

**COUNCIL**  
**14 JANUARY 2021****REPORTS OF COMMITTEES****(a) SUMMARY OF DECISIONS TAKEN BY THE AUDIT AND GOVERNANCE COMMITTEE**

---

**Internal Audit Progress Report**

1. A total of 101 work items are included in the 2020/21 Internal audit Plan. 18 audits are currently underway or completed, including 11 linking to Worcestershire Children First (WCF), with a further 34 planned for the remainder of the year. Of the completed audits, 3 have been given substantial assurance and 1 limited assurance. The limited assurance audit relates to St Egwin's Middle School, where audit work found that the overall control framework is adequate, but the operation of controls is poor. A number of actions have been agreed with the school management team.
2. Audit actions are tracked and regular contact is made with operational managers to follow up progress. There are currently 16 audits with 52 open actions.
3. The Key work themes for the next quarter are: Financial management framework audits; IT audits; Corporate governance arrangements relating to Covid19; Asset management; and school audits. Other audits will be undertaken on a risk basis. The Committee has noted the progress to date and approved the focus of the quarter 4 audit plan.

**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. Peter Barber, the Engagement Lead at Grant Thornton introduced the report and members asked a series of questions with particular focus on the proposed increase in the fee to the Council for the work undertaken by the external auditor. The Committee has noted the content of the report.

**Income Management**

5. The Council has recruited two senior managers: A Payments Manager and Income and a Debt Manager to help the management of income/debt. The process of reviewing all transactional services has now commenced, and in particular those around income management. Increased capacity has been agreed within Legal

Services for a 12-month period to support the requirement for greater challenge and action going forward to collect debt. The deeper analysis of debt is progressing whilst the data extraction and analysis reporting is improving which will enable information to be accessed faster.

6. The latest level of short-term debt stands at £30.2 million, 67% (£20.2 million) of which was raised this financial year. This has risen significantly in the last month although this mainly relates to four debtors who have just had new accounts raised to them. Collection will be prioritised for these larger amounts. The total debt recorded greater than 30 days old, for which there is not an instalment or pending cancellation is £17.911 million (59%).

7. The timing of the data extraction has identified the top four debtors having £8.8 million raised within the last month. Discussions are taking place with the education sector, Council and NHS debtors to obtain payment. It is expected that these will be cleared quickly. The Committee has noted the Income Management report.

### **Risk Management Update**

8. A revised risk management process has been approved by the Chief Officers' Group and the outcome of which is being implemented. Work is underway with operational teams to understand the current risk position. This has identified a wide diversity in the risks which are being managed and the Risk and Assurance Manager is working to confirm the revised process with these teams. The current corporate risk register, which has been maintained at an operational level is being reviewed. There are currently 16 risks which are classified as high and work is taking place with these service areas to ensure these are clear, current and representative. The EU Exit project maintains a separate risk register and the project managers are being engaged to ensure that these risks are being effectively managed. There are currently no risks classified as high.

9. Covid risk management continues to be a key focus. The move into a second lockdown has not had a significant impact on the risks being managed. Internal Audit continues to work with the Covid response team to understand emerging risks, such as distribution of vaccines.

10. One red Covid risk remains in relation to social care placement availability – diminishing availability of care home beds in Worcestershire. This situation continues to be closely monitored. The Committee has noted the Risk Management update.

## **Statutory Accounts Update**

11. The County Council's and the Worcestershire County Council Pension Fund's 2019/20 Statutory Accounts were signed off on 27 October 2020. Additionally, the external auditor issued an unqualified Value for Money conclusion for the County Council on the same day. There remains as planned some audit fieldwork around the completion of the Whole of Government Accounts statistical return before the Audit Certificate can be issued. This work is in progress with no matters arising

12. The Committee received an update on the progress on the 2020/21 Statutory Accounts Process including an update on the Accounts team resources, the introduction of a new financial standard in respect of leases, the introduction of new regulations in respect of the accounting treatment of the Dedicated Schools Grant, and details of the 2020/21 Accounts planning. The Committee has noted the Statutory Accounts update.

## **Work Programme**

13. . The Committee has noted its future work programme.

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

## **Contact Points**

Contact Points for this report  
Simon Lewis, Committee Officer  
Tel: 01905 846621  
Email: 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 4 December 2020.

<https://worcestershire.moderngov.co.uk/ieListMeetings.aspx?CId=135&Year=0>