is ongoing 						
CROSS-CUTTING/CROSS DIRECTORATE TRANSFORMATION RISKS									
TR 05	Implementing change programmes within timescale and at the desired pace. (Gail Quinton)	<ul style="list-style-type: none"> • Robust programme management and governance arrangements in place. • Effective communication with all stakeholders to secure commitment and 'win hearts and minds' • Staff with appropriate skills and competencies in place 	<ul style="list-style-type: none"> • Governance and scrutiny of transformational programme through monthly Programme Boards – Average of 20K per employee, mitigation through formal financial commercial models ahead of cabinet decisions – none made last quarter. • Monthly briefing goes out to all WCC staff updating on main developments and progress also available through website to external stakeholders. Individual programmes communicate externally with stakeholders on progress either monthly or every other month. 	Hungry (High)	Uncontrolled	High	Extreme	23	
					Current (Resources)	Medium	Extreme	18	

No.	Risk Description (Accountable Officer)	Controls Currently in Place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
		<ul style="list-style-type: none"> • Process in place for dealing with non-compliance and performance management • Strong and effective leadership from SLT, DLT and Senior Managers 	<ul style="list-style-type: none"> • Monthly review at FFPB of red and amber milestones and savings projects/programmes. • Recruitment to additional project managers and project support officers to work across the Council has been completed to increase pace of change in all areas 					
TR 06	Cost of redundancies (being understood and accounted for in initial business case development) (John Hobbs)	<ul style="list-style-type: none"> • Redundancy proposals and potential redundancy costs calculated / forecasted at an early stage • Redundancy costs included in savings plans, and calculated as best guess. This should 'delay' savings and ROI until 'paid back' rather than be treated as an unaccounted cost. • Early escalation to relevant programme boards • Early identification of best / worst / most likely case for redundancy costs for inclusion in project plans at an early stage with HR sign off. • Peer challenge processes for all VR applications 	<ul style="list-style-type: none"> • Future redundancy costs included in total cost of projects.- • Business cases and commissioning projects within BEC and Resources are financially assessed with redundancy costs included in the assessment to inform the Corporate Financial position • Finance preparing redundancy/cost modelling for support services and other programme commissioning activity. • Review of redundancy costs in ChS has identified a reduction in requirement for use of reserves as it is expected that the new provider for L&A services will manage the costs within their contract price – all other redundancy implications are being managed as part of the forecast outturn within ChS 	Open (Medium High)	Uncontrolled	Very High	Extreme	24
					Current (Resources)	Medium	Critical	15
TR 07	Ineffective/lack of capacity in commissioning, procurement and contract	<ul style="list-style-type: none"> • Ensure that commissioning of services is based on a robust assessment of need. • Ensure that procurement 	<ul style="list-style-type: none"> • Providing up front notifications of what commissioning and procurement support is required as far as possible ahead within project timescales. • Commercial and procurement sponsors assigned to key projects • Corporate Programme Team resources assigned to 	Open (Medium High)	Uncontrolled	High	Extreme	23
					Current (Resources)	Medium	Extreme	18

No.	Risk Description (Accountable Officer)	Controls Currently in Place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
	management. (Richard Harling)	process meet legal requirements and are adhered to <ul style="list-style-type: none"> • Ensure that contracts are fit for purpose • Ensure that contracts are Framework based and payable on results where possible 	commissioning projects <ul style="list-style-type: none"> • Review of JCU, including strengthening of capacity and commissioning skills development • Recruitment to vacant lead commissioner posts, including interim appointments • New internal and external specialist legal commercial capacity enabled • Appointment of Director for Commercial and Change • Appointment of Commercial Commissioning Manager and establishment of Commercial Team 					
	Pensions impact when commissioning services being understood early in projects and consistently across the organisation (Steph Simcox)	Pensions toolkit on SID Contract with actuary to provide advice Finance leads in place to provide advice	<ul style="list-style-type: none"> • Training sessions held with 40 managers and commissioning staff to alert them of the issues • Report to SLT, FFSG and FFPB on issues arising • Project sponsors actively seeking advice and guidance from finance and payroll / pensions service • Project timetables amended to ensure that the need to consider pensions implications are scheduled • Included within the revised procurement code and commissioning strategy • Detailed sessions being held with Mercers and the actuary as and when required with Strategic Commissioners to ensure we understand the financial implications and risks associated with pensions issues for each potential contract • A pension toolkit has been developed and a workshop with the pensions advisors was undertaken to provide commissioners with an understanding of pensions related issues for staff transferring under TUPE. • Each commissioning lead is having 1:2:1 conversations with actuary and pensions advisors to discuss risk share and pension liability impact for contract negotiations 	Open (Medium High)	Uncontrolled	High	Critical	20
					Current (All services)	Medium	Substantial	11
KEY DIRECTORATE TRANSFORMATIONAL RISKS: BEC								

No.	Risk Description (Accountable Officer)	Controls Currently in Place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
TR 08	Open for Business Programme – lack of management buy-in prevents coordination, decision-making and communication across WCC and DCs. (Ahmed Goga)	<ul style="list-style-type: none"> OfB Governance established at the outset of the programme with communications lead appointed 	<ul style="list-style-type: none"> Head of Economic Development and Planning is meeting with all WCC Services Leads to establish OfB as one of the key priorities of the organisation. Additional session held with the Wider Leadership Team on 9th July 2014 as part of activities to embed OfB across the directorates The Open for Business Board and Steering Group continue to meet on a bi-monthly and fortnightly basis respectively. 	Open (Medium High)	Uncontrolled	High	Substantial	12
					Current	Medium	Substantial	11
TR 09	Social and Community Transport - dependency with decision-making in other directorate policies not taken into account. Impact on service delivery (Paul Smith)	<ul style="list-style-type: none"> New contracts in place from 1st September 2014. Contract monitoring of performance in place and communications team monitoring public reaction via press and social media. 	<ul style="list-style-type: none"> Cabinet report presented in June 2014 for political steer. Approval given, new contracts in place from 01/09/14. Next action is to monitor contracts and also the response from public and press following the publishing of new bus timetable and routes. Potential reputational risk if the new contracts bring about widespread criticism once advertised and/or in operation. 	Cautious (Medium)	Uncontrolled	Very High	Extreme	24
					Current	Medium	Substantial	11
TR 10	The failure to achieve community-led solutions at the libraries could lead to their potential closure, leading to challenge under the Public Libraries and Museum Act 1964	<ul style="list-style-type: none"> Community led solutions developed in partnership with Libraries 	<ul style="list-style-type: none"> Project Manager and project plans in place to continue progressing these solutions Consultation on library service at home and mobile libraries continues. Community led solution libraries are; Broadway - community group in place and formally set up – all on track. RAG status Green Bewdley - interim solution is to have a static mobile library for approx. 1 yr and work with town council whilst medical centre development is built and library moves. RAG status Amber Hagley - Community group being established and 	Open (Medium High)	Uncontrolled	High	Extreme	23
					Current	Medium	Critical	15

No.	Risk Description (Accountable Officer)	Controls Currently in Place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
	and the Public Sector Equality Duty. (Neil Anderson)		working with parish council, looking at autumn implementation. RAG status Green <ul style="list-style-type: none"> Upton – as per Hagley but slightly further ahead which will be summer implementation. RAG status Green Wythall – as per Hagley. RAG status Green 					
KEY DIRECTORATE TRANSFORMATIONAL RISKS: ChS								
Page 53 TR 11	Inability of Children's Social Care to deliver savings targets due to pressures on placements and staffing budgets whilst maintaining safeguarding of children and young people (Siobhan Williams)	<ul style="list-style-type: none"> Service re-design implemented with focus on improving key outcomes Recruitment and Retention Strategy in place to reduce agency spend LAC Action Plan Steering Group to lead all savings, projections and costing work to track progress. 	<ul style="list-style-type: none"> Investment Transformation fund of £1.5m approved for 2014/15 – 2015/16. Work is underway in all areas of the plan, KPI's have been agreed and progress is being monitored through monthly Senior manager meetings and NSPB Interim Head of Provider Services and Transformation now appointed in line with the new operating model for Children's Social Care alongside the Transformation Manager for Fostering LAC Action Group meeting monthly and LAC Panel meeting weekly to track spend on placements and identify opportunities to improve outcomes for children/young people whilst delivering efficiencies e.g. EBD Units. Fortnightly CMR/Cabinet LAC meetings to track spend and monitor progress Rolling recruitment campaign to appoint permanent posts with a target of 15% agency staffing by Dec and 10% by March 2015. Progress being tracked through NSPB/Performance Board Overspend being reported within LAC placements due to increased demand and also cost of staffing is increasing due to over-reliance on agency staff 	Cautious (Medium)	Uncontrolled	Very High	Extreme	24
					Current	Medium	Critical	15
TR 12	The risk of a drop in performance and standards due to the scale of the change of	<ul style="list-style-type: none"> Comprehensive market testing and procurement process undertaken to identify the best placed 	<ul style="list-style-type: none"> ICU structure approved and costed the process of recruitment to the ICU has been put on hold until there is clarity regarding the quality of the tender received. A request to extend the ITT was granted and it will 	Open (Medium High)	Uncontrolled	High	Extreme	23
					Current	Low	Extreme	18

No.	Risk Description (Accountable Officer)	Controls Currently in Place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
	moving from a large provider of Learning and Achievement services to commissioning services from the market whilst maintaining service delivery. (John Edwards)	<ul style="list-style-type: none"> provider Services have been bundled together to allow flexibility in commissioning to ensure market readiness Robust contract and QA functions will be maintained internally Good communications with staff and focused management on identified areas of risk. 	<p>now close on 12 Dec 14</p> <ul style="list-style-type: none"> Ongoing dialogue with the remaining provider, including setting up a meeting with Senior L&A/ChS managers. Options plan being drawn up should the submitted tender not meet the required standard It has been agreed that external challenge will be procured to support the process 					
TR 13	Continued saving reductions from commissioned early help provision whilst work still developing may make it unviable and ineffective as a service (Hannah Needham)	<ul style="list-style-type: none"> Updated Early Help strategy being drafted to re-define remit of early help for future commissioning Closer alignment with both internal and external services to maximise resources Savings plan to best manage current savings targets 	<ul style="list-style-type: none"> Savings Plans have been agreed with all providers and approved at Next Steps Programme Board. Work continue with Providers to minimise impact on frontline delivery of services Ongoing negotiations with providers to ensure more targeted support is given to high risk families rather than universal support Further work is being undertaken to assess the impact of funding reductions on other services (including social care) and on the Providers' ability to meet demand. Wider Early Help Needs Assessment being undertaken to identify cohorts of children and families currently being supported though wider early intervention services and to understand key characteristics in order to inform future commissioning intentions of all early intervention services 	Open (Medium High)	Uncontrolled	High	Extreme	23
					Current	Low	Extreme	18
KEY DIRECTORATE TRANSFORMATIONAL RISKS: DASH								
TR	Inability to	<ul style="list-style-type: none"> Prevention & Early Help - Plans are in place to 	<ul style="list-style-type: none"> Prevention & Early Help - Staff & Service User involvement in communications to develop an 	Open (Medium)	Uncontrolled	Very High	Critical	21

No.	Risk Description (Accountable Officer)	Controls Currently in Place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
14	extract from current service model resulting in cost pressures. In order to make changes required we will need to disinvest in services/structures and processes. This may become challenging from a financial/contractual and operational perspective. (Richard Harling)	cease/extend then cease contracts which come under the Prevention heading to allow time to transform future service delivery. £2M additional corporate resources secured together with £1.1m already identified within DASH.	<p>understanding of and support for the new model</p> <ul style="list-style-type: none"> • Assessment and Case Management - Engagement with staff through Staff Reference Group to ensure co-design and ownership of new processes. • Plans are on track for delivery of Prevention and Early Help savings and for the new ways of working in NMoC • Recommissioning of Housing related support has been completed and recommissioning of other Prevention and Early help contracts are on track for delivery in April 2015. • Extensive communication and engagement is being planned for NMoC following the business cases. This starts with staff events in early December. 	High)	Current	Medium	Critical	15
TR 15	The Future Lives programme doesn't incorporate legal change effectively and new models of care are not Care Act compliant – The Care Act impacts directly on the Future Lives programme, resulting in additional change and complexity. A	<ul style="list-style-type: none"> • The Council is participating in the ADASS West Midlands network of local authorities. • Care Act Compliance Project underway - Templates drafted for each Act clause, assigned and being completed by officers across DASH and partners to assess impact and define any actions required by the council and their 	<ul style="list-style-type: none"> • Regulations to be analysed when published. The draft regulations have now been analysed. Final regulations to be analysed (published 22nd October – and they will then be subject to an assurance process. • Ongoing oversight by the Future Lives Programme Board • Further analysis of the legal implications of the Care Act for each project to be completed via regular round table discussion between Legal and DASH. • Assurance to be provided to Cabinet in January 2015 • Further briefings for Cabinet, wider council and partners have started 	Open (Medium High)	Uncontrolled	High	Substantial	12
					Current	Medium	Substantial	11

No.	Risk Description (Accountable Officer)	Controls Currently in Place	Activity in the last quarter that demonstrates controls are effective	Risk Appetite	Assessment	Likelihood	Impact	Rank ¹
	number of these changes may have a negative impact on financial resources. (Frances Howie)	timescale. Monthly reports on progress to Programme Board.						
TR 16	Inability to secure cultural change and engagement for the Future Lives programme – (Charles Huntington)	<ul style="list-style-type: none"> Significant communication and engagement plan in place 	<ul style="list-style-type: none"> Paper for Cabinet June 2014 to verify FL Programme. Monthly presentations and/or newsletter for key partners, staff and service user/carer forums A further round of comms events is starting to roll out in early October with the final events planned for early December. This will include staff stakeholders and Service Users and Carers. 	Open (Medium High)	Uncontrolled	Very High	Critical	21
					Current	Medium	Substantial	15
KEY DIRECTORATE TRANSFORMATIONAL RISKS: Resources								
TR 17	Inability to re-engineer processes and systems so that they are fit for a lean and transformed council (John Hobbs)	<ul style="list-style-type: none"> Benchmarking 'as is' situation and highlighting pinch points prior to introducing changes Ensure that process re-engineering takes place for all projects and programmes on an ongoing basis. 	<ul style="list-style-type: none"> Modernising Finance and Modernising HR work streams have been re-scoped to ensure appropriate re-engineering Regular highlight reports to Finance Programme Board which tells us that the recent boost in focus on the programme is building Preferred Supplier chosen for Executive Information System (EIS), engaging with service managers, finance, HR and performance staff to design requirements Work progressing to develop budget principles which will mitigate this risk by enabling less resource requirements to give bespoke advice to managers. Dependencies across modernising and commissioning workstreams being tracked through RLT. 		Uncontrolled	Very High	Substantial	19
					Current	Low	Substantial	10

Audit and Governance Committee
12 December 2014**8. ANNUAL AUDIT LETTER 2013/14****Recommendation**

1. The Chief Financial Officer recommends that:
 - a) the Annual Audit Letter 2012/13 be noted;
 - b) the Committee considers whether it wishes to receive any further reports on information contained in the Letter; and
 - c) the Committee considers whether there are any issues arising from the Letter to draw to the attention of the Council.

Summary

2. Grant Thornton is responsible for producing an Annual Audit Letter which brings together all aspects of external inspection work undertaken across the Council including the audit work carried out on the accounts
3. Representatives from Grant Thornton will attend the meeting to discuss their findings. A copy of the Letter is attached as an appendix.

Supporting information

Appendix – The Annual Audit Letter for Worcestershire Council

Contact Points**County Council Contact Points**

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

Specific Contact Points

Sean Pearce, Chief Financial Officer
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:

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The Annual Audit Letter for Worcestershire County Council

Year ended 31 March 2014

October 2014

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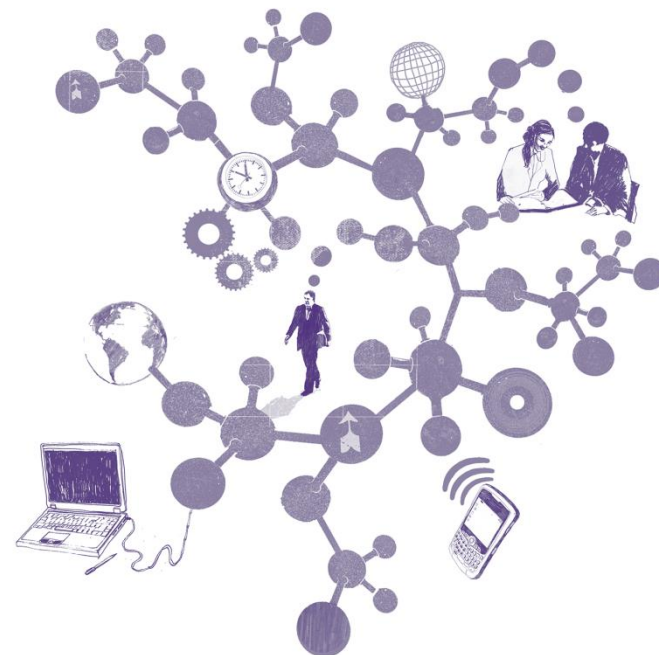
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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Worcestershire County Council ('the Council') for the year ended 31 March 2014.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued 11th March 2014 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Financial statements audit (including audit opinion)

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We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 27 June 2014 to the Audit Committee. The key messages reported were:

- The draft accounts presented for audit were of a good quality, as in previous years. We have discussed with officers areas where further enhancements could be made
- A number of the adjustments to the accounts relate to Property, Plant and Equipment. These covered a range of specific points but in essence identify differences between the records held by the property department from those within finance. While efforts had been made by officers to address the issues raised last year, further focus on this area is required in future years
- More clarity could be added to the process for the compilation of the Annual Governance Statement to clearly demonstrate that cross cutting governance issues are considered and addressed, thus providing greater assurance that the statement is complete.

We issued an unqualified opinion on the Council's 2013/14 financial statements on 29 September 2014, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirmed that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

Key messages

<p>Pension Fund Financial statements audit (including audit opinion)</p>	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 27 June 2014 to the Audit Committee. The key messages reported were:</p> <ul style="list-style-type: none"> • As in previous years the audit of the pension fund has run smoothly with good working papers • We have no adjusted or unadjusted misstatements to report, with only minor adjustments needed to improve the overall presentation of the accounts • While some control deficiencies were highlighted as areas for improvement these were not considered significant. <p>We issued an unqualified opinion on the Fund's 2013/14 financial statements on 29 September 2014, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirmed that the financial statements give a true and fair view of the Fund's financial position.</p>
<p>Value for Money (VfM) conclusion</p>	<p>We issued an unqualified VfM conclusion for 2013/14 on 29 September 2014.</p> <p>As part of the audit plan, we highlighted two specific risks in relation to the VfM conclusion. These were the introduction of the Better Care Fund, and plans for the new energy to waste plant at Hartlebury.</p> <p><u>Better Care Fund</u></p> <p>We were able to conclude that the partnerships to date had achieved the timescale and assurance requirements set by NHS England, however the partners had identified some areas as requiring further attention. These included, providing 7 day services, data sharing, a joint approach to assessments and care planning, and engagement with NHS providers.</p> <p><u>Energy to Waste Plant</u></p> <p>Given the large volume of correspondence from members of the public and the unique nature of the arrangement, we undertook a review of the arrangements in relation to the energy to waste plant. This review highlighted a significant issue in relation to the documentation supporting the reporting to members in December 2009 of officers' views of the preferred technological solution, further details of which are included in the Audit Findings Report.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, our VfM conclusion confirmed that we were satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.</p>

Key messages

Formal Objections to the Accounts	As part of the public inspection period we have received a number of formal objections to the accounts. We are currently considering the objections in line with our statutory duties. As a result of these objections we have not been able to formally conclude the audit.
Whole of Government Accounts	We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. We reported that the Council's pack was consistent with the audited financial statements. However we were required to report that the Council had compiled their Counter Party Data submission within the pack on a receipts and payments basis, rather than an accruals basis as prescribed by the guidance.
Certification of grant claims and returns	We have not yet certified any grant claims, however work is in progress on two local transport plan claims, with a certification deadline of the end of December 2014. We will report the findings from these claims as part of our Grant Certification Report in February 2015.
Audit fee	Our fee for the core audit in 2013/14 was £127,261, excluding VAT which was in line with our planned fee for the year. The Audit Findings Report highlighted that as a result of the significant amount of correspondence from members of the public around the waste contract we would be seeking approval from the Audit Commission for additional fee to cover the costs incurred in line with our statutory duties. An indicative fee of £35,000 was included, however this will increase as further work will be required to respond to the now formal objections received on the accounts. We will continue to keep officers updated on the likely costs. Further detail is included within appendix B.

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Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2013/14 audit.

No.	Issue and recommendation	Priority	Management response/ responsible officer/ due date
1.	<p>Annual Governance Statement</p> <p>A review of the process for compilation of the Annual Governance Statement should be undertaken to ensure that the completeness of the statement can be clearly evidenced.</p>	Medium	<p>Agreed for programming into the Internal Audit 2014/15 Programme</p> <p>Responsible officer: Senior Manager, Internal Audit and Assurance. Due date: December 2014</p>
	<p>Capital Financing</p> <p>Officers should review the reasons for the difference identified between the two different methods for calculating the CFR</p>	Medium	<p>The reasons for any difference will be investigated in time for the production of the next Statement of Accounts.</p> <p>Responsible officer: Senior Finance Manager, Strategic Financial Planning and Reporting Due date: December 2014</p>

No.	Issue and recommendation	Priority	Management response/ responsible officer/ due date
3.	<p>Errors on Fixed Assets identified in the financial statements.</p> <p>Recommendation: Further work is needed to ensure that the differences identified between property services and the asset register held by finance are eliminated and actioned on appropriately within the accounts.</p>	Medium	<p>Agreed to review the process with a view to eliminating as far as possible inconsistencies of information held between departments.</p> <p>Responsible officer: Senior Finance Manager, Strategic Financial Planning and Reporting</p> <p>Due date: December 2014</p>
4.	<p>Declaration of interests</p> <p>Recommendation: Consideration should be given as to whether all officers should be asked to make a declaration of interests as part of the closure of the accounts.</p>	Medium	<p>Consideration will be given to enhancing the existing process.</p> <p>Responsible officer: Head of Legal and Democratic Services</p> <p>Due date: December 2014</p>
5.	<p>Valuation of assets</p> <p>Recommendation: Officers need to consider their current valuation programme to ensure that the requirements of the code, (now clarified in relation to classes of asset) are met.</p>	Medium	<p>Whilst the requirements of the Code have been materially met, consideration will be given to the improvements in revaluation methodology</p> <p>Responsible officer: Senior Finance Manager, Strategic Financial Planning and Reporting</p> <p>Due date: December 2014</p>

Appendix B: Reports issued and fees

We confirm below the fee charged for the audit.

Fees

	Per Audit plan £	Actual fees £
Audit Fee *	127,261	TBC
Grant certification fee **	900	TBC
Pension Fund	26,156	26,156
Total fees	154,317	TBC

Fees for other services

Service	Fees £
None	Nil

Reports issued

Report	Date issued
Audit Plan	March 2014
Audit Findings Report	June 2014
Certification report	February 2015
Annual Audit Letter	October 2014

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*Both the significant level of correspondence from the public and the unique nature of the arrangements surrounding the waste contract means that the level of risk attached to the audit is significantly higher than envisaged by the Audit Commission when setting the scale fee which is quoted above. Work is on-going to determine the level of fee variation required for this work, particularly as we continue to receive correspondence in this area which we have a statutory duty to consider. We will discuss the level of additional fee required with officers and then submit this for approval to the Audit Commission

** The final certification fee will be reported as part of the grant certification report.



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Audit and Governance Committee
12 December 2014**9. COUNTER FRAUD REPORT 2014/15****Recommendation**

1. **The Chief Financial Officer recommends that the content of the Counter Fraud Report 2014/15 (attached as an Appendix) be noted.**

Introduction

2. Members may recall that at its meeting on 22 November 2013, it was agreed that the Council's approach to fraud be reported on an annual basis.
3. The Council's counter fraud arrangements demonstrate its continued commitment to strong governance and best use of resources. Our response to Central 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. It is important we maintain our counter fraud response and resilience as the changes to Council service delivery continue to evolve.

Supporting Information

- Appendix – Counter Fraud Report 2014/15

Contact Points**County Council Contact Points**

Worcester (01905) 763763, Kidderminster (01562) 822511 or
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Specific Contact Points for this Report

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Background Papers

In the opinion of the proper officer (in this case, the Chief Financial Officer) the following are the background papers relating to this report:

Agenda papers and minutes of the meeting of the Audit and Governance Committee on 22 November 2013.

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November 2014

Counter Fraud Report 2014/15



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1. Introduction

1.1. The purpose of this report is to:

- Review the delivery of counter fraud work during 2014/15
- Provide information on the overall effectiveness of the Council's arrangements to counter fraud and corruption.

2. Background

- 2.1. In administering its responsibilities, Worcestershire County Council takes a zero tolerance stance against fraud, corruption and theft, both from within the Council and from external sources. The Council is committed to an effective anti-fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities.
- 2.2. The Audit Commission in their publications Protecting the Public Purse (PPP) have encouraged all Local Authorities to align their counter fraud response to the 'Fighting Fraud Locally' strategy – this is something we started to work to from 2012/13 onwards, though we recognise that there is further scope to develop our counter fraud arrangements around the three key strands: *acknowledge, prevention and pursue*.
- 2.3. CIPFA have now taken over responsibility for the national 'Fighting Fraud Locally' Strategy and are in the process of carrying out research for the next phase which will kick in from 2015.
- 2.4. The National Fraud Authority (NFA) was set up following the government's *Fraud Review* (2006). The NFA published Annual Fraud Indicators which provided one of the most comprehensive and reliable estimates of the fraud exposure across all sectors in the UK. The figures for 2013 are as follows:
- Procurement (including contract fraud) - £876m
 - Payroll - £154m
 - Blue Badge Scheme misuse - £46m
 - Grants - £35m
 - Pensions - £7
- 2.5. The Audit Commission have just issued their last report in the Protecting the Public Purse series before they close in March 2014. It draws upon the learning from the commissions 25 year experience in counter fraud in Local Government.
- 2.6. In total, local government bodies detected fewer cases of fraud in 2013/14 compared with the previous year, continuing the decline noted in *PPP 2013*. However, their value increased by 6%.
- 2.7. The Audit Commission have made a number of recommendations relevant to Local Government :
- 2.8. All local government bodies should:
- Use our checklist for councillors and others responsible for audit and governance (Appendix 1) to review their counter-fraud arrangements

- Adopt a corporate approach to fighting fraud, to ensure they fulfil their stewardship role and protect the public purse from fraud
 - Actively pursue potential frauds identified through their participation in the National Fraud Initiative (NFI)
 - Assess themselves against the framework in CIPFA's new Code of Practice on Managing the Risk of Fraud and Corruption, and
 - Engage fully with the new CIPFA Counter Fraud Centre.
- 2.9. Councils in particular should:
- Protect and enhance their investigative resources, so that they maintain or improve their capacity to detect fraud
 - Be alert to the risk of organised crime, notably in procurement
 - Be alert to the risks of fraud, particularly in growing risk areas such as Right to Buy and social care;
 - Apply the lessons from the approach encouraged by PPP to tackle housing tenancy fraud, to other types of fraud
 - Focus on prevention and deterrence as a cost-effective means of reducing fraud losses to protect public resources
 - Focus more on recovering losses from fraud, using legislation such as the Proceeds of Crime Act, and
 - Take up the Commission's offer of receiving a fraud briefing to help them benchmark their performance and promote greater transparency and accountability.
- 2.10. Following the abolition of the NFA in March 2014, the new CIPFA Counter Fraud Centre (CCFC), which launched in July 2014, will lead the new national strategy for Fighting Fraud Locally (FFL) and will be a bank of best practice and thought leadership. A new FFL report is expected later in 2014.
- 2.11. A code of practice on managing the risk of fraud and corruption has recently been introduced by CIPFA. It is a voluntary code that can be applied in any public service organisation. With regard to the Council, the code encourages having strong governance and operational arrangements to counter fraud and corruption. There are five main principles:
- Acknowledge responsibility
 - Identify risks
 - Develop a strategy
 - Provide resources
 - Take action.
- 2.12. The Code also makes it clear that leaders of the Council have a responsibility to embed effective standards for countering fraud and corruption within the Council. Part of this process includes a statement in the annual governance report regarding adherence to the code.
- 2.13. Internal Audit reviewed during 2013 the Council's Anti-Fraud and Corruption Strategy, Anti-Money Laundering Policy and the Whistle Blowing Policy and Procedure. We

recognise that these procedures will become increasingly important in identifying and reporting potential fraud in an environment of:

- The changes to service delivery e.g. commissioning of services
- Reduced staffing
- Changes to the control environment
- Greater local autonomy
- Changes to roles and responsibilities

3. Investigative Work 2014/15

- 3.1. 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.
- 3.2. Internal Audit has been involved in two ongoing instances of missing cash. In both cases system weaknesses were identified with a requirement to improve controls.
- 3.3. Internal Audit has also investigated two whistleblowing allegations. The first investigation did not identify any concerns regarding fraud or corruption but did recommend improvements in procedures. The second investigation relates to an external contract and whether the funding is being used for its intended purpose. This investigation is still ongoing.
- 3.4. There has been a recent case of the Council receiving a letter, purported to be from one of our suppliers, asking for their bank account details to be changed, commonly known as a Bank Mandate fraud. Through the vigilance of the Accounts Payable Team and by following the procedures in place, they were able to confirm that the request was fraudulent. This incident has been reported to Action Fraud.

4. Proactive Work 2014/15

- 4.1. As stated above, Internal Audit has been involved in writing and reviewing a number of policies which form the basis of a policy framework which supports the implementation of an effective anti-fraud strategy.
- 4.2. Internal Audit recognise when compiling the annual plan the need to prevent fraud by ensuring that there are robust controls and procedures in place.
- 4.3. Internal Audit has also developed a Fraud Response Plan which describes the action individuals should take if they suspect fraud or corruption. This approach has been publicised as part of the awareness campaign detailed in 4.4. The Fraud Response Plan is included at Appendix 2.
- 4.4. A significant amount of pro-active work has taken place during the previous 12 months to raise awareness of fraud issues. Internal Audit arranged for a publicity campaign 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.

- 4.5. As part of the above process a confidential fraud reporting hotline has been introduced to facilitate the reporting of fraud.
- 4.6. It is intended to refresh the information regarding posters, SID and e-learning to reinforce the message to existing staff and also raise awareness with new starters.
- 4.7. To ensure that our approach to fraud and corruption is properly considered a draft Internal Audit Counter Fraud Plan is included at Appendix 3.
- 4.8. To ensure that auditors are aware of current developments, Internal Audit staff have attended two recent fraud seminars:
 - KPMG Midlands Fraud Forum – Suspicion – practical approach to Suspicious Activity Reports
 - Barclays bank – Fraud Awareness, the Barclays view.
- 4.9. Both courses, delivered from a private sector perspective, provided a valuable insight into the challenges facing organisations regarding fraud.
- 4.10. The County's testing on the 2012/13 National Fraud Initiative (NFI) data matches identified just over £1,500 of overpayments.
- 4.11. We are in the process of developing data analytics to improve the detection of fraud, this includes training in the use of Fiscal, used originally to identify duplicate payments but now with a new module for proactive fraud investigations.
- 4.12. Internal Audit attends the Midland's County Fraud Group which meets twice a year to share best practice, specific issues, investigative intelligence and also potential training opportunities. Internal Audit is also a member of the Midlands Fraud forum which aims to promote awareness of fraud issues and promote best practice in countering fraud and educate everyone on effective fraud prevention measures.

5. Conclusion and Next Steps

- 5.1. The Council would appear to have a low level of detected fraud when compared with levels reported nationally. This may be in part due to the focus on having robust controls in place to deter fraud.
- 5.2. Nonetheless, it remains essential to continue to encourage a strong anti-fraud culture both through improving the awareness of staff, members and the public and also improving the way fraud is detected.
- 5.3. We aim to boost awareness throughout the remainder of 2014/15 and going forward with the introduction of the 2015/16 Counter Fraud Plan.
- 5.4. We will continue to review individual fraud risk areas and aim to increase awareness by working with the teams with the highest likely fraud risks such as procurement and direct payments.
- 5.5. It is also important to consider how the Internal Audit team can improve its resilience to investigate fraud going forward.

6. Appendix 1: Checklist for councillors and others responsible for governance

General	Yes	No	Previous action	2014 Update
<p>Do we have a zero tolerance policy towards fraud?</p> <p>Do we have the right approach, and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with <i>Fighting Fraud Locally</i>?</p> <p>Do we have dedicated counter-fraud staff?</p> <p>Do counter-fraud staff review all the work of our organisation?</p> <p>Does a councillor have portfolio responsibility for fighting fraud across the council?</p> <p>Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?</p> <p>Have we received the latest Audit Commission fraud briefing presentation from our external auditor?</p> <p>Have we assessed our management of counter-fraud work against good practice?</p> <p>Do we raise awareness of fraud risks with:</p> <ul style="list-style-type: none"> ■ new staff (including agency staff); ■ existing staff; ■ elected members; and ■ our contractors? 				
II. Fighting fraud with reduced resources	Yes	No	Previous action	2014 Update
<p>Are we confident that we have sufficient counter-fraud capacity and capability to detect and prevent fraud, once SFIS has been fully implemented?</p> <p>Did we apply for a share of the £16 million challenge funding from DCLG to support councils in tackling non-benefit frauds after the SFIS is in place?</p> <p>If successful, are we using the money effectively?</p>				

III. Current risks and issues	Yes	No	Previous action	2014 Update
Housing tenancy				
Do we take proper action to ensure that we only allocate social housing to those who are eligible?				N/A To Worcestershire County Council
Do we take proper action to ensure that social housing is occupied by those to whom it is allocated?				
Procurement				
Are we satisfied our procurement controls are working as intended?				
Have we reviewed our contract letting procedures in line with best practice?				
Recruitment				
Are we satisfied our recruitment procedures <ul style="list-style-type: none"> ■ prevent us employing people working under false identities; ■ confirm employment references effectively; ■ ensure applicants are eligible to work in the UK; and ■ require agencies supplying us with staff to undertake the checks that we require? 				
Where we are expanding the use of personal budgets for adult social care, in particular direct payments, have we introduced proper safeguarding proportionate to risk and in line with recommended good practice?				
Have we updated our whistleblowing arrangements, for both staff and citizens, so that they may raise concerns about the financial abuse of personal budgets?				
Council tax discount				
Do we take proper action to ensure that we only award discounts and allowances to those who are eligible?				N/A to Worcestershire County Council
Housing benefit				
When we tackle housing benefit fraud do we make full use of: <ul style="list-style-type: none"> ■ National Fraud Initiative; ■ Department for Work and 				N/A to Worcestershire

Pensions Housing Benefit matching service;
■ internal data matching; and
■ private sector data matching?

IV. Other fraud risks	Yes	No	Previous action	2014 Update
------------------------------	------------	-----------	------------------------	--------------------

Do we have appropriate and proportionate defences against the following fraud risks: ■ business rates; ■ Right to Buy ■ council tax reduction; ■ schools; and ■ grants?				
--	--	--	--	--

7. Appendix 2: Fraud Response Plan



FRAUD RESPONSE PLAN

INTRODUCTION

1. The Council has a **zero tolerance** to all forms of fraud, corruption and theft. This means we will apply the toughest sanctions where fraud is proven – disciplinary and criminal.
2. This Fraud Response Plan is part of the **Counter Fraud Policy** and our aim is to reduce fraud and loss to an absolute minimum and keep it there.
3. You should follow this response plan if you are a staff member, councillor, partner, contractor or Lincolnshire resident. We all have a responsibility to report any suspicion of fraud and to cooperate in any investigation, if necessary. If you work for the Council and fail to report your suspicions, you may be in breach of our Counter Fraud Policy and action may be taken against you or your organisation.
4. **Fraud** is a crime and involves a deception which is deliberate and intended to provide a direct or indirect personal gain – for example: false expenses, exaggerated pay claims, altering accounting records, bogus invoices, forged cheques, fixing tender results, contract irregularities etc.
5. **Corruption** is the deliberate misuse of your position for direct or indirect personal gain such as: offering, giving, requesting or accepting a bribe or reward which influences your actions or someone else's.
6. **Theft** is where someone steals cash or other property belonging to someone else with no intention of returning it.
7. This guidance only tells you what to do if you suspect fraud - for other concerns you should refer to: the Anti-fraud and Corruption Strategy or you can report fraud suspicions using the Council's Whistleblowing Policy.

WHAT YOU SHOULD DO IF YOU SUSPECT FRAUD

8. Immediately report your suspicions to:
 - your line manager (or more senior manager if you think they may be involved)

- the Internal Audit department – David Jenkins Senior Manager, Internal Audit & Assurance.
- the Council's Confidential Fraud Reporting Line on 01905 766570.

9. Top Tips

Don't	Do
Delay – report the matter quickly	Record your suspicions – write down what you have found, seen and heard
Approach or accuse individuals directly – you may alert them and evidence may be destroyed	Keep any evidence you have in a safe place.
Tell anybody else – you don't know who may be involved	Tell us who you are – we will want to talk to you as you may know more than you realise
Investigate yourself – you may spoil the evidence and prevent a criminal prosecution	Keep calm

SAFEGUARDS

10. **Harassment, bullying or victimisation** – if you have raised your concerns in good faith we will take action to prevent you from reprisal.
11. **Confidentiality** – if you feel it is necessary we will try to protect your identity – this will not be possible if the investigation leads to criminal action.
12. **Anonymous referrals** – we do not encourage these as it affects our ability to investigate, but we will always look into any case of suspected fraud.
13. **Malicious referrals** – if we find that your referral is malicious or has been made for personal gain, we will take action against you under the Council's Disciplinary Policy or relevant agreement if you work for one of our partners.

INVESTIGATION

14. All suspected fraud must be referred to Internal Audit.
15. Internal Audit will assess the initial information and decide how to proceed. This will include a strategy meeting with the relevant manager.
16. Following best practice guidelines, Internal Audit will investigate most cases of suspected fraud – management may investigate low level fraud involving an employee after consultation with Internal Audit.

POTENTIAL OUTCOMES

17. **Criminal Prosecution** – the Head of Corporate Audit and Risk Management on advice from CFIT will authorise the referral to the police for investigation.

18. **Disciplinary Action** – at the end of the investigation CFIT will produce an outcome report. If this involves an employee and fraud is proven, the likely outcome will be dismissal. If fraud is not proven there may still be matters which need to be considered under the Council's disciplinary procedures.
19. **Recovery through Civil or Criminal Proceedings** – we will seek to recover all losses subject to legal advice and where it is cost effective to do so. We will recover any loss caused by an employee through salary, pension or insurance.
20. **Weaknesses in the System of Controls** – we will produce an Action Plan to address any system or management weaknesses and to reduce the risk of fraud and error in the future.

8. Appendix 3: Counter Fraud Plan 2015/16

	Point of Focus	Indicative scope	Priority	No of Days	Quarter	Status
1.0	Culture					
1.1	Engagement and training	<p>Briefing sessions/training with members, officer and key partners.</p> <p>Targeting of key areas of fraud e.g. procurement.</p>	High			<p>Meetings to be held with staff in key areas e.g. procurement.</p> <p>Internal Audit is attending a Worcestershire schools' conference to give a presentation on fraud with a view to increasing awareness.</p>
1.2	Policy Framework	<p>The Council should have in place a policy framework which supports the implementation of an effective anti-fraud strategy.</p> <p>CIPFA's Code of Practice 'Managing the Risk of Fraud and Corruption' details the following as a minimum requirement:</p> <ul style="list-style-type: none"> • Counter fraud policy • Whistleblowing policy • Anti-money laundering policy • Anti-bribery policy • Anti-corruption policy • Gifts and hospitality policy and register 	High			<p>The Anti-Fraud and Corruption Strategy which includes reference to the Bribery Act, Whistleblowing Policy and Procedures and Anti-Money Laundering Procedure were revised by Internal Audit and approved as part of the Code of Corporate Governance by the Audit and Governance Committee.</p> <p>Other relevant documents are the Council's Code of Conduct which includes reference to gifts and hospitality and conflicts of interest.</p>

		<ul style="list-style-type: none"> • Pecuniary interest and conflicts of interest policies and register • Codes of conduct and ethics • Information security policy • Cyber security policy. 				
1.3	Awareness/publicity campaign	<p>Case studies on SID, posters, plasma screens and encouragement to participate in e-learning training.</p> <p>Information can also be made available on the Member's Portal.</p> <p>Above would provide an opportunity to publicise the Council's Anti-Fraud and Corruption Strategy, Whistle Blowing Policy and Money Laundering Policy.</p>	High			<p>A significant amount of pro-active work has taken place during the previous 12 months to raise awareness of fraud issues. Internal Audit arranged for a publicity campaign 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.</p> <p>There is a requirement to continue with a clear programme of Counter Fraud publications using the support of the Communications team.</p>
2.0	Prevention					
2.1	Internal Audit work	Enhancing fraud control and processes	High			This forms an important part of the Internal Audit annual plan.
2.2	Advice	New systems and processes.	High			Internal Audit have been involved

		Advice around the commissioning process.				in advising on a number of new systems.
2.3	E-learning package	To raise staff awareness of fraud risks and the appropriate procedures to follow.	Medium			A number of officers have now completed the E-learning package. It is the intention to publicise the package further with a view to increasing awareness.
2.4	Staff induction process	To ensure that there is appropriate awareness of the Council's zero tolerance approach to fraud as part of the induction process. Using the Anti-Fraud and Corruption Strategy as a focal point the induction process should raise awareness of the Code of Conduct, declaration of interests and the means to report suspicion of misconduct or where to seek further advice. The above would link into the e-learning package (see 2.3).	Medium			It is the intention to pursue with HR.
2.5	Fraud Response plan	This provides a comprehensive reference point to facilitate staff on the course of action they should take if they have specific concerns.	Medium			The Fraud Response plan has been documented and linked into previous publicity campaigns. There is a requirement to publicise further.
3.0	Detection					
3.1	An annual Counter Fraud report and Annual fraud Programme to be presented to Audit and Governance Committee	The report and programme would show the success of the proposed approach and the requirement for any revisions.	High			Report to be presented to Audit and Governance Committee on 12 December 2014.

	to keep them informed of fraud related work.					
3.2	Update Fraud Risk Profile	<p>Incorporating emerging risks, fraud surveys and local assessment.</p> <p>This would give an awareness of potential fraud risks along with consideration of how to approach them.</p>	High			Ongoing.
3.3	Proactive Fraud exercises	<p>More directive audits to be carried out in the main areas of fraud risk:</p> <ul style="list-style-type: none"> • Procurement; • Direct payments. 	High			2015/16 Internal Audit plan.
3.4	Data Analytics	<p>Further development/use of data analytics.</p> <p>Training in the use of Fiscal, used to identify duplicate payments currently with a new module for proactive fraud investigations now available.</p>	High			<p>A member of Internal Audit has been trained in the fraud module.</p> <p>It is intended to follow up on individual reports from December 2014.</p>
3.5	National Fraud Initiative	Review and investigation of Council matches. Also a requirement to respond to requests from other public sector bodies.	High			<p>The National Fraud Initiative (NFI), the Audit Commission's data matching exercise helps the Council fight against fraud. Internal Audit continues to act as the lead co-ordinator. Work has been completed to upload all of the necessary data to the Audit Commission's secure website on the 6th October in respect of this year's NFI. This time there is a</p>

						requirement for a new data set to be included, those service users in receipt of a direct payment, in addition to Payroll, Pension, Creditor, Care Home, Blue Badges and Concessionary Travel data. The data matches will be available to review from January 2015.
4.0	Investigation					
4.1	Fraud investigation	In line with CIPFA guidelines.	High			
4.2	Identify and recover losses	Identified during investigations. Recovery through Proceeds of Crime Act, insurance and legal action.	High			
5.0	Contingency					
5.1	Advice & liaison					
	Total days					

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Audit and Governance Committee
12 December 2014

10. PUBLISHING PLANNED INTERNAL AUDIT REPORTS

Recommendation

Process for publishing Internal Audit Reports

1. **The Chief Financial Officer recommends that the proposed system for publishing Internal Audit reports be noted.**
2. Following a request from the Leader of the Council to the Chief Executive it was agreed that Internal Audit reports would be published. Prior to being published, it is intended that Internal Audit reports should be subject to the following stages:

a) Draft audit report issued to relevant manager and Head of Service. The report is populated at this stage with: <ul style="list-style-type: none"> • Management response; • Responsibility and timescale; • Recommendation implemented (officer and date);
b) The relevant Head of Service approves individual reports.
c) Final report issued to relevant director for information.
d) Summary of finalised limited assurance audits to be issued to Strategic Leadership Team as required. This will present an opportunity to discuss audits where there are significant financial implications or potential reputational impact.
e) Consideration of whether a report would require redaction prior to being made public. The Head of Legal and Democratic Service's advice to be sought where appropriate.
f) Quarterly Internal Audit Progress reports will include details of those audit reports to be published following approval of the report. The Audit and Governance Committee will be able to request to review individual reports where required.

Contact Points

County Council Contact Points
Worcester (01905) 763763, Kidderminster (01562) 822511 or
Minicom: Worcester (01905) 766399

Specific Contact Points for this Report
Dave Jenkins, Senior Manager - Internal Audit and Assurance
01905 766567, DJenkins@worcestershire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer) there are no background papers relating to this report.

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Audit and Governance Committee
12 December 2014**11. INTERNAL AUDIT PROGRESS REPORT 2014/15****Recommendation**

1. **The Chief Financial Officer recommends that the content of the Draft Internal Audit progress report attached as an Appendix be approved.**

Introduction

2. Internal audit has undertaken work in accordance with the 2014/15 Internal Audit Plan which was approved by this Committee at its meeting on 27 June 2014. A draft copy of the progress report for the period 1 April to 31 October 2014 is attached as an Appendix and members are asked to consider approving its content.

Supporting Information

Appendix – Draft Internal Audit Progress Report 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

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.

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Internal Audit Progress Report 1 April to 31 October 2014



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1. Introduction

2014/15 Internal Audit Plan

- 1.1. We have undertaken work in accordance with the 2014/15 Internal Audit Plan which was approved by the Audit and Governance Committee at its meeting on 27 June 2014.
- 1.2. An outturn statement detailing assignments undertaken and actual activity for the year is shown in Appendix 1. 986 days out of a total planned 1800 days (55%) were delivered as at 31 October 2014. The plan includes 280 days for external clients. This is in line with our projected profile and we commit to completing the majority of the remaining work ahead of the year end.
- 1.3. There has been a reduction in available resources due to a Senior Auditor being seconded to work on the new Financial and Business Reporting Information System and a Senior Audit moving to a 30 hour week.
- 1.4. The reduction in resources has been offset where possible by more efficient working methods, improved performance and use of the Internal Audit Framework Agreement.
- 1.5. The Audit and Governance Committee has responsibility to review the adequacy of the County Council's internal control and risk management arrangements. Internal Audit is an independent assurance function which provides an objective opinion on the effectiveness of the control environment comprising risk management, control and governance.
- 1.6. Internal Audit meets with individual directors on a regular basis in order to discuss progress and key issues in their respective areas. These meetings are being used to inform the audit plan with regard to the 150 days allocated to directorate risk.

2. Internal audit work completed 1 April to 31 October 2014

- 2.1. Work has been carried out in fulfilling the requirements of providing 'core systems' assurance and increasingly offering a more risk based approach. This work has been reported to management to ensure that individual recommendations are properly considered.
- 2.2. Where appropriate each report is given an overall opinion based on the criteria defined in Appendix 2. The recommendations arising from the individual audit reviews are ranked according to their level of priority, also defined in Appendix 2.
- 2.3. There have been 30 reports finalised during the first seven months of 2014/15, of which five have been given limited assurance. These can be summarised as follows:

Table 1 Summary of audit opinions

Overall opinion	2013/14 audit plan work carried forward	Quarter 1 & Quarter 2 (2014/15)	Total
Full	0	1	1
Significant	5	7	12
Limited	4	5	9
N/A	1	17	18
Total	10	30	40

- 2.4. Within the plan it was agreed that two school themed audits would be undertaken in respect of Procurement Cards and Safeguarding. An overall Procurement Card report was issued reflecting the findings across the schools visited; the opinion is significant assurance. Separate reports were also issued to individual schools containing specific recommendations but without an opinion. The work regarding Safeguarding is in progress with all visits either undertaken or planned. Two schools have received a report containing specific recommendations but without an opinion. Once all of the school reports have been issued and they have accepted the recommendations an overall report with an opinion will be issued.
- 2.5. In addition to the above, there are a number of reports which have been issued but not finalised:
- Travel and Subsistence - Councillors
 - Procurement - Stronger Families
 - Efficiency audit
 - DASH Savings Plans
- 2.6. A breakdown of final reports issued can be found in Appendix 3, which summarises the risk ratings associated with each finding and recommendation along with an overall opinion. Further information is provided in the individual reports. A separate report regarding the proposal to publish audit reports is presented to this Audit and Governance Committee. A list of those reports to be published is included in Appendix 4.
- 2.7. It is essential that audit recommendations are implemented by management within the agreed timescales. All recommendations are routinely followed up with senior management on a half yearly basis to obtain assurance that recommendations were implemented. As requested by the Audit and Governance Committee the current status of high recommendations is detailed in Appendix 4.
- 2.8. Where audits have been given full or significant assurance this is an indication that the Council has sound processes in place.
- 2.9. Further details regarding the 4 limited assurance audits issued during quarter 2 are contained in Appendix 5.
- 2.10. The assurance expressed is at the time of the report being issued but before full implementation of the agreed management action plan. Where a response has been received it is pleasing that management have accepted the recommendations and have indicated an action plan with timescales for implementation where appropriate.
- 2.11. Following recent 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 covering audit planning, reporting and an overall assessment. It is pleasing that the results received are very good with an average score of 4.4 (out of a maximum of 5). In addition a number of very positive comments regarding Internal Audit work have been received during the year.
- 2.12. Feedback from senior management would also suggest that the quality of output is high and continues to improve.

3. Other significant work

- 3.1. Internal Audit has also carried out work in a number of other areas during the period ending 31 October 2014 and this is set out below.

National Fraud Initiative

- 3.2. The National Fraud Initiative (NFI), the Audit Commission's data matching exercise helps the Council fight against fraud. Internal Audit continues to act as the lead co-ordinator. It is pleasing to confirm that the required data was uploaded on the due date of the 6 October. This time there was a requirement for a new data set to be included, those service users in receipt of a direct payment, in addition to Payroll, Pension, Creditor, Care Home, Blue Badges and Concessionary Travel data, which highlighted the need to ensure that our Fair Processing Notice was up to date and this has now been reviewed by officers and updated where necessary. In order to fully comply with the requirements to notify everyone affected that their data was being used in this way an explanatory letter was sent to all service users in receipt of a direct payment and in private residential or nursing care. In August all payslips included a message confirming that payroll data will be shared as part of the NFI process. We were also able to facilitate the uploading of data held by the Council on behalf of the Hereford and Worcester Fire and Rescue Authority, West Mercia Police and the West Mercia Police and Crime Commissioner.

Information Commissioners Officer - Data Protection audit

- 3.3. The Council invited the Information Commissioner's Office (ICO) in to advise us on data protection areas which will be challenging as we become a strategic commissioning authority. The ICO have identified some areas of good practice but have also raised a number of significant issues in the areas of data protection governance, security of personal data and data sharing which has led to a very limited assurance opinion. The Council is taking actions to address the ICO's recommendations, as part of this process, Internal Audit attend the Corporate Information Governance Board and Corporate Information Governance Group. Internal Audit has recently completed an audit to follow up on the implementation of a sample of the recommendations. From the work carried out is felt that the Council has taken positive action to address the ICO's recommendations.

Anti- Fraud and Corruption work

- 3.4. A separate Annual counter fraud report submitted to this Committee details the work undertaken and planned by Internal Audit in respect of special investigations and pro - active fraud activity.
- 3.5. The Fraud e-learning course has now been completed by 398 employees.

Superfast Broadband Project

- 3.6. Internal Audit has continued to support this project over the last seven months, supporting officers in checking the information provided by the contractor so that invoices can be paid. Following the announcement of additional funding Internal Audit will again be supporting the verification process to enable all of the milestones to be achieved. Two milestones have been achieved successfully.

Grant claims

- 3.7. A total of 3 grant claims have been reviewed to ensure accuracy and compliance with relevant grant conditions:
- Bus Services Operators Grant (BSOG);
 - Adoption Reform Grant
 - Local Transport Capital Grant
- 3.8. A declaration statement has been signed by the Senior Manager, Internal Audit and Assurance in respect of the Community Capacity Grant. The monies have not yet been spent, so a review of spending will be planned for later in the year.
- 3.9. Further work was also carried out on the Kidderminster Trust Fund.

Joint Property Vehicle

- 3.10. Internal Audit is attending regular meetings of the JPV Finance Work group to advise on financial issues and the control framework.

Commissioning – HR/Payroll/Finance/Enterprise Resource Planning (ERP) and Occupational Health

- 3.11. As a member of the steering group for this project, Internal Audit has advised on the risks, controls and Key Performance Indicators required once the contract has been awarded, attended workshops where the current main services have been captured to inform the specification as well as challenging the Value for Money of the project. The project has now entered the formal procurement stages with the PQQ and OJEU notice being published at the end of October and Pre – Qualification Questionnaires evaluated at the end of November. Internal audit will continue to advise on the contract which is currently being drafted.

Advice

- 3.12. This is an important part of Internal Audit's work to ensure that appropriate controls are considered at an early stage. Between 1 July and 31 October 2014, Internal Audit has advised on a number of areas including:
- **Pensions, Members Self Service** – ongoing advice regarding the security of the proposed changes.
 - **Schools PFI** - following a request by the head teachers at North Bromsgrove High School and Alvechurch Middle School, Internal Audit are looking to review the documentation trail around the size of the buildings and the pupil numbers. This work is ongoing.
 - **Equipment and Sundry Item Disposal** – advice given regarding the selling and disposal of obsolete equipment to ensure that the process is open, transparent and protects everyone involved.
 - **Fraud** – At the annual School's Finance meeting, attended by over one hundred head teachers, bursars, and governors, Internal Audit gave a presentation on Fraud in schools.
 - **SAP Passwords Controls** – advice provided regarding access controls.

- **Budget Book** - advice and guidance regarding the presentation and content.
- **Supporting People** – advice given on the need to retain a licence for the Supporting People software.

3.13. In addition to the above, Internal Audit has provided advice to officers and schools on a range of subjects including School Fund audit arrangements, imprest accounts and selling of items on E- bay.

4. Appendix 1: Detailed Audit Plan 2014/15

Area/system	Days	Final report issued	Status/assurance level given
OP1: Core systems reviews – fundamental assurance			
<u>Core financial systems</u>	200		
e.g. General Ledger / Financial accounting			To be agreed.
Debtors			Fieldwork in progress.
Creditor payments			Fieldwork complete draft report in progress.
Payroll			Planned for quarter 4.
Pensions – administration processes			Fieldwork in progress.
Pension – investment management			Timing of audit work to be agreed.
Pension Governance arrangements			Timing of audit work to be agreed.
Treasury Management			Planned for quarter 3.
Budgetary arrangements			Planned for quarter 3.
VAT			Fieldwork complete draft report in progress.
Bank Reconciliations			Planned for quarter 4.
Fixed Assets			Timing of audit work to be agreed.
National Fraud Initiative	30		Ongoing.

Area/system	Days	Final report issued	Status/assurance level given
Grant certification	30		Ongoing.
OP1: Subtotal	260		
OP2: Audits across the key areas of focus in the Corporate Plan			
Directorate Risks:	150		
➤ Data sharing – Health Visitors			Planned for Quarter 3.
➤ Daily banking – Audit Banking Log		April 2014	Final report issued. RAG rating.
➤ DASH – Scheme of Accountability			Planned for Quarter 3.
➤ Business Rates Pool		July 2014	Final report issued. Full.
➤ Crofters Close		September 2014	Final report issued. N/A
➤ Procurement Schools follow up			Draft report produced.
Investigative work	80		Ongoing work.
Intelligence led pro-active fraud investigations	25		Ongoing. Currently at the planning stage of using Fiscal software to analyse key financial data. Training in use of the software has been undertaken.
Advice	50		Ongoing.
ICT Audits - externally provided as part of the Internal Audit framework agreement.	50		

Area/system	Days	Final report issued	Status/assurance level given
➤ IT Disaster Recovery Review		November 2014.	Final report issued. Limited.
➤ Data Centre Operations and Security		November 2014.	Final report issued. Significant.
➤ IT Risk Diagnostic		November 2014.	Final report issued. No overall opinion given.
➤ IT Strategy		November 2014.	Final report issued. No overall opinion given.
Data Information Security (ICO follow up)	10		Draft report issued. Agreed in principle by management, indicative opinion significant.
Computer Recycling	10	November 2014.	Final report issued. Limited
IT Policy Framework	10		Work to be carried out as part of the Internal Audit IT Framework Agreement.
Ethical Culture	10		Planned for quarter 3.
Performance Management	15		Planned for quarter 3.
Contract Management	20		Planned for quarter 4.
Commissioning	30		A significant amount of advisory work has already taken place in this area.
Cost of change- redundancy costs.	10		Fieldwork in progress.
Travelling and Subsistence –Employees	25	November 2014.	Final report issued. Significant.
Travelling and Subsistence – Councillors	10		Draft report issued.
Councillor ICT arrangements.	5	November 2014.	Final report issued. Significant.

Area/system	Days	Final report issued	Status/assurance level given
WCDF – Worcestershire Councillor's Divisional Fund	10	September 2014.	Final report issued. Significant.
Flexible and Mobile Environment (FAME) working	20		Planned for quarter 3.
Procurement	30		<p>Work has taken place in 4 areas of procurement across directorates:</p> <ul style="list-style-type: none"> ➤ Stop Smoking; ➤ Street Lighting; ➤ Family Conferencing and ➤ Stronger Families. <p>Final reports have been issued in respect of Stop Smoking, Street Lighting and Family Conferencing.</p>
Future Fit: Future Operating Model	20		Some initial preparation work carried out, it was agreed with the Chief Executive that the work will be carried out in January 2015.
Joint Property Vehicle (JPV)	30		Ongoing work in this area.
Archaeology	15		Planned for quarter 4.
Registrars	10		Planned for quarter 4.
Governance	15		Terms of reference agreed, work to be carried out as part of the Internal Audit Framework Agreement.

Area/system	Days	Final report issued	Status/assurance level given
Risk Management	10		Terms of reference agreed, work to be carried out as part of the Internal Audit Framework Agreement.
Audit and Governance Committee training	5		'Effective Audit Committees' – completed May 2014.
General follow up	20		Ongoing.
Freedom of Information Requests	15		Fieldwork in progress.
Insurance arrangements - Compliance	5		Fieldwork in progress.
Insurance arrangements – Full systems	10		Fieldwork in progress.
Training and Development	15		Planned for quarter 3.
Use of Agency staff	15	November 2014.	Final report issued. Limited.
OP2: Subtotal	755		
OP3: Open for Business			
European Funding	10		Fieldwork in progress, work being carried out as part of the Internal Audit Framework Agreement.
Local Enterprise Projects	10		Planned for quarter 4.
Growing Places Fund	10		Planned for quarter 4.

Area/system	Days	Final report issued	Status/assurance level given
Broadband project	20		Ongoing.
Improvement & Efficiency West Midlands (IEWM)	10		To be agreed.
Efficiency Audit	20		Three draft reports issued for individual management responses. One overall report to be issued.
OP3: Subtotal	80		
OP4: Children and Families			
Sufficiency of Alternative provision (to ensure sufficient school places for all eligible pupils in the County).	25		Initial discussions were held to determine terms of reference. Developments have been made in this area of work and quality assurance measures put in place that now mean the audit work is not considered required.
Not in Education, Employment or Training (NEETS).	10	November 2014.	Final report issued. Limited.
Safeguarding	30		Discussions have taken place to inform the terms of reference.
Primary School Sports Grant	15		Terms of reference agreed.
School Themed Audits:	100		
➤ Procurement Cards			Final reports issued to 10 schools. Overall report was issued reflecting the findings across the schools visited. Significant assurance.

Area/system	Days	Final report issued	Status/assurance level given
➤ Safeguarding			Visits have commenced. 2 of 10 draft reports issued.
Provision of Support Services in Schools.	20		Planned for quarter 3.
OP4: Subtotal	200		
OP5: The Environment			
PFI Waste Contract	20		To be agreed.
Highways Maintenance Contract	30		Planned for quarter 3/4.
Design Services Contract – Term Shared Professional Services Contract	20	November 2014,	Final report issued. Limited.
Evesham Abbey Bridge	20		Planned for quarter 4.
OP5: Subtotal	90		
OP6: Health and Wellbeing			
Direct Payments	20		Planned for quarter 4.
Delayed Transfer of Care	35		Fieldwork in progress.
Responsibilities for Community Safety	10		Planned for quarter 3.
Public Health Ring Fenced Grant	30	October 2014.	Final report issued. Significant.

Area/system	Days	Final report issued	Status/assurance level given
Care and Support Planning	20		Internal Audit has signed the Memorandum of Understanding in respect of the Care Bill Implementation Grant 2014/15. Internal Audit have also been made aware of the first stocktake, the purpose of the stocktakes are to help local authorities assess readiness to implement their statutory duties under the Care Bill from April 2015 and to benchmark themselves against their peers. Further audit work is planned for quarter 4.
DASH Savings Plans	20		Draft report produced.
OP6: Subtotal	135		
TOTAL OP1 to OP6	1520		

5. Appendix 2: Assurance Definitions

Overall Audit Opinion	
Full assurance	Full assurance that the system of internal control meets the organisation's objectives and controls are consistently applied.
Significant assurance	Significant assurance that there is a generally sound system of control designed to meet the organisation's objectives. However, some weaknesses in the design or inconsistent application of controls put the achievement of some objectives at some risk.
Limited assurance	Limited assurance as weaknesses in the design or inconsistent application of controls put the achievement of the organisation's objectives at risk in some of the areas reviewed.
No assurance	No assurance can be given on the system of internal control as weaknesses in the design and/or operation of key control could result or have resulted in failure(s) to achieve the organisation's objectives in the area(s) reviewed.

The recommendations arising from the individual audit reviews are ranked according to their level of priority as follows:

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 3: Summary of Recommendations (final reports only)

Assignment	High	Medium	Low	Total	Overall opinion
Work relating to 2013/14					
Open for Business – Partnership Arrangements	3	6	3	12	Limited
Joint Commissioning Unit – Contract Management (Residential & Nursing Care)	2	4	0	6	Limited
Pension Administration	2	6	0	8	Significant
Future Fit – Benefit Realization	3	2	0	5	Significant
Payroll	0	2	0	2	Significant
Children's Social Care	5	6	2	13	RAG rating
Commissioning of Out of Area and High Cost Placements (Adults)	3	6	2	11	Limited
Worcestershire Local Enterprise Partnership (LEP)	4	3	0	7	Limited
Debtors 2013/14	1	4	1	6	Significant
IEWM	0	8	2	10	Significant
Total	23	47	10	80	
Work Relating to 2014/15 (QTR 1 and 2)					
Business Rates Pool	0	0	1	1	Full
Daily banking – Audit Banking Log	4	3	0	7	RAG rating
School Themed Audits, Individual Procurement Card Audits:	7	13	6	26	Significant
Fort Royal Community Primary	0	2	2	4	N/A
Birchensale Middle	0	1	1	2	N/A
Alvechurch Middle	0	0	4	4	N/A
Charlford First	0	1	2	3	N/A

Assignment	High	Medium	Low	Total	Overall opinion
North Bromsgrove High	2	2	0	4	N/A
Oldbury Park	3	2	0	5	N/A
Pitmaston	1	4	0	5	N/A
St Andrews	1	2	2	5	N/A
St Clements	1	3	2	6	N/A
St Georges	6	9	0	15	N/A
Worcestershire Councillor's Divisional Fund - WCDF	0	3	5	8	Significant
Not in Education, Employment or Trainings (NEETS)	1	4	1	6	Limited
Procurement Audit:					
Procurement - Street lighting	2	2	1	5	N/A
Procurement – Stop Smoking	0	3	0	3	N/A
Procurement - Family Group Conferencing	0	0	1	1	N/A
Public Health Ring Fenced Grant	0	1	0	1	Significant
Computer Recycling	3	7	2	12	Limited
IT Risk Diagnostic	0	0	0	0	N/A
IT Disaster Recovery	2	2	0	4	Limited
IT Data Centre Operations and Security	3	3	2	8	Significant
IT Strategy	0	2	6	8	N/A
Crofter's Close	N/A	N/A	N/A	N/A	N/A
Councillors' ICT allowance	2	4	2	8	Significant
Design Services Contract – Term Shared Professional Services Contract	5	9	1	15	Limited
Travel and Subsistence - Employees	0	12	3	15	Significant

Assignment	High	Medium	Low	Total	Overall opinion
Use of Agency Staff	1	10	3	14	Limited
ICO	N/A	N/A	N/A	N/A	Indicative opinion Significant
Total 1 April to 31 October 2014	44	104	47	195	
Total	67	151	57	275	

7. Appendix 4: List of Internal Audit Reports To Be Published

- 1 Business Rates Pool
- 2 IT Disaster Recovery Review
- 3 Data Centre Operations and Security
- 4 IT Risk Diagnostic
- 5 IT Strategy
- 6 Computer Recycling
- 7 Travelling and Subsistence –Employees
- 8 Councillor ICT arrangements.
- 9 WCDF – Worcestershire Councillor's Divisional Fund
- 10 Use of Agency staff
- 11 Not in Education, Employment or Training (NEETS).
- 12 Design Services Contract – Term Shared Professional Services Contract
- 13 Public Health Ring Fenced Grant

8. Appendix 5: Follow Up of High Recommendations

Audit	Number of recommendations	Number due to be implemented	Number implemented	Number outstanding more than 2 months	Comments
Partnership Arrangements	3	3	0	3	There were some recommendations that were outstanding from a previous audit. A meeting has been held with the Worcestershire Partnership Officer and progress is being made towards implementation. It has been agreed that there will be a follow up in the first quarter of 2015 with a view to ensuring that the recommendations have been implemented.
BACS Payment System	2	2	2	0	
Fixed Assets	1	1	1	0	
Early Help Strategy	4	2	2	0	
Bishops Wood	4	4	4	0	Following the transfer of responsibility from ChS to BEC management are aware of the one outstanding issue and will pick this up during the course of their routine monitoring arrangements.
Safeguarding - Winterbourne House	1	1	1	0	
Contract	2	2	2	0	

Management					
One-time Vendors	1	1	0	0	Actions will be implemented by 31/1/15. This workstream has been on hold pending recruitment which is now in place to deliver this.
Joint Commissioning Unit- Contract Management (residential & Nursing Care)	2	0	0	0	Not yet due to be implemented
Pension Administration	2	0	0	0	Waiting for management response.
Local Enterprise Projects	4	4	2	0	
Write-off Procedures	3	3	3	0	
SAP authorisation Follow up	2	2	2	0	
Children's Social Care	5	0	0	0	Awaiting confirmation from Head of Children's Social Care.
Future Fit - Benefit	4	0	0	0	Not yet due to be implemented.

Realisation					
Debtors	1	1	1	0	
School Themed Audit – Procurement Card (overall report)	7				Management have taken note of the recommendations, and will bring to the attention of schools the key issues raised.
Pitmaston	1	1	1	0	
St Clements	1	1	1	0	Now an Academy school. Initial response to the report indicated that the recommendation would be implemented immediately.
North Bromsgrove High	2	2	2	0	
St Andrews	1	1	1	0	
St Georges	6	5	6	0	
Oldbury Park	3	2	2	0	
Procurement – Street Lighting	2	0	0	0	Not yet due to be implemented.
Computer Recycling	3	0	0	0	Not yet due to be implemented.
IT Disaster Recovery	2	0	0	0	Not yet due to be implemented.

Data Centre Operations	3	0	0	0	Not yet due to be implemented.
Not in Employment Education or Training(NEETS)	1	0	0	0	Not yet due to be implemented.

9. Appendix 6: Summary of Limited Opinion Audits

9.1. For each of the audits detailed below, management has agreed with Internal Audit the course of action proposed to address the recommendations.

Not in Education
Employment or
Training (NEETS)

The published 2012/13 NEET results for Worcestershire showed a NEET rate of 5.3%. However, it is difficult to be sure of the accuracy of this figure as for 39.3% of the cohort the Council was unable to confirm their NEET status. It should be noted that this places the Council as third highest in terms of the proportion of unknowns when compared against national peers. The point of focus for the audit review was therefore around the processes followed regarding the identification of NEET's.

On the basis of the audit work undertaken, it was apparent that a number of the controls in place are operating effectively and there are a number of sound methodologies in place with regard to the identification and recording of the NEET cohort.

The work is judged to be currently limited assurance due to :

- Weaknesses in the current follow up and tracking arrangements which present a risk that the proportion of unknowns may continue to remain high;
- It is recognised that the level of resources allocated to following up unknowns and NEET has been reduced due to budget constraints and this has reduced the capacity to undertake this work which has impacted on the Council's results. Management needs to consider whether:
 - A) The Council is best placed to maintain these records and understanding;
 - B) Maintaining low proportion of NEET and the current level of unknowns is acceptable; and
 - C) The level of resource is adequate to achieve the outcomes desired.
- The level of unknowns may have implications regarding the identification of NEETs and ensuring that appropriate support is then made available to young people; and
- Resources have been concentrated on known and upcoming NEETs and previous follow up routines with young people in work based training are not now usually undertaken. In the absence of this contact taking place at set intervals, this group becomes unknown which was a contributory factor to the high proportion of unknowns in September 2013. The other key factor in these results is the lack of follow up contact for year 13 pupils.

Use of Agency Staff The recruitment of the majority of agency staff is managed via the Matrix system (Agency Staff Recruitment System). The arrangements are intended to provide the Council with an efficient and cost effective recruitment solution. The current contract with Matrix expires in November 2015; with an option to extend for a further two years if required. Matrix are a Managed Service Provider and have no direct link to either agencies or recruitment firms but act as a "middle man" and manage the "supply chain" on the Council's behalf.

The current annual cost of agency staff is circa £6.9 million. Whilst this is currently increasing it should be noted that 72.88% of the current spend is spent on social work staff. Problems in recruiting Social Workers are being addressed both locally and nationally. It is also noted that recent staff reductions have led to an increased use of agency staff to combat high workloads.

A meeting has been held with senior management who have demonstrated a clear commitment to implement the recommendations that currently lead to an opinion of limited assurance due to issues around lack of effective controls including:

- A lack of guidelines detailing in what circumstances and for how long agency staff should be recruited;
- There are two levels of authorisation within the Matrix system, Client Owner and Client Manager. A sample of ten agency staff was selected from a March 2014 list provided by Matrix. In seven cases out of the sample of ten the Client Owner and Client Manager was the same;
- A number of ex staff are listed as having access rights to the Matrix system;
- The Recruitment Services Team Leader confirmed that an approver need not be a WCC employee although it was noted that they do need to have a WCC email address;
- A number of disparities in pay rates. The Auditor examined a report of current users as at 22/7/14 from which it was noted that there are two workers who are paid day rates rather than hourly rates. One rate was £500 whereas the other is £300 per day. In addition, the temporary worker who is paid £300 per day is classed as a "Project Manager" and on the same report another Project Manager is being paid £21 per hour. £21 per hour is the notionally agreed rate for a Project Manager. Furthermore, there are a number of Team Managers (Children's) for whom the hourly rate varies between £24.40 (the agreed rate) and £40.13; and
- The procedures within the Matrix system to agree

increases in hourly rates can be circumvented without providing an adequate audit trail.

Whilst the majority of agency staff are recruited to cover either situations where we are unable to recruit, short term peaks in demand or sickness cover it was noted that the Recruitment Services Team Leader had identified a number (45) of temporary agency workers who have been engaged by the Council for over a year and in one case an individual has been engaged since 2009. It is acknowledged that in exceptional circumstances this may be legitimate and therefore important that the reasons for these timescales are recorded.

Computer Recycling

The audit work carried out has identified a clear management commitment to ensuring that personal data is disposed of in a secure manner. Whilst there are a number of good practices in place, the concerns identified around procedures, contractual arrangements and security have led to the current limited assurance audit opinion:

- Failure to provide copies of contracts with either of the two recycling companies;
- A requirement to update procedural documents to reflect current procedures. Consideration should also be given to a more detailed Asset Disposal Strategy that addresses the process of IT asset disposal and personal data;
- Computer recycling progress sheets produced by recycling companies have not been checked and updated on the inventory for three months at the time of audit testing. Consideration should be given to whether there are more efficient and timely ways to process this information;
- There were concerns regarding the level of authorisation around the release of computers to the recycling companies; and
- A review of the Council's computerised inventory record revealed that 5 computers sent to one of the companies for recycling, have been classed on the inventory as missing. It was recommended that these missing computers should be investigated further.

Term Shared Professional Services Contract

The West Midlands Highway Alliance (WMHA) is an unincorporated, local authority led body consisting of a number of local authorities which has been created to orchestrate and oversee a programme which is intended to accelerate the achievement of value and efficiencies within the region.

Some authorities of the WMHA, including Worcestershire County Council, identified a need for professional service

support in the delivery of highway services. A single supplier was appointed on a term contract over a 5 year period with an option to extend to 8 years.

Whilst there were examples of good practice with regard to monitoring and managing projects under the contract, there were cases where the level of control was weak.

The reasons for the limited assurance opinion are as follows:

- A requirement to review proposed target prices and the need to challenge the resources required, where appropriate, to ensure they are justified;
- A need to develop monitoring tools to ensure that there are effective and objective ways of measuring performance to ensure that performance standards are adequate and to determine whether contract extensions should be agreed;
- It is important that assessments are checked to ensure they are reasonable by comparing the charges made against progress on the project and also a comparison against the target price build up.

Audit and Governance Committee
12 December 2014

12. INTERNAL AUDIT COMMISSIONING UPDATE

Recommendation

- 1. The Chief Financial Officer recommends that the content of the Internal Audit Commissioning update report is noted.**

Summary

2. Members will recall that it was agreed at the meeting on 12 September 2014 that the Committee would receive a further update on the Commissioning arrangements for the Internal Audit function at this meeting. (Minute no. 315 refers)

3. The Internal Audit commissioning process is on track. The following table shows the latest Future Fit Commissioning Dashboard timetable. As reported to the last meeting, the pre-procurement market engagement has now been completed.

Pre-procurement market engagement	February-August 2014
Tender specification development	September-December 2014
Tenders invited	January 2015
Tenders returned	February 2015
Assessment and clarification	March-April 2015
Contract award	May-July 2015
Transition and new state	August-September 2015

4. The Chairman and Vice-Chairman of this Committee have been kept informed of the progress of Commissioning arrangements and their views have been sought on the options available.

5. As agreed at the last meeting, a workshop was arranged on 19 November which captured the thoughts and needs of Committee members around the commissioning process.

6. A verbal update will be provided at the meeting on the latest stage of the Commissioning process.

Contact Points

County Council Contact Points

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

Specific Contact Points

List of Background Papers

Sean Pearce, Chief Financial Officer
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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:

The agenda papers and Minutes of the Audit and Governance Committee meeting on 12 September 2014

Audit and Governance Committee
12 December 2014**13. 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:

20 March 2015

Internal Audit Progress Report 2014/15
Document Retention scheme
External Audit Plan 2014/15
External Auditor's Report
Sales, fees and charges

26 June 2015

Annual Statutory Financial Statements for the year ending 31 March 2015
Annual Governance Statement
Risk Management
Internal Audit Annual Report 2014/15
Internal Audit Risk Assessment and Plan 2015/16

11 September 2015

Internal Audit Progress Report 2014/15
Use of Consultants*

11 December 2015

Internal Audit Progress Report 2015/16
External Audit Letter 2014/15

*A limited assurance report on the "Use of External consultants" was reported to the Audit and Governance Committee on 27 June 2014. Following discussions the full report was shared with all members of the Committee. Management have since given assurance that all the issues raised have been addressed. Internal Audit will follow up on this work in early 2015/16 and report back to the Audit and Governance Committee on 11 September 2015.

Other items yet to be timetabled:

Backup and Restore Procedures

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
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Specific Contact Points

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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