

COUNCIL

14 SEPTEMBER 2023

REPORTS OF COMMITTEES

SUMMARY OF DECISIONS TAKEN BY THE AUDIT AND GOVERNANCE COMMITTEE

Risk Management

1. At its March 2023 meeting, the Committee discussed the need for greater focus on the Council's corporate risk management arrangements, particularly around assessing risks, determining priorities and identifying mitigating activity. At the request of the Committee, the Strategic Director for Environment and Infrastructure (E&I) and the Strategic Director for Commercial and Change (COaCH) attended the meeting on 21 July and answered a number of queries raised by members of the Committee.
2. A risk management report is under development in Power BI. The new risk register consists of 119 identified risks, with 24 designated as corporate level risks (risks for which the impact is over multiple or all directorates or the required control requires input from multiple or all directorates).
3. Of the 24 corporate risks, nine are categorised as "Service Failure (Statutory or otherwise)", five are categorised as "Financial Impact" and five are categorised as "Harm / Duty of Care". Of the 24 corporate risks E&I own eight risks, Chief Executive Unit owns six, Worcestershire Children First owns five, People own three and COaCH own two. Five of the corporate risks are flagged as red, with a current risk score (impact x likelihood) of more than 20. Of the 12 corporate risks that are rated amber (score between 10 and 20), three are deteriorating.
4. The Committee has noted the contents of the report, including an update on the Council's risk management arrangements and a risk report identifying corporate risks and mitigating activity.

People Directorate - May 2023 Debt Position Statement

4. The Committee considered the Debt Position Statement for the People Directorate at its November 2022 meeting and requested that an update be brought to the meeting on 21 July 2023.
5. Additional resources are being deployed to address non-payment of Adult Social Care contributions, these include promotion of Direct Debit payments, pro-active chasing at 30 days (from July 2023) and increased communication on the direct impact of non-payment. Recruitment is being finalised and additional recovery activity for debtors will be launched over 30 days by the end of July.

6. The Council is now able to process 91% of Financial Assessments within 4 weeks. The target was previously 48% in six weeks (May 22). Since the introduction of the Online Financial Assessment in June 2022, the uptake has increased steadily from 15% to 40% in May 2023. Work continues to encourage users to use this functionality.

7. A simple paper-free process for sign-up to Direct Debit has been implemented, tested and deployed. This will be the subject of wider communications to service users now it has been tested.

8. Despite positive action leading to significant recovery of debt, the total debt outstanding for the People Directorate has risen with £24.8 million outstanding as of 31 May 2023 (compared with £18.8 million in October 2022), of which 43.8% (59.2% in October 2022) was aged more than four months old, although the rate of increase has slowed significantly. The rate of increase in the last 7 months has increased by £241k whereas in the 12 months to October 2022 the increase was £3.2 million.

9. The Committee has noted the Debt Position Statement for the People Directorate and requested that a further update be reported to the Committee at its meeting in March 2024.

Draft Annual Governance Statement 2022/23

10. At its May 2023 meeting, the Committee considered the draft Annual Governance Statement (AGS) for 2022/2023. The AGS forms part of the Annual Statement of Accounts and is primarily retrospective. It reports on the assurance framework and measures in place for the financial year 2022/23 and considers any significant issues of governance up to the date of publication of the Statement of Accounts. The AGS outlines the actions taken or proposed to address governance issues identified.

11. The draft governance action plan will be updated quarterly and focusses on the action which will take place to ensure there is robust governance across the Council including:

- Review of the constitution focussing on a review of the contract standing orders, financial regulations, the officer scheme of delegation, departments registers of authority, officer/ member protocol
- Governance training for managers across the Council
- Training for members on the new code of conduct for members approved at the Council meeting on 18 May 2023
- Robust monitoring of Council's finances
- Risk management and monitoring of performance
- Decision making across the Council.

12. The Committee has noted the draft governance action plan for 2023/24. The final action plan will be presented to the Committee at its meeting in September 2023.

2022/23 Internal Audit Annual Report

13. The Internal Audit Annual Report provides a summary of Internal Audit work during 2022/23 and, as required by the Accounts and Audit Regulations 2018, gives an overall opinion of Moderate Assurance of the Council's control environment. The Committee has agreed the Internal Audit 2022/23 Annual Report and assurance level.

Internal Audit Progress Report

14. The role of the Council's Internal Audit service is to enhance and protect organisational value by providing independent assurance, advice and insight into the Council's risk management, governance, and internal control processes.

15. Advisory work discussions have started in quarter one for the following three areas: Adult Social Care Debt, Transport Services and Waste Management. Three grants have been certified as accurate during the first quarter. There have been no Anti-Fraud and Corruption investigations undertaken in the first quarter of 2023/24.

16. A Finance Business Partner and an Audit Officer have been recruited and will be in post in early September 2023. This will increase the resource and strength of the Internal Audit team to deliver the 2023/24 audit plan. The Chief Internal Auditor role advert closed on the 12 July 2023 and is currently under consideration. The Committee has agreed the Internal Audit progress report.

2022/23 Treasury Management Annual Report

17. As considered elsewhere on these agenda papers, the Committee were consulted on and noted the Treasury Management Annual Report 2022/23.

Work Programme

18. The Committee has noted its work programme.

Cllr Nathan Desmond
Chairman

Contact Points

Specific 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 Democratic Governance and Scrutiny Manager), 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 21 July 2023

[Agenda for Audit and Governance Committee on Friday, 21st July, 2023, 10.30 am - Worcestershire County Council \(moderngov.co.uk\)](https://www.moderngov.co.uk/2023/07/21/agenda-for-audit-and-governance-committee-on-friday-21st-july-2023-10-30-am/)