

Audit and Standards Committee

Monday, 2 December 2019

2.00 pm

Oak Room, County Buildings, Stafford

John Tradewell
Director of Corporate Services
22 November 2019

A G E N D A

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of the Meeting held on 14 October 2019** (Pages 1 - 6)
4. **Report of those Charged with Governance (ISA 260)** (Pages 7 - 66)
Report of Ernst & Young
5. **Health, Safety and Wellbeing Performance Report 2018/19** (Pages 67 - 80)
Report of the Director of Corporate Services
6. **Internal Audit Plan 2019/20 - Update** (Pages 81 - 88)
Report of the County Treasurer
7. **Forward Plan 2019/20** (Pages 89 - 96)
Report of the County Treasurer
8. **Exclusion of the Public**

The Chairman to move:-

“That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A (as amended) of the Local Government Act 1972 as indicated below”.

PART TWO

(reports in this section are exempt)

9. **Exempt Minutes of the Meeting held on 14 October 2019** (Pages 97 - 100)
10. **Internal Audit Report - Countryside Estate - Deer Callout Service - (Limited Assurance)** (Pages 101 - 122)
- (Exemption Paragraph 3)
- Report of the Director of Corporate Services
11. **Update on Data Centre Environmental and Physical Security Controls - Implementation of Previous Recommendations** (Pages 123 - 158)
- (Exemption Paragraph 3)
- Report of the Director of Corporate Services
12. **Update on Approved Mental Health Professionals - Implementation of Previous Recommendations** (Pages 159 - 208)
- (Exempt Paragraph 3)
- Report of the Director of Health and Care
13. **Strategic Property Governance and Asset Management 2019/20** (Pages 209 - 364)
- (Exempt Paragraph 3)
- Report of the County Treasurer

Membership

Derek Davis, OBE	Paul Northcott
Martyn Tittley (Chairman)	Susan Woodward
Colin Greatorex	Alastair Little
Carolyn Trowbridge (Vice-Chairman)	Ann Edgeller
Ross Ward	Jonathan Price
Bernard Williams	David Williams
Victoria Wilson	David Brookes
Jill Hood	

Note for Members of the Press and Public

Filming of Meetings

The Open (public) section of this meeting may be filmed for live or later broadcasting or other use, and, if you are at the meeting, you may be filmed, and are deemed to have agreed to being filmed and to the use of the recording for broadcast and/or other purposes.

Recording by Press and Public

Recording (including by the use of social media) by the Press and Public is permitted from the public seating area provided it does not, in the opinion of the chairman, disrupt the meeting.

Minutes of the Audit and Standards Committee Meeting held on 14 October 2019

Present: Martyn Tittley (Chairman)

Attendance

Derek Davis, OBE	Paul Northcott
Carolyn Trowbridge (Vice-Chairman)	Susan Woodward
Ross Ward	Alastair Little
Bernard Williams	Ann Edgeller
Jill Hood	David Williams

Also in attendance: Lisa Andrews, Rob Salmon, Ann-Marie Davidson, Debbie Harris and Stephen Clark (Ernest Young, External Auditors).

In attendance for part of the meeting: Kate Bullvant and Mike Sutherland (Cabinet Member for Finance) (Item 4), Julie Plant (Item 7), Tim Moss (Item 12), Natalie Morrissey and Vic Falcus (item 13).

Apologies: Michael Greatorex, Colin Greatorex, Victoria Wilson and Jonathan Price

PART ONE

104. Declarations of Interest

There were no declarations made.

105. Minutes of the meeting held on 30 July 2019

RESOLVED: That the Minutes of the Meeting held on the 30 July 2019 were approved as a correct record and signed by the Chairman.

The County Solicitor agreed to follow up Minute 90.

106. Local Government Social Care Ombudsman (LGSCO) Investigation resulting in a Formal Report

The Complaints, School Appeals and Access to Information Manager informed the Committee that during 2019 the LGSCO launched several investigations in relation to the care and support provided to a citizen who has mental health and physical health problems. The Complainant was the subject of previous recommendations from the LGSCO after delays in completing a Care Act assessment last autumn. The Authority had accepted the Ombudsman's recommendations requiring the Chief Executive to write to apologise for the distress caused and provide compensation of £500. The apology and payment were made through Midlands Partnership Foundation Trust (MPFT) but unfortunately were delayed, which resulted in a further complaint and the current report.

Whilst acknowledging that there were some failings with the initial assessment and the delays in apology and compensation, the Council had made representations to the Ombudsman on previous and ongoing difficulties in engaging with the complainant. The findings of the LGSCO investigation were published in September 2019. The report stated that the Council had been at fault because, for a second time it had failed to send the apology or payment within the agreed timescale; and it had failed to identify adequate service improvement to prevent the problems experienced by the complainant from being repeated.

The Committee was disappointed that the case had come back to the Committee and that the recommendations had not been actioned the first time, holding the view that whilst the complainant had been difficult to engage with, this did not excuse the delay in action.

RESOLVED: The report be noted.

107. Report to those Charged with Governance (ISA 260)

The External Auditor informed the Committee that there had been a small number of queries to resolve and that the report would be ready soon.

RESOLVED: That the verbal update be noted.

108. Annual Audit Letter 2018/19

The External Auditor informed the Committee that Annual Audit Letter could not be produced/finalised until the Whole of Government Accounts work has been finished. It was expected that this would be available in December.

The Committee accepted that there may have been issues with the accounts but raised concerns that this should have been signed off by now and expressed disappointment over the delay.

RESOLVED: That the verbal update be noted.

109. Code of Conduct

In March 2019 the Committee had considered the annual report on the handling of complaints about breaches of the Code of Conduct by County Councillors. The national Committee for Standards in Public Life (CSPL) had also published their review of Ethical Standards in Public Life. The CSPL report contained 26 recommendations covering Code of Conduct and Standards Complaints. The recommendations were attached to the report with a comment on each in relation to the County Councils current and suggested position. Three main areas were highlighted where the code and arrangements for dealing with complaints might benefit from amendments. These were:

- **Code of Social Media** – Separately, the CSPL had also issued a report which suggested that the use of social media needed to be considered in relation to the seven Principles of Public Life which are the lynchpins of the Code of Conduct. Consequently, it was proposed that a new general undertaking should be added

to the code and a revised guide on the use of Social Media and criteria against which complaints could be assessed be adopted.

- **Declaration of ‘Other Interests’** – The CSPL advised that there should be consistency between local authorities in the same geographical area. The suggested revised declaration form, providing for the declaration of ‘other’ interests was attached to the report.
- **Processes for consideration of Alleged Breaches of the Code of Conduct and Sanctions available** – changes to the process were suggested to improve communication lines between the monitoring officer and parties affected. Additional sanctions were also proposed.

Regarding the Social Media Guidance, it was felt that it was very difficult to separate comments made in a personal capacity to those made as a Councillor and that any comment made under a personal account could show predetermination.

There was also concern that the term “bringing the Council into disrepute” needed to be clearer as it could be argued that opposing the Council’s direction or a decision made, could be classed as “bringing the Council into disrepute” which would undemocratic.

It was reported that Gifts and Hospitality would be considered as a separate item to this report.

With regards to sanctions, it was felt that they should be applied for all members. However, if a Councillor had a position of special responsibility, it could be viewed that they were speaking on behalf of the Committee and therefore a recommendation to a group leader to remove them from a position of or outside body was reasonable.

Other proposals considered by the Committee included:

- The period of office for the Independent person
- The role of the independent person in formal decision making
- The publication of statistics on Code of Conduct complaints

The Committee discussed the appointment of the Independent Person (IP). The CSPL advocated a two-year fixed term, renewable once. Members felt that a two-year appointment was too short and that the period should remain at four years with the option to reappoint at the end of the period. It was also felt that the IP’s views should be formally recorded in the minutes of the Committee and that they should be covered by the Councils legal indemnity to protect them from the challenge, should their views influence a complaint decision.

RESOLVED: That the following be recommended to Council:

- a) That subject to the term included in the Social Media Guide “bringing the Council into disrepute” being defined, the Guide; the additional undertaking relating to Social Media; and the criteria for determining alleged breaches of that code, be agreed.
- b) That the Declaration of Interests Form be amended to include ‘Other Interests’.
- c) That the process chart for dealing with allegations of breaches of the Code of Conduct, and the additional two sanction, be supported.

- d) That the Independent Persons Period of Office remain at four years with the option to renew at the end of the first term.
- e) That the Independent Persons views be included in the decision of any hearing and that that Legal Indemnity be extended to cover the Individual.

110. National Fraud Initiative (NFI) 2018 - Update

The NFI is a data matching exercise, designed to help participating bodies to detect and deter fraudulent and erroneous payments. The data matching exercise involved the County Council submitting data sets to the Cabinet Office for matching against relevant data from other participating organisations including the Department of Works and Pensions.

Following an exercise to match data, overpayments of £51,510 had been recovered with a further £32,356 identified.

The Committee asked what work was being done to stop this happening again and was it the same companies who continually received the overpayments. In response, Members were informed that it involved more than one company and that there were agreements in place to require prompt notification of changes. Work was also taking place within the Council to highlight changes earlier in the process in order to reduce overpayments.

RESOLVED: That the report be noted and that the Chief Internal Auditor inform Committee members of the number of companies the overpayments related to.

111. Forward Plan

A revised, updated copy of the Forward Plan was circulated at the meeting. The Interim Head of Audit and Financial Services introduced the Forward plan and briefly went through the work programmed for the next meeting which was scheduled for the 2 December 2019.

A report, to this Committee covering specific aspects of the Special Committees findings had been agreed at the Special Committee. A Members asked for reassurance that they would still be reported to the Committee. The Chairman agreed to follow up this request but stated that any report would have to be in considered with the exclusion of the public and press.

Items of business that that been deferred from this agenda would be moved to the next meeting.

RESOLVED: The Forward Plan was noted.

112. Exclusion of the Public

The Chairman moved:

'That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraph of Part 1 of schedule 12A of the Local Government Act 1972 indicated below'.

RESOLVED - That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972 indicated below.

The Committee proceeded to consider the following items:

113. Exempt Minutes of the meeting held on 30 July 2019

RESOLVED: That the Exempt Minutes of the meeting held on 30 July 2019 be confirmed as a correct record and signed by the Chairman.

114. SEND Joint Inspection - Initial Review - Final Position Statement 2019/20

(Exemption Paragraph 3)

115. Update on Cyber Security Essentials Audit

(Exemption Paragraph 3)

116. Prisons and Approved Premises Assessment and Care Management - Special Investigation Update

(Exemption paragraph 3)

117. Questions arising from reports circulated outside the Agenda

(Exemption Paragraph 3)

Chairman

Staffordshire County Council Audit results report

Year ended 31 March 2019

2 December 2019

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Agenda Item 4

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing downwards towards the top right corner of the logo.

Building a better
working world



Private and Confidential

19 November 2019

Staffordshire County Council
No's 1 and 2 Staffordshire Place
Tipping Street
Stafford
ST16 2DH

Dear Audit and Standards Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the Audit and Standards Committee. This report updates our report dated 19 July 2019 and summarises our preliminary audit conclusion in relation to the audit of Staffordshire County Council for 2018/19.

We have substantially completed our audit at Staffordshire County Council for the year ended 31st March 2019. Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at section 3. We are reporting by exception about your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Audit and Standards Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Audit and Standards Committee meeting on 2 December 2019.

Yours faithfully

Stephen Clark
For and on behalf of Ernst & Young LLP
Encl

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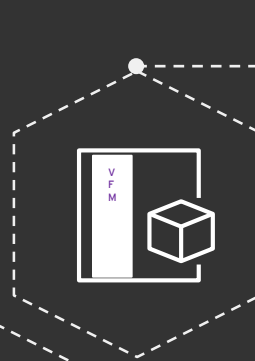
03 Audit Report



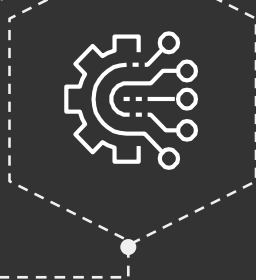
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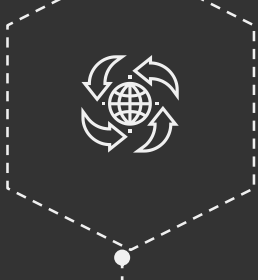
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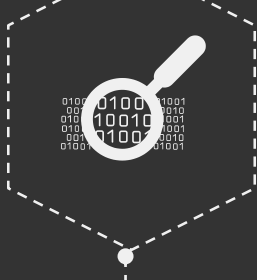
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Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psa.co.uk). This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities / Terms and Conditions of Engagement. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01

Executive Summary

Executive Summary

Scope update

In our audit planning report tabled at the 11 March 2019 Audit and Standards Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exception:

- ▶ Changes in materiality: We updated our planning materiality assessment using the draft financial statements and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on provision of services, we have updated our overall materiality assessment to £11.94m (Audit Planning Report – £13.33m). This results in an updated performance materiality, at 75% of overall materiality, of £8.95m, and an updated threshold for reporting misstatements of £0.59m.
- ▶ For clarity, we are reporting an extension to the scope of the work on one area of focus. We identified the Local Government Pension Scheme (LGPS) as an area of audit focus and listed the procedures we intended to perform. Due to the result of the McCloud judgement in relation to pensions, the Government Actuary Department (GAD) issuing guidance and the result of the Court of Appeal decision to deny the Government leave to appeal the decision, we extended the procedures to assess the adjustment made to the financial statements in respect of the judgement, the assumptions on which this adjustment was based on and management's process for obtaining and considering the adjustment.
- ▶ Similarly, the impact of Guaranteed Minimum Pensions (GMP) case on LGPS has been further considered since the drafting of the financial statements. The actuary for the Staffordshire Pension Fund concluded that the impact would not be material for the Pension fund. We have carried out further analysis on the range of the estimate.
- ▶ The effect of the amendment is reported under section 4 Audit Differences

Status of the audit

We have substantially completed our audit of Staffordshire County Council's financial statements for the year ended 31 March 2019 and have performed the procedures outlined in our Audit planning report. Subject to satisfactory completion of the following outstanding items we expect to issue an unqualified opinion on the Authority's financial statements in the form which appears at Section 3. However until the audit work is complete further amendments may arise. Below is a summary of tasks that are to be completed and awaiting final review;

- ▶ Receipt of a signed letter of management representation and Annual Governance Statement
- ▶ Completion of subsequent event review procedures
- ▶ Final review of the Narrative Report and revised financial statements
- ▶ Completion of procedures required by the National Audit Office (NAO) regarding the Whole of Government Accounts (WGA) submission. It should be noted that we cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's WGA consolidation pack.

Executive Summary

Audit differences

We have identified audit differences, which the Authority has agreed to adjust. Details of adjusted differences can be found in section 4.

Areas of audit focus

Our Audit Planning Report identified key areas of focus for our audit of Staffordshire County Council's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Areas of Audit focus" section of this report.

We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues
- ▶ You agree with the resolution of the issue
- ▶ There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit and Standards Committee.

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

In addition, during the audit we identified a number of observations and improvement recommendations in relation to management's financial processes and controls.

We have set out our observations at section 7 of the report.

Executive Summary

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Planning Report we identified the following significant risks:

- ▶ Delivery of a medium term sustainable financial plan.
- ▶ Use of Nexxus Ltd to provide adult social care placement services for the Authority.
- ▶ Implementation of special educational needs reforms, and specifically the report issued following the joint Ofsted and CQC inspection.

As a result of our procedures, we conclude that a qualified 'except-for' conclusion with respect to your arrangements to secure economy, efficiency and effectiveness in your use of resources is appropriate. A joint Ofsted and CQC inspection of the local Staffordshire area was carried out to judge the effectiveness of implementation of special educational needs and disabilities (SEND) reforms as set out in the Children and Families Act 2014. This inspection identified a number of significant areas of weakness in practice, resulting in the requirement for the Authority and Staffordshire Clinical Commissioning Groups to issue a Written Statement of Action. We acknowledge the challenges faced by the Authority in working with the SEND partners where the Authority has limited direct control. Given the findings of the report we have concluded the Authority is not working effectively with partners to deliver required services and outcomes to the local population, specifically in respect to SEND.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. The Annual Governance Statement was received on 12 July 2019. Management has agreed to update the statement to reflect the 'except for' qualification of the value for money conclusion.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission.

We have no other matters to report.

Independence

Please refer to Section 9 for our update on Independence.



02

Areas of Audit Focus



Areas of Audit Focus

Fraud risk

Risk of fraud in revenue and expenditure recognition - capital receipts flexibility

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

In 2018/19 the Authority planned to dispose of a number of assets generating capital receipts which it intended to utilise for revenue purposes under the MHCLG's flexibility capital receipt direction.

The direction is effective for 6 financial years starting from 1/4/16.

The risks to the financial statements identified include;

- ▶ That the Authority has not obtained the appropriate Secretary of State direction;
- ▶ The expenditure does not qualify under the flexibility direction;
- ▶ That receipts are not applied within the prescribed timeframe.

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What judgements are we focused on?

Having considered the factors for expenditure recognition, we believe the risk is linked to the existence of capital expenditure arising from the potential to incorrectly capitalise revenue expenditure.

What are our conclusions?

Our sample testing of expenditure confirmed the accounting treatments meet the conditions of the Secretary of State direction.

What did we do?

Sample tested expenditure to determine the qualifying criteria under the Secretary of State direction was met and within the specified timeframe.



Areas of Audit Focus

Fraud risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

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What did we do?

- ▶ Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- ▶ Reviewed and discussed with management any changes the methodologies of existing and new accounting estimates for evidence of bias;
- ▶ Enquired of management about risks of fraud and the controls put in place to address those risks;
- ▶ Evaluated the business rationale for significant unusual transactions; and
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud.

What are our conclusions?

- ▶ We have not identified any material weaknesses in controls or evidence of material management override.
- ▶ We have not identified any instances of inappropriate judgements being applied.
- ▶ We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business



Areas of Audit Focus

Significant risk

Valuation of land and buildings

What is the risk?

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

The fair value of other land and buildings represents a significant balance in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges.

The Authority has a rolling valuation process, which annually values 20% of the land and building assets and is subject to a number of assumptions and judgements, which if inappropriate could result in a material impact on the financial statements. There is also a potential risk of material misstatement that the remaining 80% of unvalued assets may have experienced a material change in value which has not been identified and accounted for correctly.

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What judgements are we focused on?

are focused on the following:

- ▶ The adequacy of the scope of the work performed by the in-house and external valuer and their professional capabilities
- ▶ The reasonableness of the underlying assumptions used by the Authority's expert valuer

What did we do?

- ▶ Documented our understanding of the processes and controls in place to mitigate the risks identified, and walked through those processes and controls to confirm our understanding
- ▶ Evaluated the competence, capabilities and objectivity of the inhouse and external valuers.
- ▶ Reviewed any terms of engagement or instructions issued to the valuer to ensure these are consistent with accounting standards. Assess if the terms of engagement includes a specific instruction from the Authority to the valuer relating to an assessment of the unvalued population;
- ▶ Engaged our valuation specialists to support our testing strategy and help evaluate the work of the Authority's valuer specifically to assess if the movement on the unvalued population has been addressed appropriately
- ▶ Engaged our valuation specialists to support our testing strategy and help evaluate the work of the Authority's valuer.
- ▶ Performed appropriate tests over the completeness and appropriateness of information provided to the valuer.
- ▶ Reviewed the classification of assets and ensure the correct valuation methodology has been applied.
- ▶ Ensured the valuer's conclusions have been appropriately recorded in the accounts.

What are our conclusions?

- ▶ The Authority's land and buildings are valued by the District Valuation Office (DVO)) and the Authority's internal valuer.
- ▶ We have reviewed the instructions and data provided to the valuer by the Authority. We identified no issues.
- ▶ We have obtained input from EY's own valuation specialist to review the work of the DVO and their qualifications.
- ▶ Our valuation specialist has reviewed the valuation methods used by management's specialist and internal valuer.
- ▶ We have reviewed the classification and valuation methods used.
- ▶ Our review of accounting entries at period end and those journals made in processing valuation adjustments did not reveal any instances of management intention to misreport the financial position.





Areas of Audit Focus

Other areas of audit focus

Pension Liability Valuation

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Staffordshire County Council.

The Authority's pension fund deficit is a material estimated balance and the Code requires that the net liability be disclosed on the Authority's balance sheet. At 31 March 2018 this totalled £947.9 million.

The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the Pension Fund. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

In 2017/18, the Authority's share of the pension scheme assets was £8.175m understated primarily as a result of the timing of the actuary's work. The Authority is planning to obtain a second valuation as at 31 March 2019.

What judgements are we focused on?

We focused on the following:

- ▶ The reasonableness of the underlying assumptions used by the Authority's expert.
- ▶ Ensuring the information supplied to the actuary in relation to Staffordshire County Council was complete and accurate
- ▶ Ensuring the accounting entries and disclosures made in the financial statements were consistent with the report from Hymans Robertson.

What did we do?

- ▶ Performed appropriate tests to obtain assurance over the information provided to the actuary.
- ▶ Wrote to the Pension Fund auditor to ascertain whether there are material concerns we need to be aware of for our audit.
- ▶ Ensured accounting entries and disclosures are consistent with the actuaries report.
- ▶ Assessed the work of the Pension Fund actuary (Hymans) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team.
- ▶ Reviewed the outcome from additional report from the Actuary in conjunction with a review and testing of the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.

What are our conclusions?

Our work has not identified any material misstatements of the Authority's liability or related disclosures in this regard.

- ▶ We have assessed and are satisfied with the competency and objectivity of the Authority's actuaries: Hymans Robertson LLP.
- ▶ EY pensions team and PwC (Consulting Actuary to the NAO) have reviewed the work of the actuaries. We challenged the actuarial valuation and found no indication of management bias in this estimate.
- ▶ Our review of accounting entries at period end and those journals made in processing estimate did not reveal any instances of management intention to misreport the financial position.

See next page for adjustment made to the pension liability.



Areas of Audit Focus

Other areas of audit focus



Pension liability valuation

The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Staffordshire County Council.

Staffordshire County Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheet of the Authority. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. The information disclosed is based on the IAS 19 report issued to the Authority by the actuary. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

The Pension Scheme Actuary calculates the value of the Authority's share of the total scheme to be included in the financial statements. In performing our audit procedures on the notified balances we observed that there was a large difference between the asset value of the total fund which the actuary had used in their calculations, and the asset value of the fund as disclosed in the Staffordshire County Council Pension Scheme draft financial statements as at 31 March 2019. The Authority prepared the financial statements using the actuary report dated 11 April 2019 based on information as at 31 December 2018. The Authority requested an updated report to reflect the position as at 31 March 2019. The table below summarises the movement between the initial and updated actuarial report dated 2 July 2019. The table shows that the asset values decreased by £23m, and the accounts have been updated to reflect this.

Share of scheme assets	Initial actuarial report dated 11 April 2019 £m	Updated actuarial report dated 2 July 2019 £m	Movement £m
Assets stated in the actuarial report	2,111,689	2,088,246	23,443



Areas of Audit Focus

Other areas of audit focus



Pension liability valuations

In addition to the above, there was an ongoing national issue which required a late change to the pension fund accounts and IAS26 fund liability disclosure. It relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the McCloud ruling. The Authority had recognised this matter as a contingent liability (note 42).

Since the year-end there had been increasing indications that the liability may need to be incorporated into the assessment of the scheme liabilities depending on the materiality of the issue. The Authority's initial disclosure for the pension scheme liability was based on the actuarial report dated 11 April 2019. An additional report was requested dated 2 July 2019. In the latter report the actuary reported that the liability had increased by £11.223m (past service costs £8.083m and £3.140m for the GMP equalisation). The Authority has agreed to make the required adjustments to the financial statements in respect of this matter.

We have included the adjusted misstatements of £23m decrease in asset values, and £11m increase in scheme liabilities in our summary of adjusted misstatements at Section 4.

The adjusted misstatement does not impact cash nor the outturn for the year.



Areas of Audit Focus

Other areas of audit focus

IFRS 9 - financial instruments

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What is the risk?

This new accounting standard is applicable for Local Authority accounts from the 2018/19 financial year and will change:

- ▶ How financial assets are classified and measured;
- ▶ How the impairment of financial assets are calculated; and
- ▶ The disclosure requirements for financial assets.

There are transitional arrangements within the standard; and the 2018/19 Cipfa Code of practice on Local Authority accounting provides guidance on the application of IFRS 9. However, until the Guidance Notes are issued and any statutory overrides are confirmed there remains some uncertainty on the accounting treatment.

What did we do?

- ▶ Assessed the Authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19;
- ▶ Considered the classification and valuation of financial instrument assets;
- ▶ Reviewed expected credit loss model impairment calculations for assets; and
- ▶ Checked additional disclosure requirements.

What are our conclusions?

- ▶ £15.2m adjustment was made to the opening balances in relation to modified loans as part of the application of IFRS 9. To comply with the disclosure requirements for IFRS 9, Management have agreed that the adjustment to the opening balances will be amended and disclosed as transitional adjustments.



Areas of Audit Focus

Other areas of audit focus

IFRS 15 - Revenue contracts with customers

What is the risk?

This new accounting standard is applicable for Local Authority accounts from the 2018/19 financial year.

The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations.

The 2018/19 Cipfa Code of practice on Local Authority accounting provides guidance on the application of IFRS 15 and includes a useful flow diagram and commentary on the main sources of LG revenue and how they should be recognised. The impact on Local Authority accounting is likely to be limited as large revenue streams like council tax, non-domestic rates and government grants will be outside the scope of IFRS 15. If the Authority has not assessed whether or not the new standard is relevant, there may be a risk of material misstatement if recognition of revenue is incorrect and new disclosure requirements are not included in the financial statements.

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What did we do?

- Assessed the Authority's implementation arrangements that should include an impact assessment paper setting out the application of the new standard, transitional adjustments and planned accounting for 2018/19. This will include where relevant, any Local Authority Trading Companies consolidated into the Authority's Group Accounts
- Considered application to the Authority's revenue streams, and where the standard is relevant test to ensure revenue is recognised when (or as) it satisfies a performance obligation; and
- Checked additional disclosure requirements are correctly included.

What are our conclusions?

Our review of the Authority's assessment has concluded it does not have any material revenue streams that come under the scope of IFRS 15.



Areas of Audit Focus

Other areas of audit focus

Accounting for the PFI waste scheme

What is the risk?

The Authority has four PFI Schemes, the most significant of which is the Waste to Energy PFI Scheme. This was subject to material audit adjustments in 2015/16 and 2017/18, where the outputs from the operating model had not been consistently accounted for in the financial statements.

What did we do?

Tested the completeness and accuracy of the inputs to the financial model and the subsequent correct application of the outputs to the financial statements

What are our conclusions?

- ▶ There were no material misstatements identified as a result of our procedures.
- ▶ The narrative within the PFI disclosures were updated, to provide the reader with sufficient detail of the scheme length and contract value.

Further details of the disclosures updated are at section 4 of the report.



Areas of Audit Focus



Other matters

In 2018/19 Ministry for Housing, Local Government and Communities took the decision to defer the implementation of IFRS 16 (Accounting for leases) in 2019/20 to 2020/21. As a result we did not undertake a detailed review of the preparedness but recommended that the Authority continued to plan to implement the new standard commenced during 2019. We will discuss the Authority's progress to implement IFRS 16 as part of our audit planning for 2019/20.

In addition, changes have been made to the CIPFA/LAASAC Code for 2019/20, as noted below. These matters should be included where we have identified a potentially material impact arising in 2019/20;

- The revised IASB *Conceptual Framework for Financial Reporting (Conceptual Framework)*, the main elements being (19/20 Code Cpt 2.1 refers):
 - *new definitions of assets, liabilities, income and expenses*
 - *updates for the inclusion of the recognition process and criteria and new provisions on de-recognition*
 - *enhanced guidance on measurement bases*
- Guidance in the treatment of the Apprenticeship Levy (19/20 Code Cpt 2.11 refers)
- Updated guidance on IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation & LOBOs (19/20 Code Cpt 2.11 refers)
- Clarifications for the disclosure requirements with respect to interests in entities within the scope of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (19/20 Code Cpt 9 refers)



03 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STAFFORDSHIRE COUNTY COUNCIL

Opinion

We have audited the financial statements of Staffordshire County Council for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- ▶ Movement in Reserves Statement,
- ▶ Comprehensive Income and Expenditure Statement,
- ▶ Balance Sheet,
- ▶ Cash Flow Statement,
- ▶ related notes 1 to 47.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- ▶ give a true and fair view of the financial position of Staffordshire County Council as at 31 March 2019 and of its expenditure and income for the year then ended; and
- ▶ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ▶ the County Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the County Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Statement of Accounts set out on pages 3 to 10, other than the financial statements and our auditor's report thereon. The County Treasurer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.



Audit Report

Our opinion on the financial statements

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

Working with partners and other third parties

During November 2018, a joint Ofsted and CQC inspection of the local Staffordshire area was carried out to judge the effectiveness of implementation of special educational needs reforms following the Children and Families Act 2014. This inspection identified a number of significant areas of weakness in practice, resulting in the requirement for the County Council and CCGs to issue a Written Statement of Action. The findings of the report identify that the County Council is not working effectively with partners to deliver required services and outcomes to the local population.

This issue is evidence of weaknesses in proper arrangements for:

- ▶ partnership working in the local area and the ability of organisations to work together to effectively deliver strategic priorities, improving the health and experiences of the local population.

Actions to address the identified weaknesses, include development of an improvement plan and revised governance structure have commenced but were not complete at the end of 2018/19.

Qualified conclusion [Except for]

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, with the exception of the matter reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, Staffordshire County Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we report by exception

We report to you if:

in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;

we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;

we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;

we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;

we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or

we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the County Treasurer

As explained more fully in the Statement of the County Treasurer's Responsibilities set out on page 18, the County Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the County Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Audit Report

Our opinion on the financial statements

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Staffordshire County Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Staffordshire County Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Staffordshire County Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Pension Fund financial statements

On xx xx 2019 we issued our opinion on the Pension Fund financial statements for the year ended 31 March 2019 included within the Statement of Accounts.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

In addition we are required to give an opinion on the consistency of the financial statements of the pension fund included in the Pension Fund Annual Report of Staffordshire pension fund. The Local Government Pension Scheme Regulations 2013 require authorities to publish the Pension Fund Annual Report by 1 December 2019. As the Authority has not yet prepared the Annual Report we have not yet been able to conclude on the consistency with these financial statements and we have not issued our report on those financial statements.

Until we have completed these procedures we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.



Audit Report

Our opinion on the financial statements

Use of our report

This report is made solely to the members of Staffordshire County Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Clark, (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Birmingham

The maintenance and integrity of the Staffordshire County Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



04 Audit Differences





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We highlight the following misstatements greater than £0.597m which have been corrected by management that were identified during the course of our audit;

Previously notified at 30 July 2019 audit and standards committee

- ▶ As detailed at section 2, on receipt of the updated actuarial report from the actuary the asset value of the pension fund decreased from the initial report provided to the Authority, this resulted in decreasing the asset value by £23m and increasing the net liability by the same amount.

Page 31 £8.1m additional pensions deficit charged to services and £3.2m in Other Comprehensive Income due to the McCloud judgement in relation to pension liabilities. This judgement was confirmed after the preparation of the draft financial statements. An additional actuarial valuation was obtained to reach a more precise valuation on the impact than our initial estimate. Management have corrected these items.

A number of Government grants were incorrectly treated in the comprehensive income and expenditure statement

- ▶ £0.44m overstatement of basic need grant
- ▶ £0.8m understatement of the local transport fund grant
- ▶ £1.7m understatement of the independent living fund grant
- ▶ £15.2m reclassification adjustment from opening balances has been made to reflect the transitional arrangements under IFRS 9 for the modified loans.
- ▶ A number of disposals relating to schools converting to academies, totalling £25.4m (17/18 £17.4m 16/17 £8.0m) were made in the incorrect financial year.
- ▶ The creditor and debtor value was increased by £1.05m as a reclassification in relation to the accounting treatment for the Non-Domestic Rates appeals provision.

Further adjusted differences, identified, do not impact the net income and expenditure position for the Authority.

- ▶ Testing of other expenditure, identified the Authority double counted expenditure and income, in relation to disabled facility (DFG), dedicated schools (DSG) and public health (PH) grants, the Authority has adjusted the accounts by reducing income and expenditure by £23.3m, the prior year has also been reduced by £20.1m. (DFG - £8.2m (2017-18 £7.5m), DSG £1.4m, (2017-18, no prior year impact) and PH £13.7m (2017-18 £12.6m)).
- ▶ Testing of other income, identified the Authority had misclassified £2.3m of fees and other charges, the income was reclassified to Government Grants.
- ▶ Testing of grants received in advance, identified the Authority has incorrectly utilised existing contributions to fund expenditure on capital schemes which are to be funded by section 106 contributions, the Authority should have raised a debtor for the monies which are due as part of the section 106 agreements instead. As a result the accounts were adjusted by increasing the debtors by £16.6m, £11.8m being long term and £4.8m being short term, and also increasing the grants received in advance by £16.6m. The prior year debtors has also been increased by £6.2m, £3m long term and £3.3m short term, with the grants received in advance by £6.2m



Audit Differences

Disclosure amendments

There were a number of disclosure amendments made, following the audit, which included:

- ▶ **Note 1:** Critical judgements to accounting policies - the disclosure for the Stoke and Staffordshire Local Enterprise Partnership (LEP) has been updated to clarify the money held by the Authority as accountable body within earmarked reserves is specific for the LEP.
- ▶ **Note 18** - Cash and cash equivalents - the disclosure was reclassified, updating the call accounts value of £3.8m to £4.5m, and the bank overdraft of £21.5m to £22.2m. The change also affect Note 15 - financial instruments and Note 44 - Nature and extent of risks arising from financial instruments.
- ▶ **Note 19 - Assets held for sale** - the disclosure footnote has been enhanced to make clear that the Authority has held some assets for sale for a period over twelve months but expects that there is a reasonable expectation of a sale in 2019/20.
- ▶ **Note 30:** Exit packages - the note was updated, to correctly include 13 individuals in 2017/18 and one individual in 2018/19. In addition we identified the exit packages in relation to the actuarial strain costs to the Authority for 12 individuals were incorrectly disclosed. The figures disclosed within the note included the cost to the Authority if paid on an instalment basis, the costs were actually paid in full in the year to save interest costs. This lead to a £0.13m decrease in costs disclosed in the accounts from £3.25m to £3.12m.
- ▶ **Note 31:** Audit fees: the note was updated to clearly show the costs relating to the financial audit and other non audit fees, and the year the costs relate to. The current year costs increased by £10k to reflect the planned audit fee.
- ▶ **Note 37:** PFI:
 - ▶ 1) The disclosure note was updated to show the worth of the Two Schools PFI Scheme, as £49.6m, from £45m.
 - ▶ 2) The worth of the Streetlighting, Children's Homes, and Waste to Energy PFI Schemes was not disclosed and are now being presented as £174.9m, £20.8 and £377.3m.

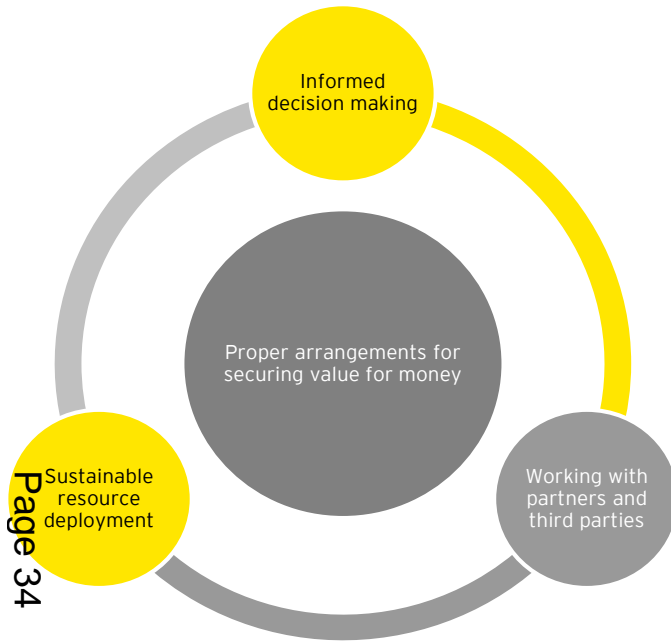
Management has agreed to adjust the above issues.

We will also update Audit and Standards Committee if there are any further issues arising from our incomplete audit procedures.



05

Value for Money Risks



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Background

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

Overall conclusion

We identified 3 significant risks around these arrangements. The tables below present our findings in response to the risks in our Audit Planning Report and any other significant weaknesses or issues we want to bring to your attention.

As a result of our procedures, we conclude that a qualified 'except-for' conclusion with respect to your arrangements to secure economy, efficiency and effectiveness in your use of resources is appropriate. A joint Ofsted and CQC inspection of the local Staffordshire area was carried out to judge the effectiveness of implementation of special educational needs and disability (SEND) reforms following the Children and Families Act 2014. This inspection identified a number of significant areas of weakness in practice, resulting in the requirement for the Authority and CCGs to issue a Written Statement of Action. Given the findings of the report we have concluded the Authority is not working effectively with partners to deliver required services and outcomes to the local population, specifically in respect to SEN.



Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as:

“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

The table below presents the findings of our work in response to the risks areas in our Audit Planning Report.

What is the significant value for money risk?	What arrangements did the risk affect?	What are our findings?
<p>From the Medium Term Financial Strategy (MTFS), which commenced in March 2018 and was updated in September and December 2018, the Authority has identified it had significant challenges particularly in respect of rising costs of care for children and adults and due to reductions in government funding. As at September 2018 despite many cost reduction options being identified there was still a budget gap across the next three years ranging from £9.3m in 2019/20 and decreasing to £8.5m in 2020/21 with no budget gaps in 2022/23 and 2023/24.</p> <p>The MTFS was updated in February 2019, which shows a balanced position over the 5 years. Going forward the Authority will need to continue to scrutinise its financial plans to achieve budget savings in order maintain delivery of Authority services to enable it to hold an adequate level of useable reserves.</p>	<p><u>Sustainable resource deployment</u></p> <p>Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions</p>	<p>We have performed the work as set out in our Audit Plan and are satisfied that based on the evidence reviewed, the Authority has put in place adequate arrangements to address this significant risk. In forming this view we noted that;</p> <ul style="list-style-type: none"> ▶ Our work confirmed that having set a budget of £504.190m, at Quarter 1, the forecast was an overspend of £3.2m, spending controls were put in place, services have made tremendous efforts to identify and deliver additional savings to mitigate the forecast overspend. This has now been achieved with services delivering an underspend of £8.1m which is 1.73% of the budget. In addition, £5m has been able to be contributed to the Exit and Transition Fund delivering an underspend of £3.562m for the year. The capital programme out turn was £128.2m against a £129.1m forecast, after capitalising £13.242m transformational revenue expenditure in accordance with the flexible use of capital receipts direction. ▶ The Authority delivered savings in 2018/19 of 9.5m against the annual target of £11.2m. The future financial position remains challenging and the current financial year budget and MTFS includes a savings target of £40m. Delivery of these plans and identifying solutions to bridge future funding gaps will continue to be challenging. ▶ Internal audit were commissioned to carry out work on stress testing the financial assumptions around the spending pressures included within the MTFS and have made recommendations around the pressures included for 'looked after children' in the MTFS and delivery of savings for autism services. The Audit and Standards Committee will need to consider how it continues to seek assurance from management that the plans are being effectively managed and delivered. ▶ The 2019-20 budget shows the Authority will be using reserves of £2.7m, to balance the budget, we acknowledge there is also £5m planned contribution to general reserves. A further £6.6m of reserves are to be used in 2020/21, the use reduces to £1m in 2021/22 and £0.7m in 2022/23. No use of reserves is required in 2023/24.



Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as:

“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

The table below presents the findings of our work in response to the risks areas in our Audit Planning Report.

What is the significant value for money risk?	What arrangements did the risk affect?	What are our findings?
<p>To deliver many services and strategic priorities the Authority has to work with external partners and third parties, particularly the NHS and other healthcare providers. A number of NHS bodies in the Staffordshire health economy and health care market continue to have significant financial challenges. One of the main providers, Allied Healthcare, who provide adult social placement services for the Authority, has exited the market. The Authority is reviewing options which include utilising it’s owned subsidiary, Nexxus Ltd, to provide the placements service.</p> <p>In this case there are potential challenges and risks to the Authority which include;</p> <ul style="list-style-type: none"> ▶ No contingency plans in place to maintain continuation of the service ▶ Losses to the Authority if payments have been made to the service provider for services not delivered ▶ Lack of capacity in the system to provide alternative delivering of the service to service users ▶ Alternative proposals may place the Authority under additional financial pressure 	<p><u>Working with partners and third parties</u></p> <p>Working with third parties effectively to deliver strategic priorities</p>	<p>We have performed the work as set out in our Audit Plan and on the evidence reviewed, that the Authority has put in place adequate arrangements to address this significant risk. In forming this view we noted that;</p> <ul style="list-style-type: none"> ▶ The establishment of Nexxus Care was to deliver reablement, provider of last resort (POLR) and home care services. ▶ The cabinet approved plans to deliver 10,000 hours of home care in June 2017, the Nexxus care strategy was approved by Nexxus Board in November 2018. ▶ The Authority has an understanding of the market Nexxus Ltd operates in and is considering deliver options which provide value for money prior to expanding the services Nexxus care provides ▶ The Stafford and Cannock Allied Healthcare work transferred on 10 December 2018, to Nexxus Ltd circa 3200 hours per week with an annual value of £2.8m, the handover of the work broadly went to plan, with no identified impact on service delivery. We have considered whether the increased use of Nexxus Ltd and concluded the Authority does not need to prepare group accounts.



Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as:

“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

The table below presents the findings of our work in response to the risks areas in our Audit Planning Report.

What is the significant value for money risk?	What arrangements did the risk affect?	What are our findings?
<p>The Authority has received various commentaries throughout the year from regulatory and inspectorate bodies, the tone of which has been mixed.</p> <p>The most significant of the reports related to the a joint inspection in November 2018 of the local area of Staffordshire to assess the effectiveness of the area in implementing the special educational needs and disability (SEND) reforms as required by the Children and Families Act 2014.</p> <p>The joint report of OFSTED and the CQC issued in January 2019 highlight significant weaknesses which indicates a significant risk to the VFM conclusion in terms of working with third parties effectively to deliver strategic priorities.</p>	<p><u>Working with partners and third parties</u></p> <p>Working with third parties effectively to deliver strategic priorities</p>	<ul style="list-style-type: none"> ▶ Nationally the looked after children and SEND service provision has seen increased pressures, specifically for SEND since March 2018, there have been 42 inspections, and 9 follow up visits. Of the 42 inspections 24 required significant improvement and 18 required improvements and of the 9 follow up visits, it was noted 5 had made no improvements. ▶ We have obtained the April 2019 written statement of action to the inspectorate, which details plans to address the significant weaknesses highlighted. We note the Authority has a clear action plan with dates to complete implementation. The inspectorate reviewed the action plan and wrote to the Authority in May 2019, and concluded the statement of action is deemed to be fit for purpose in setting out how the local area will tackle the significant areas of weakness identified in the published report letter. However, some minor improvements are required for which many actions have quite short time frames for completion. Those timescales may require further review to ensure they are fully achievable. ▶ It is clear from discussions with officers that the significant weaknesses highlighted by the report have been understood by the Authority and addressing the weaknesses is a key priority for 2019/20. ▶ On review of the significant weaknesses highlighted by the report we have concluded that the Authority’s arrangements, to work effectively with partners to deliver required services and outcomes to the local population specifically over SEND, were not in place throughout 2018/19.



06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2018/19 with the audited financial statements.

We also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2018/19 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. The Annual Governance Statement was received on 12 July 2019. Management has agreed to update the statement to reflect the 'except for' qualification of the value for money conclusion.

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Whole of Government Accounts

In addition to our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We are yet to conclude our work in this area.

Other reporting issues

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority’s financial reporting process.

Quality of the financial statement preparation process

We identified several audit differences during the course of our audit which are fully detailed in section 4. In our view some of the errors are a reflection of the financial statements preparation process that the Authority has in place together with the fact that 2018/19 is the second year of the faster close. These issues could be mitigated in the future by making improvements to the quality review arrangements before the financial statements are presented for audit.

We thank officers for their hard work in the preparation and supply of working papers requested in advance of and during our year-end audit visit.



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have followed up deficiencies in internal control during 2018/19, as follows:

- 1) In 2017/18 we reported that we had identified 3 schools that converted to Academy in 2016/17. Additional work identified a further 8 schools which had not been accounted for, in the 2017/18 financial year, as the disposal notification from Legal had not been received until May 2018, being after the financial period ended. An adjustment to the accounts was processed for the 8 schools in the 2017/18 financial statements of £18.2m.

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The Authority undertook an exercise in early 2019 to review the completeness of the fixed asset register primarily to identify whether schools that had converted to academies were still included. The initial review identified errors totalling £12.7m (16/17 £3.0m and 17/18 £9.7m) which included 5 schools. Our interim visit reviewed the work referred to above and performed additional testing which identified a further 9 schools which had been disposed, totalling £10.9m (16/17 £5.2m 17/18 £5.7m). The draft financial statements have reflected these adjustments with further disclosures made at note 47.

- ▶ Our year-end disposal testing identified an additional school which had converted to an academy school in 2017/18. The Authority has agreed to make an adjustment for £1.9m for both 2018/19 and 2017/18.
- ▶ We recommend the finance team continues to make regular enquires with both the legal and property services teams ensure disposals are accounted for in the correct financial year.



Assessment of Control Environment

Financial controls

2) The accounts payable and receivable systems are integral to the ledger system, and the reconciliation between the accounts payable and receivable system to the general ledger system is an automated process. There is no evidence maintained that a review of the reconciliation has been carried out by the Authority, and additional work was carried out by the Authority to recreate aged listing from the sub ledgers as at 31 March 2018, which involved cleansing the data within the general ledger, to match the balance reported in the statement of accounts.

- ▶ The finance team continues to have difficulty in providing an aged listing for creditor and debtors. From our review of the Debtors and Aged debt listing, we observed that the schedule of debtors provided was comprised of a significant number of invoices which have been settled and allocated receipts/payments from customers. In some instances, we have invoices that have been settled as far back as 2016. Additional work was carried out by the Authority to cleanse the debtors listing. We recommend that payments are correctly allocated to customer accounts and that system reports as at 31 March are retained for audit purposes and cleansed prior to the year-end audit visit.

▶ Members and senior management are required to complete a declaration of interest form at year-end. Our testing identified that there were seven members who had not completed a declaration of interest form at year-end. As there is an inherent risk that the related party transaction disclosure note could be incomplete we undertook additional audit procedures. The results of this work did not identify any matters to bring to your attention. We acknowledge that all efforts are made to ensure returns are completed, however, we recommend that management undertake inquiries to provide assurance that all material related parties are identified.

- ▶ Our work has identified that there are eight members who have not completed a declaration of interest form. As in the prior year, this work did not identify any matters to bring to your attention. We acknowledge that all efforts are made to ensure returns are completed, however, we recommend that management undertake inquiries to provide assurance that all material related parties are identified.

Assessment of Control Environment - continued

Financial controls

4) Last year we also reported on the quality of the financial statement preparation process, which led to several audit differences, and these issues could be mitigated in the future by making improvements to the quality review arrangements before the financial statements are presented for audit. We continue to find errors in the working papers provided for audit, as basic checks are not being carried out. This has created inefficiencies and delays as follows:

- ▶ The aged listing for creditors provided did not agree to the accounts, as it was understated by £94k.
- ▶ The aged debtor listing provided was understated by £26k when compared to the financial statements. We used the listing to assess the bad debt provision was £1.7m less the figure disclosed in the accounts. This is a result of timing difference between when the report was run to calculate the bad debt provision and when the ledger was closed. As the additional transactions mainly related to current invoices raised and are excluded as part of the bad debt review provision, there is no impact to the accounts, however we recommend a review is carried out to ensure any movement in aged debtor listing is considered in the bad debt review provision.
- ▶ We note that £792k of debt with customers that have disputes in various service areas with the Authority are excluded from the bad debt provision assessment. There is no material impact. The Authority has agreed not to exclude this element of debt for the 2019/20 impairment of receivables calculation.
- ▶ The grants income working paper required further work for the information to be reconciled to the grant income credited to services and capital grants. When samples were selected the Authority was unable to provide appropriate evidence to support the income for 7 samples out of 22 tested. Further work was required to gain assurance of the grant income, and an adjustment to the accounts was required as disclosed at section 4. We recommend the working paper is quality checked to ensure it reconciles with grant income credited to services and support for grant income is retained.

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Post Local Government Review Liability provisions - the Authority was unable to provide the insurance claims report as at 31/03/2019, to support the figure disclosed in the accounts of £8.9m. We were able to obtain the claims report as at the date of our request. This was filtered to derive the outstanding claims as at 31/03/2019 which totalled £7.6m, giving a variance of £1.079m. The variance is a result of timing difference. The Authority has reviewed the variance and has managed to reduce the variance down to £0.486m, which is below our reporting threshold.

- ▶ In our testing of other income there were two sample items the Authority was unable to provide adequate evidence to substantiate which service the income related to. We recommend that the Authority ensures all evidence is retained and made available for audit purposes.
- ▶ Our testing of grants received in advance identified the Authority was unable to provide a copy of the legal agreement in place for one section 106 contribution. The Authority completed a review of the 2017/18 and 2018/19 section 106 agreements and found a further two schemes with no agreements. The Authority has received the section 106 contributions, and accurately recorded the transactions in the accounts. We recommend that the Authority reviews the s106 agreements in place to understand timing of cashflows and ensure supporting records are maintained. For the three section 106 contributions, should the agreements not be located, revised agreements should be obtained.
- ▶ Our testing of other expenditure identified one sample where the Authority was unable to provide adequate evidence to substantiate the recharge made between service lines. We are satisfied that the expenditure has occurred and relates to the Authority. We recommend that the Authority ensures evidence is retained to support recharges and made available for audit purposes.
- ▶ Our testing of other expenditure identified the Authority double counted expenditure and income, in relation to disabled facility, dedicated schools and public health grants, an adjustment was made to the accounts as detailed at section 4. We recommend that the Authority reviews its close down process to ensure grant income and expenditure reviewed to ensure accurately recorded in the accounts and is correctly classified.

Assessment of Control Environment - continued

Financial controls

4) Continued

- ▶ An uplift is applied to property plant and equipment assets not formally valued in 2018/19, our review identified the uplift was incorrectly applied. An adjustment to the uplift is required to account for depreciation, reducing the overall increase in value, the adjustment actually applied increased the uplift. Our review also identified the uplift had not been applied to 5 assets. We concluded the overall estimated variance not to be material. We recommend that the Authority ensures the uplift applied in future years is reviewed for the completeness and accuracy prior to application.
- ▶ Our testing of grants identified the Authority was unable to reconcile the grants register to the financial ledger. EY analytic tools were used to reconcile the amounts on the grants register to the financial ledger. We recommend that the Authority completes a reconciliation of grant income coded to the financial ledger to the internal grants register.

The Authority does not process the business rates appeal provision and the pension liabilities, onto the financial ledger. We recommend all transactions are posted to the financial ledger.

5) We also noted weakness in the way the Authority monitors whistleblowing allegations, and recommend that all whistleblowing allegation are logged centrally to ensure a complete list is maintained and assist the monitoring, progress against the allegations.

6) The annual governance statement has not been made available alongside the draft accounts for the inspection period.

The matters reported here are limited to those deficiencies that we identified during the audit and that we concluded are of sufficient importance to merit being reported to you.



08 Data Analytics



Use of Data Analytics in the Audit

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- ▶ Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2018/19, our use of these analysers in the Authority's audit included testing journal entries to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

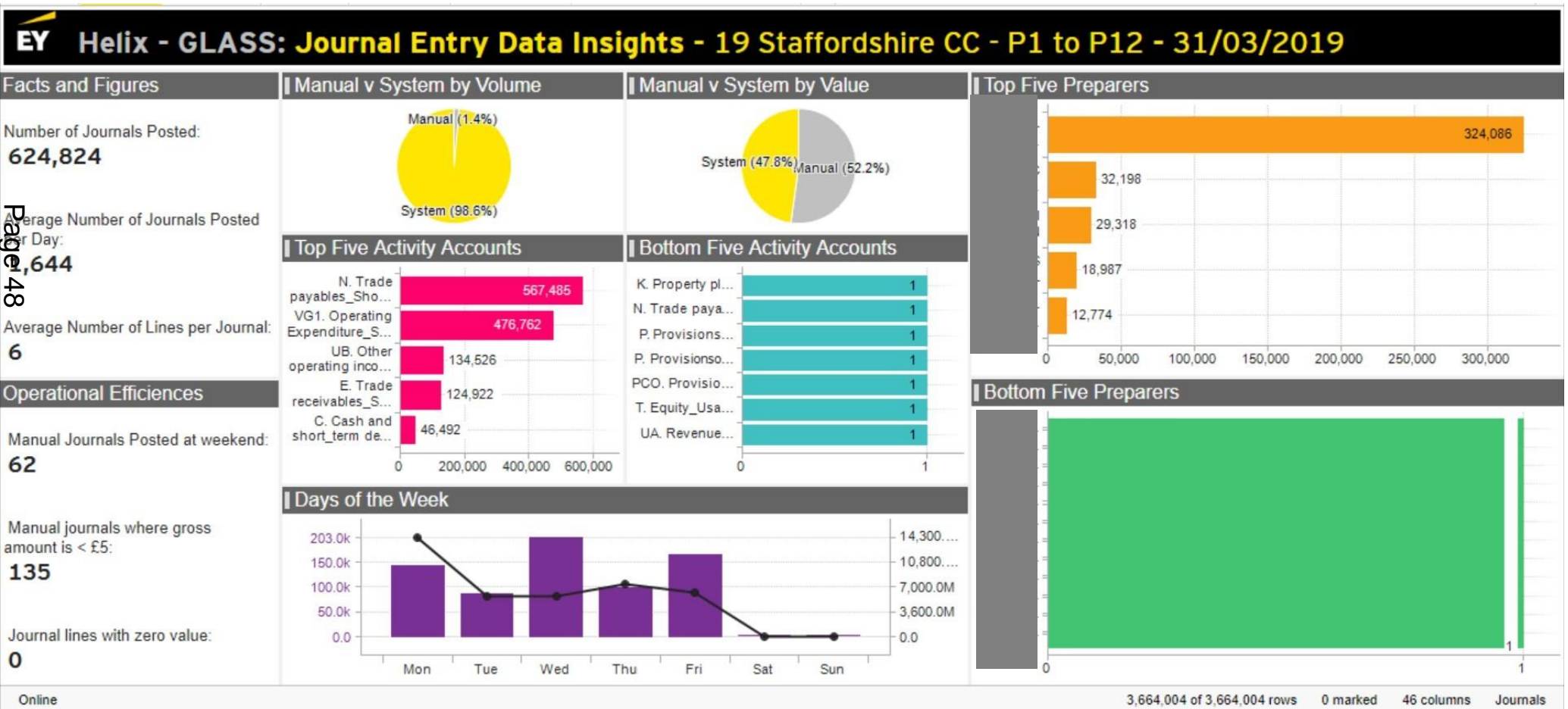
We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.



Journal Entry Data Insights

The graphic outlined below summarises the journal population for 2018/19. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples.





Journal Entry Testing

What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

Journal entry data criteria – 31 March 2019

What judgements are we focused on?

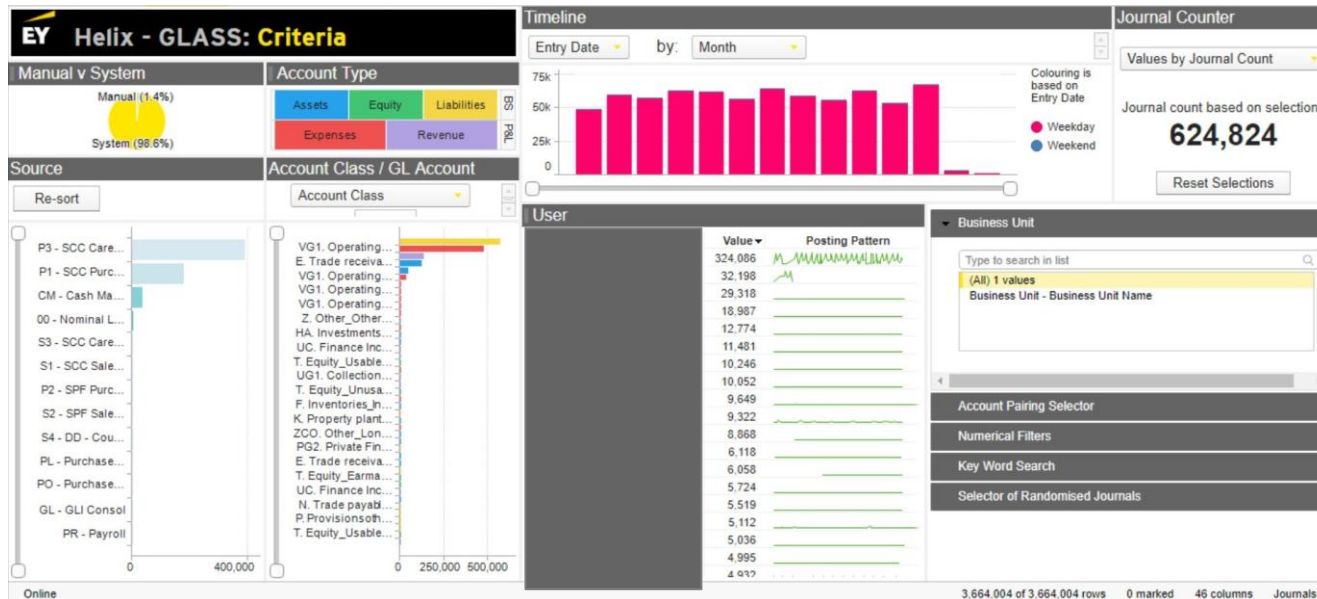
Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.

What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

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What are our conclusions?

We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.



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9

Independence

Confirmation



We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning board report dated February 2019. We complied with the APB Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Audit & Standards Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit & Standards Committee on 30 July 2019.

We confirm we have not undertaken any non-audit work outside the PSAA Code requirements.

Independence

Relationships, services and related threats and safeguards



The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, and its directors and senior management and its affiliates, including all services provided by us and our network to your Authority, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2018 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

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Services provided by Ernst & Young

Below includes a summary of the fees that you have paid to us in the year ended 31 March 2019 in line with the disclosures set out in FRC Ethical Standard and in statute.

We confirm that none of the services listed in the audit fee table on the next page has been provided on a contingent fee basis.

Independence

Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2019.

We confirm that we have not undertaken non-audit work outside the PSAA Code requirements.

	Final Fee 2018/19	Planned Fee 2018/19	Scale Fee 2018/19	Final Fee 2017/18
	£	£	£	£
Audit Fee - Code work	84,511	84,511	84,511	109,755
Other - valuation work*	10,000	*10,000	0	10,285
Other - additional fees **	**	0	0	6,000
Other - IT risk assessment	0	0	0	18,270
Total Audit Fee - Code work	**	94,511	84,511	144,310
Non-audit services	0	0	0	0
TOTAL	**	94,511	84,511	122,067

* We have agreed with management the fee for the additional work carried out by EY specialists to address the risks of valuation of land and buildings.

** An additional fee for out of scope work carried out during 2018-19, is being agreed with management to address value for money risks, implementation of IFRS 9 / 15, the additional pensions procedures as a result of the McCloud and GMP judgements and work undertaken due to working paper availability.

All fee variations are subject to approval by Public Sector Audit Appointments.



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10 Appendices

Audit approach update

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- Existence: An asset, liability and equity interest exists at a given date
- Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded




Page 55 Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

- As outlined in section 1, the valuation of pension liabilities is subject to significant estimation. For the 2018/19 financial statements an additional assessment of the impact of the McCloud judgement on pension liabilities is required and has resulted in adjustments to the balances recorded for pension liabilities. We have also considered the potential impact of the Guaranteed Minimum Pensions (GMP) ruling on the LGPS liabilities.

Our approach to the audit of the balance sheet has not changed from the prior year audit.

Appendix B

Summary of communications




Date 	Nature 	Summary 
6 November 2018	Meeting	The partner in charge of the engagement, along with other senior members of the audit team, met with the Deputy Director of Finance and to discuss the matters identified as part of the first quarter review.
26 November 2018	Meeting	The senior manager met with the MTFS working group to discuss the Authority's progress against the MTFS.
26 February 2019	Meeting	The assistant manager met with the Chair of Audit and Standards Committee to discuss the audit planning report.
11 March 2019	Report and meeting	The audit planning report, including confirmation of independence, was issued to the Audit & Standards Committee.
26 June 2019	Meeting	The partner in charge of the engagement and the senior manager met with the Chief Executive to discuss the Authority's progress against strategic objectives
26 June 2019	Meeting	The partner in charge of the engagement and the senior manager met with the Director of Corporate Services and the Deputy Director of Finance to discuss the matters identified as part of the first quarter review.
6 July 2019	Meeting	The senior manager met with the Chair of Audit and Standards Committee to discuss the audit results report.
19 July 2019	Meeting	Audit close meeting with the management team to discuss the preliminary findings of the audit.
19 July 2019	Report	The audit results report, including confirmation of independence, was issued to the Audit & Standards Committee.
	Management letter	The management team and the Audit & Standards Committee were provided details of internal control observations made in respect of the current year.
30 July 2019	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, will meet with the Audit & Standards Committee and senior members of the management team to discuss the audit results report.

In addition to the above specific meetings and letters the audit team met with the management team multiple times throughout the audit to discuss audit findings.

Appendix C

Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:





		Our Reporting to you
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit & Standards Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	March 2019 -Audit planning report
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	March 2019 -Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	July 2019 - Audit results report
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	July 2019 - Audit results report

Appendix C

Our Reporting to you

Required communications	What is reported?	When and where
Public Interest Entities	<p>For the audits of financial statements of public interest entities our written communications to the audit committee include:</p> <ul style="list-style-type: none"> ▶ A declaration of independence ▶ The identity of each key audit partner ▶ The use of non-member firms or external specialists and confirmation of their independence ▶ The nature and frequency of communications ▶ A description of the scope and timing of the audit ▶ Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits ▶ Materiality ▶ Any going concern issues identified ▶ Any significant deficiencies in internal control identified and whether they have been resolved by management ▶ Subject to compliance with regulations, any actual or suspected non-compliance with laws and regulations identified relevant to the audit committee ▶ Subject to compliance with regulations, any suspicions that irregularities, including fraud with regard to the financial statements, may occur or have occurred, and the implications thereof ▶ The valuation methods used and any changes to these including first year audits ▶ The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework ▶ The identification of any non-EY component teams used in the group audit ▶ The completeness of documentation and explanations received ▶ Any significant difficulties encountered in the course of the audit ▶ Any significant matters discussed with management ▶ Any other matters considered significant 	<p>March 2019 - Audit planning report July 2019 - Audit results report</p>

Appendix C

		 Our Reporting to you
 Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or together to raise any doubt about Staffordshire County Council's ability to continue for the 12 months from the date of our report
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	July 2019 - Audit results report
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the audit committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	July 2019 - Audit results report
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Audit & Standards Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Audit & Standards Committee responsibility. 	July 2019 - Audit results report Enquiries were made during the audit, and there are no issues to report to you.

Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the Authority 	<p>July 2019 - Audit results report No issues to report</p>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>March 2019 - Audit planning report July 2019 - Audit results report</p>
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	<p>July 2019 - Audit results report</p>
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	<p>July 2019 - Audit results report</p>

Appendix C

		Our Reporting to you
Required communications	What is reported?	When and where
Group Audits	<ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	July 2019 - Audit results report
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	July 2019 - Audit results report
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	July 2019 - Audit results report
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	July 2019 - Audit results report
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit planning report is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	March 2019 - Audit planning report July 2019 - Audit results report
Certification work	<ul style="list-style-type: none"> ▶ Summary of certification work 	No certification work carried out.

Management representation letter

Management Rep Letter

To be prepared on the entity's letterhead]

[Date]

Ernst & Young LLP

1 Colmore Square

Birmingham B4 6HQ

This letter of representations is provided in connection with your audit of the financial statements of Staffordshire County Council ("the Council") for the year ended 31 March 2019. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of Staffordshire County Council as of 31 March 2019 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, that are free from material misstatement, whether due to fraud or error.

5. We believe that the effects of any unadjusted audit differences, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. More specifically, there was an error totalling £1.287m caused by the invalid use of building cost index rates to other land and buildings not valued in year, no adjustment was made.

We are comfortable that the estimates used this year are adequate for the purpose.

Management representation letter

Management Rep Letter

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the consolidated and Council financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the consolidated and Council financial statements.
3. We have made available to you all minutes of the meetings of the County Council, Cabinet and Audit & Standards Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 30 July 2019.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

Management representation letter

Management Rep Letter

6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed to you all guarantees that we have given to third parties.
4. No claims in connection with litigation have been or are expected to be received.

E. Subsequent Events

1. There have been no events subsequent to year end which require adjustment of or disclosure in the consolidated and council financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Annual Governance Statement and Narrative Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Comparative information - prior period adjustment

We represent, to the best of our knowledge and belief, the following:

1. The financial statements adjusted to reflect disposals are complete.
2. The amounts involved are set out in Note 47 to the financial statements.
3. The comparative amounts have been correctly restated to reflect the above matter(s) and appropriate note disclosure of this (these) restatement(s) has (have) also been included in the current year's financial statements.

H. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for

I. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of non-current assets and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and council financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Management representation letter

Management Rep Letter

J. Accounting Estimates

Valuation of Pension Asset/Liabilities and Property, Plant and Equipment

1. We believe that the measurement processes, including related assumptions and models, used to determine the above accounting estimates have been consistently applied and are appropriate in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

2. We confirm that the significant assumptions used in making the estimated valuations of Pension Asset/Liabilities and Property, Plant and Equipment appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Council.

3. We confirm that the disclosures made in the council financial statements with respect to the accounting estimates are complete and made in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

4. We confirm that no adjustments are required to the accounting estimates and disclosures in the council financial statements due to subsequent events.

K. Other income and expenditure

1. We believe that the council financial statements accurately reflect the other income and expenditure incurred by the Council and are free from double counting.

2. We confirm, that there are no further grants, over the disabled facility grant, dedicated schools grant and public health grant which were double counted.

L. Disposal of schools

1. We believe that disposals in relation to schools converted to academy have been properly recorded and adequately disclosed in the consolidated and council financial statements.

2. We confirm, the council financial statements include all schools converted to academy during 2018-19.

Yours faithfully,

Rob Salmon

County Treasurer

Martyn Tittley

(Chair of the Audit & Standards Committee)

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ED None

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Local Members Interest
N/A

Audit and Standards Committee - Monday 02 December 2019

2018/19 Health, Safety and Wellbeing Performance Report

Recommendations

I recommend that the Audit and Standards Committee:

- a. Review the report;
- b. Discuss the implications; and
- c. Approve the 2019/20 workplan.

Report of the Director of Corporate Services

Report

Background

1. The appended report provides an overview on the health, safety and wellbeing performance of the council during 2018/19, key achievements and significant findings during this period along with performance data and outcomes. The report also outlines for approval the 2019/20 work programme and key priorities.

Equalities Implications

2. There are no equalities implications arising from this report.

Legal Implications

3. This report outlines performance for the organisation and show effective levels of compliance and areas for focus and continuous improvement.

Resource and Value for Money Implications

4. No resources have been requested. The report outlines key activities for improvement during 2019/20.

Risk Implications

5. The report provides overview of the risk and 2019/20 work plan to minimise and respond to emerging trends, themes and risks.

Climate Change Implications

6. There are no climate change implications arising from this report.

List of Background Documents/Appendices:

Appendix 1 – Annual Report on Health, Safety and Wellbeing Performance 2018/19

Contact Details

Report Commissioner: Becky Lee
Job Title: Health, Safety and Wellbeing Manager
Telephone No.: 01785 355777
E-Mail Address: becky.lee@staffordshire.gov.uk

Staffordshire County Council
Annual Report on Health, Safety and Wellbeing Performance 2018/19

1. Action Required

1.1 The County Council's Senior Managers need to: -

- Review the findings and management information detailed in this report;
- Analyse this year's performance and identify action to ensure continuous improvement;
- Consider key actions identified for 2019/20 and decide if any further actions are required;
- Share and communicate the report to SLT, WLT and OMT; and
- Recognise the work that has been achieved to improve the council's management of health, safety and wellbeing risks.

2. Introduction

- 2.1 This report covers the period from 1st April 2018 to 31st March 2019. The aim is to provide the council's senior management, stakeholders, public of Staffordshire and others interested in health, safety and wellbeing with information about what the county council is doing to protect its employees, volunteers, contractors, service users, pupils and members of the public.
- 2.2 Health, safety and employee wellbeing in the county council is part of the overall risk management strategy, which aims to identify and manage risks to the county council and its services to the public. Health, safety and employee wellbeing focuses on the risks of injury and ill health that can arise from the wide range of activities necessary to deliver the services to the people of Staffordshire.
- 2.3 This report identifies progress against the key action points outlined in the action plan for 2018/19 and identifies key priorities for 2019/20.

3. Background

3.1 The type of health and safety risks involved are varied, but include: -

- Work related ill health including stress at work
- Manual handling
- Lone working
- Violence and aggression
- Transport and road risks
- Slips, trips and falls

- 3.2 An organisation with such a broad range of activities as Staffordshire County Council has a wide variety of risks to manage and the above list represents only some of the most common risks across the council. To ensure that all risks are identified, the council has a risk assessment process for use by managers and staff.
- 3.3 Our services are often delivered via partnership arrangements. These include a wide range of external organisations such as the NHS, charities, contractors and volunteers. By focusing on co-operation, communication and co-ordination with our partners, we aim to ensure that these operations are also effectively managed as safely as is reasonably practicable.
- 3.4 To support the management of health, safety and employee wellbeing the council employs several specialists, including health and safety specialists; occupational health specialists who provide support for employees, property management specialists etc. In the workplace there are trained safety representatives nominated by trade unions who help to monitor health, safety and wellbeing as well as represent employees during consultation.

4. Action taken during 2018/19 to improve Health, Safety and Wellbeing Management Arrangements

4.1 Key Successes

- 4.1.1 Developed and launched MindKind campaign to improve awareness and skills to support mental wellbeing. Setup a network of 74 Mental Health First Aiders across the council to support colleagues, improve mental health awareness and reduce stigma. Implemented 2-year training programme to deliver 1-day mental health awareness to all line managers and half day mental health awareness to support colleagues. Continued to deliver personal resilience training to colleagues with focus on areas of the business managing change. Set up MindKind section on the Go digital learning platform with several short awareness videos and team resources. MindKind intranet pages have been very popular, and campaign has been well received with high level of engagement across the workforce. Developed MindKind for schools which is launching June 2019.
- 4.1.2 Embedded and improved the effective use of My Health and Safety incident reporting system with core council and schools. Launched report tool capability to all key users of the system.
- 4.1.3 Appointed Fire Safety Officer who commences 2-year fixed term contract July 2019 to improve fire risk assessments in line with developing best practice standards and to improve skills and knowledge of our Premises Managers. Strategic Property commencing compartmentation assessments of property portfolio from summer 2019. Strategic Fire Safety meetings established on monthly basis to manage fire safety improvement project on a risk profile basis and make strategic decision as required.
- 4.1.4 Supported teams and services through change with additional training events, team development, support with stress risk assessments, as well as team and individual support plans.

- 4.1.5 Embedded Stay Safe Terrorism Guidance and taken part in local and regional exercises. Inward evacuation and lockdown arrangements becoming well established across our property portfolio and within schools. Management of hoax terrorism threats received during 2018.
- 4.1.6 Developed and implemented security alert procedures for Staffordshire Place. Briefings held with all key duty holders/stakeholders to ensure understanding of roles and responsibilities.
- 4.1.7 Completed review of the ThinkWell Service to ensure remains in line with current clinical best practice standards. Actions identified as part of the review being completed during 2019 in line with the retender developed for new contract implementation 1st November 2019.
- 4.1.8 Supported work into the diagnostic element and helped to shape the key priorities within the workforce strategy.
- 4.1.9 Supported improvements in Client construction design and management processes and procedures and improved awareness and understanding of key duty holders. Completed Principal Contractor monitoring inspections to improve standards and held contractor briefing sessions.
- 4.1.10 Managed impact of changes to Ionizing radiation regulations and resolved all situations where levels identified above new regulation reduced action levels at Schools and SCC Premises.
- 4.1.11 Supported Civil Contingency situations which include Allied Health Care, Wild Fires, Control of Major Accident Hazard (COMAH) sites within Staffordshire.
- 4.1.12 Maintained and improved management arrangements, guidance and tools to support line managers.
- 4.1.13 Renegotiated beneficial Service Delivery Agreements with Entrust that sees the Health, Safety and Wellbeing Service continuing to deliver services to Schools, Academies and Entrust.
- 4.1.14 Implemented project plan with support from IGU to ensure Health Safety and Wellbeing function services and data is managed in line with the GDPR. Privacy notices developed and launched for all wellbeing and data systems.
- 4.1.15 The Health, Safety and Wellbeing Service maintained its diverse training programme to meet the organisation's statutory training needs. Participant feedback remains very positive with 98% of attendees confirming that they found the content valuable and confirming that it will assist them to understand and fulfil their health and safety responsibilities. The Service supported Learning at Work Week with the launch of team mental health activities.
- 4.1.16 The Health, Safety and Wellbeing Service continued to deliver valued, effective and respected wellbeing interventions. Feedback from employees accessing the services and referring line managers was that the services were valuable and beneficial in supporting employee health and wellbeing. Levels of referrals to wellbeing services

have remained consistent with last year. Health, Safety and Wellbeing continues to work with providers to ensure value for money and an approach to delivery which incorporates organisational learning.

4.1.17 Completed 79 School and 13 Core Council audits of services to review their health and safety management arrangements and develop improvement plans.

4.1.18 Completed 93 health and safety planning meetings with schools who purchased the Additional Service Level Agreement to allow them to identify key risk gaps and develop management plans to improve their health, safety and wellbeing performance.

4.1.19 Health, Safety and Wellbeing Service has also responded to and managed several emergency situations and serious incidents during 2018/19.

4.2 Service Level Agreements (SLA)

4.2.1 99% of maintained schools purchased the health and safety service during 2018/19 with just 2 schools seeking other provision. 95 maintained schools purchased the additional service level agreement. The Headteacher briefings were well attended and feedback was excellent. Headteachers have indicated that these briefings help them to understand their accountabilities and develop further their learning and skills to manage health, safety and wellbeing effectively in school environments.

4.3 Improving the Health of the Workforce

4.3.1 Absence within core county council is now at 10.8 days per employee which is a decrease of 1.8% from last year. Absence data no longer includes schools' data following SAP replacement. This level of absence is higher than the national average for local government which was benchmarked in 2018 at 9.8 days. The leading causes of absence remain psychological ill health and musculoskeletal conditions. We have seen a 10% decrease in musculoskeletal conditions and a 2.6% decrease in psychological ill health. The national trend within both private and public sector shows an increasing psychological absence. Managers continue to use referrals to wellbeing service to assist in the prevention and management of absence.

4.3.2 Between 1st April 2018 – 31st March 2019, 413 employees had been referred to the physiotherapy service to prevent absence and where they are absent to support early return to work.

4.3.3 Between 1st April 2018 – 31st March 2019, 335 employees had been referred to ThinkWell. The clinical assessment scores clearly show that colleagues have benefited from the services they received. Manager and colleague feedback remain extremely positive. CALM self-help tools have also remained popular with the workforce.

4.3.4 Colleagues supported by ThinkWell showed after treatment a 96% improvement/recovery. 100% of colleagues accessing the service described the support as helpful or extremely helpful and would recommend it to other colleagues. 91% of colleagues accessing the service believed it assist them to remain in

work/return to work. 70% received triage within 48 hours and 99% within a week. The average time to first session was 8 days. 49% of the referrals received were preventative (colleagues in work) and of these 90% remain in work during the support provided.

- 4.3.5 In response to increasing levels of psychological absence the Health, Safety and Wellbeing Service researched and designed a workforce mental health strategy called MindKind. The aim of the strategy is to make the whole workforce mental health aware, improve manager's knowledge and skills, improve the culture and reduce stigma in workplace. This will support employees to become more self-aware, proactively look after their own mental health and seek help at an early stage. The 3-year strategy was launched on the 10th October 2018. Engagement levels have been very positive, and feedback received to date is that managers and colleagues are finding the training and MindKind information and toolkits extremely valuable.
- 4.3.6 Occupational Health received 1156 management referrals which is a small increase from last year. The HR team continues to work with managers to ensure early referral to Occupational Health. Early advice and support can help maintain colleagues in work and support a quicker and more successful return to work.
- 4.3.7 Flu vaccination were offered to colleagues in line with the Public Health and NHS flu vaccination campaign. Vaccination is an essential part of the overall infection prevention and control arrangements. 324 vouchers were supplied to frontline workers in core council and over 800 school colleagues.

4.4 Key Performance Indicators (KPI's)

- 4.4.1 The council has agreed a range of key performance indicators for health and safety against which the council can monitor progress and performance. The outcomes of these are detailed in Appendix 1 and are benchmarked against previous years. These key performance indicators demonstrate that the council is improving performance and key actions are being undertaken by managers in the workplace. It is important that the council continues to monitor these indicators to identify further scope for improvement and to maintain the gains already made.
- 4.4.2 The Health, Safety and Wellbeing Service is contacting all maintained schools who have not confirmed that they have reviewed their fire risk assessment to ensure that they understand the importance of having an effective and adequate fire risk assessment in place and to offer support where required.

5. Health and Safety Audit and Evaluation Process

5.1 Outcomes of Internal Health and Safety Audits

- 5.1.1 During 2018/19 92 health and safety audits were completed by the Health, Safety and Wellbeing Service.
- 5.1.2 The outcome of these audits identifies the operating maturity level of the service/establishment audited. The frequency at which the service/establishment will be re-audited is based on the level of maturity achieved. This allows investment of

resources where most benefit may be achieved. The management information from these audits demonstrates high levels of schools and council service both maintaining and improving audit maturity scores.

5.1.3 Within core county management standards self assessments are part of the audit and evaluation process and provide management teams with an opportunity to reflect on their health and safety management against set standards. The assessment is required every March. Completion levels and standards identified show good levels of management of health and safety. However not all areas take this learning opportunity.

6. Accident and Incident Data

6.1 Accidents and Violence Statistics

6.1.1 This year's report show new benchmark data due to the launch of the My Health and Safety Incident Reporting System in March 2018. Previous years data does not always allow direct comparison.

6.1.2 This report shows a first full year of data from incident reports into the new system. The system is in place across both council services and schools. The system improves reporting and data capture and allow managers/users to monitor trends and detail investigation findings.

6.1.3 Appendix 1 details our key performance data for Incidents reported. There has been an increased level of incidents being reported which was expected with the launch of the new system. Schools have found the system to be very effective way to record and manage incidents. There has been improved real time reporting of incidents. The ability to report by remote form into the system has been very useful to frontline services. The system has improved visibility of incidents and local management allowing better advice, guidance and governance by the Health, safety and Wellbeing Service.

6.1.4 Reportable incidents to the HSE have remained consistent with last year. The council's Employee AIR (Accident Incident Rate) indicator shows a small increase compared with last year moving to 28 from 23 last year.

6.1.5 As schools convert to academies the profile of incidents is changing.

7. Health and Safety Investigations

7.1 The Health and Safety Advisors have continued to investigate the more serious accidents and encourage Operational Managers to investigate all accidents. Which is monitored and chased within the My Health and Safety system. Managers have been encouraged to establish both the immediate and root cause of accidents to manage the potential for reoccurrence.

7.2 There have been several accidents and incidents in schools and core council activities which could have had more serious outcomes. The Health, Safety and Wellbeing Service has investigated these incidents and helped the services and schools implement improved control measures. There have also been a couple of

incidents in our supply chain of providers. As Commissioner /Client we have been involved in investigations and have ensured that learning is taken forward.

7.3 The HSE has requested information and investigation reports on some of the RIDDOR reportable accidents, and no further action has been taken as they have been satisfied with our investigations.

7.4 HSE have visited two schools with onsite farms as part of their farm’s inspection campaign. Both visits were positive with no enforcement action or other action beyond a few verbal recommendations. Health, Safety and Wellbeing Service supported these schools during the HSE inspections

7.5 In April 2012 the HSE launched “Fee for Intervention”. To date we have not been charged for any interventions.

8. Joint Consultation

8.1 The council has held health and safety committees and forums in accordance with the Health, Safety and Wellbeing Policy. Consultation forum meetings are planned for 2019/20. Union and staff views are sought on management tools and health, safety and wellbeing initiatives. The Unions supported the wellbeing days that were held in 2018. The Health, Safety and Wellbeing Service works with the Unions on campaigns and launching new initiatives.

9. Occupational Health Unit (OHU)

	2016/17	2017/18	2018/19
Ill Health Referrals	1239	1120	1156
Ill Health Retirement Requests	25	22	27
Ill Health Retirements Approved	10	20	13

9.1 Occupational Health management referrals have increased slightly compared to last year.

9.2 The number of ill-health retirements being granted (meeting the qualifying criteria) has remains consistent with previous years.

10. Liability Claims

10.1 There have been no significant developments in terms of claim numbers, although early indication is that claim frequency for policy year 2018 is declining. It should be noted that claimants have up to 3 years after the accident within which to claim

	2015	2016	2017	2018
No. of Claims Occurred	55	37	31	24
Estimated Cost of payments	£773,377	£342,868	£182,851	£113,156

10.2 Background Information on Claims / Legal Developments

Estimated Cost of Payments includes reserves. This represents insurers “best estimate” of final settlement.

10.3 While claimants generally have 3 years post incident to pursue a claim without an action becoming statute barred (3 years after 18th birthday in the case of minors). As a result of the Jackson reforms the indications are that claims are being submitted more quickly.

11. New Legislation & Key Topics for 2019/20

11.1 The Helping Great Britain Work Well initiative was drawn up in 2017, and its policies will really start to take effect of the coming years. While HSE will still enforce all current safety legislation, their onus will be on improving organisational responsibility.

11.2 HSE focus for 2019 is on stress at work, Come Home Safe Campaign, unannounced farm inspections, changes to welding fume safety standards and “Dust Busting” in construction campaign. Asbestos management and construction safety standards will also remain high on the HSE agenda given nationally high levels of accidents and incidents.

11.2 As the review of Building Regulations and fire safety are completed and further learning outcomes emerge from the Grenfell Tower Fire there will likely be actions to take forward and build into workplace fire safety management arrangements. This will feed into our Strategic Fire Safety Working Group.

11.3 Legislation reviews have concentrated primarily on maintaining standards and removal of EU references. HSE have developed guidance on Brexit for businesses in case of a no deal exit.

12. Key Actions for 2019/20

12.1 The Health, Safety and Wellbeing Service will work as part of the HR Service to ensure that we will become the HSW Service of choice for Staffordshire County Council, its partners and providers, to deliver outcomes for Staffordshire and colleagues.

Leading and Managing for Health, Safety and Wellbeing

- Increase Management and Leadership tools and resources to improve skills and knowledge to encourage improved management of health and safety and better support of employee wellbeing.
- Further develop MindKind Line Manager Resources to support mental health and reduce stigma in the workplace.
- Support HR policy development to ensure employee wellbeing principles are incorporated into relevant HR policy, approach and practices.
- Improve Senior Management use of My H&S System for monitoring of trends to support decision making.

- Implement ISO best practice changes into our health and safety operating model and audit systems.
- Review CDM Management with ICT working practices and further embed revised best practice standards in Strategic Property and Infrastructure Plus management arrangements.

Promoting a Positive Work Environment

- Continue to embed MindKind Strategy to make the council mental health aware ensuring prevention and early intervention practices are part of normal practice.
- Implement ThinkWell review findings to identify learning and actions to lead to continued improvement of support to colleagues.
- Implement guidance and support around menopause in the workplace.
- Implement new approach to Fire Safety Management/Risk Assessment to improve quality of Fire Risk Assessments and incorporate changing best practice.
- Support SMART Working project to have effective HSW tools that complement this agenda.
- Commence Thrive at Work accreditation process to demonstrate operating to best practice and support workforce enabler

Developing HSW skills for now and the future

- Embed mental health awareness skills from delivered training to improve management of mental health and raise self-awareness amongst colleagues.
- Review and improve health and safety training plan to ensure continues to meet the councils current and developing needs.
- Improve digital learning opportunities for HSW topics.
- Launch new fire risk assessment skills for Premises Managers across core council and schools.
- Launch ACT Terrorism digital learning for colleagues in key roles to improve Stay Safe Terrorism Management.

Consultancy Service Approach

- Further develop the Health, Safety and Wellbeing Service to maintain its trusted and commercial partner approach.
- Maintain proactive consultancy ethos within delivery of the service.
- Monitor and maintain quality of provider contracts to ensure quality and value for money is maintained.
- Maintain and enhance professional skills with in the service to ensure continued flexibility.
- Deliver effective business partnering to SCC, Schools/Academy customers and wider customer network.
- Maintain effective governance arrangements to monitor trends and manage risk sensibly and effectively.
- Re-tender Occupational Health system to implement improved functionality to meet changing best practise requirements.

Stakeholder and Network Engagement

- Building strong positive relationships with all health, safety and wellbeing stakeholders and maximising the benefits from our professional networks.
- Maintain effective relationships with enforcement bodies and demonstrate our organisational commitment to ensuring the health, safety and wellbeing of our workforce and protecting public in delivery of our services.

13. Conclusion

- 13.1 This report provides an indication that health and safety performance has continued to improve in the last twelve months. However there remains room for growth and the council still had to reactively manage several incidents.
- 13.2 The development of the Health, Safety and Wellbeing Service is allowing the council to focus its competent health and safety advice proactively in services that present the greatest risk and/or where the health and safety management arrangements require development. The 2019/20 action plan will assist the council to make further improvements and further develop its positive health and safety culture and enhance wellbeing.
- 13.3 Fire safety will be a key focus over the next year as we improve skills and awareness of Premises Managers and benefit from input of professional Fire Safety Officer skills leading to improved improve governance and planning.

14. Contacts

Rebecca Lee - Health, Safety and Wellbeing Manager, HR, Finance and Resources
01785 355777

Appendix 1 - Key Performance Indicators

	Indicator	2016/17	2017/18	2018/19
1.	Number of Incidents by Type	<p>SCC Accidents 403 of which 149 were accidents to employees Schools Accidents 1242 of which 240 were employees</p> <p>Overall Total 1645</p>	<p>SCC Accidents 333 of which 103 were accidents to employees Schools Accidents 765 of which 156 were employee accidents</p> <p>Overall Total 1098</p>	<p>SCC – Accidents 398 of which 120 were to employees SCC - Near Miss 28 SCC – Environmental 5 SCC - Road Traffic 12</p> <p>Schools - Accidents 1237 of which 347 were employees School - Near Miss 4 School – Environmental 10 School Road Traffic 3</p>
2.	Violence and Aggression	<p>SCC total violence 502 of which 468 where towards employees</p> <p>Schools total violence 142 of which 120 where towards employees.</p>	<p>SCC total violence 456 of which 341 where towards employees.</p> <p>Schools total violence 49 of which 36 where towards employees.</p>	<p>SCC total violence 333 which 230 where towards employees.</p> <p>Schools total violence 329 of which 243 where towards employees.</p>
3.	Number of RIDDOR reportable incidents	<p>SCC 13 Schools 47 Total 60</p>	<p>SCC 4 Schools 30 Total 34</p>	<p>SCC 5 Schools 35 Total 40</p>
4.	Number of Civil Claims (excluding highways)	37	31	24
5.	Cost of Liability Claims	£342,868	£182,851	£113,156
6.	% of Premises with a Fire Risk Assessment completed/reviewed within last 12 months.	<p>Schools 100% Core Council 100%</p>	<p>Schools 98% Core Council 100%</p>	<p>Schools 96% Core Council 92%</p>
7.	% of Management Standards surveys returned by corporate services and Self Audits completed by schools	<p>Schools 73% Families & Communities 94% Economy, Infrastructure & Skills 100% Strategy, Governance & Change 100% Finance and Resources 100% Health & Care 100%</p>	<p>Schools 83 % Families & Communities 81% Economy, Infrastructure & Skills 100% Strategy, Governance & Change 100% Finance and Resources 50% Health & Care 80%</p>	<p>Schools 90% Families & Communities 70% Economy, Infrastructure & Skills 100% Corporate Services 74% Health & Care 100%</p>
8.	% of Internal Health and Safety Audits completed to programme	<p>Schools 100% Families & Communities 100% Economy, Infrastructure & Skills 100% Strategy, Governance & Change 100%</p>	<p>Schools 100% Families & Communities 100% Economy, Infrastructure & Skills 100% Corporate Services 100%</p>	<p>Schools 96% Families & Communities 100 % Economy, Infrastructure & Skills 100% Corporate Services 100%</p>

		Finance and Resources 100% Health & Care 100%	Health & Care 100%	Health & Care 100 %
9.	Cost of accidents Number Accidents x HSE average cost of accidents (£1250 per incident)	£2,056,250	£1,372,500	£2,032,500
10.	Cost of violence and aggression to employees Number incidents x HSE average cost of incidents (£1,250 per incident)	£735,000	£471,250	£591,250

Council Incidents by Service Area

	Accidents	Near Miss	Road Traffic	Environmental	Violence and Aggression
Council Overall	398	28	12	5	485
Families & Communities	187	12	6	0	332
Health & Care	196	14	4	0	147
Economy Infrastructure & Skills	9	1	2	5	5
Corporate Services	6	1	0	0	1

Schools Overview

	Primary	Middle	Secondary	Special	PRU	Totals
Accident	707	49	308	125	48	1237
Near miss	5	0	3	0	2	10
Environmental	3	0	0	0	1	4
Road Traffic Collision	1	0	1	0	1	3
Violence and Aggression	159	4	12	73	85	333

Local Members Interest
N/A

Audit and Standards Committee - Monday 02 December 2019

Internal Audit Plan 2019/20 - Update

Recommendations

I recommend that:

- a. To note progress against the 2019/20 Internal Audit Plan and the amendments to the original plan, including those audits which have been cancelled since its approval in June 2019.
- b. To note progress on the implementation of high-level recommendations made since the introduction of the Audit Management System including electronic recommendation tracking in May 2016.

Report of the County Treasurer

Report

Background

1. The annual audit plan approved by the Committee in June 2019 continues to be reviewed to ensure that areas included originally remain relevant and reflect the risk profile of the organisation. Internal Audit has continued to focus its work on key corporate transformation projects by providing a project assurance role for the Office 365 project, as well as the Adult & Children's Financial Services Transformation Review Programme. In addition, the Internal Audit Service is focusing on other key risk areas within the Digital Development Programme and Special Education Needs and Disability (SEND) to provide audit support and assurance. Two additional audits have been requested in year relating to the Finance System Upgrade and Independent Schools Placement Pathway. Furthermore, there have been six reviews that have been cancelled, these are detailed in **Appendix 1** of the report.
2. At this stage in the year the section remains on schedule to meet its key performance targets. The response rates from the Customer Satisfaction Surveys have continued to rise during the year, together with the number of positive comments. In addition, the Internal Audit Service continue to use the Internal Audit Support Contract which was operational with effect from 1 November 2017. Several audits have been allocated to providers, which have commenced already with the remaining reviews planned to commence in quarter 4 of 2019/20.
3. Overall, delivery against the 2019/20 audit plan is summarised below. Previously the Audit & Standards Committee agreed that only the reports of the high-risk reviews (Top 12), limited assurance audits and major special investigations would

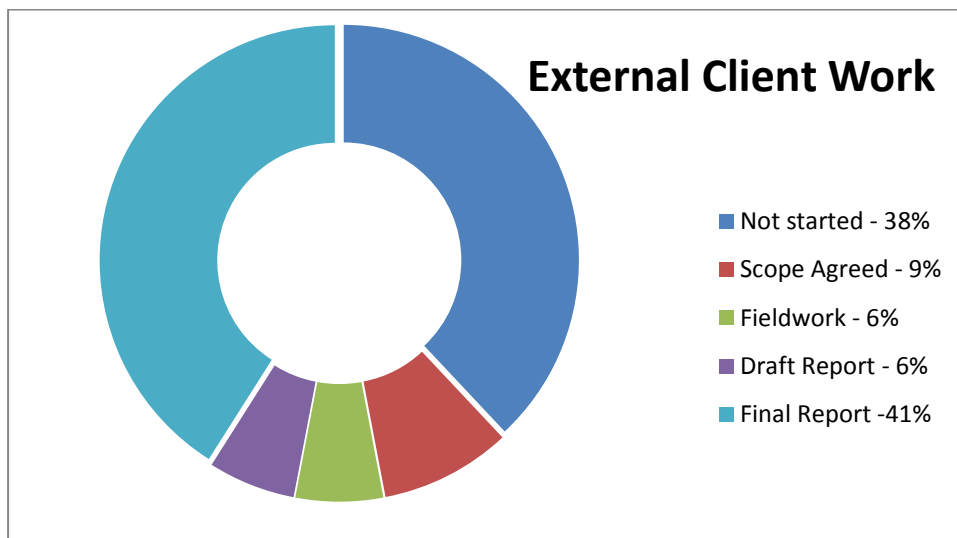
be considered as part of the agenda, where relevant other reports would be emailed to Members for information.

Area	Plan	Not Started	Terms of Reference Agreed	Fieldwork Ongoing	Draft Report Issued	Final Report Issued	Cancelled	Total
Systems Audits								
Planned Audits	110	46	15	18	10	15	(6)	104
Additional Work	2	0	0	2	0	0	0	2
Total Systems	112	46	15	20	10	15	(6)	106
Compliance Audits								
Schools incl themed	19	11	0	0	0	8	0	19
Educational Endowment Funds	3	0	0	0	0	3	0	3
Pupil Referral Units	2	0	0	0	2	0	0	2
Families First District Offices	2	2	0	0	0	0	0	2
Other Compliance Adults	15	3	0	0	0	12	0	15
Total Compliance	41	16	0	0	2	23	0	41
Strategic Fraud	13	5	0	7	0	1	0	13
Pro-active Counter Fraud Work	11	6	0	4	0	1	0	11
Special Investigations/ Exercises	n/a	n/a	n/a	8	1	7	n/a	16*
Total Fraud	24	11	0	19	1	9	0	40
Overall Totals	177	73	15	39	13	47	(6)	187

*Fraud Investigation figures excludes 8 referrals that have been passed on for investigation elsewhere, for example Trading Standards, HR, or other Local Government Organisations.

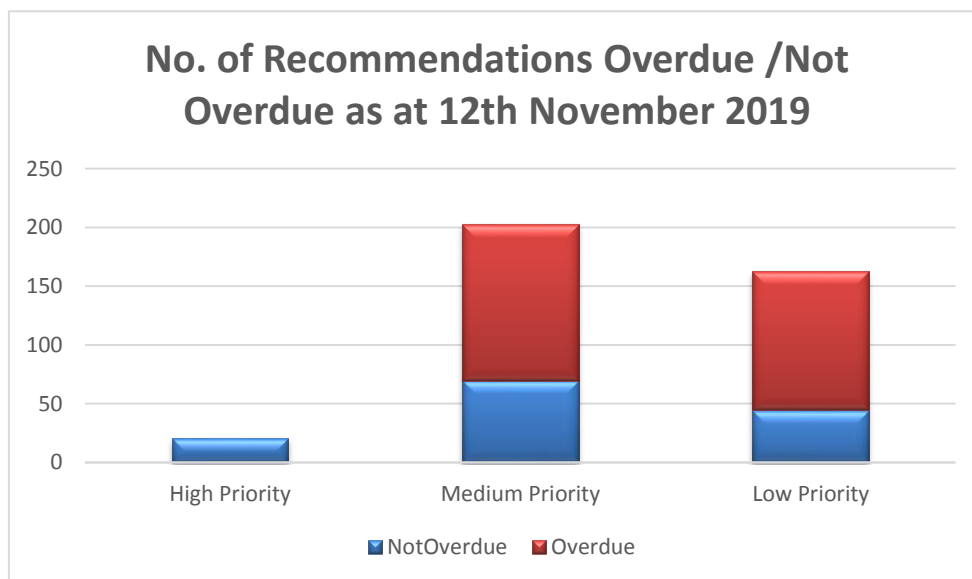
4. Since the last meeting of the Audit & Standards Committee, there has been two limited assurance opinion reports finalised requiring Members consideration. These reports are separate agenda items for this meeting.
5. Delivery of the work for the External Clients is important in ensuring that the section meets its income targets for the year. Performance to date is detailed below and each audit plan is on course to be fully delivered by the end of the audit year. The results of these exercises are reported to the individual bodies' Audit Committee, as appropriate. Figure 1 below shows the current status of our external client work.

Figure 1



6. During 2014/15, the Team successfully bid for the contract to deliver the Internal Audit function, including the management of the existing in-house team, for South Staffordshire District Council. This equates to an additional 100 days per annum and is on track to be fully delivered by the end of the financial year. The total value to the section for this work is circa £36,300.
7. The implementation of all recommendations made is monitored via the Internal Audit Team's electronic management and working paper system. As part of the process, responsible managers are reminded via email once the implementation deadline date has past, until a positive response is received by Internal Audit. Since the introduction of the electronic recommendation tracking system in May 2016, 1,920 recommendations have been made and monitored, this figure includes schools. Of the 1,920 recommendations made, 73% (1,393 recommendations) have been implemented; a further 7% (140 recommendations) have either been superseded, risk accepted or deferred with the remaining 20% of recommendations not yet implemented (387 recommendations). Of the 387 recommendations not yet implemented, there are 251 recommendations which are overdue i.e. the agreed action date has been reached and the recommendation remains outstanding. Figure 2 below shows the number of high, medium and low-level priority recommendations which have not yet been implemented (outstanding), and their current status as either overdue or not overdue.

Figure 2



8. Previously, those high-level recommendations which have not been implemented by the target implementation date together with an explanation of the delay by the appropriate officer have been reported to the Audit & Standards Committee. The number remaining outstanding has reduced significantly over time when compared to previous years, due in part to the involvement of the Audit & Standards Committee. Progress in implementing those outstanding agreed recommendations has been monitored and it is pleasing to note that there are no high-level recommendations that have not been fully implemented by their due date.

Equalities Implications

9. There are no direct implications arising from this report.

Legal Implications

10. Whilst there are no direct implications arising from this report, the Accounts and Audit Regulations specifically require that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

Resource and Value for Money Implications

11. The net budget of the Internal Audit Section is £758,430.

Risk Implications

12. Internal Audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Where relevant, the results of individual reviews will link into the Annual Governance Statement, providing assurance on the operation

of key controls. Internal Audit will continue to align its work with the Corporate Risk Register.

Climate Change Implications

13. There are no direct climate change implications arising from this report.

List of Background Documents/Appendices:

Appendix 1 – Details of Audits Contained in the Audit Plan, approved in June 2019 which have been cancelled

Reference Material:

2019/20 Internal Audit Strategy & Plan
2019/20 Internal Audit Charter
Performance Monitoring Sheets 2019/20
Recommendation Tracking System Reports

Contact Details

Report Commissioner:	Deborah Harris
Job Title:	Interim Chief Internal Auditor
Telephone No.:	01785 276406
E-Mail Address:	deborah.harris@staffordshire.gov.uk

Appendix 1

Details of Audits Contained in the Audit Plan approved in June 2019 which have been cancelled.

Auditable Area	Reason for Cancellation
Adults Financial Services Team – Deferred Payment Agreements	There is on-going audit oversight through the task and finish group and regular reporting up to the Director of Health & Care. As a result, this audit should be deferred to allow time for new processes to be embedded.
Adult & Community Learning - Commissioning and Monitoring of Provider Contracts (performance data)	The scope of this work was to undertake a verification exercise on data prior to the end of year data submission to the Education and Skills Funding Agency (ESFA). As the service has put in place their own verification checks and management sign-off processes, this audit is no longer required.
Children's Commissioning	Due to delays to the children's transformation programme, the service is just beginning to scope out the work required to progress the Children's Commissioning Work. It is noted that some aspects of this work are already in motion mainly relating to the workforce elements associated with bringing a new team together and ensuring that they have the skills required to perform their tasks in a way that ensures compliance. To ensure the audit is meaningful, time is required to allow the new systems and processes to embed and therefore the audit is required to be deferred to next year.
Brokerage	There is a planned redesign and new processes associated with Care Director scheduled to go live in February 2020. Therefore, the audit is required to be deferred to next year to allow the new structure design and care director changes to be embedded.
CM2000 Finance Manager	No longer going ahead with the purchase of the CM2000 Finance Manager until a decision is made on the new home care contract which is due in 2021.
Deprivation of Liberty Safeguards (DoLs)	The scope of work in 2019/20 was to look at how the new legislation has been embedded and applied. The legislation changes have not come in yet and as such the audit review should be deferred to 2020/21.

Audit and Standards Committee Forward Plan 2019/20

If you would like to know more about our work programme, please get in touch with Lisa Andrews, Head of Audit & Financial Services, 01785 276402 or Lisa.Andrews@staffordshire.gov.uk

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
11 March 2019				
Annual Report of the Management of Complaints made under the Members' Code of Conduct Lead Officer: Ann-Marie Davidson				
New item: Review of the Effectiveness of Audit and Standards Committee Report of Director of Corporate Services Lead Officer: Debbie Harris				
External Audit Plan 2018/19 Report of Ernst & Young				
Staffordshire Pension Fund Audit Planning 2018-19 Report of Ernst & Young				
Local Government Audit Committee briefing Report of Ernst & Young				
Part Two: Cyber Essentials Update: Tracy Thorley/Natalie Morrisey			Follow up of uncompleted actions proposed at meeting on 30.10.18.	Item deferred from December meeting
Part Two (new item): Use of Data, Analytics and the Development of Continuous Controls Monitoring				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Report of Director of Corporate Services Lead Officer: Debbie Harris				
Forward Plan for the Audit and Standards Committee	All meetings			
Proposed changes to the Constitution	As required			
Internal Audit Special Investigation/limited/ Top Risk Areas reports (<i>Part 2 items</i>)	As required			Part 2 items - Exemption paragraph 3.
12th June 2019				
Appointment of Independent Remuneration Panel Members 2019-20 Report of Director of Corporate Services Lead Officer: Ann-Marie Davidson				
Annual Information Governance Statement Report of Director of Corporate Services Lead Officer: Tracy Thorley, Head of Business Support & Compliance				
Code of Corporate Governance Report of the Director of Corporate Services Lead Officer: Lisa Andrews Head of Audit and Financial Services				
Report of the Local Government and Social Care Ombudsman – Investigation into a complaint against Staffordshire County Council. Report of the Director of Corporate Services				
Internal Outturn Report 2018-19 Report of the County Treasurer Lead Officer: Debbie Harris				
Internal Audit Charter 2019 Report of the County Treasurer Lead Officer: Debbie Harris				
Internal Audit Plan 2019/20				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Report of the County Treasurer Lead Officer: Debbie Harris				
Correspondence received from Ernst & Young re audit fee 2019-2020				
Interim update report 2018/19 Report of Ernst & Young				
Local Government Audit Committee Briefing - Update Report of Ernst & Young.				
PART TWO EXEMPT Internal Audit Special Investigations/Reports of Limited Assurance/Top Ten Risk Areas (<i>Part 2 of agenda</i>)				Part 2 Exempt items
New item: - Report of the Standards Panel Report of the Director of Corporate Services				
Forward Plan for the Audit and Standards Committee 2019/20 Lead Officer – Lisa Andrews Head of Audit & Financial Services	All meetings			
30th July 2019				
Annual Governance Statement 2018-19 Report of the Director of Corporate Services Lead Officer: Lisa Andrews				
Training on Statement of Accounts				
Statement of Accounts 2018-19 Presentation and Report of County Treasurer Lead Officer: Rachel Spain				
Report to those charged with Governance (ISA 260) a) Staffordshire County Council Report of Ernst & Young				
Report to those charged with Governance (ISA 260)				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
b) Staffordshire Pension Fund Report of Ernst & Young				
Forward Plan for the Audit and Standards Committee	All meetings			
New Item: Infrastructure + Risk Management Report of the Director of Corporate Services Lead Officer: Lisa Andrews/James Bailey				
PART TWO EXEMPT Internal Audit Special Investigation/limited/ Top Risk Areas reports (<i>Part 2 items</i>).	As required			Part 2 items - Exemption paragraph 3.
PART TWO EXEMPT New Item Questions Arising from reports Circulated to Members outside the Agenda				
14th October 2019				
Local Government Social Care Ombudsman (LGSCO) investigation resulting in a formal report. Report of the Director of Corporate Services Lead Officer: Kate Bullivant				
Report to those Charged with Governance (ISA 260) – update Report of Ernst & Young				
Annual Audit letter 2018/19 Report of Ernst & Young				
Code of Conduct Report of the Director of Corporate Services				
National Fraud Initiative (2018) – Update Report of the County Treasurer				
Forward Plan for the Audit and Standards Committee	All meetings			
PART TWO EXEMPT SEND Joint Inspection – Initial Review				Part 2 items - Exemption paragraph

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Position Statement Report of the County Treasurer				
PART TWO EXEMPT Cyber Essentials Update: Tracy Thorley/Natalie Morrisey			Regular Update to members on simulation results	PART TWO EXEMPT Cyber Essentials Update: Tracy Thorley/Natalie Morrisey
PART TWO EXEMPT Update– Prisons and Approved Premises Team – Care Assessment and Management - Implementation of previous recommendations	October 2019		At its meeting on 24.9.18 Members asked that a further update be brought to the Committee in 12 months' time.	Update: Lead Officer: Ruth Martin – Safeguarding Team Manager
12nd December 2019				
Report to Those Charged with Governance (ISA 260) Report of Ernst & Young				
Health, Safety and Wellbeing Performance Annual Report Report of Director of Corporate Services Lead Officer: Becky Lee				
Internal Audit Plan 2019/20 – Update Lead Officer: Debbie Harris				
Proposed changes to the Constitution As required	As required			
Forward Plan for the Audit and Standards Committee	All meetings			
PART TWO EXEMPT Internal Audit Special Investigations/Report of Limited Assurance/Top Ten Risk Areas				
PART TWO EXEMPT Update on Data Centre Environmental & Physical Security Controls – Implementation of previous recommendations				

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Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
PART TWO EXEMPT Update on Approved Mental Health Professionals – Implementation of previous recommendations				
28th January 2020				
Strategic Risk Register - Update Report of the Director of Corporate Services Lead Officer: Lisa Andrews				
Appointment of Independent Member to Audit and Standards Committee Report of the Director of Corporate Services Lead Officer: Lisa Andrews				
Annual Audit Letter – 2018/19 Report of Ernst & Young				
Potential use of automation in audit and use of Artificial Intelligence Report of Ernst & Young				
Local Government Sector Update Report of Ernst & Young				
Proposed changes to the Constitution As required	As required			
PART TWO EXEMPT Internal Audit Special Investigations/Report of Limited Assurance/Top Ten Risk Areas				
20th April 2020				
Annual Information Governance Statement Report of the Director of Corporate Services Lead Officer: Tracy Thorley				
Amendments to the Strategic Risk Register Report of the Director of Corporate Services Lead Officer: Lisa Andrews				
Annual Review of the effectiveness of the Audit & Standards Committee – Update				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Report of the Director of Corporate Services Lead Officer: Debbie Harris				
Annual Report of the work of the Audit & Standards Committee Report of the Director of Corporate Services Lead Officer: Lisa Andrews				
Internal Audit Charter 2020/21 Report of the County Treasurer Lead Officer Debbie Harris				
Internal Audit Plan 2020/21 Report of the County Treasurer Lead Officer: Debbie Harris				
Development of an assurance framework Joint Report of Director of Corporate Services & County Treasurer Lead Officer: Debbie Harris				
External Audit Plan 2019-20 Report of Ernst & Young				
Staffordshire Pension Fund Audit Planning Report 2019/20 Report of Ernst & Young				
Proposed changes to the Constitution As required	As required			
Forward Plan for the Audit and Standards Committee	All meetings			
PART TWO EXEMPT Internal Audit Special Investigation/limited/ Top Risk Areas reports (Part 2 items)	As required			Part 2 items - Exemption paragraph 3.
PART TWO EXEMPT Cyber Essentials Update: Tracy Thorley/Natalie Morrisey			Regular Update to members on Multi agency exercise in November 2019	

Membership

Derek Davis, OBE
Mike Davies
Martyn Tittley (Chairman)
David Brookes - *(Until 23rd May 2019)*
Ann Engeller - *(from 23rd May 2019)*
Colin Greatorex
Jill Hood
Ian Lawson - *(Until 23rd May 2019)*

Paul Northcott
Jeremy Oates
Jonathan Price- *(from 23rd
May 2019)*
Carolyn Trowbridge
(Vice-Chairman)
Ross Ward
Bernard Williams
Victoria Wilson
Susan Woodward

Calendar of Committee Meetings**(All meetings at 10.00 a.m. unless otherwise stated)**

11 March 2019
12 June 2019
30 July 2019
14th October 2019 - ****14:00
2nd December 2019 ****14:00
20th April 2020

Meetings usually take place at County Buildings, Martin Street,
Stafford ST16 2LH

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