

**COUNCIL**  
**16 JANUARY 2020****REPORTS OF COMMITTEES****(a) SUMMARY OF DECISIONS TAKEN BY THE AUDIT AND GOVERNANCE COMMITTEE**

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**Internal Audit Progress Report and Anti-Fraud and Corruption Strategy**

1. There are currently 92 outstanding actions across 23 audits, compared with 74 over 23 audits reported to the September Committee. Of those, actions relating to 7 audits had been completed and the audits closed and actions added for audits completed. Internal Audit continued to work closely with operational managers to close outstanding actions, this work includes re-profiling actions if appropriate. The most significant number of outstanding actions is related to Northleigh Primary School. Internal Audit has been working with the Headteacher to determine required actions but the school is intending to convert to an academy from 1 January 2020. A closing interview will be conducted with the Headteacher and it will be recommended that the outstanding actions be closed. If for any reason the school does not convert, the actions would be kept open. The Committee has noted the Internal Audit Progress Report.
2. The audit plan sets out detail of completed audits, progress on current audits and recommended changes to the plan. This includes alternative approaches to some audits to maximise assurance whilst making better use of resource. The Committee has approved the changes to the 2019/20 Audit Plan.
3. The size and complexity of the County Council means that some irregularities are inevitable, and therefore, in addition to planned assurance work, several special investigations are needed each year. Since the last report to Committee, a special investigation has commenced at a school following allegations about its business manager. Internal Audit are carrying out an additional matching exercise with the National Fraud Initiative to match up to date mortality data with Adult Social Care clients and pensioners. Internal Audit are also entering a trial for CIFAS, a multi-sector data matching agency, to evaluate if there are any additional benefits from this exercise. The draft Anti-Fraud and Corruption Strategy has been updated and is currently being consulted on within the Council and has been noted by the Committee.

**External Audit Progress Report and Sector Update**

4. Grant Thornton, the Council's external auditor has produced an External Audit Progress Report and Sector Update. The report provided an update on progress made by the external auditor in delivering its responsibilities. The Committee has noted the content of the report.

## **Income Management**

5. the latest level of short-term debt stands at £15.9 million, 62% (£9.8 million) of which was raised this financial year. Although new debts are raised and debts paid off on a monthly basis, the recurrent amount of debt outstanding continues to be around £9 - £10 million. Of the total debt recorded, £10.6 million (66%) is greater than 30 days old. The remainder of the debt is broken down as: £4.0 million is less than 30 days old, and £1.4 million is being collected by agreed instalment plans. In addition to the general debt noted above, the Council has a Longer-Term Debt that it recognises of £3.6 million relating to social care accrued accommodation costs. This debt is secured against property assets pending sufficient house value. This is regularly reviewed and charges secured against properties.

6. A review of income and debt management has been taking place over the last six to nine months. In addition, a review of processes, including handovers and responsibilities has been taking place. This has identified a number of improvements in the way debt is set up, the need for debt, the ownership of debt and the chasing process. As a result, it has been agreed through the redesign programme that income management will be centralised, and processes standardised for income raising and debt collection. In addition, a programme of seeking to secure more payments before service and via the Council's internet has started. This will seek to avoid debt arising in the first instance. Debt will also now be reported to the Audit and Governance Committee on a regular cycle. The Committee will challenge and drive improvement in collection, as well as assess policies and procedures as appropriate to advise Council.

7. The Committee has noted the report and requested that a further update be brought to its March Committee meeting.

## **Corporate Risk Report**

8. The Corporate Risk Register provides a mechanism for collating and reporting risks that could affect the delivery of corporate objectives. In April 2017 the Council adopted an electronic risk register tool to hold in one place all the major risks identified by individual Directorates and major projects. A scoring system is used to rate individual risks. This allows risks to be ranked and provides a view of the highest risks identified across the organisation.

9. At the end of Quarter Two 2019/20, there were 126 individual risks entered in the risk register of which 15 were identified as high / "red" risks. The highest risks have been grouped into six risk areas, following discussion by the Corporate Risk Management Group and the Performance and Transformation Board. The risk around financial control has been upgraded to high / "red" (from medium / "amber" in quarter one) due to a risk of overspend at year end of £3.7m as reported to Cabinet on 20 December). Current planned activity is expected to deliver a balanced budget but this is raised to red to ensure appropriate focus and monitoring throughout the remainder of the year. The six risk areas are: Safeguarding vulnerable children; Education; Services for Vulnerable Adults; Compliance management of the council's estate; business continuity response to major event; and Financial control.

10. Two further medium / "amber" risk areas have been included as follows: staff capacity, capability and productivity (which has previously been reported as red but is currently assessed as amber following significant mitigating activity over the last 12 months); and Council preparations for EU Exit.

11. The Committee has noted the latest update of the Corporate Risk Register including mitigating actions identified in respect of red risk.

### **Work Programme**

12. The Committee has noted its future work programme.

**Mr N Desmond**  
**Chairman**

### **Contact Points**

#### County Council Contact Points

County Council: 01905 763763

Worcestershire Hub: 01905 765765

#### Specific Contact Points for this report

Simon Lewis, Committee Officer

Tel: 01905 846621

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

### **Background Papers**

In the opinion of the proper officer (in this case the Assistant Director for Legal and Governance) the following are the background papers relating to the subject matter of this report:

Agenda papers for the meeting of the Audit and Governance Committee held on 13 December 2019.