

# Agenda

## Audit and Governance Committee

**Friday, 11 December 2015, 10.00 am**  
**County Hall, Worcester**

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ਪੰਜਾਬੀ। ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਮਸ਼ਹੂਨ ਸਮਝ ਨਹੀਂ ਸਕਦੇ ਅਤੇ ਕਿਸੇ ਅਜਿਹੇ ਵਿਅਕਤੀ ਤੱਕ ਪਹੁੰਚ ਨਹੀਂ ਹੈ, ਜੋ ਇਸਦਾ ਤੁਹਾਡੇ ਲਈ ਅਨੁਵਾਦ ਕਰ ਸਕੇ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਮਦਦ ਲਈ 01905 765765 'ਤੇ ਫ਼ੋਨ ਕਰੋ। (Punjabi)

# 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 3<sup>rd</sup> 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, 11 December 2015, 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 (Vice Chairman), Mr R J Sutton and  
Mr P A Tuthill

**Agenda**

<b>Item No</b>	<b>Subject</b>	<b>Page No</b>
1	<b>Named Substitutes</b>	
2	<b>Apologies/Declarations of Interest</b>	
3	<b>Public Participation</b> <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 10 December 2015). Further details are available on the Council's website. Enquiries can be made through the telephone number/e-mail address below.</i>	
4	<b>Confirmation of Minutes</b> To confirm the Minutes of the meeting held on 18 September 2015. (previously circulated – pink pages)	
5	<b>Corporate Risk Report</b>	1 - 6
6	<b>Internal Audit Report - Use of Consultants</b>	7 - 30
7	<b>Annual Audit Letter 2014/15</b>	31 - 42
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To obtain further information or a copy of this agenda contact Simon Lewis, Committee Officer on 01905 766621, slewis@worcestershire.gov.uk

All the above reports and supporting information can be accessed via the Council's website

Date of Issue: Wednesday, 2 December 2015

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## **AUDIT AND GOVERNANCE COMMITTEE**

### **11 DECEMBER 2015**

## **CORPORATE RISK REPORT**

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### **Recommendation**

- 1. The Audit and Governance Committee is requested to:**
  - a) note the latest refresh of the Corporate Risk Register (Appendix), including the red risk identified and mitigating actions; and**
  - b) note the intention to review the approach taken to managing risk.**

### **Background**

2. In the current economic climate, severe pressures on funding for services and the need for greater efficiencies mean that sound corporate governance and good decision making are paramount. Risk management is an integral part of corporate governance and can be used as a tool to assist the Council in meeting its key outcomes.
3. The Corporate Risk Register provides a mechanism for collating and reporting strategic risks that could affect the delivery of corporate objectives. Each risk listed on the Corporate Risk Register is monitored by directorates and reported through the corporate process to provide assurance on the adequacy of arrangements to mitigate the risks.
4. The attached Appendix provides an overview of the Corporate Risk Register for Quarter Two 2015/16 including the red-amber-green (RAG) status of individual risks. Transformational risks which were previously included in this report are now presented to the Corporate Business Board on a monthly basis.
5. There is one risk on the Corporate Risk Register that is rated as red – "demographic changes lead to changed demand for services". This reflects the need to better understand the future demand for services from a changing demographic profile such as the ageing population or changes in the needs of children and families. It is rated red because of the potential impact on the Council's budget, and because additional work to address the area of demand management is underway but not yet fully in place.
6. There is already a significant amount of forecasting work undertaken to identify and understand future pressures. For example, waste services use housing and population figures to adjust calculations for waste requirements; Joint Strategic Needs Assessment work for health and social care looks at current and future population trends; pupil forecasts are used in planning for schools services.

7. Directorates also undertake work to mitigate pressures. For example, early intervention strategies in Children's services are designed to reduce demand later on; in Adult services promotion of healthy living messages, and facilitating access to information and advice about community resources are designed to help people stay healthy and independent as long as possible. Across the Council as a whole, implementation of the Digital Strategy is designed to mitigate pressures by increasing the option for self-service.

8. Moving forward, the Council has started work on its Corporate Demand Management 2020 theme. One workstream is looking at forecasting and prediction in order to develop a single consistent view across the Council of potential changes, the pressures they will give rise to and where these will have most impact. The work that follows will look at the most effective ways of managing demand ranging from strategic prevention work intended to avoid or reduce demand arising in the first place, through to making sure that access to the Council's services is managed as efficiently and equitably as possible.

9. The Committee is also advised of the intention to review how well current risk management processes are aligned with the Council's new Operating Model. The outcome and any proposals will be reported back as part of the Quarter 4 update.

## **Contact Points**

### County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Email: [worcestershirehub@worcestershire.gov.uk](mailto:worcestershirehub@worcestershire.gov.uk)

### Specific Contact Points for this report

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Email: [tleak@worcestershire.gov.uk](mailto:tleak@worcestershire.gov.uk)

## **Supporting Information**

- Appendix – Corporate Risk Update

## **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 Corporate Risk Register

## Overview of Risk Status:

- The status of risks in the Corporate Risk Register has not changed between May and October
- Risks are actively managed and action to mitigate all corporate risks is reviewed regularly
- One risk remains rated as red - “demographic changes lead to changed demand for services” There are significant pressures on Council services because of demographic factors such as the ageing population. Work is underway to increase capability to predict and model these pressures, as part of the Council’s overall demand management workstream.

# CORPORATE RISK PROFILE

A Corporate Risk is a risk that has an impact across all areas of the Council such that it could prevent the Council delivering its corporate priorities. There are ten Corporate Risks - nine are RAG-rated as amber and one is RAG-rated as red.



**Corporate Risk 1:** Failure to maintain business as usual / appropriate levels of service at the same time as transformation



**Corporate Risk 2:** Failure to deliver financial savings identified in Medium Term Financial Plan



**Corporate Risk 3:** Failure to deliver a major project leading to increased costs, reputational damage to the Council and/or failure to realise savings



**Corporate Risk 4:** Serious harm or death due to a failure on the part of the Council



**Corporate Risk 5:** Failure to comply with legislation and statutory duties



# CORPORATE RISK PROFILE

A Corporate Risk is a risk that has an impact across all areas of the Council such that it could prevent the Council delivering its corporate priorities. There are ten Corporate Risks - nine are RAG-rated as amber and one is RAG-rated as red.



**Corporate Risk 6:** 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



**Corporate Risk 7:** Demographic changes lead to changed demand for services



**Corporate Risk 8:** Failure to effectively manage the Council's premises



**Corporate Risk 9:** Ineffective Emergency Response arrangements



**Corporate Risk 10:** Ineffective Business Continuity arrangements

# CORPORATE RISK

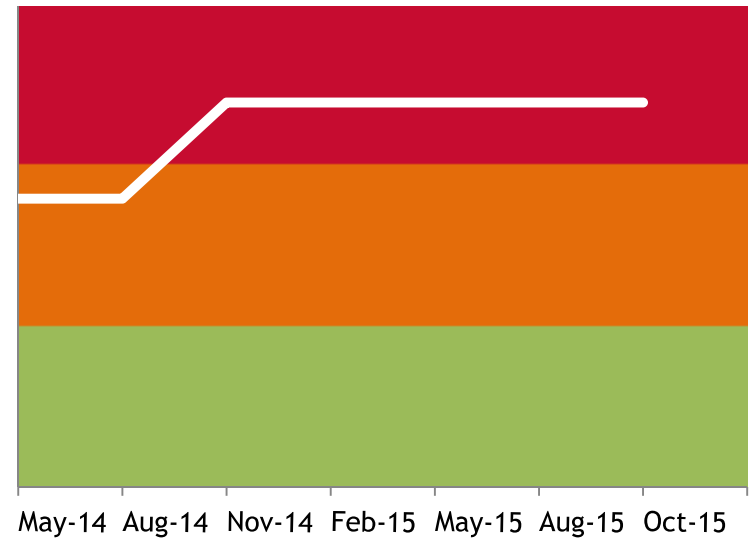
REMAINS RED SINCE LAST REPORT

## DEMOGRAPHIC CHANGES LEAD TO CHANGED DEMAND FOR SERVICES

Q2 2015/16

### WHY IS THE RISK RED?

- There is a need to better understand the future demand for services from a changing demographic profile such as an ageing population or changes to the needs of children and families. Additional work is underway but not yet completed.



### MITIGATING ACTIONS

- Forecasting work to identify and understand future pressures
- Directorate level work to mitigate pressures and look at internal allocation of resources
- Statistical forecasts used to predict demand and to design and commission services
- Council level work on overall allocation of resources
- Digital Strategy implementation to help manage demand.

### WHAT NEXT?

- Work underway as part of Corporate Demand Management 2020 Theme
- Research focused on forecasting and demand management to better understand future requirements
- Strategic planning reviews aligned to a robust infrastructure development plan.

**AUDIT AND GOVERNANCE COMMITTEE**  
**11 DECEMBER 2015****INTERNAL AUDIT REPORT - USE OF CONSULTANTS**

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**Recommendation**

1. **The Chief Financial Officer recommends that:**
  - (a) **the results of the internal audit on the use of consultants attached as an Appendix be noted; and**
  - (b) **a further audit be undertaken during 2016/17.**

**Background**

2. At its meeting on 27 June 2014, the Committee considered the results of an audit of the use of consultants (Minute no 306 refers). A further audit was subsequently requested and included in the agreed 2015/16 internal audit plan. This report outlines the results of that follow up audit.
3. The audit concludes that the County Council has very good clear documented and detailed processes relating to the engagement and management of consultants. Since the last Internal Audit review was conducted, the processes that need to be followed when engaging external consultants have been extensively publicised to managers by a number of different methods including news bulletins on the Intranet, emails from the Chief Executive, reminders at Wider Leadership Team meetings and a step by step guide is also provided on the procurement pages of the intranet. The overall control framework is therefore strong but the key issue arising from the audit is the continued non-compliance with that framework by managers across the organisation. There also remains some ambiguity over the Council's definition of consultancy and hence a lack of consistency in interpretation. The definition should therefore be reviewed.
4. The full audit report, which is attached as an Appendix for consideration by the Committee, includes a detailed action plan outlining the audit recommendations, management responses and target date for implementing the agreed actions to address the issues identified.

**Contact Points**County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Email: [worcestershirehub@worcestershire.gov.uk](mailto:worcestershirehub@worcestershire.gov.uk)

Specific Contact Points for this report  
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### **Supporting Information**

- Appendix: Internal Audit Report – Use of Consultants.

### **Background Papers**

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

Agenda papers and Minutes of the Committee meeting held on 27 June 2015.

# Worcestershire County Council: Use of External Consultants

## Risk and Assurance Services

**“Providing assurance on the management of risks”**

Report status	Final
Report date	30th November 2015
Prepared by	Christopher Portmann, Senior Auditor

## Introduction

As part of the 2015/16 Internal Audit plan an audit of the use of external consultants was included, with the points of focus being:

- The County Council's Policy on the use of consultants;
- The approach to procuring consultancy services and the subsequent management and monitoring of arrangements put into place; and
- The extent to which the control weaknesses and non-compliance issues identified by the previous Internal Audit review have been addressed.

The Council's definition of a consultant is as follows:

"A consultant is a person (not an employee) agency or firm engaged for a limited period of time on a fee basis to carry out a specific task or tasks. A consultant provides subject matter expertise and/or experience to the Council either because it does not possess the skills or resources in-house or which requires an independent evaluation/assessment to be made.

This excludes, for example:

- (a) agency staff sourced through the Council's Corporate Contract.
- (b) routine services e.g. maintenance, cleaning and security.
- (c) professional services e.g. Architects, structural engineers, forensic archaeologists, specialist social care support, training etc."

The Council receives a considerable number of Freedom of Information requests from the press, public and Members relating to the use of consultants and the Council now

publishes information as a routine alongside the list of expenditure on the Council's website as part of the transparency agenda.

A number of non-compliance issues were highlighted in the previous Internal Audit review undertaken in 2013/14 and the Internal Audit Report was the subject of significant local media interest and discussions amongst Full Council.

## Areas of Best Practice

- The County Council has very good, clear, documented and detailed processes within the Procurement Code specifically designed for the procurement of consultants. These include a form (C1A) which is designed to document appropriate details, including the rationale for engaging consultants and that appropriate approval is given. There is a requirement to complete this form for every consultancy engagement.
- Since the last Internal Audit review was conducted, the processes that need to be followed when engaging external consultants have been extensively publicised to managers, via news bulletins on the Intranet, emails from the Chief Executive, reminders at WLT meetings and a step by step guide is also provided on the procurement pages of the intranet.
- In the case of some of the consultancy contracts examined robust procurement processes had been followed and there were sound monitoring processes in place as regards the delivery of the consultancy work.
- The County Council continues to publish details of consultancy contracts on an annual basis as part of the transparency agenda. In addition, reports are taken to

the Senior Leadership Team on a six-monthly basis showing details of what consultants have been engaged.

## Key Findings

Since the last Internal Audit review, the Council has made some revisions to the Procurement Code and the visibility and profile of guidance has been improved resulting in a strong control framework. However, there continues to be non-compliance with the processes laid down in the Procurement Code as regards the procurement of consultants, and management have indicated that this is not acceptable. The procedural framework is set by the Procurement Team but responsibility for following these procedures is the responsibility of managers throughout the organisation.

It should be noted that the samples reviewed as part of this audit relate to consultants appointed since the previous audit review was completed. However, this includes arrangements that were put into place prior to the last audit, but have been renewed on an annual basis.

Our key concerns are as follows:

- There remains some ambiguity over the Council's definition of consultancy and hence a lack of consistency in interpretation.
- C1A forms were completed in only four cases from our sample of fifteen and in those cases the form was completed retrospectively. The C1A is designed to document the rationale for engaging a consultant and to obtain the necessary authorisation.

- Cases were found where there was no record of consultancy engagements being approved at the required level.
- Instances were identified where competitive procurement processes had not been followed, contravening the Council's Contract Standing Orders and the Procurement Code and making it difficult to ascertain whether value for money had been obtained.
- Checks are not always conducted to ensure that appropriate insurance arrangements are in place.
- Checks are not always conducted to confirm the employment status of individual consultants before making payments, leaving the Council vulnerable to fines/penalties being imposed by HM Revenue & Customs.
- Consultancy engagements are not always specified in terms of clear, quantifiable and measurable outputs, as required by the Procurement Code.
- Instances were noted where written contracts were not in place for consultancy assignments.

**Assurance Opinion and Conclusion**




<b>Control Framework</b>	Weak				<b>Limited</b>
	Adequate			<b>Moderate</b>	
	Good		<b>Substantial</b>		●
	Strong	<b>Full</b>			
		Strong	Good	Adequate	Weak
<b>Operation of controls</b>					
Professional judgement is exercised by the Auditor when determining the opinion rating.					



Overall, the opinion is that controls provide **Limited Assurance** that risks are being managed. The control framework is good but the operation of controls is weak.



**Appendix A – Findings & Action Plan**



**Explanation of Priority ratings:**


Priority	Explanation
 <b>Red</b>	<p><b>Fundamental:</b></p> <p>Action that is considered imperative to ensure that the organisation is not exposed to high risks. Major adverse impact on achievement of organisation’s objectives if not adequately addressed.</p>
 <b>Amber</b>	<p><b>Significant:</b></p> <p>Action that is considered necessary to avoid exposing the organisation to significant risks.</p>
 <b>Green</b>	<p><b>Merits Attention:</b></p> <p>Action that is considered desirable and should result in enhanced control or better value for money. Minimal adverse impact on achievement of the organisation’s objectives if not adequately addressed.</p>
<p><b>These definitions are illustrative only and professional judgement is exercised when determining the priority rating of recommendations</b></p>	


	Risks and Implications	Finding	Recommended Action	Priority	Management Action
<b>Compliance with the Procurement Code</b>					
01	<p><b>Risks:</b> Agreed processes may not be followed.</p> <p><b>Implications:</b> Inappropriate appointments may be made.</p> <p>Value for money may not be obtained.</p> <p>Reputational damage.</p>	<p>From the audit review conducted, it is apparent that there continues to be a high level of non-compliance with the processes laid down in the Procurement Code. Examples of these instances are detailed within this Report. It is recognised that these processes have been highlighted in communications on the Intranet and in direct communications to staff from senior management, including the Chief Executive.</p>	<p>Management should consider other methods of communicating and enforcing the processes that need to be followed when engaging consultants to all staff. For example, consideration should be given to introducing some mandatory training and also including appropriate information as part of the induction process.</p>	 Red	<p><b>Action:</b> The definition of Consultants will be updated as this seems to be the main contributing factor to non compliance. The Procurement Code is being revised and updated, alongside all of the Council's commissioning, procurement and contracting processes as part of the Council's new operating model. A communication and training plan for staff across the organisation will be put in place as part of this exercise.</p> <p>It is recognised within this report that the control framework is strong and compliance will now be forced through linking the ability to pay to completion of the appropriate forms.</p> <p><b>Responsibility:</b> David Griffiths (Procurement Manager)</p> <p><b>Target Date:</b> 31/12/15</p>
02	<p><b>Risks:</b> Consultants may be engaged without appropriate authorisation.</p>	<p>The Procurement Code states that a "form C1A must be completed for each assignment and a copy passed to the Commercial Team." This form is intended to document</p>	<p>No consultancy contract should be agreed until a C1A form has been completed and approved at the appropriate level, as per the process described in the</p>		<p><b>Action:</b> A process review is being undertaken with directorate Service Heads (Wider Leadership Team) and Finance. This has identified the</p>


**PROTECT - INTERNAL**



	Risks and Implications	Finding	Recommended Action	Priority	Management Action
	<p>A lack of protection afforded to staff engaging consultants.</p> <p>The rationale for engaging consultants is unclear.</p> <p>Financial commitments are not held in the budgetary records.</p> <p><b>Implications:</b> A consultant may be engaged when it is inappropriate to do so.</p> <p>Staff engaging consultants could be placed in a vulnerable position.</p> <p>It is unclear why a consultant has been engaged and whether it was necessary to do so.</p> <p>Budgetary control is reduced.</p>	<p>why it was necessary to engage an external consultant as well as the cost of the assignment and to ensure that the consultancy engagement has been approved at the appropriate level.</p> <p>However, from a sample of fifteen consultancy assignments, in no cases had a C1A form been completed and approved in advance. In four cases, a C1A form had been completed, but not until after the consultancy work had already begun, or completed.</p> <p>Moreover, in eleven of the fifteen examined, the purchase order was raised following receipt of the consultants' invoice, so there was no documented record of approval in advance, either on a C1A form or an official purchase order.</p>	<p>Procurement Code.</p> <p>It is recognised that the Commercial Team has highlighted the need to follow this process on the staff intranet, however, further guidance should be directly communicated to ensure that managers are aware of the process that needs to be followed when engaging consultants.</p>	<p>Red</p>	<p>need for a process to be put in place which ensures that a C1A form is completed and signed appropriately (including Cabinet Member sign off where appropriate) with final sign off by the Commercial Team in advance of a Purchase Order being raised and invoice being paid i.e. no C1A, no Purchase Order, no payment. This will be implemented once the necessary finance systems and checks have been put in place.</p> <p>In the meantime, the Commercial Team is ensuring that any outstanding C1A forms are completed appropriately, and the appropriate forms have now been completed for all consultants within this sample.</p> <p><b>Responsibility:</b> Jo Charles (Head of Commercial), Nick Hughes (Finance Manager) plus budget holders</p> <p><b>Target Date:</b> 31/12/15</p>

	Risks and Implications	Finding	Recommended Action	Priority	Management Action
03	<p><b>Risks:</b> Consultants may be engaged without appropriate authorisation.</p> <p>A lack of protection afforded to staff engaging consultants.</p> <p>The rationale for engaging consultants is unclear.</p> <p><b>Implications:</b> A consultant may be engaged when it is inappropriate to do so.</p> <p>Staff engaging consultants could be placed in a vulnerable position.</p> <p>It is unclear why a consultant has been engaged and whether it was necessary to do so.</p>	<p>In one case within the sample where a C1A form had been completed the C1A form was approved in May 2015, however the work started in January 2015.</p> <p>In another case the form was completed in January 2013 but the work had started in 2010. Although renewed on an annual basis up until the present time further C1A forms have not been completed. It was also noted that the C1A completed was for £12,850, but the total spend as at 10th June 2015 was £157,740 and the work is ongoing. In the two other instances where a C1A form was completed, it was completed after the consultancy assignments had finished.</p>	<p>The C1A should also include details of the total cost of the engagement and this should not be exceeded. If further work is required, a new C1A form must be completed and approved.</p>	 Red	<p><b>Action:</b> As above – processes to be tightened to ensure compliance: no C1A means no Purchase Order means no payment.</p> <p><b>Responsibility:</b> Jo Charles &amp; Nick Hughes plus budget holders</p> <p><b>Target Date:</b> 31/12/15</p>
04	<p><b>Risks:</b> Consultants may be engaged without appropriate authorisation.</p> <p>A lack of protection afforded to staff engaging consultants.</p>	<p>The Procurement Code requires the relevant Cabinet Member to be notified of consultancy contracts with a value of between £10,000 and £50,000 and if the contract is £50,000 or above, Cabinet Member approval is required.</p> <p>The initial value of one of the contracts reviewed was £36,810</p>	<p>Where the relevant Cabinet Member has to be notified, this should be done in writing and a record of the notification should be retained.</p>	 Red	<p><b>Action:</b> As above – appropriate sign off of C1A will be required before payment can be made.</p> <p><b>Responsibility:</b> Jo Charles &amp; Nick Hughes plus budget holders</p>

	Risks and Implications	Finding	Recommended Action	Priority	Management Action
	<p>The rationale for engaging consultants is unclear.</p> <p><b>Implications:</b> A consultant may be engaged when it is inappropriate to do so.</p> <p>Staff engaging consultants could be placed in a vulnerable position.</p> <p>It is unclear why a consultant has been engaged and whether it was necessary to do so.</p>	<p>and was for the period 01 April 2014 to 31 March 2015. However, this has since been extended, so the overall value will be greater than this. In this case the officer making the appointment stated that the Cabinet Member has not been notified. Other instances were noted where the relevant Cabinet Member had not been notified as well as instances where it is understood the cabinet member had been notified, but there was no record of this.</p> <p>Another consultancy engagement has been ongoing since 2010 and renewed on an annual basis and the spend to date is £157,740. However there is no record of this being approved by the Cabinet Member or the Head of Service and Director, and all three levels of approval are required for a contract of this value.</p>			<p><b>Target Date:</b> 31/12/15</p>
05	<p><b>Risks:</b> The Council could be placed in a vulnerable position should the procurement process be challenged.</p> <p><b>Implications:</b> A challenge may not be able to be defended.</p>	<p>Two of the consultants in the sample reviewed were engaged after the work was advertised on the e-tendering portal. In each case, it is understood that tenders were initially evaluated and interviews with candidates subsequently took place. However, these records have not been retained and there is consequently no audit trail in place to support the process followed.</p> <p>In the case of another engagement,</p>	<p>Tender evaluation records should be retained for the period outlined in the County Council's Disposal Schedule.</p>	 Amber	<p><b>Action:</b> Interim measures will be put in place to ensure compliance, pending implementation of an e-sourcing system which will enable the electronic storage of records for the appropriate timescales.</p> <p><b>Responsibility:</b> David Griffiths (Procurement Manager) &amp; all budget holders</p>


	Risks and Implications	Finding	Recommended Action	Priority	Management Action
		the contract was worth up to £100,000 and although it is understood that a robust and detailed procurement process was undertaken, the tender evaluation records have not been retained.			<b>Target Date:</b> 31/12/15
06	<p><b>Risk:</b> The Council is unable to demonstrate that value for money has been obtained.</p> <p>Non-compliance with Contract Standing Orders and the Procurement Code.</p> <p><b>Implication:</b> The contract may not provide value for money.</p> <p>Staff engaging consultants could be placed in a vulnerable position.</p> <p>The overall value of the work was unknown and the Council was not aware of the value of the financial commitment it was entering into.</p>	<p>Annex P of the Procurement Code, states "the selection process should include structured, and stretching interviews with the shortlisted consultants."</p> <p>A consultant was engaged to undertake an investigation into a grievance complaint. It was noted that no competitive procurement process was undertaken to appoint this consultant.</p> <p>Moreover, the payments were made based on an hourly rate plus travelling expenses rather than a pre-agreed fee to undertake the work.</p>	<p>A competitive procurement process should be undertaken in accordance with the County Council's procedures.</p> <p>In addition, wherever possible, a price should be agreed for consultancy engagements so that the County Council is aware of its financial commitment.</p>	 Amber	<p><b>Action:</b> The C1A form already includes the need to document that a competitive procurement process has taken place. As above, processes will be tightened to ensure compliance: no C1A means no Purchase Order means no payment.</p> <p><b>Responsibility:</b> David Griffiths &amp; all budget holders</p> <p><b>Target Date:</b> Immediately</p>



	Risks and Implications	Finding	Recommended Action	Priority	Management Action
07	<p><b>Risk:</b> The Council is unable to demonstrate that value for money has been obtained.</p> <p>Non-compliance with Contract Standing Orders and the Procurement Code.</p> <p>The Council could be placed in a vulnerable position should any allegation be made over these arrangements.</p> <p><b>Implication:</b> The contract may not provide value for money.</p> <p>Staff engaging consultants could be placed in a vulnerable position.</p> <p>The overall value of the work was unknown and the Council was not aware of the value of the financial commitment it was entering into.</p>	<p>A consultant was engaged in 2009 to undertake work on Supporting People. In 2010, this consultant was then engaged to undertake additional work on housing and supported living, and this remains ongoing. To date, the Council's spend with this consultant is £183,339, with £157,740 relating to the second piece of work.</p> <p>The following points were noted:</p> <ul style="list-style-type: none"> <li>No competitive procurement process was undertaken as it is understood from the Lead Commissioner that the second piece of work was aligned to the first and the Procurement Manager agreed that it was acceptable to award the contract on this basis. However, there is no record of this agreement;</li> <li>The value of the contract would require the approval of the Cabinet Member, Director and Head of Service, but there is no record of this; and</li> <li>The second piece of work is approaching the level of the European Union Threshold (currently £172,514 for goods and services).</li> </ul>	<p>Where contracts are at the relevant European Union Thresholds, these must be advertised in the Official Journal of the European Union.</p> <p>The Council should consider ending this arrangement and undertaking an appropriate competitive procurement process, should such services continue to be required.</p>	 <p>Red</p>	<p><b>Action:</b> Tender processes need to be followed by all budget holders as per the Council's Procurement Code. In addition, the reorganisation of the Commercial Team from 1<sup>st</sup> October 2015 (as part of the Council's new operating model) will provide additional commercial support to service managers and budget holders to ensure that appropriate methodologies are used to ensure value for money in all tendering exercises and contract awards. The Procurement Manager will increase monitoring of compliance to ensure that processes are followed.</p> <p>An appropriate procurement process is being undertaken in relation to the specific example identified.</p> <p><b>Responsibility:</b> David Griffiths &amp; all budget holders</p> <p><b>Target Date:</b> Immediately</p>



	Risks and Implications	Finding	Recommended Action	Priority	Management Action
08	<p><b>Risk:</b> The Council is unable to demonstrate that value for money has been obtained.</p> <p>Non-compliance with Contract Standing Orders and the Procurement Code.</p> <p>The overall value of the work was unknown and the Council was not aware of the value of the financial commitment it was entering into.</p> <p><b>Implication:</b> The contract may not provide value for money.</p> <p>Staff engaging consultants could be placed in a vulnerable position.</p> <p>The work could cost more than anticipated, meaning either the consultancy assignment may not be fully delivered or the budget may be overspent.</p>	<p>A consultant tendered for an estate strategy contract which they did not win. Subsequently the Council wanted to engage a consultant for a separate piece of work. The consultant who had unsuccessfully tendered for the estate strategy work was awarded the subsequent contract worth £20,712 based on the previous tender process rather than retendering the separate contract.</p>	<p>A separate tendering process should be undertaken for each contract awarded. Where appropriate, related pieces of work should be packaged and tendered together.</p>	 Amber	<p><b>Action:</b> Tender processes need to be followed by all budget holders as per the Council's Procurement Code. In addition, the reorganisation of the Commercial Team from 1<sup>st</sup> October 2015 (as part of the Council's new operating model) will provide additional commercial support to service managers and budget holders to ensure that appropriate methodologies are used to ensure value for money in all tendering exercises and contract awards. The Procurement Manager will increase monitoring of compliance to ensure that processes are followed.</p> <p><b>Responsibility:</b> David Griffiths &amp; all budget holders</p> <p><b>Target Date:</b> Immediately</p>
09	<p><b>Risk:</b> Contracts could be awarded incorrectly.</p>	<p>The tender evaluation records for one of the contracts reviewed shows that scores were applied incorrectly and not in accordance with the evaluation model. The</p>	<p>An appropriate scoring methodology should be established and applied for the award of all contracts. The scoring methodology should</p>		<p><b>Action:</b> Tender processes need to be followed by all budget holders as per the Council's Procurement Code.</p>

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	Risks and Implications	Finding	Recommended Action	Priority	Management Action
	<p><b>Implication:</b> The Council could be placed in a vulnerable position should the process be challenged.</p>	<p>tenders were evaluated at 70% on quality and 30% on cost, however, the scores were miscalculated as the scores on cost were multiplied by 30, meaning the top 4 tenders scored between 137% and 140%. We were informed by the Contract Officer concerned that this would not have affected the award of the contract.</p>	<p>ensure that there is a clear rationale for scores awarded and the process is able to be justified in the event of a challenge. There should also be appropriate review arrangements regarding tender evaluation results.</p>	<p>Amber</p>	<p>In addition, the reorganisation of the Commercial Team from 1<sup>st</sup> October 2015 (as part of the Council's new operating model) will provide additional commercial support to service managers and budget holders to ensure that appropriate methodologies are used to ensure value for money in all tendering exercises and contract awards.</p> <p><b>Responsibility:</b> Jo Charles, Commercial Team and budget holders</p> <p><b>Target Date:</b> Immediately</p>
10	<p><b>Risk:</b> Adequate insurance may not be in place.</p> <p><b>Implication:</b> A lack of protection afforded to the Council.</p>	<p>Consultants are not covered by existing Council insurance arrangements and, as such, the Council needs to conduct checks to ensure that consultants hold adequate cover themselves.</p> <p>Checks are not always conducted to confirm that consultants hold appropriate insurance cover. From a sample of 15 contracts awarded, in 7 cases appropriate checks had not been conducted.</p>	<p>Appropriate Public Liability and/or Professional Indemnity should be verified before a consultant is engaged.</p> <p>The level and type of cover may vary depending on the nature of the services being provided, and therefore advice should be sought from the Insurance Officer.</p> <p>Where insurance policies expire part way through a consultancy contract, checks should be conducted to ensure that insurance policies are renewed.</p>	 <p>Amber</p>	<p><b>Action:</b> Appropriate insurance needs to be evidenced as part of the C1A process; new procedures will be implemented to ensure no payment can be made without completion of the C1A and related documentation (see above).</p> <p><b>Responsibility:</b> Jo Charles &amp; Nick Hughes plus budget holders</p> <p><b>Target Date:</b> 31/12/15</p>

	Risks and Implications	Finding	Recommended Action	Priority	Management Action
11	<p><b>Risk:</b> Adequate insurance may not be in place.</p> <p>Confusion as to what level of cover is required.</p> <p><b>Implication:</b> A lack of protection afforded to the Council.</p>	<p>For a consultancy contract awarded, the consultancy agreement states that the limit of professional indemnity required is not less than £1 million, however the consultant engaged is only covered to a limit of £100,000.</p>	<p>Once the appropriate level of insurance cover has been determined, this should be reflected as a requirement in the consultancy agreement and checks should be conducted to verify the required level of cover is held. Consultants that do not hold sufficient cover should not be appointed.</p>	 Amber	<p><b>Action:</b> As above</p> <p><b>Responsibility:</b> Jo Charles &amp; Nick Hughes plus budget holders</p> <p><b>Target Date:</b> 31/12/15</p>
12	<p><b>Risk:</b> Consultants engaged may be deemed as employees by HM Revenue &amp; Customs for tax and National Insurance purposes.</p> <p><b>Implication:</b> Penalties could be imposed against the Council by HM Revenue &amp; Customs.</p>	<p>From the sample of consultancy engagements examined, in each of the cases where an individual was engaged, no checks were conducted regarding their employment status. It was noted that in some cases, the individuals were paid by the hour as well as expenses and had access to WCC systems, including a WCC email account which are indicators of being an employee as per the WCC guidance.</p> <p>HMRC has clear guidance on this issue and has fined the County Council in the past for failing to meet standards in this area. In one case in the sample, an employee left the Council and following an attempt to recruit to the post, the individual was approached and invited to return as an external consultant to deliver the same</p>	<p>As stated in the Procurement Code, whenever a manager engages a consultant, they should determine whether the individual is self-employed or whether they are an employee/office holder based on the guidance made available. If there is any doubt with regard to the employment status of an individual, advice should be sought from the Human Resources Department.</p>	 Amber	<p><b>Action:</b> The employment checklist will be incorporated into the C1A process (see above). The process will be further strengthened as payments will not be made if no C1A form has been completed.</p> <p><b>Responsibility:</b> David Griffiths</p> <p><b>Target Date:</b> 30/11/15</p>



	Risks and Implications	Finding	Recommended Action	Priority	Management Action
		services delivered as an employee, albeit on a more flexible basis.			
<b>There are adequate monitoring arrangements in respect of the delivery of assignments.</b>					
13	<p><b>Risks:</b> Consultancy arrangements may not have been adequately monitored.</p> <p>It is difficult to verify payments against the delivery of consultancy assignments.</p> <p><b>Implications:</b> The Council's requirements may not be met.</p> <p>Payments could be made inappropriately.</p>	<p>It is apparent from the sample of consultancy engagements examined that work is not always specified in terms of clear, quantifiable and measurable outputs and timescales to facilitate effective monitoring, as per the requirements of the Procurement Code.</p> <p>In particular, instances were noted where it was difficult to gauge what outputs had been delivered or what milestones had been achieved in order to confirm the appropriateness of paying supplier invoices.</p>	Work should be specified in terms of clear, quantifiable and measurable outputs and timescales to facilitate effective monitoring of performance and checking of invoices.	 Amber	<p><b>Action:</b> It is the responsibility of budget holders to comply with the Council's Procurement Code and Standing Orders. However, the reorganisation of the Commercial Team from 1<sup>st</sup> October 2015 as part of the new Operating Model will enable the Commercial Team to provide additional support and advice to directorates in terms of ensuring best value for money from contract specifications.</p> <p><b>Responsibility:</b> Commercial Team and budget holders</p> <p><b>Target Date:</b> Immediately</p>
14	<p><b>Risks:</b> The overall value of the work was unknown and the Council was not aware of the value of the financial commitment it was entering into.</p>	With regard to consultants, the Procurement Code states that "Ideally, the quotation or tender should be inclusive of all expenses – however, if this is not feasible, then expenses should be capped – either at a fixed sum, or as a fixed percentage of the total fee, so that	As stated in the Procurement Code, quotations or tenders should be inclusive of all expenses, or expenses should be capped at either a fixed sum or fixed percentage of the total fee.	 Amber	<p><b>Action:</b> Individual terms for contracts will be finalised on a case by case basis in order to ensure value for money and minimise the risk of further cost exposure to the Council. The reorganisation of the Commercial Team from 1<sup>st</sup></p>

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	Risks and Implications	Finding	Recommended Action	Priority	Management Action
	<p><b>Implications:</b> The work could cost more than anticipated, meaning either the consultancy assignment may not be fully delivered or the budget may be overspent.</p>	<p>the council is fully aware of the extent of its financial commitment." However, from the sample of fifteen consultancy engagements examined, in six cases, payments were made for travelling costs in addition to the consultancy fees. These include payments to an ex-employee who was engaged as a consultant and was paid for significant mileage and time of journeys to Worcestershire.</p>			<p>October 2015 will enable the team to provide advice and support to directorates as appropriate.</p> <p><b>Responsibility:</b> Commercial Team and budget holders</p> <p><b>Target Date:</b> Immediately</p>
15	<p><b>Risks:</b> Information held by the Procurement team is incomplete.</p> <p><b>Implications:</b> The overall use of consultants can't be monitored effectively.</p>	<p>Under the requirements of the Procurement Code, completed C1A forms should be sent to the Procurement Team for monitoring purposes. However, this is not always happening.</p> <p>It was also noted that no reconciliations take place between completed C1A forms and consultancy payments on SAP. These would highlight any instances where consultants have been engaged but a C1A form is not held by the Procurement Team as well as any instances where the total spend documented on a C1A form has been exceeded according to actual payments made on SAP.</p>	<p>Reconciliations between C1A forms and actual payments to consultants should periodically be undertaken.</p>	 Amber	<p><b>Action:</b> Reconciliations are being carried out as part of the Procurement Management function within the Commercial Team and will be reported on a monthly basis.</p> <p><b>Responsibility:</b> David Griffiths</p> <p><b>Target Date:</b> Immediately</p>
16	<p><b>Risks:</b> Not all appropriate information may be published.</p>	<p>A six-monthly spend report is produced and presented to the Senior Leadership Team. In addition, an annual report is produced and published on the</p>	<p>The Council's definition of consultancy should be reviewed and consistently applied.</p>		<p><b>Action:</b> The interpretation of the definition of Consultants is the main contributing factor to non-compliance. A number of the expenditure items sampled</p>

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	Risks and Implications	Finding	Recommended Action	Priority	Management Action
	<p>Ambiguity over what should be included.</p> <p><b>Implications:</b> Published information may be incomplete.</p> <p>Reputational damage to the Council.</p>	<p>Council's external website.</p> <p>In order to determine the final published list, work is undertaken in Accountancy with directorates to ensure that the published list excludes payments not meeting the Council's definition of consultants. It is apparent that there is some ambiguity regarding how some work is categorised and, in particular, some of the payments for "professional services" which are not classed as consultants under the Council's definition. The following points were noted from the sample and the 2014/15 SLT report:</p> <ul style="list-style-type: none"> <li>• One engagement was coded as a consultant and included on the draft 2014/15 SLT report as a consultant, but was subsequently removed;</li> <li>• In three cases, the engagements had been included in the SLT report in previous years, but were removed from the latest 2014/15 report even though the services and definitions have not changed;</li> <li>• Some consultancy transactions included in the original audit sample as consultants were subsequently reclassified; and</li> <li>• A significant amount of work takes place in order to produce</li> </ul>		<p>Red</p>	<p>have subsequently been agreed as non-consultancy by the Senior Leadership Team. In order to ensure clarity moving forwards, the Commercial Team will lead a review of the definition of consultancy expenditure with a working group of Service Heads/Wider Leadership Team representatives. The Commercial Team and Procurement Manager will then communicate the agreed definition of consultancy expenditure to the organisation and monitor compliance, including ensuring correct coding of expenditure &amp; appropriate monitoring by finance.</p> <p><b>Responsibility:</b> Commercial Team and Nick Hughes plus budget holders</p> <p><b>Target Date:</b> 31/12/15</p>

	Risks and Implications	Finding	Recommended Action	Priority	Management Action
		a final list of payments classed as consultancy under the Council's definitions.			
<b>Contracts are in place and agreed by all parties.</b>					
17	<p><b>Risks:</b> The respective roles and responsibilities of each party may be unclear.</p> <p>The requirements of the consultancy assignment may be unclear.</p> <p><b>Implication:</b> Disputes over the arrangement may prove difficult to resolve.</p>	<p>Within the sample of consultancy engagements examined, cases were noted where written contracts had not been drawn up detailing what was required and the responsibilities of the respective parties.</p>	<p>Contracts should be in place for all consultancy arrangements outlining the responsibilities of the respective parties.</p>	 Amber	<p>Tender and contracting processes to be followed as per the Council's Procurement Code and Standing Orders. In addition, the reorganisation of the Commercial Team from 1<sup>st</sup> October 2015 (as part of the Council's new operating model) will provide additional commercial support to service managers and budget holders to ensure that appropriate methodologies are used to ensure value for money in all tendering exercises and contract awards.</p> <p><b>Responsibility:</b> Jo Charles, Commercial Team and budget holders</p> <p><b>Target Date:</b> Immediately</p>
18	<p><b>Risk:</b> The extension may not have been authorised.</p> <p><b>Implication:</b> The extension may not be</p>	<p>One of the contracts reviewed was initially awarded for 6 months and after the initial 6 months was extended for a further 3 years and 6 months. Whilst a contract variation document was seen for this extension it was not signed. In</p>	<p>Contract variations, including extensions, should be authorised by an approved officer and this authorisation should be documented and retained. In addition, wherever possible contract specifications</p>	 Amber	<p><b>Action:</b> As above</p> <p><b>Responsibility:</b> Jo Charles, Commercial Team and budget holders</p>


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	Risks and Implications	Finding	Recommended Action	Priority	Management Action
	appropriate.	seven cases from the sample of fifteen examined, expenditure had exceeded that agreed when the contract was originally awarded.	should include the full extent of the work so that the procurement process can incorporate the full requirements of the Council.		<b>Target Date:</b> Immediately

**There are adequate controls in place regarding making payments to external consultants.**

19	<p><b>Risks:</b> Commitments are not raised in the budgetary records.  Consultancy engagements may not have been approved.</p> <p><b>Implications:</b> Budgetary control is reduced.  Consultancy engagements may not be appropriate</p>	From the sample of fifteen consultancy engagements examined, in eleven cases the corresponding purchase order was raised following receipt of the supplier invoice. Moreover, cases were noted where consultancy engagements resulted in a number of invoices being received and a purchase order was routinely raised upon the receipt of each invoice.	In all cases, once a consultancy contract has been awarded, an official purchase order should be raised for the overall value of the contract and approved by an authorised officer. Where appropriate, a framework order should be raised and approved.	 Amber	<p><b>Action:</b> A process review is being undertaken with directorate Service Heads (Wider Leadership Team) and Finance. This has identified the need for a process to be put in place which ensures that a C1A form is completed and signed appropriately (including Cabinet Member sign off where appropriate) with final sign off by the Commercial Team in advance of a Purchase Order being raised and invoice being paid i.e. no C1A, no Purchase Order, no payment. This will be implemented once the necessary finance systems and checks have been put in place.  In the meantime, the Commercial Team is ensuring that any outstanding C1A forms are completed appropriately.</p>
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	Risks and Implications	Finding	Recommended Action	Priority	Management Action
					<b>Responsibility:</b> Jo Charles & Nick Hughes plus budget holders  <b>Target Date:</b> 31/12/15
<b>There are clear and appropriate methods for recording the use consultants, including expenditure payments.</b>					
20	<b>Risks:</b> Payments to consultants may be coded incorrectly.  <b>Implications:</b> Monitoring reports may be inaccurate or incomplete.	On SAP, three general ledger codes are used to record expenditure relating to the use of external consultants. <ul style="list-style-type: none"> <li>• 42206 Consultants fees AMP;</li> <li>• 50030 Consultants fees; and</li> <li>• 50076 Consultants service fees.</li> </ul> From discussions with the Project Accountant it is apparent that only general ledger code 50030 should be used.	The general ledger codes used should be reviewed to ensure that consultancy expenditure is consistently coded to and reported under the appropriate code(s).	 Green	<b>Action:</b> Finance to review general ledger codes for consultancy expenditure.  <b>Responsibility:</b> Nick Hughes  <b>Target Date:</b> 31/12/15



## Appendix B – Summary of detailed findings

1. The table below shows the results of audit tests on a sample of consultants that were agreed by the Senior Leadership Team as being consultants under the Council's definition:

Ref		Number compliant from sample
1	Procurement process in accordance with WCC's Procedures and records retained to support this	2/11
2	Insurance arrangements checked in advance	5/11
3	Insurance arrangements checked after start of consultancy engagement	1/6
4	Adequate checks made regarding employment status	0/5
5	C1A form completed	4/11
6	C1A form completed prior to the engagement of consultant	0/4
7	Record of relevant Cabinet Member notified	1/5
8	Record of relevant Cabinet Member approval given	0/2
9	The rationale for engaging the consultant was documented in advance in writing	3/11
10	The work is specified in terms of clear, quantifiable and measurable outputs and timescales to facilitate effective monitoring.	6/11
11	Prices are inclusive of all expenses.	7/11
12	Commitment raised in the financial records in advance and approved	4/11
13	Written contract in place	7/11
14	There are clear milestones in place that must be achieved to trigger payments	7/11
15	Included in SLT Report of 23/06/2015	10/11

### Notes:

- Insurance:** Where this was checked in advance, it was unnecessary to check after the start of the consultancy engagement
- Employment Status:** This was only relevant where an individual was engaged as opposed to a limited company
- C1A form completed prior to engagement:** This is only relevant where one has been completed
- Cabinet Member approval/notification:** Approval is only required where the contract is over £50,000 in value. Where the contract value is between £10,000 and £50,000, there is a requirement to notify the relevant Cabinet Member.

2. The table below shows those consultants originally coded in the financial ledger as being consultants and therefore agreed as part of the audit sample and testing completed. However, because of issues with the definition their status subsequently needed to be changed.

Ref		Number compliant from sample
1	Procurement process in accordance with WCC's Procedures and records retained to support this	2/4
2	Insurance arrangements checked in advance	2/4
3	Insurance arrangements checked after start of consultancy engagement	0/2
4	Adequate checks made regarding employment status	1/3
5	C1A form completed	0/4
6	C1A form completed prior to the engagement of consultant	N/A
7	Record of relevant Cabinet Member notified	0/2
8	Record of relevant Cabinet Member approval given	0/1
9	The rationale for engaging the consultant was documented in advance in writing	2/4
10	The work is specified in terms of clear, quantifiable and measurable outputs and timescales to facilitate effective monitoring.	3/4
11	Prices are inclusive of all expenses.	2/4
12	Commitment raised in the financial records in advance and approved	0/4
13	Written contract in place	3/4
14	There are clear milestones in place that must be achieved to trigger payments	3/4
15	Included in SLT Report of 23/06/2015	1/4

**Notes:**

1. **Insurance:** Where this was checked in advance, it was unnecessary to check after the start of the consultancy engagement
2. **Employment Status:** This was only relevant where an individual was engaged as opposed to a limited company
3. **C1A form completed prior to engagement:** This is only relevant where one has been completed
4. **Cabinet Member approval/notification:** Approval is only required where the contract is over £50,000 in value. Where the contract value is between £10,000 and £50,000, there is a requirement to notify the relevant Cabinet Member.

**AUDIT AND GOVERNANCE COMMITTEE**  
**11 DECEMBER 2015****ANNUAL AUDIT LETTER 2014/15**

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**Recommendation**

1. The Chief Financial Officer recommends that:
  - a) the Annual Audit Letter 2014/15 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.

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**Supporting Information**

- Appendix - The Annual Audit Letter for Worcestershire Council

**Background Papers**

In the opinion of the proper officer (in this case the Chief Financial Officer) 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

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**Year ended 31 March 2015**

October 2015

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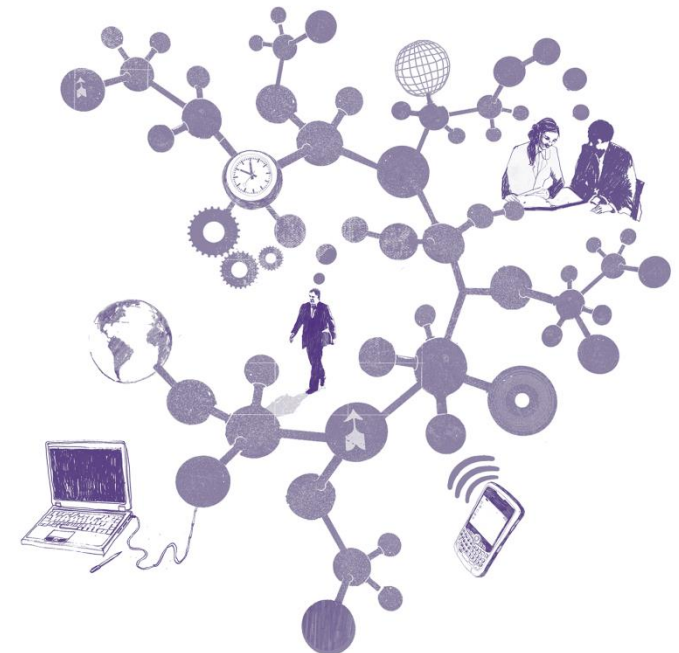
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# Key messages

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 2015.

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 on 20 March 2015 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 and Public Sector Audit Appointments Limited.

<p><b>Financial statements audit (including audit opinion)</b></p> <p>Page 35</p>	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 26 June 2015 to the Audit and Governance Committee. The most significant findings were related to accounting for schools. While the authority had considered the changes required as a result of the amendments to the accounting requirements, limited evidence was available initially to support the accounting decisions made. Additional work was necessary by both officers and audit staff to ensure the decisions made were fully justified and documented. Following discussion of the initial treatment of school assets within the accounts, it was agreed that rather than accounting for the policy change in year, a prior period adjustment was required. We worked with officers to ensure that this change was made to the final set of financial statements. While the adjustment of £97.8m was significant, this did not impact on the Council's overall reported financial position.</p> <p>In addition to these issues, our other main findings were:</p> <ul style="list-style-type: none"><li>• Substantive testing identified errors in both employee remuneration and operating expenditure. In both cases this led to additional sampling being undertaken, plus more detailed quantification work to ensure that the results of the testing did not indicate a material error within the financial statements. We recognise that the need to produce the financial statements earlier will mean a greater level of estimation is needed in the accounts, and as such it is likely that in future years we will meet similar problems when undertaking detailed testing. We need to work with officers to ensure appropriate mechanisms are in place to evaluate any issues identified and their impact on the financial statements</li><li>• While the draft accounts were presented for audit in line with the timetable agreed, we experienced some difficulties with both the quality of working papers and the speed of response to queries. This was particularly evident in relation to the capital accounting entries, but also where information was provided from departments beyond the central finance team.</li></ul> <p>We have discussed the issues arising from this year's audit extensively with the Chief Financial Officer and his team and have received a positive and constructive response to our concerns. We will continue to work closely with officers to ensure that similar issues do not occur in 2015/16.</p>
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# Key messages continued

<p><b>Financial statements audit (including audit opinion) (contd)</b></p>	<p>We issued an unqualified opinion on the Council's 2014/15 financial statements on 21 September 2015, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms 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.</p>
<p><b>Value for Money (VfM) conclusion</b></p> <p>Page 36</p>	<p>We issued an unqualified VfM conclusion for 2014/15 on 21 September 2015.</p> <p>Overall our work highlighted that the Council, like many others nationally, continues to face challenges in how to balance its budget. The authority delivered its savings target tin 2014/15 although some of this was achieved through one off alternative funding. Pressures remain in key areas, particularly in looked after children. However appropriate arrangements are in place to monitor and respond to these pressures.</p> <p>The future fit programme remains at the heart of prioritising resources, with both officers and members demonstrating a good understanding of where resources needed to be focused. The ambition of becoming a 'Commissioning Authority' is still a strong theme in all that the Council does, with an increasing proportion of services now being commissioned from outside organisations.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are 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 2015.</p>



# Key messages continued

<p><b>Pension Fund Financial statements audit (including audit opinion)</b></p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 37</p>	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 26 June 2015 to the Audit and Governance Committee. The key messages reported were:</p> <ul style="list-style-type: none"> <li>• There were no adjusted or unadjusted misstatements to report,</li> <li>• A variety of minor errors were been identified during out substantive testing of member data.</li> <li>• Some officers were reluctant to provide the auditor access to key documents to be able to evidence the audit. While we understand the reluctance was due to data protection issues, the Audit Commission Act enables us access to all documents necessary to perform the audit. This resulted in additional senior officer and auditor input to resolve the situation and delayed the completion of the audit, and</li> <li>• Working papers were provided in line with the agreed timetable and were generally of a good standard. There are some areas where the clarity of referencing could be improved, and we will continue to work with officers to build on the information provided to make the process as efficient as possible for both officers and the audit team.</li> </ul> <p>We issued an unqualified opinion on the Fund's 2014/15 financial statements on 21 September 2015, 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. In addition we provided the consistency opinion on the pension fund annual report on 30 September, which resulted in us being able to issue the completion certificate for the audit on the same day.</p>
<p><b>Whole of Government Accounts</b></p>	<p>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.</p>
<p><b>Audit fee</b></p>	<p>Our fee for 2014/15 was £136,171, excluding VAT. This includes an additional fee of £8,910 to reflect some of the cost of additional work we had to undertake during the audit of the statement of accounts. Further detail is included within appendix B.</p>

# Appendix A: Recommendations

We made a number of detailed recommendations during the audit in relation to IT controls and certain aspects of the preparation of the Statement of Accounts. These were included in the Audit Findings Report and are not significant enough to repeat here. We now make the following overall recommendation.

No.	Issue and recommendation	Management response/ responsible office/ due date
1.  Page 38	<p>In order to improve the accounts production and audit processes for 2015/16, and ensure the Council is well placed for the earlier statutory deadlines from 2017/18, the Chief Financial Officer should ensure that:</p> <ul style="list-style-type: none"><li>- Any new accounting requirements are fully considered and appropriate responses put in place and agreed with us well before the accounts are produced</li><li>- The production of the Statement of Accounts and handling audit queries is given an appropriate priority across all relevant directorates and teams</li><li>- The standard of working papers and other evidence produced across the Council is improved.</li></ul>	<p><b>Management response:</b> The three recommendations raised will be incorporated into the Audit Planning process that commences in the Autumn of 2015</p> <p><b>Responsible office:</b> Chief Financial Officer</p> <p><b>Due date:</b> April 2015</p>

# Appendix B: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

## Fees for audit services

	Per Audit plan £	Actual fees* £
Council audit	127,261	136,171
<b>Total audit fees</b>	<b>127,261</b>	<b>136,171</b>

\* Subject to PSAA approval

As reported in the Audit Finding Report additional work was required over the course of the audit, which has meant that we have been unable to deliver the audit within the existing fee structure. Detailed additional work was required on the accounting for school assets and the resulting PPA required. In addition the standard of both capital accounting disclosures and supporting working papers were below expectations for the third year running. Officers had previously been made aware that continued problems in this area could lead to the need to charge an additional audit fee. This was also against a backdrop of less detailed working papers and delayed responses from officers to queries, the cumulative effect of which has sought us to discuss an additional fee with the Chief Finance Officer.

## Reports issued

Report	Date issued
Audit Plan	20 March 2015
Audit Findings Report	26 June 2015
Audit Finding Report – Updated	3 September 2015
Annual Audit Letter	October 2015

## Fees for other services

Service	Fees £
<b>Audit related services</b>	
None	Nil
<b>Non-audit related services</b>	
None	Nil

To date we have not completed any audit or non audit related services, however officers have approached us about completing audit related services for the certification of the following claims;

- HCA compliance audit – gypsy and traveller sites
- Major transport grant
- Teacher's pension return

# Appendix C : How we have worked with you during the year

## Senior officer team

### We:

- met regularly with the Chief Executive and the Chief Finance Officer to discuss some of your major projects and to share our insight into national Local Government issues,
- met regularly with both the Head of Internal Audit, and key accountants to provide regular feedback on emerging issues,
- shared our annual reports on Local Government Governance and Financial Resilience,
- shared our understanding of some of the key issues facing Local Government through our thought leadership reports covering Welfare Reform, Alternative Delivery Models and Financial Sustainability in Local Government,
- provided an opportunity to network with other Local Government bodies at our workshops covering taxation issues, building a successful local authority trading company, Local Government financial self sufficiency and 20:20 vision.

## Audit committee Members

### We:

- met regularly with the Audit Committee to ensure you were kept up to date with the audit progress, as well as emerging issues affecting the wider Local Government Sector
- invested in regular dialogue with the audit committee to ensure there were no surprises and to maintain a robust and independent stance
- provided independent external audit commentary and insight on the Council's issues through senior attendance at every audit committee
- provided regular, timely and transparent reports from our work and briefing notes on key sector developments.

## Other councillors

### We:

- provided an opportunity to network with other councillors at our workshops and training on governance issues.



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## **AUDIT AND GOVERNANCE COMMITTEE 11 DECEMBER 2015**

### **TRANSFER OF FINANCE PRESENTATION**

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#### **Recommendation**

- 1. The Chief Financial Officer recommends that the presentation on the transfer of Finance to Liberata UK Limited be noted.**

#### **Background**

2. At its meeting in February 2014, Cabinet agreed to take Transitional HR and Finance Services to the market as part of a package combining schools and other partner services. Cabinet then agreed at its meeting on 24 September 2015 to appoint Liberata UK Limited as preferred bidder. A service commencement date of 1 February 2016 has been set.
3. The services relating to Finance being considered for external provision are as follows:
  - Payroll and control services for the County Council, schools and other customers' staff
  - Schools Finance Advice
  - Payments for schools and schools systems support
  - Accounts payable and accounts receivable for the County Council, schools and other customers.
  - General ledger application to enable the County Council accounting services
  - Process transformation for HR and Finance business processes
4. Members will receive a presentation on the governance and auditing implications of the out-sourcing of Finance Services.

#### **Contact Points**

##### County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Email: [worcestershirehub@worcestershire.gov.uk](mailto:worcestershirehub@worcestershire.gov.uk)

##### Specific Contact Points for this report

Sean Pearce, Chief Financial Officer

Tel: 01905 766268

Email: [spearce@worcestershire.gov.uk](mailto:spearce@worcestershire.gov.uk)

## **Background Papers**

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

Agenda papers and Minutes of the meetings of Cabinet in February 2014 and September 2015.



**AUDIT AND GOVERNANCE COMMITTEE**  
**11 DECEMBER 2015****INTERNAL AUDIT PROGRESS REPORT 1 AUGUST TO 31**  
**OCTOBER 2015**

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**Recommendation**

1. The Chief Financial Officer recommends that the Internal Audit Progress Report attached as an Appendix be noted.

**Background**

2. The attached progress report summarises Internal Audit work undertaken 1 August to 31 October 2015 for consideration by the Committee.

**Contact Points**County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

Email: [worcestershirehub@worcestershire.gov.uk](mailto:worcestershirehub@worcestershire.gov.uk)

Specific Contact Points for this report

Sean Pearce, Chief Financial Officer

Tel: Ext 6268

Email: [spearce@worcestershire.gov.uk](mailto:spearce@worcestershire.gov.uk)

**Supporting Information**

- Appendix - Internal Audit Progress Report 1 August to 31 October 2015.

**Background Papers**

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

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November 2015

**Internal Audit Progress Report  
1 August to 31 October 2015**



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## 1. Introduction

- 1.1. 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 processes.
- 1.2. This report outlines the work of the internal audit service during the period 1 August 2015 to 31 October 2015 compared to the 2015/16 Internal Audit Plan which was approved by the Audit and Governance Committee at its meeting on 26 June 2015.

## 2. Internal audit work completed 1 August to 31 October 2015

- 2.1. Since the last report to the Committee, the remaining 2014/15 audits have been completed and work has progressed on the 2015/16 Plan. All the work completed has been reported to management to ensure that individual recommendations are properly considered.
- 2.2. The key outcome of each audit is an overall opinion on the level of assurance provided by the controls within the area audited. Audits will be given one of four levels depending on the strength of controls and the operation of those controls. The four categories ranging from the lowest to highest are Limited, Moderate, Substantial and Full. The opinion reflects both the design of the control environment and the operation of controls.
- 2.3. Where audits have been given a limited opinion this is an indication that the Council does not have sound processes in place to manage risk and are therefore the audits which the Committee may wish to focus on. Apart from the Use of Consultants audit there are currently no reports in this category.
- 2.4. The assurance opinion given is at the time of the report being issued but before full implementation of the agreed management action plan. Where a report has been finalised management will have accepted the recommendations and agreed an action plan with timescales for implementation. It is essential that audit recommendations are implemented by management within the agreed timescales. All recommendations are therefore routinely followed up with senior management twice a year to obtain assurance that recommendations have been implemented. As requested by the Audit and Governance Committee the current status of Fundamental recommendations, the most important, is detailed in Appendix 4. This appendix lists those audits with Fundamental recommendations which are due to be implemented.
- 2.5. Following audits a "Post Audit Questionnaire" has been issued to relevant managers asking for their views on the delivery of the audit. There are a range of questions covering audit approach, reporting and an overall assessment. It is pleasing that the results to date are excellent with an average score of 4.86 (out of a maximum of 5). In addition a number of very positive comments regarding Internal Audit work have been received.
- 2.6. Feedback from senior management would also suggest that the quality of output is high and continues to improve.

### 2014/15 Internal Audit Plan

- 2.7. Work has been completed on the 2014/15 audits which were shown as being in draft and in progress in the last report to the Audit and Governance Committee on 16 September 2015. The following final reports have now been issued:

- Archaeology
- Registrars
- Community Safety
- Growing Places Fund

2.8. A breakdown of these final reports can be found in Appendix 2, which summarises the risk ratings associated with each recommendation along with an overall opinion. Further information is provided in the individual reports. A list of those reports which will be considered for publication is included in Appendix 3. Published reports can be accessed by the following link:

[http://www.worcestershire.gov.uk/info/20003/council\\_democracy\\_and\\_councillor\\_information/1076/internal\\_audit](http://www.worcestershire.gov.uk/info/20003/council_democracy_and_councillor_information/1076/internal_audit)

### **2015/16 Internal Audit Plan**

2.9. Work is in progress on the 2015/16 plan, a detailed statement showing assignments and actual activity for the year is shown in Appendix 1. Progress against the plan has been affected by the time spent on investigations which is explained in paragraph 3.7 below. The time spent to date exceeds the provision in the original plan but the time required on directorate risks and advice is lower than planned so the level of investigations is not expected to significantly affect planned assurance work. This will however be kept under review and an update will be provided to future meetings of the Committee.

## **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 2015 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. The data matches have all been received and allocated to individual officers for investigation. To date the exercise has identified one case of a private residential care home failing to notify the death of a resident to the Council, which has resulted in the recovery of approximately £10,000.

### **Grant claims**

3.3. A total of 7 grant claims have been reviewed to ensure accuracy and compliance with relevant grant conditions:

- Bus Services Operators Grant Ringfenced Revenue Grant
- Additional Highways Maintenance Grant
- Local Pinch Point Fund
- Local Sustainable Transport Fund
- Local Transport Capital Block Funding 13/14
- Local Transport Capital Block Funding 14/15
- Pot Hole Fund 14/15

These were all satisfactory.

## Advice

- 3.4. The Council will face major changes in systems and procedures over the coming years and we are able to provide advice on the control implications of these changes.
- 3.5. Internal Audit meets regularly with Directors and other senior staff to identify areas where such advice or input is required. This is an important part of Internal Audit's work to ensure that appropriate controls are considered at an early stage. This work reduces the issues that will be raised in future audits, contributes to a stronger control environment and allows the audit team to keep up to date with current and future challenges facing the directorates. We wish to expand this pro-active work as it is a particularly effective use of our limited resources.
- 3.6. Between 1 August and 31 October 2015 , Internal Audit has advised on a number of areas including:
- **Commissioning of Learning and Achievement** - This work was included in the 2014/15 audit plan and undertaken by PricewaterhouseCoopers while the tendering process for the Service was underway. We highlighted a number of issues which the Council was able to consider and to take into account when finalising the contract.
  - **Superfast broadband project** - Internal Audit has continued to support this project since the previous update to the Committee, providing advice regarding the process for checking the information provided by the contractor so that invoices can be paid.
  - **Risk Management** - Internal Audit continues to attend regular meetings of the Corporate Risk Management Group and provides advice and guidance as required.
  - **Information Governance** - Internal Audit continues to attend regular meetings of the Corporate Information Governance Group and provides advice and guidance as required.
  - **DASH** - advice was sought from Internal Audit around the governance arrangements in relation to resident's accounts and appointeeships.
  - **Payroll** - advice was provided regarding automated approval processes.
  - **Governor Services** - assistance provided regarding school risk assessments/risk management arrangements.
  - **Libraries** – advice provided on procedures for cash handling.
  - **Schools Finance** – advice in respect of a school paying funds due to the Council into school funds and the impact on their budget deficit situation.

## Special Investigations

- 3.7 This year a higher than normal number of irregularities have required internal audit resources and advice, including cash irregularities at two schools, a Day Centre and a library; an allegation of inappropriate claiming of time worked; a conflict of interest concern; failure to follow procurement procedures and falsification of records. More details will be provided to the Audit and Governance Committee when investigations are concluded.

#### 4. Appendix 1: Summary of progress against the agreed Audit Plan 2015/16

Area/system	Date final report issued	Status/assurance level given
<b>OP1 – Fundamental assurance</b>		
Core Financial Systems		Planned for Qtrs 3 to 4. Additional audit of Minimum Revenue Provision agreed for Qtr 3.
Capital Forecasting		Terms of Reference agreed. Work in progress.
Medium Term Financial Plan		Planned for quarter 3.
Controls around Purchase Order/Payments		Planned for quarter 4.
Self Service for Finance		Planned for quarter 4.
Adherence to Capital Accounting Practice		Terms of Reference agreed. Work in progress.
Feeder systems	November 2015	Final Report issued. Substantial.
National Fraud Initiative		Ongoing.
Grant certification		13 certifications completed to date this year. Ongoing.



Area/system	Date final report issued	Status/assurance level given
Grant Assurance <ul style="list-style-type: none"> <li>• Community Capacity Grant</li> <li>• Department of Health Transforming Care Fund</li> <li>• Care Bill implementation grant for 2014/15</li> </ul>		<ul style="list-style-type: none"> <li>• Complete</li> <li>• Complete.</li> <li>• In progress</li> </ul>
<b>OP2 – Cross cutting audits</b>		
Directorate Risks		Nothing has been requested to date.
Investigative work		Ongoing work as outlined in Para 3.7.
Intelligence led pro-active fraud investigations		Ongoing. Currently at the planning stage of using Fiscal software to analyse key financial data. Work is also underway to develop a counter fraud / investigations protocol.
Advice		Ongoing.
IT Security audit		Terms of Reference agreed. Work in progress by IT specialists.
IT Asset Configuration audit		Terms of Reference agreed. Work in progress by IT specialists.
IT Policy Framework		Terms of Reference agreed. Work in progress by IT specialists.
Use of Consultants		Final report issued and appears as a separate agenda item.
Performance Management		Planned for quarter 3.

Area/system	Date final report issued	Status/assurance level given
Commissioning		Planned for quarter 3.
Job evaluation/ Grading of posts		Planned for quarter 3.
Procurement		Planned for quarter 3.
Place Partnership		Planned for quarter 4.
Legal – Looked after children		Discussions indicate that the audit is unlikely to add value as much work has been undertaken in this area and therefore it is proposed to delete this audit from the plan once confirmation has been received from Children's Services that the work undertaken has met their needs.
Risk Management		Advice provided through regular attendance at Corporate Risk Management Group.
Transfer of Assets		Terms of Reference agreed. Work in progress.
Business ownership of systems		Terms of Reference agreed. Work in progress.
Training and Development		As the service is currently being reviewed and restructured that it would be more beneficial to postpone any audit work until after this is complete. This has been agreed by the Director of Commercial and Change and the Chief Financial Officer.
<b>OP3 - Open for Business</b>		
Local Enterprise Projects		Planned for quarter 4.

Area/system	Date final report issued	Status/assurance level given
Broadband project		Ongoing advice regarding the process for checking the information provided by the contractor so that invoices can be paid.
Improvement & Efficiency West Midlands (IEWM)		Planned for quarter 4.
<b>OP4 – Children and Families</b>		
SEN(D) Transport		Terms of Reference agreed. Work in progress.
Local Offer 2014 Children's Families Act		Planned for quarter 3.
Child Academic Improvements in Care Homes		Draft Report issued.
Foster Payments		Terms of Reference agreed. Work in progress.
Foster Carers - the Foster Carer Journey		Terms of Reference drafted.
School Themed Audits		Draft reports on budgetary control and staffing issued.
Stronger Families programme		Following discussions with the Head of Service about priorities it is proposed to replace with a review of Direct Payments – Children with Disabilities.
Business Support Service		Planned for quarter 3 to 4.
Early Help Commissioning		Terms of reference drafted.
Safeguarding		Planned for quarter 3 to 4.
<b>OP5 – The Environment</b>		

Area/system	Date final report issued	Status/assurance level given
Highways Customer and Community		Terms of Reference agreed by Head of Community and Environment awaiting Director approval.
Transport		Discussions with the Head of Community and Environment established that the audit is not now considered required. Confirmation has been sought from the Director of BEC for proposed deletion from the plan.
Flood Management		Terms of Reference agreed work in progress.
Evesham Abbey Bridge		Discussions with the Director of BEC indicate that specialists in forensic delays have been appointed. It is proposed therefore that the audit is deferred until 2016/17.
Highways Maintenance Contract		Planned for quarter 4.
Malvern Link and Worcester Foregate Street Enhancement contract		Discussions underway to agree timing of the audit.
<b>OP6 – Health and Wellbeing</b>		
Direct Payments		Planned for quarter 4.
E Market Place		Advisory worked planned during the design stage prior to development works being completed.
Commissioning		Planned for quarter 3.
Adult and Social Care Annual Review Process		Advisory work planned.

Area/system	Date final report issued	Status/assurance level given
Deferred Payments Scheme		Planned for quarter 3.
Post Implementation -Care Act		Planned for quarter 3.

## 5. Appendix 2: Summary of Recommendations (final reports only)

Assignment	Fundamental	Significant	Merits Attention	Total	Overall opinion
<b>Work relating to 2014/15</b>					
Registrars	2	8	0	10	Substantial
Community Safety	N/A	N/A	N/A	N/A	RAG rating
Growing Places Fund	0	1	0	1	Substantial
Archaeology	0	3	3	6	Substantial
<b>Work Relating to 2015/16</b>					
School Fund Income Investigation	7	3	1	11	N/A
Feeder Systems	0	2	0	2	Substantial
<b>Total for period ending 31 October 2015</b>	<b>9</b>	<b>17</b>	<b>4</b>	<b>30</b>	

## 6. Appendix 3: List of Internal Audits to be considered for Publication

- 6.1. The following report will be published following consideration of whether it would require redaction prior to publishing. It should be noted to date that only Internal Audit reports where an opinion has been given have been published.
- Feeder systems
- 6.2 The Audit report on use of consultants which is a separate agenda item will also be published.
- 6.3 Published reports can be accessed by the following link:  
[http://www.worcestershire.gov.uk/info/20003/council\\_democracy\\_and\\_councillor\\_information/1076/internal\\_audit](http://www.worcestershire.gov.uk/info/20003/council_democracy_and_councillor_information/1076/internal_audit)

## 7. Appendix 4: Follow Up of Fundamental Recommendations

Audit	Number of recommendations	Number due to be implemented	Number implemented	Number outstanding more than 2 months	Comments
Partnership Arrangements	3	3	3	0	
Early Help Strategy	4	4	0	4	A subsequent audit is planned for Qtr 3 2015/16 and status of recommendations will be confirmed during this audit.
One-time Vendors	1	1	0	1	Accounts Payable Officers are completing work to address the finding and will provide an update as soon as possible.
Joint Commissioning Unit - Contract Management (residential & Nursing Care)	2	2	2	0	
Local Enterprise Projects	4	4	4	0	
Children's Social Care	5	5	0	5	Awaiting confirmation from Head of Children's Social Care.
Future Fit - Benefit Realisation	4	4	4	0	



Audit	Number of recommendations	Number due to be implemented	Number implemented	Number outstanding more than 2 months	Comments
Procurement – Street Lighting	2	2	2	0	
Computer Recycling	3	3	3	0	
IT Disaster Recovery	2	2	0	2	Due to services being commissioned to a new provider, further works are due to be carried out during the first half of 2016.
Data Centre Operations	3	3	1	2	Due to services being commissioned to a new provider, further works are due to be carried out during the first half of 2016.
Not in Employment Education or Training	1	1	1	0	
Debtors	1	1	1	0	
Commissioning of High Cost Care Packages	3	3	3	0	
SAP Authorisations Follow Up	2	2	2	0	

Audit	Number of recommendations	Number due to be implemented	Number implemented	Number outstanding more than 2 months	Comments
Schools Procurement Cards	7	7	0	7	Confirmation has been sought that Schools have been advised of correct procedures.
-North Bromsgrove High	2	2	2	0	
-Pitmaston	1	1	1	0	
-St Clements	1	1	1	0	
-St Andrews	1	1	1	0	
-Oldbury Park	3	3	3	0	
-St Georges Worcester	6	6	6	0	
Travel and Subsistence – Councillors	1	1	1	0	
Councillor ICT Arrangements	2	2	2	0	
Use of Agency Staff	1	1	0	1	Awaiting confirmation

Audit	Number of recommendations	Number due to be implemented	Number implemented	Number outstanding more than 2 months	Comments
Safeguarding in Schools	3	3	3	0	
-Claines Primary	1	1	1	0	
Design Services Contract	5	5	5	0	
Schools Procurement Follow up	7	7	7	0	
Procurement	3	3	3	0	
Primary Schools Grant	1	1	1	0	
Cost of Change	1	1	1	0	
Delayed Transfer of Care	1	1	0	1	Awaiting confirmation
Future Operating Model	1	1	1	0	
LEP	1	1	0	1	Awaiting confirmation

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## **AUDIT AND GOVERNANCE COMMITTEE**

### **11 DECEMBER 2015**

## **WORK PROGRAMME**

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### **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.**

### **Work Programme**

#### **18 March 2016**

Internal Audit Progress Report 2015/16  
External Audit Plan 2015/16  
External Auditor's Report  
Counter Fraud Report 2015/16  
Retention and Disposal of Records

#### **30 June 2016**

Annual Statutory Financial Statements for the year ending 31 March 2016  
Annual Governance Statement  
Internal Audit Annual Report 2015/16  
Internal Audit Risk Assessment and Plan 2016/17  
Internal Audit - Delegated Service – Annual Report  
Corporate Risk Report

#### **9 September 2016**

Internal Audit Progress Report 2016/17

#### **9 December 2016**

Internal Audit Progress Report 2016/17  
External Audit Letter 2015/16  
Corporate Risk Report

### **Contact Points**

#### County Council Contact Points

County Council: 01905 763763  
Worcestershire Hub: 01905 765765  
Email: [worcestershirehub@worcestershire.gov.uk](mailto:worcestershirehub@worcestershire.gov.uk)

#### Specific Contact Points for this report

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## **Background Papers**

In the opinion of the proper officer (in this case the Director of Commercial and Change) the following are the background papers relating to the subject matter of this report:

Agenda and Minutes of this Committee from December 2005 onwards