

Audit and Standards Committee

Thursday, 30 July 2020

10.00 am

Meeting to be conducted using TEAMS

John Tradewell
Director of Corporate Services
22 July 2020

A G E N D A

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of the Meeting held on 28 January 2020** (Pages 1 - 4)
4. **Local Government Association - Consultation on Draft Model Code of Conduct for Members** (Pages 5 - 34)

Report of the Director of Corporate Services.
5. **Internal Audit Charter 2020/21** (Pages 35 - 56)

Report of the County Treasurer.
6. **Forward Plan 2020/21** (Pages 57 - 70)
7. **Code of Corporate Governance - Update** (Pages 71 - 92)

Report of the Director of Corporate Services.
8. **Fraud Risks - The Impact of COVID 19.** (Pages 93 - 104)

Presentation of the Director of Corporate Services.
9. **Internal Audit Outturn Report 2019/20** (Pages 105 - 128)

Report of the County Treasurer.
10. **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)

11. **Exempt Minutes of the Meeting held on 28 January 2020** (Pages 129 - 130)
12. **SEND Joint Inspection - Final Audit Report 2019/20** (Pages 131 - 152)
Report of the County Treasurer.
13. **SEND Transformation - Governance: Decision Making Groups - Final Audit Report 2019/20** (Pages 153 - 186)
Report of the County Treasurer.
14. **SEND Transformation - Governance - Local Hubs - Final Audit Report 2019/20** (Pages 187 - 202)
Report of the County Treasurer.
15. **Sales 2 Cash Including Debt Recovery Function and Debt Management - Final Audit Report 2019/20** (Pages 203 - 232)
Report of the County Treasurer.
16. **People Strategy - Final Audit Report 2019/20** (Pages 233 - 242)
Report of the County Treasurer.
17. **Children and Families System Transformation Place Based Approach Final Audit Report 2019-20** (Pages 243 - 256)
Report of the County Treasurer.
18. **Ofsted Improvement Plan - Final Audit Report 2019/20** (Pages 257 - 274)
Report of the County Treasurer.
19. **Cyber Security Strategy Review - Final Audit Report 2019/20** (Pages 275 - 286)
Report of the County Treasurer.
20. **Care Director - Citizen Portal - Final Audit Report 2019/20** (Pages 287 - 298)
Report of the County Treasurer.

21. **Internal Audit Outturn Report 2019/20 - Counter Fraud & Corruption Work Appendix 2** (Pages 299 - 342)

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	David Williams
Bernard Williams	David Brookes
Victoria Wilson	Richard Ford
Jill Hood	

Minutes of the Audit and Standards Committee Meeting held on 28 January 2020

Present: Martyn Tittley (Chairman)

Attendance	
Colin Greatorex	Alastair Little
Carolyn Trowbridge (Vice-Chairman)	Ann Edgeller
Ross Ward	David Williams
Victoria Wilson	Richard Ford
Susan Woodward	

Also in attendance: Andrew Reid (Ernst Young) Stephen Clarke (Ernst Young), Andrew Donaldson, Ann-Marie Davidson, John Tradwell, Lisa Andrews, Deborah Harris and Rob Salmon.

Apologies: Bernard Williams and Jill Hood

PART ONE

Councillor Richard Ford was welcomed to the Committee by the Chairman

130. Declarations of Interest

No declarations were made at the meeting. The Chairman reminded members that there was now a new code of conduct, approved by Council at its meeting on 19 December 2019.

131. Minutes of the Meeting held on 2 December 2019

Under the Health and Safety report (Minute 121) Councillor Woodward asked for her specific question on whether concerns over the Health and Safety implications of Performance Improvements Plans and had these been raised by Unions at Health and Safety Committees and the response that it had not, be added to the minutes for clarity. This was agreed to.

RESOLVED: That, subject to the question and response (above) on minute 121 being added to the minutes, the minutes of the meeting held on 2 December be approved as a correct record and signed by the Chairman.

The Chairman confirmed that he had received a reply from the Leader of the Council under minute 129 relating to the Property review. A member was of the opinion that the response felt as though the issues were in the past and that responsibility had not been accepted for the failings. The member reminded the Committee that a number of the recommendations had not yet been implemented and it was far too soon to suggest that lessons had been learnt and that issues were in the past. The Chairman reminded the

Committee that they would receive an update report on the recommendations made in June 2020.

132. Annual Audit Letter 2018/19

Stephen Clark introduced the Annual Audit letter for the year ending 31 March 2019 written by Ernst Young. It was a summary of the work undertaken by Ernst Young in 2018/19, with many of the items already considered by the Committee.

There was a question on why the academisation of some schools and transferring of the school (disposal) did not appear in the correct financial year. The Committee was informed that this was a specific issue of the timing of the transfer receiving the disposal notification for Legal Services after the end of the financial year which meant that these transactions were not being accounted for in the correct financial year.

The Committee asked for information on how many Councillors had not completed their declarations of Interests, Members were informed that there were two forms, one a financial form sent directly to the Section 151 officer and one relating to the Code of Conduct declaration of Interests. It was explained that the second form had been revised and members would be required to re complete it, if they had not already done so.

RESOLVED:

- a) That the report be noted
- b) That the Chairman write to the leaders of all the political parties suggesting that they ensure all their members complete both forms.

133. Potential Appointment of Independent Members to Audit Committees

The Head of Audit and Financial Services presented a report requesting members to consider the desirability of appointing an independent person to join the Committee to help scrutinise the performance of the Audit function.

The report came as a result of a recommendation in a recent CIPFA guidance document 'Practical Guidance for Local Authorities and Police (2018 edition). The Committee reviewed its effectiveness against the standards in October 2018 and asked Officers to explore the potential benefits of appointing an Independent Member.

Research into other Local Authority practice had found that from a sample of 42 Local Authorities, 12 currently appointed Independent Panel Members. Included in the report were a list of possible skills, experience, disqualifications and attributes required of the role.

The Committee felt that the principle of having an Independent Panel Member was a good one and could enhance transparency. However, it was felt that there were external auditors and professional internal officers supporting the work of the committee, who provided a check and balance, and that a further panel member may not add anything to the effectiveness of the Committees work, particularly if they didn't have the right skills set. There was also concern that elected members had to adhere to a code

of conduct, declare interests and were subject to sanctions if their position was abused, whereas a member of the public may not have to sign up to the same level of accountability.

It was agreed that the Committee was not totally opposed to the idea of an Independent Panel Member, however, it was felt that now was not an appropriate time and much could be learnt from the experience of other Local Authorities.

RESOLVED:

- a) That the report be noted
- b) That the Committee accept in principle the possibility of an independent panel member but requested that officers reevaluate the success/benefit of the posts with other Local Authorities at some point in the future prior to a report back to this committee.

134. Local Government Sector Update - Quarter 3 and 4

Andrew Reid from Ernst Young presented the Local Government Sector Update quarters 3 and 4.

There were key questions for the Audit Committee at the rear of both quarter update reports, particularly around the spending gap; the Children's Services budget and timescales; the green revolution and the new digital audit. Members asked for these to be answered and sent to the Committee for information.

RESOLVED:

- a) That the report be noted.
- b) The answers to the questions at the rear of the update reports be sent to Members of the Committee for information.

135. Forward Plan 2019/20 and 2020/21

The Committee were reminded that their next meeting was scheduled for 20 April 2020.

A Member asked when the new code of conduct would be evaluated and reviewed. It was agreed that this would be added to the forward plan.

RESOLVED:

- a) That the Forward Plan be noted
- b) That the review of the new Members Code of Conduct be added to the forward Plan.

136. Exclusion of the Public

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:

137. Exempt Minutes of the meeting held on 2 December 2019

RESOLVED: That the Exempt Minutes of the meeting held on 2 December 2019 be confirmed as a correct record and signed by the Chairman.

138. Office 365 - Project Governance - Final Audit Report 2019/20

(Exemption paragraph 3)

Chairman

Local Members Interest
N/A

Audit and Standards Committee - Thursday 30 July 2020

Local Government Association – Consultation on Draft Model Code of Conduct for Members

Purpose

- a. To seek Members' views on the Local Government Association's Draft Model Code of Conduct for Members currently being consulted on.

Report of the Director for Corporate Services (Monitoring Officer)

Report

Background

1. Members will recall that last Autumn I submitted the Report of the Committee for Standards in Public Life (CSPL) on their Review of Ethical Standards in Local Government. That report contained 26 recommendations some of which could be actioned locally, other potentially requiring national action or statutory provisions to address. There have been delays in Central Government responding to those recommendations which would require legislation. A response will possibly be published in Autumn 2020.
2. Stemming from the 26 recommendations, various changes to this Council's Code of Conduct for members were submitted to this Committee and Full County Council subsequently agreed the changes that you recommended. The changes, which mainly related to the use of Social Media, Interests to be Declared and the Procedure for dealing with allegations of breaches of the Code by Members, were implemented at the beginning of this year.
3. One of the CSPL's recommendations was that the Local Government Association (LGA) should produce a Model Code of Conduct suitable for adoption by all Councils in order to provide consistency.

Draft Code/Questionnaire

4. Shortly before the COVID 'lockdown' the LGA published a Draft Code, shown at Appendix 1 to this report. Progress on developing the Code was then delayed but the LGA has now been able to issue a Consultation questionnaire on its contents (Appendix 2 to this report).
5. Details of the Draft Code, the LGAs thinking behind it, and the Consultation Questionnaire were circulated to Members via the Information Bulletin earlier this month. At the time of writing 2 responses had been received both supporting the Draft Code.

6. This Committee is asked to give detailed comment on the Code for inclusion in the Council's response to the LGA.
7. In considering any response, members might be interested in the main points of discussion during a recent Webinar on the Code, led by Lawyers in Local Government (LLG) the membership of which includes Local Authority Monitoring Officers:
8. Overall participants welcomed the Draft Code as a foundation from which a more meaningful, effective Code could be developed in order to help address the common challenges presented by persistent, low level misconduct by a minority of members. They felt that the sanctions in particular lacked strength and queried the introduction of the concept of 'Civility' as it was less clearly understood than the references to 'Respect' which it is intended to replace.
9. Webinar participants argued the need for clarity of the scope of the Code referring to the line between a member's private life and occasions when he/she could be deemed to be representing the views of the Council. They also felt that there was inadequate reference to Social Media (to what extent does the Draft Code assist Members in their use of Social Media, serve to identify acceptable boundaries for that use, or provide clear guidance for dealing with alleged breaches?) and queried the proposed changes to the Declarations of Interests provisions (including Declarations of Pecuniary Interest).
10. Finally, referring to the Gifts and Hospitality element of the Code, there were varying views on the £25 threshold (with calls for that to be determined locally, and discussion on the point at which a Gift or Hospitality should be declared. When offered (regardless of whether accepted), when accepted or when received?
11. Members' comments are invited, for inclusion in the formal response to the Consultation exercise.

Legal Implications

12. This report has no direct legal implications for the County Council save that any final version of a Model Code might provide a template for future use by the Council in fulfilment of the requirement to have a formal Code of Conduct for Members.

Risk Implications

13. There are no risk implications arising as a result of this report.

Resource and Value for Money Implications

14. The proposals in the report do not generate any additional resource implications for the Authority

Climate Change Implications

15. There are no climate change implications arising as a result of this report.

List of Background Documents/Appendices:

Appendix 1 – LGA Model Code of Conduct for Members

Appendix 2 – LGA Consultation Questionnaire on the Model Code of Conduct

Contact Details

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Local Government Association Model Member Code of Conduct

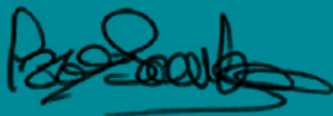
Introduction

The Local Government Association (LGA) is providing this Model Member Code of Conduct as part of its work on supporting the sector to continue to aspire to high standards of leadership and performance.

The role of councillor in all tiers of local government is a vital part of our country's system of democracy. In voting for a local councillor, the public is imbuing that person and position with their trust. As such, it is important that as councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. The conduct of an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to and want to participate with. We want to continue to attract individuals from a range of backgrounds and circumstances who understand the responsibility they take on and are motivated to make a positive difference to their local communities.

All councils are required to have a local Member Code of Conduct. This Model Member Code of Conduct has been developed in consultation with the sector and is offered as a template for councils to adopt in whole and/or with local amendments. The LGA will undertake an annual review of the Code to ensure it continues to be fit-for-purpose, particularly with respect to advances in technology, social media and any relevant changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code, whilst the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

As a councillor we all represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent everyone (in our ward/town/parish), taking decisions fairly, openly, transparently and with civility. Councillors should also be treated with civility by members of the public, other councillors and council employees. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations. This Code, therefore, has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.



Councillor Izzie Seccombe OBE
Leader, LGA Conservative Group



Councillor Nick Forbes CBE
Leader, LGA Labour Group



Councillor Howard Sykes MBE
Leader, LGA Liberal Democrats Group



Councillor Marianne Overton MBE
Leader, LGA independent Group

Purpose

The purpose of this Code of Conduct is to assist councillors in modelling the behaviour that is expected of them, to provide a personal check and balance, and to set out the type of conduct against which appropriate action may be taken. It is also to protect yourself, the public, fellow councillors, council officers and the reputation of local government. It sets out the conduct expected of all members and a minimum set of obligations relating to conduct. The overarching aim is to create and maintain public confidence in the role of member and local government.

Application of the Code

The Code of Conduct applies to you when you are acting [or claiming or giving the impression that you are acting]¹ in [public or in]² your capacity as a member or representative of your council, although you are expected to uphold high standards of conduct and show leadership at all times. The Code applies to all forms of member communication and interaction, including written, verbal, non-verbal, electronic and via social media, [including where you could be deemed to be representing your council or if there are potential implications for the council's reputation.] Model conduct and expectations is for guidance only, whereas the specific obligations set out instances where action will be taken.

The seven principles of public life

Everyone in public office at all levels – ministers, civil servants, members, council officers – all who serve the public or deliver public services should uphold the seven principles of public life. This Code has been developed in line with these seven principles of public life, which are set out in appendix A.

Model member conduct

In accordance with the public trust placed in me, on all occasions I will:

- act with integrity and honesty
- act lawfully
- treat all persons with civility; and
- lead by example and act in a way that secures public confidence in the office of councillor

In undertaking my role, I will:

- impartially exercise my responsibilities in the interests of the local community
- not improperly seek to confer an advantage, or disadvantage, on any person
- avoid conflicts of interest
- exercise reasonable care and diligence; and
- ensure that public resources are used prudently and in the public interest

Specific obligations of general conduct

This section sets out the minimum requirements of member conduct. Guidance is included to help explain the reasons for the obligations and how they should be followed. These obligations must be observed in all situations where you act [or claim or give the impression that you are acting] as a councillor [or in public], including representing your council on official business and when using social media.

As a councillor I commit to:

Civility

- 1. Treating other councillors and members of the public with civility.**
- 2. Treating council employees, employees and representatives of partner organisations and those volunteering for the councils with civility and respecting the role that they play.**

Civility means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a civil manner. You should not subject individuals, groups of people or organisations to unreasonable or excessive personal attack.

In your contact with the public you should treat them courteously. Rude and offensive behaviour lowers the public's expectations and confidence in its elected representatives.

In return you have a right to expect courtesy from the public. If members of the public are being abusive, threatening or intimidatory you are entitled to close down any conversation in person or online, refer them to the council, any social media provider or if necessary, the police. This also applies to members, where action could then be taken under the Member Code of Conduct.

Bullying and harassment

- 3. Not bullying or harassing any person.**

Bullying may be characterised as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. The bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and not always be obvious or noticed by others.

The Equality Act 2010 defines harassment as 'unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual'. The relevant protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, and sexual orientation.

Impartiality of officers of the council

- 4. Not compromising, or attempting to compromise, the impartiality of anyone who works for, or on behalf of, the council.**

Officers work for the council as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. Although you can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

Confidentiality and access to information

- 5. Not disclosing information given to me in confidence or disclosing information acquired by me which I believe is of a confidential nature, unless I have received the consent of a person authorised to give it or I am required by law to do so.**
- 6. Not preventing anyone getting information that they are entitled to by law.**

Local authorities must work openly and transparently, and their proceedings and

printed materials are open to the public except in certain circumstances. You should work on this basis but there will be times when it is required by law that discussions, documents and other information relating to or held by the council are treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

Disrepute

7. Not bringing my role or council into disrepute.

Behaviour that is considered dishonest and/or deceitful can bring your council into disrepute. As a member you have been entrusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on other councillors and/or your council.

Your position

8. Not using, or attempting to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the council provides you with certain opportunities, responsibilities and privileges. However, you should not take advantage of these opportunities to further private interests.

Use of council resources and facilities

9. Not misusing council resources.

You may be provided with resources and facilities by the council to assist you in carrying out your duties as a councillor. Examples include office support, stationery and equipment such as phones, and computers and transport. These are given

to you to help you carry out your role as a councillor more effectively and not to benefit you personally.

Interests

10. Registering and declaring my interests.

You need to register your interests so that the public, council employees and fellow members know which of your interests might give rise to a conflict of interest. The register is a document that can be consulted when (or before) an issue arises, and so allows others to know what interests you have, and whether they might give rise to a possible conflict of interest. The register also protects you. You are responsible for deciding whether or not you should declare an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise.

It is also important that the public know about any interest that might have to be declared by you or other members, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained. Discuss the registering and declaration of interests with your Monitoring Officer/Town or Parish Clerk and more detail is set out in appendix B.

Gifts and hospitality

11. Not accepting significant gifts or hospitality from persons seeking to acquire, develop or do business with the council or from persons who may apply to the council for any permission, licence or other significant advantage.

12. Registering with the monitoring officer any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt.

You should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you

because you are a member. However, you do not need to register gifts and hospitality which are not related to your role as a member, such as Christmas gifts from your friends and family, or gifts which you do not accept. However, you may wish to notify your monitoring officer of any significant gifts you are offered but refuse which you think may have been offered to influence you.

Note – items in square brackets [x] refer to recommendations made by the Committee on Standards in Public Life and may be part of a future Government consultation. This includes possible future sanctions and appeals processes.

Breaches of the Code of Conduct

Most councillors conduct themselves appropriately and in accordance with these standards. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations.

Section 27 of the Localism Act 2011 requires relevant authorities to promote and maintain high standards of conduct by members and co-opted members of the authority. Each local authority must publish a code of conduct, and it must cover the registration of pecuniary interests, the role of an 'independent person', and sanctions to be imposed on any councillors who breach the Code.

The 2011 Act also requires local authorities to have mechanisms in place to investigate allegations that a member has not complied with the Code of Conduct, and arrangements under which decisions on allegation may be made.

Failure to comply with the requirements to register or declare disclosable pecuniary interests is a criminal offence. Taking part in a meeting or voting, when prevented from doing so by a conflict caused by disclosable pecuniary interests, is also a criminal offence.

Political parties may have its own internal standards and resolution procedures in addition to the Member Code of Conduct that members should be aware of.

Example

LGA guidance and recommendations

Internal resolution procedure

Councils must have in place an internal resolution procedure to address conduct that is in breach of the Member Code of Conduct. The internal resolution process should make it clear how allegations of breaches of the Code of Conduct are to be handled, including the role of an Independent Person, the appeals process and can also include a local standards committee. The internal resolution procedure should be proportionate, allow for members to appeal allegations and decisions, and allow for an escalating scale of intervention. The procedure should be voted on by the council as a whole.

In the case of a non-criminal breach of the Code, the following escalating approach can be undertaken.

If the breach is confirmed and of a serious nature, action can be automatically escalated.

1. an informal discussion with the monitoring officer or appropriate senior officer
2. an informal opportunity to speak with the affected party/ies
3. a written apology
4. mediation
5. peer support
6. requirement to attend relevant training
7. where of a serious nature, a bar on chairing advisory or special committees for up to two months
8. where of a serious nature, a bar on attending committees for up to two months.

Where serious misconduct affects an employee, a member may be barred from contact with that individual; or if it relates to a specific responsibility of the council, barred from participating in decisions or information relating to that responsibility.

Endnotes

1. CSPL recommend that “Section 27(2) of the Localism Act 2011 should be amended to state that a local authority’s code of conduct applies to a member when they claim to act, or give the impression they are acting, in their capacity as a member or as a representative of the local authority”.
2. CSPL recommend that “councillors should be presumed to be acting in an official capacity in their public conduct, including statements on publicly accessible social media. Section 27(2) of the Localism Act 2011 should be amended to permit local authorities to presume so when deciding upon code of conduct breaches.”
3. Subject to footnotes 1 and 2 above
4. See CSPL website for further details www.gov.uk/government/news/the-principles-of-public-life-25-years
5. ACAS’s definition of bullying

Appendices

Code Appendix A

The principles are :

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Code Appendix B

Registering interests

1. Within 28 days of this Code of Conduct being adopted by the council or your election or appointment to office (where that is later) you must register with the Monitoring Officer the interests which fall within the categories set out in Table 1 (Disclosable Pecuniary Interests) and Table 2 (Other Registerable Interests).
2. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest in Table 1 or 2, or of any change to a registered interest, notify the Monitoring Officer.

Declaring interests

3. Where a matter arises at a meeting which directly relates to an interest in Table 1, you must declare the interest, not participate in any discussion or vote on the matter and must not remain in the room unless granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
4. Where a matter arises at a meeting which directly relates to an interest in Table 2, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

5. Where a matter arises at a meeting which directly relates to your financial interest or well-being (and is not a Disclosable Pecuniary Interest) or a financial interest or well-being of a relative or close associate, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
6. Where a matter arises at a meeting which affects –
 - a. your own financial interest or well-being;
 - b. a financial interest or well-being of a friend, relative, close associate; or
 - c. a body covered by table 1 below

you must disclose the interest.

7. Where the matter affects the financial interest or well-being to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

Table 1: Disclosable Pecuniary Interests

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992 .
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and Property	Any beneficial interest in land which is within the area of the council. ‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.
Corporate tenancies	Any tenancy where (to the councillor’s knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor’s knowledge) has a place of business or land in the area of the council; and (b) either— (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

*'director' includes a member of the committee of management of an industrial and provident society.

*'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registerable Interests

Any Body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council;	
Any Body—	(a) exercising functions of a public nature;
	(b) directed to charitable purposes; or
	(c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)
of which you are a member or in a position of general control or management.	



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please contact us on 020 7664 3000.
We consider requests on an individual basis.

LGA Consultation on Draft Model Member Code of Conduct

Thank you for taking the time to complete this consultation. This Model Member Code of Conduct [[Model Member Code of Conduct.pdf](#)] aims to be concise, written in plain English and be understandable to members, officers and the public. The Model Member Code is designed to aid members in all tiers of local government model the behaviours and high standards that anyone would expect from a person holding public office. Equally, it articulates behaviour which falls below the standards that would be expected of council members. It is designed to help set a framework for public and councillor interaction, emphasising the importance of civility and that councillors should be protected from bullying, intimidation and abuse.

The LGA has reviewed the existing Model Member Code of Conduct and updated it here incorporating the recommendations from the Committee on Standard's in Public Life's recommendations on Local Government Ethical Standards and the representation from its membership. Part of the Committee's recommendations were the introduction of sanctions for breaches of the code, alongside an appeals process. This aspect is out of scope of this consultation, as it requires legislative changes by Government, but the LGA has sought to reflect some of the possible changes by using square brackets where legal changes would be necessary. The LGA is continuing to take soundings from the sector on the issue of sanctions in anticipation of a Government response to the Committee's recommendations.

This consultation addresses key areas that the LGA would like a view on to help finalise the Code. It is aimed at councillors and officers from all tiers of local government. If you would like a wider discussion about the code, please do sign up to one of the forthcoming Webinars the LGA are holding as part of this consultation. Details will be posted on our [LGA events website](#).

Instructions and privacy notice

You can navigate through the questions using the buttons at the bottom of each page. Use the 'previous' button at the bottom of the page if you wish to amend your response to an earlier question.

All responses will be treated confidentially. Information will be aggregated, and no individual or authority will be identified in any publications without your consent. Identifiable information may be used internally within the LGA but will only be held and processed in accordance with our [privacy policy](#). We are undertaking this consultation to aid the legitimate interests of the LGA in supporting and representing authorities.

Please complete your response in one go - if you exit before submitting your response your answers may be lost. If you would like to see an overview of the questions before completing the consultation online, you can access a PDF [here](#).

About you

Your name _____

Are you...

- A councillor
- An officer
- Answering on behalf of a whole council (Please provide council name below)
- _____
- Other (please specify below)
- _____

Please indicate your council type

- Community/Neighbourhood/Parish/Town
- District/Borough
- County
- Metropolitan/Unitary/London Borough
- Other (please specify below)
- _____

Application of the Code

Under the Localism Act 2012, the Code of Conduct applies to councillors only when they are acting in their capacity as a member. The LGA believes that because councillors are elected by the public and widely recognised by the public, it makes sense for them to continue to model these behaviours when they are making public comment, are identifying as a councillor and when it would be reasonable for the public to identify them as acting or speaking as a councillor. The Committee on Standards in Public Life supported this approach in their report into Local Government Ethical Standards. Whilst the LGA is waiting for Government's response to these recommendations the option has been added in square brackets as it would need changes in legislation.

Q1. To what extent do you support the proposal that councillors demonstrate the behaviours set out in the Code when they are publicly acting as, identifying as, and/or giving the impression that they are acting as a councillor, including when representing their council on official business and when using social media?

- To a great extent
- To a moderate extent
- To a small extent
- Not at all
- Don't know/prefer not to say

Q1a. If you would like to elaborate on your answer please do so here:

Q2. Is it sufficiently clear which parts of the Model Code are legal requirements, which are obligations, and which are guidance?

- Yes
- No
- Don't know

Q3. Do you prefer the use of the personal tense, as used in the Code, or would you prefer the passive tense?

- Personal tense ("I will")
- Passive tense ("Councillors should")
- No preference

Specific obligations

The Code lists 12 specific obligations – these set out a minimum standard councillors are asked to adhere to.

Each obligation or group of obligations is put into a wider context to explain why that particular obligation is important.

Q4. To what extent to you support the 12 specific obligations?

	To a great extent	To a moderate extent	To a small extent	Not at all	Don't know / Prefer not to say
1. Treating other councillors and members of the public with civility.					
2. Treating council employees, employees and representatives of partner organisations and those volunteering for the councils with civility and respecting the role that they play.					
3. Not bullying or harassing any person.					
4. Not compromising, or attempting to compromise, the impartiality of anyone who works for, or on behalf of, the council.					
5. Not disclosing information given to me in confidence or disclosing information acquired by me which I believe is of a confidential nature, unless I have received the consent of a person authorised to give it or I am required by law to do so.					
6. Not preventing anyone getting information that they are entitled to by law.					
7. Not bringing my role or council into disrepute.					
8. Not using, or attempting to use, my position improperly to the advantage or disadvantage of myself or anyone else.					

9. Not misusing council resources.					
10. Registering and declaring my interests.					
11. Not accepting significant gifts or hospitality from persons seeking to acquire, develop or do business with the council or from persons who may apply to the council for any permission, licence or other significant advantage.					
12. Registering with the monitoring officer any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt.					

Q5. If you would like to propose additional or alternative obligations, or would like to provide more comment on a specific obligation, please do so here:

Q6. Would you prefer to see the obligations as a long list followed by the guidance, or as it is set out in the current draft, with the guidance after each obligation?

- As a list
- Each specific obligation followed by its relevant guidance
- No preference

Q7. To what extent to you think the concept of 'acting with civility' is sufficiently clear?

- To a great extent
- To a moderate extent
- To a small extent
- Not at all
- Don't know/prefer not to say

Q7a. If you would like to suggest an alternative phrase that captures the same meaning, or would like to provide a comment on this concept, please do so here:

Q8. To what extent do you think the concept of 'bringing the council into disrepute' is sufficiently clear?

- To a great extent
- To a moderate extent
- To a small extent
- Not at all
- Don't know/prefer not to say

Q8a. If you would like to suggest an alternative phrase that captures the same meaning, or would like to provide a comment on this concept, please do so here:

Q9. To what extent do you support the definition of bullying and harassment used in the code in a local government context?

- To a great extent
- To a moderate extent
- To a small extent
- Not at all
- Don't know/prefer not to say

Q9a. If there are other definitions you would like to recommend, please provide them here.

Q10. Is there sufficient reference to the use of social media?

- Yes
- No
- Don't know/prefer not to say

Q10a. Should social media be covered in a separate code or integrated into the overall code of conduct?

- Separate code
- Integrated into the code
- Don't know/prefer not to say

Q10b. If you would like to make any comments or suggestions in relation to how the use of social media is covered in the code please do so here:

Registration and declarations of interests

The law at present requires, as a minimum, registration and declaration of 'Disclosable Pecuniary Interests' - that is matters which directly relate to the councillor and their partner if applicable.

The LGA is proposing that all councillors are required to declare interests where matters also relate to or affect other family members or associates. The LGA has broadened the requirement to declare interests beyond this current statutory minimum in line with a recommendation from the Committee on Standards in Public Life. These specific provisions are set out in **Appendix B** of the Code.

Q11. To what extent do you support the code going beyond the current requirement to declare interests of the councillor and their partner?

- To a great extent
- To a moderate extent
- To a small extent
- Not at all
- Don't know/prefer not to say

Q11a. If you would like to elaborate on your answer please do so here:

Q12. Should the requirement to declare interests be in the main body of the code or in the appendix where the draft model code currently references it?

- In the main body of the code
- In the appendix
- Other (please specify below)
- Don't know/prefer not to say

Q12a. If you would like to make any comments or suggestions in relation to how the requirement to declare interests is covered in the code please do so here:

It is also suggested that more outside interests should be registered than is the current statutory minimum. These are set out in **Table 2 of the Appendix** and are designed to demonstrate to the community transparency about other bodies with which the councillor is engaged.

Q13. To what extent do you support the inclusion of these additional categories for registration?

	To a great extent	To a moderate extent	To a small extent	Not at all	Don't know / Prefer not to say
Any organisation, association, society or party of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council					
Any organisation, association, society or party that exercises functions of a public nature of which you are a member or in a position of general control or management					
Any organisation, association, society or party directed to charitable purposes					
Any organisation, association, society or party of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)					

Q13a. If you would like to propose additional or alternative **categories** for registration, please provide them here:

Q14. To what extent do you support the proposed requirement that councillors do not accept significant gifts as set out in Obligation 11?

- To a great extent
- To a moderate extent
- To a small extent
- Not at all
- Don't know/prefer not to say

Q14a. If you would like to elaborate on your answer please do so here:

Q15. The draft code proposes £25 as the threshold for registering gifts and hospitality. Is this an appropriate threshold?

- Yes
- Yes, but the amount should be reviewed annually with the code's review
- No, it should be lower (please specify amount) _____
- No, it should be higher (please specify amount) _____
- Don't know/prefer not to say

Q16. The LGA will be producing accompanying guidance to the code. Which of the following types of guidance would you find most useful? Please rank 1-5, with 1 being the most useful.

- _____ Regularly updated examples of case law
- _____ Explanatory guidance on the code
- _____ Case studies and examples of good practice
- _____ Supplementary guidance that focuses on specific areas, e.g., social media
- _____ Improvement support materials, such as training and e-learning packages

Q16a. If you would like to suggest any other accompanying guidance please do so here:

Q17. If you would like to make any further comments about the code please do so here:

Once you press the 'Submit' button below, you will have completed your response.

Many thanks for taking the time to respond to this consultation. You are in control of any personal data that you have provided to us in your response. You can contact us at all times to have your information changed or deleted. You can find our full privacy policy here: [click here to see our privacy policy](#)

For information only - Do not complete

Local Members Interest
N/A

Audit and Standards Committee – 30th July 2020

Internal Audit Charter 2020

Recommendation

1. To approve the revisions to the Internal Audit Charter originally approved by the Audit and Standards Committee in June 2014.

Report of the County Treasurer

Background

2. The Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN) Standard 1000 require that the purpose, authority and responsibility of the internal audit activity must be defined formally in an Audit Charter. The Internal Audit Charter is a formal document setting out:
 - a. internal audit's position within the organisation
 - b. its reporting lines
 - c. access to personnel, information and records
 - d. the scope of internal audit activities
 - e. what the term Board means (e.g. the Audit and Standards Committee).
3. The need for an Audit Charter was a new requirement of PSIAS and the Audit & Standards Committee approved the detailed document at its meeting in June 2014. Since this date there have been some revisions which require approval. There are no changes to be made in 2020 as a number of key changes were made last year which included reference to the development of the Continuous Controls Monitoring Programme within the counter fraud plan; reference to the Internal Audit Digital Utilisation Strategy and use of data analytics and techniques within our audit work as well as expansion of the responsibilities of the Audit & Standards Committee following revisions made to its terms of reference in December 2018 including the publication of an annual report of its work and use of and the processing of data including signposting to the Council's overarching privacy notice as well as the privacy notice relating to fraud referrals. The Audit Charter is attached as **Appendix 1** to this report
4. The Audit Charter 2020 continues to cover all requirements of the latest Public Sector Internal Audit Standards (last issued 2017); the latest Local Government Application Note (last issued March 2019) and the latest CIPFA statement regarding the Role of the Head of Internal Audit in Public Service Organisations (2019 Edition).

Equalities Implications

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

Legal Implications

6. Whilst there are no direct legal implications arising from this report, the Accounts and Audit (England) Regulations 2015 require specifically that a relevant body must 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

Resource and Value for Money Implications

7. The net budget of the Internal Audit Section in 2020/21 is £982,700 of which £67,000 relates to payments to external providers.

Risk Implications

8. Internal Audit examines objectively, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources

Climate Change Implications

9. There are no direct implications arising from this report

Report Author

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List of Reference Material

1. Public Sector Internal Audit Standards – revised with effect from 1st April 2017.
2. Local Government Application Note – with effect from 1st March 2019
3. Accounts and Audit (England) Regulations 2015.
4. CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2019 Edition).

Internal Audit Charter 2020



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The Charter is a mandatory requirement of the UK Public Sector Internal Audit Standards (2017) and CIPFA's Local Government Application Note (2019). Also, this document considers the requirements of the CIPFA statement regarding the Role of the Head of Internal Audit in Public Sector Organisations (2019 Edition).



1. Introduction

This charter defines for the internal audit activity of Staffordshire County Council (the Council), its purpose, authority and responsibilities consistent with the requirements of the Public Sector Internal Audit Standards (PSIAS). It also aims to confirm relationships with key stakeholders. It is subject to annual approval by the Board¹.

Internal Audit has limited resources and therefore its workforce is deployed in accordance with the annual Audit Strategy having regard to relative risks and levels of assurance required, translated into an agreed annual Audit Plan and delivered through individual audit assignments. This is agreed by the Board each year.

The Audit Charter should be read in conjunction with the relevant sections of Financial Regulations of the Council, which currently are under review (Appendix 1).

2. Mission and Core Principles of Internal Audit

The mission of Internal Audit articulates what it aspires to accomplish within an organisation. The mission statement below is that included within the updated PSIAS issued in April 2017.

‘To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.’

In addition, a set of core principles, detailed below, have also been developed which taken as a whole, articulate internal audit effectiveness. For an Internal Audit function to be considered effective, all principles should be present and operating effectively.

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive and future-focused.
- Promotes organisational improvement.

¹ The Audit & Standards Committee is referenced in the PSIAS as the Board.



3. Purpose, Authority and Responsibility

Purpose

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes (*UK Public Sector Internal Audit Standards and CIPFA Local Government Application Note*).

Authority

The authority for the Internal Audit function is derived from legislation and the Council. The requirement for an Internal Audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities "make arrangements for the proper administration of their financial affairs and shall ensure that one of their officers has responsibility for the administration of those affairs". The Accounts and Audit (England) Regulations 2015, specifically require that a relevant body 'must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'. Proper internal audit practices for Local Government are defined as constituting adherence to the requirements of both the UK Public Sector Internal Audit Standards and CIPFA's Local Government Application Note. These requirements are mandatory; instances of non-conformance must be reported to the Board as part of the Chief Internal Auditor's (CIA's) annual outturn report. The County Treasurer has been delegated with this requirement by the Council.

Responsibility

The CIA is required to provide an annual opinion to the Council and to the County Treasurer through the Audit & Standards Committee, on the adequacy and effectiveness of the risk management, governance and control environment for the whole organisation and the extent it can be relied upon, in line with the Accounts and Audit (England) Regulations 2015. To achieve this, the Internal Audit function has the following objectives:

- To provide a quality, independent and objective audit service that effectively meets the Council's needs, adds value, improves operations and helps protect public resources.
- To provide assurance to management that the Council's operations are being conducted in accordance with external regulations, legislation, internal policies and procedures.



- To provide a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.
- To provide assurance that significant risks to the Council's objectives are being managed. This is achieved by annually assessing the adequacy and effectiveness of the risk management process.
- To provide advice and support to management to enable an effective control environment to be maintained.
- To promote an anti fraud, anti bribery and anti corruption culture within the Council to aid the prevention and detection of fraud.
- To investigate, in conjunction with the appropriate agencies when relevant, allegations of fraud, bribery and corruption.
- To evaluate whether the information technology governance of the Council supports its strategies and objectives.

4. Scope

The Council's Internal Audit function is provided by an in-house team supported by additional resources procured via an external support framework contract. The scope of the function includes the review of all activities (financial and operational) of the Council. In addition to its Council internal audit work programme, the Internal Audit Section currently:

- Undertakes internal audit services for outside bodies where statutory powers permit.
- Conducts Comfort Fund (Social Services) audits
- May provide assurance to the Council on third party operations (such as contractors and partners) where this has been provided for as part of the contract documentation.
- Furthermore, the CIA has overall responsibility for the management of the Corporate Risk Register and assists in the preparation of the annual Governance Statement and Code of Corporate Governance.

In accordance with the PSIAS, most individual audits are undertaken using the risk-based systems audit approach, the key elements of which are listed below:

- Identify and record the objectives, risks and controls;
- Establish the extent to which the objectives of the system are consistent with corporate priorities;
- Evaluate the controls in principle to decide whether they are appropriate and can be reasonably relied upon;
- Identify any instance of over/under control;

- Determine an appropriate strategy to test the effectiveness of controls;
- Arrive at a conclusion and produce a report leading to management actions and provide an opinion on the effectiveness of the control environment.

Where possible Internal Audit will seek to identify and place reliance on assurance work completed elsewhere within the Council's areas of responsibility as part of the planning process. In addition, Internal Audit will as part of the audit plan contribute to the development of an assurance framework for the Council.

Internal Audit may undertake consulting activities. The Institute of Internal Auditors (IIA) defines consulting as 'Advisory' and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming responsibility'. See section 5 regarding Audit Independence.

Internal Audit does not undertake value for money studies routinely unless specifically requested.

The CIA cannot be expected to give total assurance that control weaknesses or irregularities do not exist. Managers are fully responsible for the quality of internal control and managing the risk of fraud, corruption and potential for bribery within their area of responsibility. They should ensure that appropriate and adequate control and risk management processes, accounting records, financial processes and governance arrangements exist without depending on internal audit activity to identify weaknesses.

Fraud and Corruption Related Work

The role of Senior Leadership Team Members (SLT) in relation to the reporting of all instances of potential and actual irregularity affecting the finances of the Council is documented in the Council's Financial Regulations (D.4).

The internal audit role and the counter fraud roles that internal auditors will be involved in, relating to fraud and corruption work are broken down into three divisions:

- Core internal audit roles that all internal auditors should include in their risk-based approach;
- Counter fraud roles that internal audit can undertake without compromising audit independence;
- Counter fraud roles where internal audit may provide consultancy or advisory services, with safeguards.

Core Internal Audit role - The primary role of Internal Audit is to provide assurance on counter fraud arrangements and fraud risks in accordance with the standards.



The Internal Audit Section as part of its activity will evaluate the potential for the occurrence of fraud and how the Council manages its fraud risk (standard 2120.A2). To enable this, the CIA will ensure that individual internal auditors have sufficient knowledge of fraud risks and fraud risk management practice (standard 1210.A2).

Supporting counter fraud roles – The Internal Audit Section may also take on additional roles or undertake work as part of an advisory or consultancy role to support or promote the development of effective counter fraud practice in the Council. In these instances, the CIA will ensure that internal auditors have adequate proficiency to undertake the activity (standard 1210.A2). Any impairment to independence or objectivity will also be identified and managed prior to the work commencing (standard 1000).

The Internal Audit Section will carry out a thorough investigation of all potential and actual irregularities in accordance with the Section's Fraud Manual. For employee related frauds, the investigation is dealt with under the Council's Staff Disciplinary Procedure and upon conclusion; the matter may be referred to the Police. It should be noted that if the offence committed is serious and/or high value, the matter may be referred to the Police prior to the disciplinary proceedings being concluded. In these instances, the Police will be made aware of the Council's on-going investigations. It is not the normal practice of Internal Audit to issue formal cautions to suspects under the Police and Criminal Evidence Act (P.A.C.E.) 1984.

It is the responsibility of the Monitoring Officer (Director of Corporate Services) to decide, based on the advice from the County Treasurer and the appropriate Senior Leadership Team Member, whether there are sufficient grounds for the matter to be reported to the Police. This is in accordance with the Council's Anti-Fraud, Bribery & Theft Policy.

A Fraud and Corruption Strategy is produced and reviewed on an annual basis. In addition to the investigation of potential irregularities, work is undertaken to promote an anti fraud culture.

In particular:

a) Creation of an Anti-Fraud Culture:

- Raising awareness of the e learning package.
- Adherence to the recommendations contained in the Fighting Fraud Locally Strategy and the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.
- Circulation of the Fraud-Watch Publication.
- Promotion of a Poster Campaign to raise awareness.

b) Deterrence



- Publicise both local and national cases of proven fraud within the Council.

c) Prevention

- A programme of continuous controls monitoring (CCM) is carried out throughout the year to identify 'red flags' for further investigation using our data analysis and file interrogation solution, IDEA. Areas susceptible to fraud are monitored on an on-going basis. Areas where CCM is utilised include creditor payments, purchasing card transactions, mileage and expenses claims and casual hours claims and overtime.

d) Detection

- Participation in the Cabinet Office's national fraud initiative data matching exercise.

e) Investigation

- Hotline monitoring and intelligence gathering.
- Investigations of all areas of concern identified through routine audit, reported to management or via whistleblowing communication channels.

5. Stakeholder Roles and Audit Independence

The Audit & Standards Committee will fulfil the role of the Board for the Council. For this purpose, the Board is defined in the PSIAS/LGAN as 'the highest level of governing body charged with the responsibility to direct and/or oversee the activities and hold senior management of the organisation accountable. Typically, this includes independent Directors. Board may refer to an audit committee to which the governing body has delegated certain functions.'

The CIA reports to the Head of Internal Audit and Financial Services. Section 151 matters are reported in all instances to the County Treasurer who reports to SLT for all Section 151 matters. Financial Regulation D.6 details alternative reporting lines if so required.

The extent of non-Council related audit work undertaken by the Section shall be limited to that defined within the Audit Strategy unless approved otherwise by the County Treasurer.

Internal Audit is not responsible for the detailed development or implementation of new systems but will be consulted during the system development process on the control measures to be incorporated in new or amended systems. To maintain independence, the Auditor who was involved in the 'consultancy style exercise' will not take any further part in the audit process. Any significant 'consultancy' activity not already included in the annual Audit Plan which may impact on the ability to provide the required assurance opinion will be reported to the Audit & Standards Committee for approval. The nature and scope of this type of work includes facilitation, process



and/or control design, training, advisory services and risk assessment support.

As a Condition of Service, all employees are expected to maintain conduct of the highest standard such that public confidence in their integrity is maintained. This includes declarations of interest, as appropriate (*organisational level*). Furthermore, all directly employed staff are required to make an annual declaration to ensure that Auditors objectivity is not impaired and that any potential conflicts of interest are appropriately managed in line with the requirements of the Code of Ethics within the PSIAS and the Nolan Committee's Standards on the Seven Principles of Public Life (*individual auditor level*). In addition, all staff complete an audit declaration as part of each review which requires any conflicts of interest or impairments to be disclosed (*individual engagement level*).

All Internal Audit Contractor staff are also required to declare any potential conflicts of interest at the start of any assignment to the CIA.

6. Audit Reporting

Assurance is provided on the organisation's risk management, governance and internal control processes to confirm that they are operating effectively. Audit assurance opinions are awarded on the completion of audit reviews reflecting the efficiency and effectiveness of the controls in place. Audit opinions are ranked either as; Substantial Assurance, Adequate Assurance or Limited Assurance. Recommendations made will be ranked as; High, Medium or Low depending upon the relative importance of the audit finding. The methodology used is attached at Appendix 2.

Work undertaken by Internal Audit will normally be concluded by the production of a formal written report to the respective individuals detailed below, dependent on the nature of the review and the opinion category.

Distribution	High Risk	High Risk	Other	Major	Other
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	Reviews (Substantial Assurance / Adequate Assurance)	Reviews (Limited Assurance)	Reviews (Limited Assurance)	Irregularity / Special Investigation – (loss > £10,000)	Reviews (Substantial Assurance / Adequate Assurance)
Operational Manager	✓	✓	✓	✓	✓
Section 151 Officer (County Treasurer)	✓	✓	✓	✓	
Relevant Director	✓	✓	✓	✓	
Monitoring Officer (Director of Corporate Services)				✓	
Local Member (where applicable)				✓	
Relevant Cabinet Member	✓	✓	✓	✓	
Cabinet Member for Finance & Corporate Matters		✓	✓	✓	
Audit & Standards Committee Members	✓	✓	✓	✓	

7. Role of the Head of Internal Audit (CIA)

The CIA must be a suitably professionally qualified individual who has the appropriate skills, knowledge, experience and resources to effectively perform in the role. They should also ensure that they take part in continuing professional development activities to remain up to date with developments within Internal Audit.

The CIA must establish an environment of trust, confidence and integrity in the work of the Internal Audit Section within the Council.

The CIA will have direct access to the County Treasurer, Monitoring Officer (Director of Corporate Services), Head of Paid Service, Audit & Standards Committee Chairman and Members as required.

The CIA will brief the Audit & Standards Committee Chairman regarding the content of Audit & Standards Committee agenda papers, including agreeing future agenda items and potential areas for training.

The CIA will contribute to the review of the Audit & Standards Committee effectiveness, advising the Chair of any suggested improvement.

The CIA is responsible for the overall development of the Audit Strategy and annual Internal Audit Plan, which demonstrates value for money to the organisation.

The UK Public Sector Internal Audit Standards require the CIA to report at the top of the organisation and this will be achieved by:



- The Internal Audit Strategy and Charter (incorporating detailed terms of reference); including any amendments to them are reported to the Audit & Standards Committee annually for formal approval.
- The annual Internal Audit Plan is produced by the CIA taking account of the Council's risk framework and after input from Members of SLT and the Council's External Auditor. It is then presented to SLT and subsequently Audit & Standards Committee for endorsement prior to approval by the County Treasurer
- The adequacy, or otherwise of the level of internal audit resources (as determined by the CIA) and the independence of internal audit is reported annually to the Audit & Standards Committee. The approach to determining resources required is outlined in the Internal Audit Strategy.
- Performance against the Internal Audit Plan and any significant risk/control issues arising are reported to the Audit & Standards Committee.
- Annually to report the results of the quality assurance exercise to the Audit & Standards Committee.
- The CIA ensures that the requirements of the UK Public Sector Internal Audit Standards and the CIPFA Local Government Application Note are met in full and adherence, together with any areas of non-conformance to these requirements reported as part of the annual review of the effectiveness of internal audit report to the Audit & Standards Committee. This will incorporate where the CIA has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be put in place to limit impairments to independence or objectivity.

The CIA should be consulted on all proposed major projects, programmes and policy initiatives. This is achieved through the linkage with the Transformation Support Unit (TSU) and forms a key part of the annual Audit Plan. Business as Usual change projects are evaluated as part of the annual risk assessment planning process to determine the annual Internal Audit Plan.

The CIA should be consulted on proposed changes to the following key policy documents:

- a. Financial Regulations
- b. Procurement Regulations
- c. Integrity Policy
- d. Whistleblowing policy
- e. Officers' Code of Conduct
- f. Risk Management Policy

Where partnership/ joint venture/ outsourced and shared service arrangements exist that require joint working with other organisations and their respective auditors, the CIA will produce a protocol outlining the respective roles and responsibilities of each partner, access to working papers, confidentiality and sharing of audit reports including reporting to Audit & Standards Committee (where appropriate).

In instances, where services are provided by third parties, the CIA must ensure that suitable clauses are included within Contract documentation to ensure that internal audit retains the right of access to documents/ personnel and systems as and when required.

8. Role of the County Treasurer (Section 151 Officer)

The County Treasurer has overall delegated responsibility from the Council for the Internal Audit function. Following consultation with the Senior Leadership Team and the Audit & Standards Committee he will approve the annual Audit Plan.

The County Treasurer will ensure that he is periodically briefed by the CIA on the following:

- Overall progress against the annual Audit Plan;
- Those audit areas where a “Limited Assurance” opinion has been given;
- Progress on the implementation of all “high” level audit recommendations; and
- Progress on all fraud and irregularity investigations carried out by the Internal Audit Section.

Following on from the above, the County Treasurer will ensure that update reports are reported regularly to the Audit & Standards Committee, to include an annual outturn report.

9. Role of Senior Leadership Team Members

For the purposes of the UK Public Sector Internal Audit Standards, the Council’s Senior Leadership Team performs the role of the ‘senior management’.

Relevant extracts of those reports referred to above will receive prior consideration by the relevant SLT Member. This includes any fraud and corruption related exercises.

To assist the discharge of those responsibilities defined at Appendix 1, SLT Members shall appoint a senior officer to act as the first point of contact between Internal Audit and their area of responsibility.

The CIA will present the annual Internal Audit Plan and Audit Strategy to SLT members for their consideration and approval. The annual outturn report, together with the overall opinion of the Organisation’s control environment will also be circulated to SLT where appropriate.

SLT Members are also responsible for ensuring that staff within their areas participate fully in the audit planning process and actively enforce the implementation of agreed



audit recommendations by the required date. The quality of these relationships impacts on the effective delivery of the internal audit service, its reputation and independence. Co-operative relationships with management can enhance Internal Audit's ability to achieve its objectives.

10. Responsibilities of the Audit & Standards Committee

The Audit & Standards Committee is a key component of the Council's governance framework. Their role is to operate as 'those charged with governance' and provide independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. For the purposes of the UK Public Sector Internal Audit Standards, the Audit & Standards Committee performs the role of the 'Board'.

Following consideration, Members of the Audit & Standards Committee have determined that they wish to receive the following documents:

- The annual Audit Strategy & Plan;
- The Internal Audit Charter;
- The annual assessment of Internal Audit to ensure that it meets the requirements set out in the Accounts and Audit Regulations 2015 and UK Public Sector Internal Audit Standards;
- The results of the external assessment of Internal Audit which must be performed every 5 years wef April 2013 (which was completed January 2018);
- Regular updates on progress against High Level Recommendations;
- Periodic progress reports and the annual outturn report including results of anti-fraud and corruption work / special investigations;
- Copies of Fraud-Watch Publication (as appropriate);
- A copy of the audit report for those reviews given an opinion of "Limited Assurance";
- A copy of the audit report for all major special investigations (i.e. those areas where the potential loss is greater than £10,000);
- A copy of the audit report/ briefing note for those reviews awarded the greatest risk score irrespective of opinion (The top 10 risk areas within the Audit Plan).
- The Annual Governance Statement (AGS) prior to approval to consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- A copy of the audit report for those reviews relating to the governance and assurance arrangements for significant partnerships and/or collaborations.
- A copy of the Council's Assurance Framework relating to key risk areas.

Note

Notwithstanding the above, all audit reports will be made available to members of the Audit & Standards Committee (either individually or collectively) upon request.

Members of the Audit & Standards Committee will agree key performance targets for the Internal Audit Section and ensure that they are reported upon as part of the annual outturn report and the review of the effectiveness of internal audit. Currently these are:

- Draft reports have been issued for at least 90% of the annual Audit Plan.
- Average score for quality questionnaires from auditees is equal to or exceeds the 'good' standard.

The Audit & Standards Committee will publish an annual report on its work including performance in relation to the terms of reference and effectiveness in meeting its purpose.

11. Relationship with External Audit

Internal Audit will liaise with the external auditors of the Council to:

- Foster a co-operative and professional working relationship;
- Eliminate the incidence of duplication of effort;
- Ensure appropriate sharing of information; and
- Co-ordinate the overall audit effort.

Following on from the above, an Internal / External Audit understanding has been developed and will be subject to review on an annual basis.

12. Due Professional Care

Since April 2013, the Internal Audit Section (including its external providers) has operated in accordance with the professional standards and practice statements included within the UK Public Sector Internal Audit Standards and the CIPFA Local Government Application Note. Instances of non-conformance with the standards must be reported to the Audit & Standards Committee.

To demonstrate that due care has been exercised, the internal auditor is expected to:

- Exercise due professional care based upon appropriate experience, training, ability, integrity and objectivity;
- Apply confidentiality as required by law and best practice;
- Obtain and record sufficient audit evidence to support their findings and recommendations;
- Show that audit work has been performed competently and in a way that is consistent with applicable audit standards; and



- Consider the use of technology-based audit and other data analysis techniques.

13. Quality Assurance

The CIA maintains a Quality Assurance and Improvement Programme to review all aspects of activity of the Internal Audit Section (including its external providers) to provide reasonable assurance that its work conforms with the relevant standards and to the requirements of this document. An external assessment will be undertaken at least once every five years by a suitably qualified, independent assessor as required by the Public Sector Internal Audit Standards. The timing, form of the assessment, qualifications of any external assessor, results and any resultant improvement plans will be agreed with and reported to the Audit & Standards Committee in the annual report. Significant deviations will be considered for inclusion in the Annual Governance Statement.

14. Audit Processes

An Audit Manual is maintained detailing the procedures to be followed at each stage of the audit process including an instruction document for the operation of the electronic working paper solution. The content of the Manual will be reviewed regularly and will include details of the arrangements to be followed in the event of suspected irregularities. The CIA shall periodically ensure adherence to its content. SLT Members will be consulted on any significant changes to the Manual.

A Data Utilisation Strategy is in place which outlines a vision of how the Internal Audit Service will use available data sources and analytics to enhance efficiency, reduce key risks and facilitate the Council in effectively making best use of data sources available.

15. Use of and the Processing of Data

Internal Audit is entitled to conduct its duties in line with its Charter and will review, appraise and report on the governance risk management, internal control and counter fraud environment. The provision of internal audit services may involve the processing of personal data. In respect of this, new data protection legislation came into force from the 25th May 2018, which aims to protect the privacy of all EU citizens and prevent data breaches.

The Internal Audit Service is aware of the requirements of the Data Protection Act 2018 and ensures that it complies with the requirements contained within the Act.

The Internal Audit Service may be asked to provide access to personal information by relevant authorities with regulatory powers such as the police, government



departments and other local authorities for the purposes of the prevention and/or detection of crime without the permission of the data subject. The Council will consider such requests on a case by case basis.

Our core data protection obligations and commitments are set out in the Council's primary privacy notice.

<https://www.staffordshire.gov.uk/yourcouncil/requestandaccessinformation/What-we-do-with-you-personal-information/Privacy-Notice.aspxe>

Also, Internal Audit may collect data from the public directly via a fraud referral e-form. The information provided on this form is subject to the provisions of the Data Protection Act 2018. It may be used for purposes relating to the investigation of crime or misuse of resources, including liaison with the police, and for the purpose of performing other statutory enforcement duties. Also, the Council may share information provided to it with other bodies for the purpose of prevention, or detection of crime. The privacy notice covering the collection of personal data via the fraud referral e-form can be found using the attached link.

<https://www.staffordshire.gov.uk/yourcouncil/Report-fraud-bribery-and-theft/Report-a-concern-of-fraud-bribery-or-theft.aspx>



APPENDIX 1*****UNDER REVIEW*** FINANCIAL REGULATION D – AUDIT, CONTROL AND IRREGULARITIES**

- D1 The County Treasurer² is responsible for carrying out a continuous internal audit in line with the Accounts and Audit (England) Regulations 2015.
- D2 SLT members must co-operate with, and provide all necessary information for, the Internal Audit Section and our external auditor in a timely manner.
- D3 SLT members are responsible for setting up effective and efficient arrangements for internal control. They will ask the County Treasurer for advice on any significant matter if the principles of internal control prove difficult to put into practice or maintain.
- D4 SLT members must let the County Treasurer know immediately about all instances of potential and actual irregularity which affect our finances.
- D5 The County Treasurer, or his authorised representative, must be given reasonable access to our property and to see any documents, records and computer files they may need for the audit. He can also ask staff and members for information and explanations if he thinks this is necessary for that audit and that they are promptly provided.
- D6 Depending on any related legal requirements, the Chief Internal Auditor will have the right to report directly to the Chief Executive, to any member of Cabinet and the Audit and Standards Committee. Where appropriate responses to audit recommendations have not been made within a reasonable period the County Treasurer may refer the matter to the Audit and Standards Committee for further action.
- Response to audit reports
- D7 SLT members must consider and respond promptly to recommendations in audit reports and make sure that any agreed actions arising from audit recommendations are carried out as soon as possible.
- Internal control and checks
- D8 The duty of providing information, working out, checking and recording the amounts due to or from us must be separated, as far as possible, from the duty of collecting or paying these amounts.

² Following the merger of the Finance & Resources Directorate and the Strategy, Governance & Change Directorate to create the newly formed Corporate Services Directorate there is a need to review the Council's Financial Regulations and to re-assign the Section 151 Officer responsibilities to the County Treasurer role.

- D9 Wherever possible, we need to make arrangements to make sure that:
- a) work, goods and services are ordered properly;
 - b) we acknowledge when they have been received; and
 - c) invoices and accounts are not examined by the same person.



Audit Opinions**Recommendation Risk Ratings**

At the conclusion of each audit, control weaknesses are rated based on their potential impact against the organisation, and likelihood of any associated risks occurring.

The scoring matrices below are used by Auditors as a guide to assessment of each control weakness, and therefore generating the priority rating of the resultant recommendation.

Priority ratings may subsequently be adjusted; for example, in a minor system with a total budget of £100,000, financial loss of £5,000 would be considered more a more significant risk to system objectives than the matrix below would initially suggest.

Impact Ratings

Risk Type	Marginal 1	Significant 2	Fundamental 3	Catastrophic 4
Financial	Lack of VFM or overspend resulting in a financial loss below £10,000	Lack of VFM or overspend resulting in a financial loss between £10,000 and £100,000	Lack of VFM or overspend resulting in a financial loss between £100,000 and £0.5m	Lack of VFM or overspend resulting in a financial loss in excess of £0.5m
Reputation	Adverse publicity unlikely (e.g. Just can't demonstrate that probity has been observed.)	Needs careful public relations (e.g. Minor theft of property or income.)	Adverse local publicity (e.g. Minor fraud case.)	Adverse national publicity (e.g. Major fraud or corruption case.)
Legal/Regulatory	Breaches of local procedures / standards	Breaches of regulations / standards	Breaches of law punishable by fines only	Breaches of law punishable by imprisonment
Legal/Regulatory	Not an issue that would interest the External Auditors	An issue that may require further checks to satisfy the External Auditor that control is sufficient.	Would warrant mention in the Annual Audit Letter or Annual Governance Statement (AGS).	Could lead to qualification of Council's Statement of Accounts
Legal/Regulatory	Unlikely to cause complaint / litigation	High potential for complaint, litigation possible	Litigation to be expected	Litigation almost certain and difficult to defend
Performance	Doesn't materially affect a departmental performance indicator or service objective.	Has a material adverse affect on a departmental/corporate performance indicator or service objective.	Could adversely affect a number of departmental/corporate performance indicators or could seriously damage Departmental objectives / priorities.	Could call into question the Council's overall performance framework or seriously damage a Council objective / priority.
Service Delivery	Doesn't affect any identified objectives	Adversely affects a service objective	Seriously damage Departmental objective / priority	Seriously damage any Council objectives / priorities
Service Delivery	No significant disruption to service capability	Short term disruption to service capability	Short term loss of service capability	Medium term loss of service capability
Service Delivery	No more than 3 people involved	No more than 10 people involved	Up to 50 people involved	More than 50 people involved
Health & Safety	No injuries beyond "first aid" level	Medical treatment required - long term injury	Extensive, permanent injuries; long term sick	Death

Likelihood ratings:

Risk Score	Description	Example Detail Description
5	Very Likely	Likely to occur within a year / Over 80% Probability of Likelihood
4	Likely	Likely to occur within 1 to 3 Years / 60%- 80% Probability of Likelihood
3	Possible	Likely to occur within 3 to 5 Years / 40%-60% Probability of Likelihood
2	Unlikely	Likely to occur within 5 to 10 Years / 20%-40% Probability of Likelihood
1	Remote	Likely to occur greater than 10 Years / Less than 20% Probability of Likelihood



Priority Ratings Matrix

Catastrophic	Impact	4	4	8	12	16	20
Fundamental		3	3	6	9	12	15
Significant		2	2	4	6	8	10
Marginal		1	1	2	3	4	5
			Likelihood				
			1	2	3	4	5
			Remote	Unlikely	Possible	Likely	Very Likely

Risk Score		Recommendation Rating
>=	<	
1	5	Minor Priority
6	10	Low Priority
10	13	Medium Priority
15	21	High Priority

Internal Audit Assurance Ratings

Each Internal Audit report completed provides a level of assurance of; Limited, Adequate or Substantial Assurance. The following table is a guide to how assurance levels are determined. Dependent on the nature of the recommendations raised, the auditor may increase or decrease the level of assurance provided. For example a single very significant control weakness may give rise to only one recommendation, but severely compromise the effectiveness of a system and therefore result in a limited assurance report, or on occasion an audit may give rise to recommendation numbers close to the thresholds shown below for two or more categories of recommendation.

Assurance Level	Typical Findings
Limited	Either: 2+ high priority recommendations, 8+ medium priority recommendations, or 13+ low priority recommendations
Adequate	Either: 1 high priority recommendation, 3-7 medium priority recommendations, or 7-12 low priority recommendations
Substantial	0 high priority recommendations, 0-2 medium priority recommendations, and 0-6 low priority recommendations

Audit and Standards Committee Forward Plan 2019/20 and 2020/21

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.
12 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			
30 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				
14 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
22 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				

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				
28 January 2020				
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	To be confirmed			
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				
20 April 2020 - CANCELLED				
Strategic Risk Register - Update Report of the Director of Corporate Services Lead Officer: Lisa Andrews	Deferred to 12 th October 2020			
Annual Report on Information Governance Report of the Director of Corporate Services Lead Officer: Tracy Thorley	Deferred to 12 th October 2020			
Annual Report of the work of the Audit & Standards Committee Report of the Director of Corporate Services Lead Officer: Lisa Andrews	Deferred to 12 th October 2020			

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Internal Audit Charter 2020/21 Report of the County Treasurer Lead Officer: Debbie Harris	Deferred to 30 th July 2020			
Internal Audit Plan 2020/21 Report of the County Treasurer Lead Officer: Debbie Harris	Circulated remotely for approval			
Development of an assurance framework Report of County Treasurer Lead Officer: Debbie Harris	Deferred to February 2021			
External Audit Plan 2019/20 Report of Ernst & Young	To be confirmed			
Staffordshire Pension Fund Audit Planning Report 2019/20 Report of Ernst & Young	To be confirmed			
Proposed changes to the Constitution As Required	As required			
Forward Plan for the Audit and Standards Committee Lead Officer: Lisa Andrews	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	To be confirmed		Regular Update to members on Multi agency exercise in November 2019	
22 June 2020 - CANCELLED				
Code of Corporate Governance – Update Report of the Director of Corporate Services Lead Officer: Lisa Andrews Head of Audit and Financial Services	Deferred to 30 th July 2020			
Internal Audit Outturn Report 2019/20 Report of the County Treasurer Lead Officer: Debbie Harris	Deferred to 30 th July 2020			

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Report of the Standards Panel. Report of the Director of Corporate Services. Lead Officer: Ann-Marie Davidson	To be confirmed			
Local Government Audit Committee Briefing – update report of Ernst & Young	Deferred to 12 th October 2020			
Proposed changes to the Constitution As required	As required			
Forward Plan for the Audit & Standards Committee Lead Officer: Lisa Andrews, Head of Audit & Financial Services	Deferred to 30 th July 2020			
PART TWO Exempt – Internal Audit Special Investigations/Reports of Limited Assurance/Top Ten Risk Areas	Deferred to 30 th July 2020			
P PART TWO Exempt Update on Property Governance – Implementation of previous recommendations.	Deferred to 12 th October 2020			
P PART TWO Exempt Update on Deer Call Out Services – Implementation of previous recommendations.	Deferred to 12 th October 2020			
PART TWO Exempt Update on Approved Mental Health Professionals – Implementation of previous recommendations.	Deferred to 12 th October 2020			
30 July 2020				
National Code of Conduct for Elected Members. Report of the Director of Corporate Services Lead Officer: Julie Plant				
Internal Audit Charter 2020/21 Report of the County Treasurer Lead Officer: Debbie Harris				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Forward Plan for the Audit and Standards Committee Lead Officer: Lisa Andrews				
Code of Corporate Governance – Update Report of the Director of Corporate Services Lead Officer: Lisa Andrews Head of Audit and Financial Services				
Fraud Risks – The Impact of COVID 19 Presentation by Lisa Andrews & Debbie Harris				
Internal Audit Outturn Report 2019/20 Report of the County Treasurer Lead Officer: Debbie Harris				
Annual Governance Statement 2019-20 Report of the Director of Corporate Services Lead Officer: Lisa Andrews	Deferred to 12 October 2020			
Training on Statement of Accounts	Deferred to 12 October 2020			
Statement of Accounts 2019-20 Presentation and Report of County Treasurer Lead Officer: Rachel Spain	Deferred to 12 October 2020			
Report to those charged with Governance (ISA 260) a) Staffordshire County Council Report of Ernst & Young	Deferred to 12 October 2020			
Report to those charged with Governance (ISA 260) b) Staffordshire Pension Fund Report of Ernst & Young	Deferred to 12 October 2020			
Local Government Audit Committee Briefing – update report of Ernst & Young	Deferred to 12 October 2020			
Proposed changes to the Constitution As required	As required			

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
PART TWO EXEMPT Internal Audit Special Investigation/limited/ Top Risk Areas reports (Part 2 items).	As required			
12 October 2020				
Annual Report on Information Governance Report of Director of Corporate Services Lead Officer: Tracy Thorley, Head of Business Support & Compliance & Natalie Morrissey, Information Governance Manager	Moved from April 2020			
Strategic Risk Register - Update Report of the Director of Corporate Services Lead Officer: Lisa Andrews	Moved from April 2020			
National Fraud Initiative (2020) Report of the County Treasurer Lead Officer: Debbie Harris				
Annual Review of the effectiveness of the Audit & Standards Committee – Update 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	Moved from April 2020			
Annual Governance Statement 2019-20 Report of the Director of Corporate Services Lead Officer: Lisa Andrews	Moved from July 2020			
Training on Statement of Accounts	Moved from July 2020			
Statement of Accounts 2019-20 Presentation and Report of County Treasurer Lead Officer: Rachel Spain	Moved from July 2020			
Report to those charged with Governance (ISA 260) c) Staffordshire County Council Report of Ernst & Young	Moved from July 2020			

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Report to those charged with Governance (ISA 260) d) Staffordshire Pension Fund Report of Ernst & Young	Moved from July 2020			
Local Government Audit Committee Briefing – update report of Ernst & Young	Moved from July 2020			
Proposed changes to the Constitution As required	As required			
Forward Plan for the Audit and Standards Committee Lead Officer: Lisa Andrews				
PART TWO EXEMPT Internal Audit Special Investigation/limited/ Top Risk Areas reports (Part 2 items).				
PART TWO Exempt Update on Property Governance – Implementation of previous recommendations.	Moved from July 2020			
PART TWO Exempt Update on Deer Call Out Services – Implementation of previous recommendations	Moved from July 2020			
PART TWO Exempt Update on Approved Mental Health Professionals – Implementation of previous recommendations.	Moved from July 2020			
8 December 2020 (2pm start)				
Health, Safety and Wellbeing Performance Annual Report Report of Director of Corporate Services Lead Officer: Becky Lee				
Internal Audit Plan 2019/20 – Update Report of the County Treasurer Lead Officer: Debbie Harris				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Proposed changes to the Constitution As required				
Forward Plan for the Audit and Standards Committee Lead Officer – Lisa Andrews				
PART TWO EXEMPT Internal Audit Special Investigation/limited/ Top Risk Areas reports (<i>Part 2 items</i>).				
9 February 2021				
External Audit Plan 2020/21 Report of Ernst & Young				
Staffordshire Pension Fund Audit Plan 2020/21 Report of Ernst & Young				
Development of an assurance framework Report of County Treasurer Lead Officer : Debbie Harris	Moved from April 2020			
Proposed changes to the Constitution As required				
Forward Plan for the Audit and Standards Committee Lead Officer – Lisa Andrews				
PART TWO EXEMPT Internal Audit Special Investigation/limited/ Top Risk Areas reports (<i>Part 2 items</i>).				
12 April 2021				
Annual Report on Information Governance Report of the Director of Corporate Services Lead Officer: Tracy Thorley				
Annual Review of the effectiveness of the Audit & Standards Committee – Update Report of the Director of Corporate Services Lead Officer: Debbie Harris				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Annual Report of the work of the Audit & Standards Committee Report of the Director of Corporate Services Lead Officer: Lisa Andrews				
Internal Audit Charter 2021/22 Report of the County Treasurer Lead Officer Lisa Andrews				
Internal Audit Plan 2021/22 Report of the County Treasurer Lead Officer: Debbie Harris				
Proposed changes to the Constitution As required				
Forward Plan for the Audit and Standards Committee Lead Officer: Lisa Andrews				
PART TWO EXEMPT Internal Audit Special Investigation/limited/ Top Risk Areas reports (Part 2 items).				

Membership

Derek Davis, OBE
Alastair Little
Martyn Tittley (Chairman)

Paul Northcott
Richard Ford
Carolyn Trowbridge (Vice-

Calendar of Future Committee Meetings

(All meetings at 10.00 a.m. unless otherwise stated)

20 April 2020
22 June 2020
30 July 2020

Ann Engeller Colin Greatorex Jill Hood David Williams	Chairman) Ross Ward Bernard Williams Victoria Wilson Susan Woodward	12 October 2020 8 December 2020 ****14:00 9 February 2021 21 April 2021
		Meetings usually take place at County Buildings, Martin Street, Stafford ST16 2LH

Local Members Interest
N/A

Audit and Standards Committee – 30th July 2020

Code of Corporate Governance

Recommendation

1. To approve the updated Code of Corporate Governance and resultant action plan produced in line with the CIPFA SOLACE framework ‘Delivering Good Governance in Local Government’ published in April 2016.

Report of the Director of Corporate Services

Background

2. A detailed review of the Code of Corporate Governance (and Single Sheet Local Framework) has been undertaken by the Council’s Corporate Governance Group following the publication of the 2016 Delivering Good Corporate Governance in Local Government Framework. There are seven core principles which are listed below:
 - a. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - b. Ensuring openness and comprehensive stakeholder engagement.
 - c. Defining Outcomes in terms of sustainable economic, social and environmental benefits.
 - d. Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - e. Developing the entity’s capacity, including the capacity of its leadership and the individuals within it.
 - f. Managing risks and performance through robust internal control and strong public financial management.
 - g. Implementing good practices in transparency, reporting and audit to deliver effective accountability.
3. The 2016 framework builds significantly on the previous version and has been expanded to include greater emphasis on partnerships, outcomes, interventions and transparency agendas.
4. The Council’s over-arching Code of Corporate Governance continues to be refreshed to ensure the accuracy of the details contained regarding the arrangements in place to demonstrate adherence to the core principles and sub principles contained in the framework and is attached at Appendix 1. Contained within the document is the Corporate Governance Action Plan for 2020. Progress regarding implementation of the action plan will be monitored throughout the year and reported on as part of the review of the effectiveness of the governance framework which feeds into the Annual

Governance Statement. The action plan relating to the 2019/20 code has been discussed and reviewed by the Corporate Governance Working Group throughout the year. Appendix 2 refers to the single sheet framework which represents the governance structure in place within the Council.

Equalities Implications and Climate Change Implications

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

Legal Implications

6. Any new (significant) costs arising from Action Plans that cannot be contained within existing budgets will need to be considered within the Medium Term Financial Strategy (MTFS).

Resource and Value for Money Implications

7. The net budget of the Internal Audit Section for 2020/21 is £982,700 of which £67,000 relates to payments to external providers.

Risk Implications

8. Good corporate governance is key to efficient and effective service delivery and will assist the Council in promoting its image with key stakeholders.

Report Author

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List of Background Papers

1. CIPFA / SOLACE Publication: Delivering Good Governance in Local Government: Framework – April 2016 Edition
2. CIPFA / SOLACE Publication: Delivering Good Governance in Local Government: Guidance Note for English Authorities – 2016 Edition
3. Code of Corporate Governance 2019

LOCAL CODE OF CORPORATE GOVERNANCE

Introduction

The International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014) defines governance as follows:

‘Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.’

The International Framework also states that:

‘To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times.’ Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

Good Corporate Governance

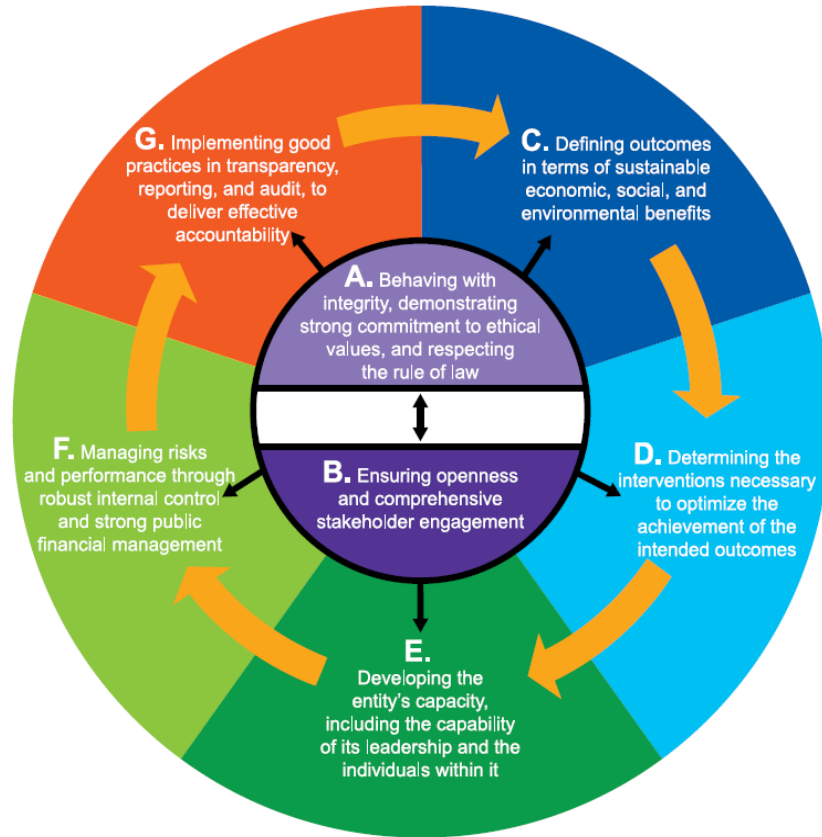
Staffordshire County Council is committed to achieving good corporate governance and this Local Code describes how the council intends to achieve this in an open and transparent way. The Local Code is based upon the CIPFA SOLACE framework ‘Delivering Good Governance in Local Government (April 2016) which replaced the document published in 2007 and amended in 2012.

As laid out in the guidance it *‘is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.*

The Local Code is based on the following 7 principles, the first 2 of which underpin the remaining 5 with the overall aim of achieving the intended outcomes whilst acting in the public interest at all times.

- A – Behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- B – Ensuring openness and comprehensive stakeholder engagement.
- C – Defining outcomes in terms of sustainable economic, social and environmental benefits.
- D – Determining the interventions necessary to optimize the achievement of the intended outcomes.
- E – Developing the entity’s capacity including the capability of its leadership and the individuals within it.
- F – Managing risks and performance through robust internal control and strong public financial management.
- G – Implementing good practices in transparency, reporting and audit to deliver effective accountability.

**Achieving the Intended Outcomes
While Acting in the Public Interest at all Times**



MONITORING AND REVIEW

The Code of Corporate Governance is reviewed on an annual basis to ensure that it is kept up to date. Where the review identifies that changes are required to the code, the revised Code will be submitted to the Audit & Standards Committee for comments and amendments before including on the Council's intranet.

It is the philosophy of the County Council that responsibility for ensuring good corporate governance is embedded within the organisation, lies with all employees and they take the appropriate steps to ensure their behaviour reflects these values at all times.

The Audit & Standards Committee has responsibility for monitoring and reviewing the Corporate Governance arrangements. The Committee is responsible for approving the Council's annual accounts and responding to the External Auditor's Annual Audit Letter. It also oversees the effectiveness of the Council's governance and risk management arrangements, the internal control environment and associated anti-fraud and anti-corruption arrangements. The standards element of its remit covers the responsibility for promoting and maintaining high standards of conduct amongst Members. The detailed terms of reference are included in the Constitution.

<http://moderngov.staffordshire.gov.uk/ieListDocuments.aspx?CIId=624&MIId=8894&Ver=4&Info=1>

In addition, the wider Committee arrangements support how the Council uses its resources effectively and efficiently to deliver services for Staffordshire residents

The Council ensures that corporate governance arrangements are kept under continual review by updating, as appropriate, these Committees on:

- The work of Internal and External Audit
- The opinion of other review agencies and inspectorates
- Opinions from the Council's Statutory Officers
- General matters relating to the implementation of the Code
- The production of the Annual Governance Statement and actions planned to address rising governance issues.

The Annual Governance Statement

Each year the Council will publish an Annual Governance Statement to accompany the Annual Accounts. The Statement provides an overall assessment of the Council's corporate governance arrangements and how it adheres to the governance standards set out in this Code. Evidence relating to the principles of this Code is reviewed and analysed to assess the robustness of the Council's governance arrangements. This includes assessments such as:

- Review of the Constitution
- Annual Statement – Member Standards
- Biannual Scrutiny Report to Council
- Head of Internal Audit Annual Report and overall opinion
- External Audit Annual ISA 260 Report
- Other Inspectorate Reports
- Statutory Complaints & Corporate Complaints (including Ombudsman's Reports) Annual Report
- Information Governance Annual Report
- Health and Safety Annual Report
- Annual Pay Policy Statement
- Statements from the Monitoring Officer and Section 151 Officer regarding the use of their statutory powers

The Statement includes an appraisal of the key controls in place to manage the Council's principal governance risks and the effectiveness of systems and processes governing decision making and financial control. The Statement also provides details of where improvements need to be made. Actions to address significant governance issues are identified and recorded in an action plan. The Annual Governance Statement is audited by the Council's External Auditors as part of the audit of the annual accounts.

The following tables detail how the Council meets the core principles and the systems, policies and procedures it has in place to support this.

Core Principle A: <i>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</i>		
	Current Arrangements	Action Plan 2020/21
<p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved.</p> <p>In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>	<p>Behaving with integrity</p> <ul style="list-style-type: none"> • Codes of conduct for Members & Officers developed and included in key governance document [the Constitution] to ensure that high standards of conduct are understood/maintained. • An Officer Code of Conduct is included within the GO Corporate Training system and behaviours are reinforced through the My Performance Conversation process. • Induction process for all new Members includes information on the standard of behaviour expected including the role of Standards Committee. • Member Code of Conduct – currently under review. • Procedure in place for reporting and administrating complaints against Members including breaches of the Member Code of Conduct. • Whistleblowing arrangements for Officers are in place together with Grievance procedures • Member Allowances are determined and approved by the Independent Remuneration Panel • The Audit and Standards Committee is responsible for overseeing the conduct of members and identifying any training needs of members in relation to the Code of Conduct. The Committee receives a report as appropriate regarding the progress of complaints'/investigations. An Annual Report of Member Conduct is produced and reported to the Audit & Standards Committee. • Decision making practices include standard formats for executive officer/portfolio holder/Cabinet decisions to assist in ensuring that decisions are taken only when necessary information has been made available including community impact assessments for key decisions. • Constitution includes an employee and Member policy for the acceptance of gifts and hospitality. A register is maintained and 	<p>To complete the Governance Review currently being undertaken.</p> <p>Responsible Officer: Ann-Marie Davidson, County Solicitor</p> <p>Implementation Date: 31st March 2021</p>

	<p>published on the County Council website.</p> <ul style="list-style-type: none"> • All Members declare their interests, and these are published on the County Council website which is refreshed annually. • Members' declarations of interests are a standing item on all agendas. Minutes show declarations of interest were sought, and appropriate declarations made. • Whistleblowing and Integrity policies are in place. Policies available to members of the public, employees, partners and contractors via the internet and in appropriate contract documentation. • Statutory and corporate complaints procedures and electronic reporting forms are available on the County Council's website. Annual reports are produced and are published on the County Council website. 	
	<p>Demonstrating strong commitment to ethical values</p> <ul style="list-style-type: none"> • The Constitution sets out <ul style="list-style-type: none"> ○ the need to act within the law ○ delegations of the executive, committees and senior officers, and the decision-making process to be applied ○ Terms of Reference for committees ○ Scrutiny Function to support ethical decision making • Commissioners of services have a role in developing specifications and contracts and through contract management and management of other arrangements. • Implementation of the People Strategy approved by Cabinet in March 2019. 	
	<p>Respecting the rule of law</p> <ul style="list-style-type: none"> • The Constitution identifies the Statutory Officers of the County Council namely the Head of Paid Service, Monitoring Officer, Chief Financial Officer (Section 151 Officer), Director of Adult Social Care, Director of Children's Services, Scrutiny Officer and the Director of Public Health and sets out the respective roles. • A Fraud, Bribery and Corruption Policy is published on the web site together with the Anti-Money Laundering Policy. There is a whistleblowing hotline together with a concern reporting form which is 	

	forwarded on to Internal Audit for review.	
Core Principle B: - Ensuring openness and comprehensive stakeholder engagement		
Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders	<p>Openness</p> <ul style="list-style-type: none"> • Strategic and Delivery Plans describe direction including Vision, Values and Council priorities. • Adoption of a Freedom of Information Act publication scheme • Online council tax information • Authority Transparency pages available on website including the annual transparency report • Agendas, reports and minutes are published on the council's website. Meetings are open to the public unless in the case of exempt items • The Community Impact Assessment toolkit is used for all key decisions and helps ensure that the decisions taken consider a range of potential impacts/risk. Where appropriate, background papers are cited in the standard report format. • Dates for submitting, publishing and distributing timely reports are set and adhered to • Record of decision making and supporting materials published on the County Council website • The Strategic Plan together with the annual Corporate Delivery Plan sets out the priorities and strategic direction for the Council and is reviewed annually. • Quarterly Integrated Performance Reporting covering MTFS, Strategic Plan and Delivery Plan monitoring delivery of key priorities. 	
	<p>Engaging comprehensively with institutional stakeholders</p> <ul style="list-style-type: none"> • All the Councils priority outcomes are contained within the Strategic Plan which is published and communicated to all relevant stakeholders. • The County Council regularly consults with a wide range of stakeholders depending on the topic and relevant audience. Key stakeholders include our local MPs, elected members, district leaders and chief executives, other public sector organisations and our voluntary and community sector bodies • The relationship with the other 9 local councils is overseen by the 	<p>To complete the work on the 3 strategic place-based priorities (Place Branding/5G/Data Institute)</p> <p>Responsible Officer: Andrew Donaldson, Assistant Director –</p>

	<p>monthly meeting of the 10 Chief Executive's and quarterly meetings of the Leaders.</p> <ul style="list-style-type: none"> • The strategic engagement with the NHS is now overseen through the Sustainability and Transformation Plan Programme Board that is driving change across the whole system • Place leadership across Staffordshire is steered and driven through Network Staffordshire. • In 2019 Network Staffordshire has been developed its Vision for Staffordshire, by identifying three strategic place-based priorities, that it will collaborate on, and are central to be more aspirational for Staffordshire – Place-Branding, 5G and establishing a Data Institute. Good progress is being made against all three priorities, and work will continue throughout 2020. • SCC reinforce a clear set of principles with all key partnership leads (including across Health and Wellbeing, Children and Families, Safety and Economy) to ensure that all formal partnerships continue to provide a robust framework for identifying and delivering higher level outcomes for Staffordshire. • All consultations are conducted in line with the best practice guidance set out by the Cabinet Office in 2016 (https://www.gov.uk/government/publications/consultation-principles-guidance). High priority consultations identified through the business planning process are supported by the Policy and Insight Team, with appropriate support from other support services. In order to ensure consistency and transparency all consultations are hosted on the County Council webpage. • A communications strategy which sets out how the Council will inform and engage with employees, partners, residents and other stakeholders is in place, agreed annually by the senior leadership team and members of cabinet. Annual review and sign off of Communication Plan by SLT Lead 	<p>Strategy, Public Health & Policy Implementation Date: 31st March 2021</p>
	<p>Engaging stakeholders effectively, including individual citizens and service users</p> <ul style="list-style-type: none"> • A Record of public consultations undertaken is published on the Website. 	<p>To consider the production of a comprehensive</p>

	<ul style="list-style-type: none"> • All consultations are delivered using best practice guidelines from the Cabinet Office (https://www.gov.uk/government/publications/consultation-principles-guidance) • The council seeks the views from individuals, organisations and businesses as part of shaping and commissioning decisions. • All council surveys are delivered online using the corporate approved software called Citizen Space. • Consultation activities are scheduled in line with the Delivery Plan priorities and MTFS commitments. • The council has arrangements to engage with all sections of the community including hard to reach groups. • Community Impact Assessments continue to capture the impact of decisions on our protected groups, with evidence of how services have involved these vulnerable and hard to reach groups. • The work of the Digital project seeks to take account of the citizens needs 	<p>volunteer management strategy and framework.</p> <p>Responsible Officer: Sarah Getley, Assistant Director – People</p> <p>Implementation Date: 31st March 2021</p>
C Defining outcomes in terms of sustainable economic, social, and environmental benefits		
<p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for</p>	<p>Defining outcomes</p> <ul style="list-style-type: none"> • The Strategic Plan sets out the council's vision and priorities, it is refreshed annually, and is published on the website. • Three priority outcomes have been defined – <ol style="list-style-type: none"> 1. Have access to more good jobs and share the benefits of economic growth 2. Be healthier and more independent for longer 3. Feel safer, happier and more supported in their community. • The annual Corporate Delivery Plan and associated Directorate/Team Plans and MPCs support the delivery of the priorities outlined in the Strategic Plan. The following approval process is used – Corporate Delivery Plan approved by SLT, led by the Assistant Director for Strategy, Public Health and Prevention, Directorate and Team Plans are approved by relevant member of SLT. MPCs are signed off by the relevant manager and are formally reviewed twice per annum and a rating allocated together with the line manager. • The Senior Leadership Team and Cabinet receive a Quarterly 	

<p>the finite resources available.</p>	<p>Integrated Performance Report, monitoring progress against the Strategic Plan and Corporate Delivery Plan.</p>	
	<p>Sustainable economic, social and environmental benefits</p> <ul style="list-style-type: none"> • Capital investment is structured to achieve appropriate life spans and adaptability for future use or those resources (e.g. land) are spent on optimising social, economic and environmental wellbeing. This is outlined in the Medium-Term Financial Strategy and detailed in the capital programme. • Development of the Communities and Digital principles to help address rising levels of demand for Council services. • The Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP) brings businesses and local authorities together to drive economic growth and create jobs. The County Council is the Accountable Officer for the LEP. • The SSLEP has a single inward investment team ‘Make it Stoke-on-Trent and Staffordshire’ and an Education Trust, which is working with education providers and businesses to address the skills gap, while Destination Staffordshire is working with tourism businesses to market the county as a place to work and visit. To ensure the best achievement for the area the LEP is working with Government and other organisations to secure funding and improve access to finance for businesses. • Sustainable Procurement incorporates the achievement of environmental, economic and social outcomes throughout procurement processes. The evaluation of Social and Environmental Value is considered as part of the evaluation criteria in all procurements and is designed to assist commissioners and procurers to maximise opportunities to improve the social, economic and environment condition of our local area through effective commissioning and procurement. 	<p>To consider the draft social value framework together with the 2 external social value assessment tools which are being assessed regarding adoption by the Council.</p> <p>Responsible Officer: Ian Turner, Assistant Director - Commercial Services and Assets</p>

		Implementation Date: 30 September 2020.
<i>D -Determining the interventions necessary to optimise the achievement of the intended outcomes</i>		
<p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.</p>	<p>Determining interventions</p> <ul style="list-style-type: none"> • The principles of commissioning are applied to ensure clear alignment to need and improving outcomes • Options are clearly defined and analysed to ensure decisions support community and digital solutions. • The system for decision making ensures all relevant information is considered such as analysis of options, resource implications, and outcomes. 	
	<p>Planning interventions</p> <ul style="list-style-type: none"> • The Delivery Plan and associated Directorate and Team Plans and MPCs is the means by which the Council's strategic priority outcomes are translated into action and delivered. • The Council is committed to involving local people in its most important decisions through community engagement. • It seeks opportunities to get local people involved in the running of services and assets through relevant consultation and our Communities principle. • The MTFS is linked to our Corporate Delivery Plan to ensure resources are available to deliver priority outcomes. Member Led challenge sessions are held to scrutinise the robustness of the financial proposals. • Strategic Risks associated with partnership and joint working arrangements are identified and recorded in the strategic risk register. • Contract management arrangements are in place to manage delivery of service requirements. • Change control mechanisms are in place to ensure that Contracts/Partnership arrangements continue to deliver the Council's priority outcomes. 	<p>To ensure ongoing greater visibility and ownership of the Corporate Risk Register, together with regular monitoring and updating of individual risk areas.</p> <p>Responsible Officer: Lisa Andrews, Head of Audit & Financial Services</p> <p>Implementation Date: Ongoing</p>

	<ul style="list-style-type: none"> • KPIs have been established and approved for each priority area, included in the Corporate Delivery Plan and reported upon regularly to SLT and Cabinet. • The quarterly Integrated Performance Report, provides SLT and Cabinet with detailed performance information and highlight areas where corrective action is necessary. 	
	<p>Optimising achievement of intended outcomes</p> <ul style="list-style-type: none"> • The annual budget is prepared in line with agreed priorities and the MTFS which is approved by Cabinet and Full Council. The council publishes its Financial Strategy annually to set an indicative five year rolling financial plan to fit the longer-term strategic vision as well as a detailed one-year budget. This process is supported via all members of the wider leadership team, including the use of annual accountability letters. • All Managers are supported in the delivery of their financial objectives via their Finance Business Partner. 	
<i>E - Developing the entity's capacity, including the capability of its leadership and the individuals within it</i>		
<p>Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity</p>	<p>Developing the entity's capacity</p> <ul style="list-style-type: none"> • Regular reviews of activities, outputs and planned outcomes including acting upon the outcome and recommendations contained within Inspectorate Reports. • Development of demand management through digital by design, privacy by design, people helping people and commercialisation work streams. • The Council has a Learning & Development strategy including the use of a digital learning management system GO available to the whole workforce covering, statutory and mandatory training, health and safety, ICT, Change Management and key knowledge and soft skills. • Utilisation of research and CIPFA benchmarking exercises where appropriate. • Effective operation of partnerships which deliver agreed outcomes. 	
	<p>Developing the capability of the entity's leadership and other individuals</p>	<p>As part of the Governance Review to complete the</p>

<p>for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	<ul style="list-style-type: none"> • Job descriptions are in place for Officers which have been correctly evaluated using the agreed Job Evaluation criteria and processes. • Role descriptors for Member roles. • Induction arrangements for Officers/Members • A Protocol on Member/Officer Relations to achieve good working relationships in the conduct of council business • Schemes of delegation reviewed regularly in the light of legal and organisational changes. • Procurement and financial regulations, which are reviewed on a regular basis, are in place. • Officers/Members are updated on legal and policy changes as required. • Development and training plans for employees is identified through the annual My Performance Conversation appraisal process. • Access to update courses/ information briefings on new legislation. • Efficient systems and technology used for effective support. • Implementing appropriate human resource policies (including Thinkwell) and ensuring that they are working effectively. • HR policies and procedures developed incorporating relevant guidance on equalities and diversity requirements, safer recruitment, pre-employment checks. • Development of an Apprenticeship Programme offering training, skills and experience in Local Government. • Health and Safety policies designed to protect and enhance the welfare of staff are actively promoted and monitored. • Improving Workforce Wellbeing programme being rolled out across the Council 	<p>update exercise of the current Schemes of Delegation to ensure that they are fit for purpose in respect of the revised organisational requirements.</p> <p>Responsible Officer: Ann-Marie Davidson, County Solicitor</p> <p>Implementation Date: 31st March 2021.</p> <p>To launch the redesigned MPC process which is a year 1 priority in the People Strategy</p> <p>Responsible Officer: Sarah Getley, Assistant Director - People</p> <p>Implementation Date: 30 September 2020</p> <p>The ongoing review the current HR policies in operation to ensure that they reflect the needs of the business.</p> <p>Responsible Officer: Sarah Getley, Assistant Director – People</p>
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		<p>Implementation Date Next tranche to be completed by 31 March 2021.</p>
<p><i>F - Managing risks and performance through robust internal controls and strong public financial management</i></p>		
<p>Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making,</p>	<p>Managing risk</p> <ul style="list-style-type: none"> • Risk management strategy/ policy formally approved and adopted by the Audit & Standards Committee. These documents are reviewed and updated on a regular basis by the Corporate Governance Working Group chaired by the Director of Corporate Services. • The strategic risk register is periodically updated, reviewed by the Corporate Governance Working Group prior to being scrutinised by the Audit & Standards Committee. • The County Council has entered into a partnership arrangement with Staffordshire Civil Contingencies Services Unit who provide a comprehensive civil contingencies service including regular updates, briefings and training exercises with Key Partners. • Business Continuity Plans have been prepared. 	<p>To refresh the risk management policy and strategy.</p> <p>Responsible Officer: Lisa Andrews, Head of Audit & Financial Services</p> <p>Implementation Date: 31st December 2020.</p>
	<p>Managing performance</p> <ul style="list-style-type: none"> • Key indicators have been identified which support the Council's Strategic and Corporate Delivery Plan, Directorate and Team Plans. The strategic leadership team oversee the monitoring and delivery of performance measures in support of the Strategic and Corporate Delivery Plan. A quarterly Integrated Performance Report is considered by SLT and Cabinet. • Publication of agenda, associated papers and minutes of public meetings on the County Council website. The Forward Plan will contain all matters which the Leader of the Council has reason to believe will be the subject of a Key Decision to be taken by the Cabinet during the forthcoming four-month period. It may also include decisions that are not key decisions but are intended to be determined by the Cabinet 	

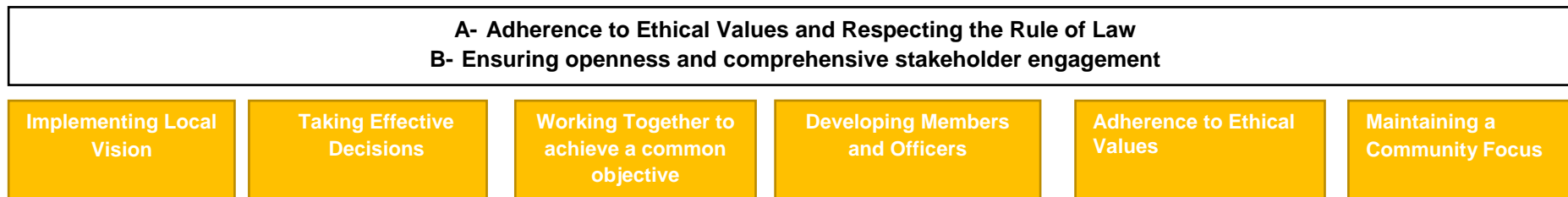
<p>policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>	<ul style="list-style-type: none"> • The Constitution, through its Overview and Scrutiny rules has opportunities for the Council's four Select Committees to challenge and debate policy and objectives before, during and after decisions are made. The work programme for each committee reflects the delivery of the County Council's and partners main outcome priorities, areas where their involvement could help improve performance and/or priorities and concerns raised by the public • Agenda, minutes of Select Committees and any associated reports with recommendations to the Executive are available via the County Council's website. • Overview and Scrutiny training for members is provided initially at induction, also on an annual basis or on specific subjects within Select Committee meetings. • The County Council has both Procurement and Financial Regulations which set out the council's arrangements and ensure that processes continue to operate effectively and efficiently. 	
	<p>Robust internal control</p> <ul style="list-style-type: none"> • Risk management arrangements/ policy have been formally approved and adopted and are reviewed and updated on a regular basis. • An annual report is produced by Internal Audit which provides an opinion on the council's control environment, and a self-assessment of its arrangements against the public sector internal audit standards and CIPFA's guide to the role of the Head of Internal Audit. The Council's Internal Audit service was externally reviewed in January 2018 to ensure adherence to the public sector internal audit standards by CIPFA and was awarded the highest level of compliance i.e. Full Compliance. • Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014) and Fighting Fraud & Corruption Locally 2020 (CIPFA 2020). • Anti-Fraud and Corruption Strategy which is subject to regular review and is approved by the Corporate Governance Working Group. The annual outturn report summaries anti-fraud activity in the year. • Annual governance statement prepared with senior management support and consideration by Audit and Standards Committee. 	

	<ul style="list-style-type: none"> • An effective internal audit service is resourced and maintained. Internal Audit prepares and delivers a risk-based audit plan in line with international auditing standards which is kept under review to reflect changing priorities and emerging risks. • Audit and Standards Committee oversees the management of governance issues, internal controls, risk management and financial reporting. It meets approximately four times per year and is adequately supported in respect of its roles/responsibilities. • There are frameworks in place in relation to child and adult safeguarding. • A self-evaluation assessment based on the CIPFA best practice criteria has been performed by the Audit & Standards Committee and will be refreshed regularly. Any improvements will be incorporated into the work programme of the Audit & Standards Committee. 	
	<p>Managing data</p> <ul style="list-style-type: none"> • The following arrangements are in place :- <ul style="list-style-type: none"> i. Designated data protection officer ii. Data protection policies and procedures iii. Acceptable Use Policy iv. Information Sharing Protocol (incorporating use of Data Sharing Agreements) v. Protective Marking Scheme vi. Mandatory training via Go on Privacy/GDPR/Cyber Security vii. Designate Senior Information Risk Owners (SIRO's) who undergo regular refresher training. • The Council's Information Governance Framework provides guidance on the arrangements that must be in place to ensure personal data is kept protected and secure. Using Privacy by Design as per GDPR requirements. • Effective information sharing is undertaken in accordance with the Data Protection Act and the Staffordshire Information Sharing Protocol • Data Subjects are informed why their personal information is being collected and how it will be processed (including when shared with other bodies) through the Council's overall Privacy Notices published on our website and individual Privacy Statements on forms, in booklets etc. 	

	<ul style="list-style-type: none"> Information Sharing Agreements, are reviewed on a regular basis, are in place to document the sharing of information using national agreements or the template in the Staffordshire Information Sharing Protocol. 	
	<p>Strong public financial management</p> <ul style="list-style-type: none"> Financial management supports the delivery of services and transformational change as well as securing good stewardship through modern and up to date HR & Financial management systems. The Medium-Term Financial Strategy is in place which covers a rolling 5-year period. Financial procedures are documented in the Financial Regulations. Procurement procedures are documented in the Procurement Regulations. Delegations from Council are outlined in the Schemes of Delegations. Regular budget monitoring reports are produced and provided to Accountable Budget Holders who are supported by Finance Business Partners in the management of their delegated budgets. The financial position is reported quarterly to Cabinet and Corporate Review Select Committee. 	
<i>G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability</i>		
<p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability</p>	<p>Implementing good practice in transparency</p> <ul style="list-style-type: none"> Agendas, reports and minutes are published on the council's website. Compliance with the Local Government Transparency Code 2015. Required data is published on the County Councils web site. 	<p>To ensure that all the mandatory data required under the Local Government Transparency Code is published in line with requirements.</p> <p>To update the hyperlinks within the Councils publication scheme to ensure that they refer to the latest documentation.</p>

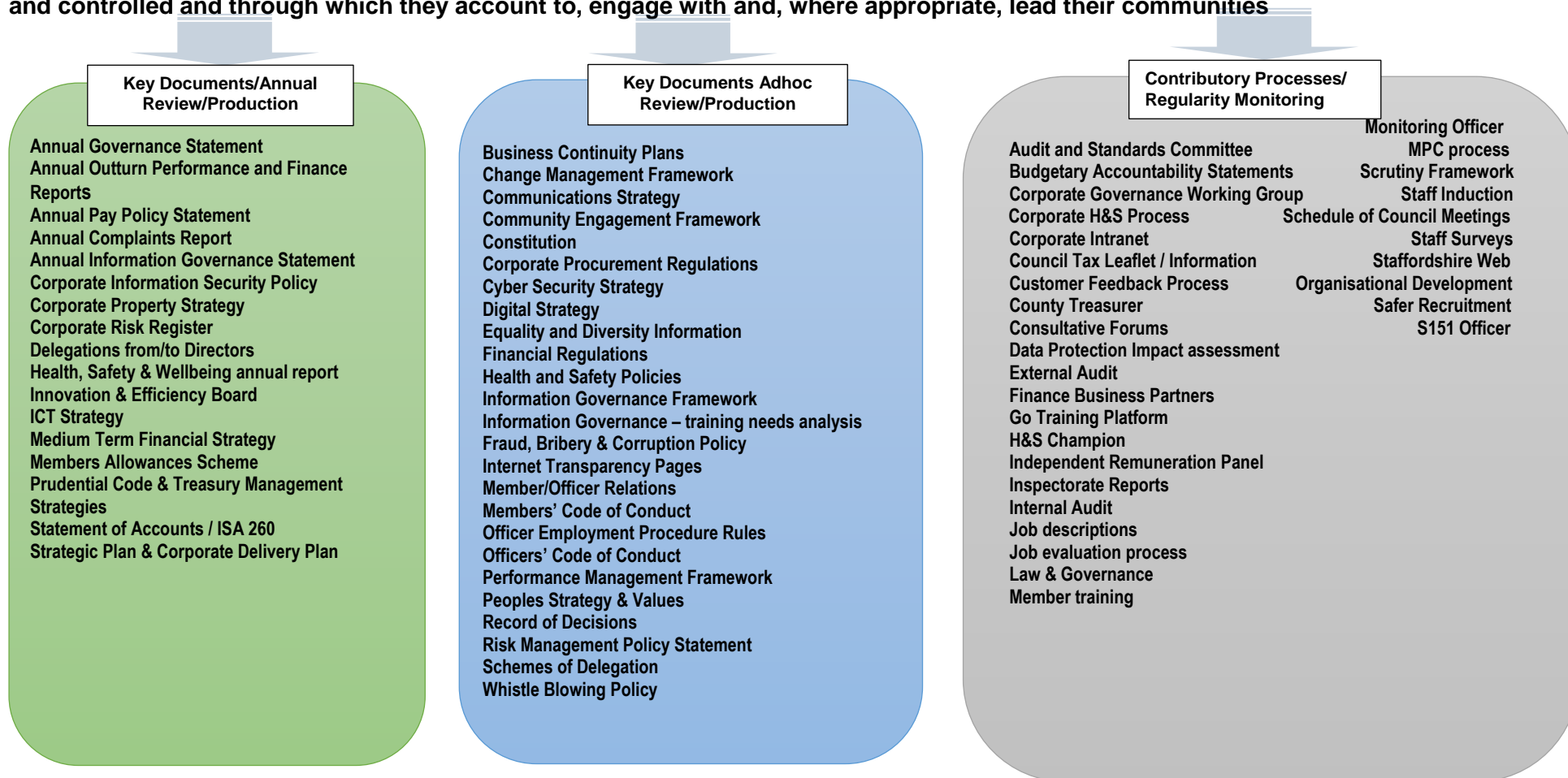
		Responsible Officer: Tracy Thorley, Assistant Director – Business Support and Assurance Implementation Date: 31 st March 2021
	Implementing good practices in reporting <ul style="list-style-type: none"> • The Annual Governance Statement sets out the council’s governance framework and the results of the effectiveness of the council’s arrangements. The AGS includes significant governance issues. • Annual Financial Statements are compiled, published to timetable and included on the council’s website. This includes the External Auditors audit opinion on the Council’s financial statements and arrangements for securing Value for Money. • The Annual Governance Statement is separately published on the Councils website once it has been approved by the Audit & Standards Committee. 	
	Assurance and effective accountability <ul style="list-style-type: none"> • Recommendations in the Annual Governance Statement inform positive improvement within the Council’s governance arrangements. • Compliance with CIPFA’s Statement on the Role of the Head of Internal Audit (2010) • Compliance with Public Sector Internal Audit Standards • An effective internal audit service is resourced and maintained. The Service has direct access to members and provides assurance on governance arrangements via an annual report containing an opinion on the council’s internal control arrangements. 	

Governance Framework - Principles, Statutory Obligations and Organisational Objectives



Corporate Governance comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities

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Fraud Risks: The Impact of COVID 19

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Audit & Standards Committee

Lisa Andrews, Head of Internal Audit & ACFS

Deborah Harris, Chief Internal Auditor

30th July 2020



Agenda Item 8

Introduction – Impact of COVID 19

- Criminals love **uncertainty, vulnerability** and **disruption** - The COVID-19 crisis provides an abundance of all three!
- COVID-19 is a huge distraction for management and employees - Many organisations have had to adapt quickly to **changes in working practices and protocols** such as remote working and increased use of digital channels. These changes present opportunities for fraudsters to exploit. Incentives to commit fraud may also be heightened with organisations and individuals facing unprecedented economic challenges.
- Criminals will look to seek out **weak spots** and will take advantage of 'flimsy controls' and poor IT security.
- Staying one step ahead of fraudsters can help minimise the potential damage.



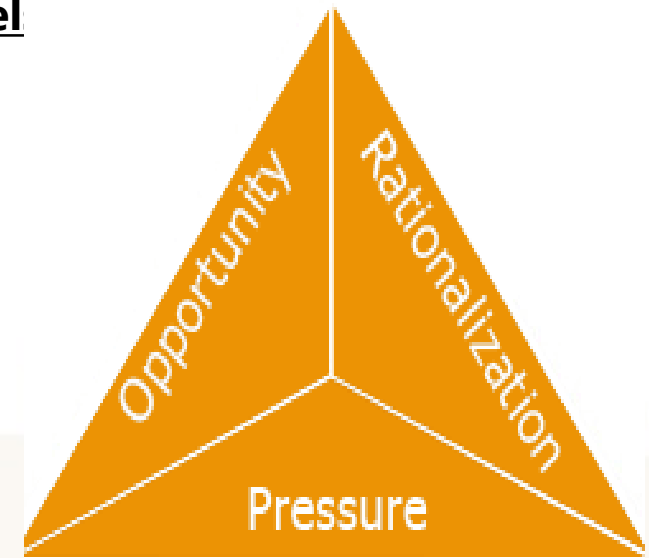
Emerging Fraud Risks

During the COVID 19 crisis, the risk of fraud increases because of the following factors:

- **Urgency in Delivery**
Implications for due diligence and verification checks
- **Working with New Suppliers/partners or existing suppliers in new ways**
Due diligence and verification at pace
- **Staff redeployed to COVID-19 response/increased sickness & absence level**
 - impact on segregation of duties and monitoring;
 - impact on Internal Audit and Counter Fraud Teams;
 - impact on BAU activities; and
 - staff taking on unknown roles.
- **Increased levels of remote working**
 - impact on information security;
 - impact on oversight/monitoring.
- **Increased levels of financial hardship/uncertainty**
 - impact on motivation and rationalisation to commit fraud

The Perfect Storm

The Fraud Triangle



The Fraud Triangle – COVID 19

↑ Disturbances in normal business processes, controls and working conditions give criminals **increased opportunities** to commit fraud.

↑ Chaos and uncertainty of the crisis enable many to **rationalize** bad behaviour that might otherwise have been checked by ethical codes.

↑ Unprecedented economic challenges and increased levels of financial hardship will **motivate/pressurise** some to commit fraud.



Fraud Scenarios to Look Out For

- Here are some of the fraud scenarios we are seeing right now, which are likely to flourish over the coming months and possibly well beyond the pandemic:

Bank Mandate Fraud

Bank Mandate fraud occurs when someone requests the Council to change the bank mandate, by purporting to represent an organisation we make regular payments to, for example a supplier. Fraudsters will look to identify suppliers of services the Council use on a regular basis. This can be obtained from details of contracts awarded or other information which is published on websites in line with the local transparency code.

Bank mandate fraud is frequently used by serious organized crime groups as it carries low risk and potentially high rewards. In addition, Councils such as ours are particularly at risk due to (i) the high volume of transactions; (ii) the opportunity to obtain a significant sum of money in just one transaction; (iii) the disruption in terms of changes to working practices and protocols and staffing as a result of the COVID 19 pandemic .

Impersonation Fraud

Impersonation fraud happens when a fraudster pretends to be someone else and uses false details to claim for assistance e.g. small business grants and micro grants or claiming to be staff or volunteers. The COVID 19 pandemic, has seen the opportunity for small businesses to apply for micro grants from the Council as well as the recruitment of external volunteers in the provision of care support and therefore the risk of fraud is heightened.



More Fraud Scenarios to Look Out For

Application fraud

Application fraud is usually defined as when an individual uses their own name to apply for financial support, but uses false information or counterfeit documents in the application. Application fraud may involve:

- individuals falsely claiming assistance ; and/or
- companies falsely claiming assistance .

Cyber-Enabled Fraud

Cyber-enabled crimes are traditional crimes, which can be increased in their scale or reach by use of computers, computer networks or other forms of information communications technology (ICT). Unlike cyber-dependent crimes, they can be committed without the use of ICT. Two of the most widely published instances of cyber-enabled crime relate to fraud and theft. As a result of the COVID 19 pandemic there has been an increase in "Phishing" scams which refer specifically to the use of fraudulent emails disguised as legitimate emails that ask or 'fish' for personal or corporate information from users, for example, passwords or bank account details. Phishing attempts can be sent out en-masse to a range of potential targets, but in the case of 'spear-phishing', attackers may gain specific information about a target and tailor communications accordingly to increase the chances of success.

A form of phishing, is "smishing" and this is when someone tries to trick you into giving them your private information via a text or SMS message. Smishing is becoming an emerging and growing threat in the world of online security.

Procurement & Supply Chain Fraud

Throughout the supply chain – from procurement to distribution – employees as well as external parties (such as suppliers, distributors and competitors) have opportunities to commit procurement fraud. These opportunities range from false invoicing, bribery and kickback schemes to non supply and/or sub-standard goods.

The COVID 19 pandemic increases the risk of this type of fraud occurring and has been seen in the procurement of Personal Protective Equipment (PPE) across the globe. There is a risk of :-

- fictitious or unqualified companies entering the supply chain;
- overcharging or duplicate claims by existing suppliers; and
- exploitation of single sourcing to use related companies



The Supply Chain – Further Considerations

Government Publication of new **Public Procurement Notices**

PPN01/20: to respond to COVID-19: Responding to COVID-19 (procuring goods, works, services in extreme urgency)

PPN02/20: Supplier Relief due to COVID-19 (guidance on payment of suppliers to ensure continuity of service)

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PPN03/20: use of purchasing cards during COVID 19 and links to PPN02/20 and the payment of suppliers quickly

PPN04/20: Recovery and transition from COVID 19 - Updates and builds on the provisions contained in PPN 02/20 relating to payment of suppliers and service continuity.

Challenges of balancing:

Delivery at Pace

Due Diligence & Verification



COVID 19 Related Frauds – It's started

There's been a 400% rise in fraud related to COVID-19 in March according to [Action Fraud](#)

Camden man, 20, pleads guilty to coronavirus texts scam by tricking vulnerable into handing over bank details

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Scammers turn to LinkedIn to sell overpriced PPE

Teenager arrested over Covid-19 fraud claims

The suspected offender was receiving six separate Covid-19 Pandemic Unemployment Payments into a bank account, in what are believed to be bogus names.



Doing the Basics Right & Well

Prevention is key to fighting fraud and corruption both now and in the future.

Don't forget the basics and good habits that the Council already has:

- supplier due diligence and set up;
- Robust verification on requests to change bank accounts;
- conflict of interest checks; and
- communicate that fraud will not be tolerated and how to report concerns.

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Just because it's a crisis situation, doesn't mean everything is URGENT

Ensure that all decisions are documented to:

- allow for verification post crisis;
- ensure transparency in decision-making; and
- protect yourself and the organization



Summary - Emergency Management

The UK Government is responding to the emergency which is the COVID 19 pandemic with a range of stimulus packages to mitigate the economic and social impact of the COVID-19 pandemic.

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Sadly, fraudsters will try to take advantage of these emergency measures. The fraud threat posed during emergency situations is higher than at other times, and the Council should be attuned to the risks faced by our organisation.

WHY : Financial Impact of Fraud on Organisation v Emotional Impact of Fraud on People



Fraud Control During Emergency Management

The following principles apply to effectively controlling the levels of fraud in an emergency management situation:

- **Accept** that there is an inherently high risk of fraud, and it is very likely to happen.
- **Understand** the fraud risks – Specifically, Internal Audit has enhanced its fraud risk register to consider the impact of COVID 19 on SCC's anti-fraud measures and to identify further mitigating actions.
- **Consider** where controls may be weakened and implement low friction counter measures to prevent fraud risk as much as possible.
- **Carry out** targeted post-event assurance to look for fraud – Use of data analytics
- **Be mindful** of the shift from emergency payments into longer term services and revisit the control framework, as appropriate

Seek support from Internal Audit, as necessary – We are here to help and support services and we can assist with all of the above. We are assisting many services right now



Final Message



Local Members Interest	
N/A	N/A

Audit and Standards Committee – 30th July 2020

Internal Audit Outturn Report 2019/20

Recommendation

1. To receive the outturn report containing the annual internal audit opinion for 2019/20.

Report of the County Treasurer

Background

2. This report outlines the work undertaken by Internal Audit in respect of the 2019/20 annual plan.
3. Management is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements, i.e. the control environment of the organisation. Internal Audit acts as an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes¹.
4. Internal Audit is required by professional standards, i.e. UK Public Sector Internal Audit Standards (PSIAS), to deliver an annual internal audit opinion and report to those charged with governance timed to support the Annual Governance Statement. In accordance with these requirements the Head of Internal Audit must provide an annual opinion that covers the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The annual report must incorporate:
 - a. The opinion;
 - b. A summary of the work that supports the opinion; and
 - c. A statement on conformance with PSIAS and the Local Government Application Note (LGAN), highlighting any areas of non-conformance.
5. The underlying principles to the 2019/20 plan were outlined in the Internal Audit Strategy and Plan paper presented to and approved by Members of the Audit & Standards Committee on 12 June 2019. Since the original plan was approved, a number of additional audits have been required, whilst some planned reviews were no longer needed and several deferred due to operational requirements. However, the net effect is that the key performance target has been achieved. Work is scheduled to meet the requirements of the business area to ensure the greatest benefit is achieved from the audit work. Therefore, it is not uncommon for reports to be at draft report stage at the end of the audit year. In respect of this point, due to the COVID -19 outbreak and staff availability to finalise draft reports, there were a greater number of reports still at

¹ Public Sector Internal Audit Standards definition of Internal Auditing.

draft report stage as at the end of March/April 2020. However, the Internal Audit Team have continued to proactively seek management responses to all outstanding draft reports and the majority of audit reports have now been received.

6. Each control tested as part of an individual audit is evaluated for its adequacy. The table below demonstrates the number of controls that have been evaluated as part of the 2019/20 Internal Audit Plan for systems audits:

Controls Evaluated	1,043
Adequate Controls	610
Partial Controls	278
Weak Controls	155

7. Audit opinions are awarded for individual systems and compliance audits within one of the following categories listed below. Further information as to how these are determined is given in **Appendix 1**.

- a. Substantial Assurance
- b. Adequate Assurance
- c. Limited Assurance

8. Paragraph 9 provides a high-level summary of the work undertaken by the Section analysed by the following categories:

- a. High Risk Auditable Areas
- b. Main Financial Systems
- c. Systems Audits (reported by exception, i.e. only those with “Limited Assurance” and/or those with a High-Level Recommendation)
- d. Compliance Reviews
- e. Financial Management in Maintained Schools including payroll arrangements
- f. Special Investigations/Fraud & Corruption Related Work.

9. For those areas awarded ‘Limited Assurance’, action plans have been or are in the process of being agreed with the relevant Director /Head of Service. During 2019/20, Members of the Audit & Standards Committee have continued to receive full copies of all “Limited Assurance”, High Risk Auditable areas (regardless of opinion) and Major Special Investigation reports (i.e. greater than £10,000 financial loss/Significant Corruption issues) once finalised. Relevant managers have attended the Committee to provide assurance that appropriate action has been taken regarding the implementation of recommendations. Internal Audit will continue to track and report on the implementation of High-Level recommendations, including those contained within reports awarded “Adequate Assurance”.

2019/20 Audit Plan Outcomes

High Risk Auditable Areas

10. Our Internal Audit and Strategy and Plan Paper identified the top risk audits/reviews for the County Council in 2019/20. These reviews acknowledged the key risk areas and financial pressures within the Council with its continued work on transformation services such as: Children and Families Systems, Special Education Needs and Disabilities (SEND), Adults and Children’s Financial Services, the Care Commissioning Programme, the People Strategy and the Digital Development Programme; as well as

other corporate services such as: Strategic Property, Cyber Security arrangements and Sales to Cash including debt recovery.

11. The audit opinions for all the high-risk reviews are summarised in the table below:

System Area	2019/20 Opinion	2019/20 Consultancy
Sales 2 Cash Including Debt Recovery Function & Debt Management (<i>also included as a main financial system</i>)	Adequate Assurance	
Adult & Children's Financial Services Review Programme	-	✓ Project advisory work
Strategic Property Asset Management and Governance	Limited Assurance	
Digital Development Programme	Position Statement	
People Strategy	Adequate Assurance	
Children & Families System Transformation: Place Based Approach	Adequate Assurance	
Special Education Needs and Disability (SEND) Joint Inspection - First Stage	Adequate Assurance	
Special Education Needs and Disability (SEND) Joint Inspection - Second Stage	Limited Assurance	
SEND Transformation - High Needs Block	Cancelled - Deferred to 2020/21	
SEND Transformation - Governance - Local Hubs	Adequate Assurance	
SEND Transformation - Governance - Decision Making Groups	Limited Assurance	
Ofsted Improvement Plan (Children's Social Care Services)	Adequate Assurance	
** Care Commissioning Programme	Draft Report with Management (Adequate Assurance)	
Adult Social Care Pathway	Cancelled - Deferred to 2020/21	
Office 365 Project- Governance	Adequate Assurance	
Office 365 Project	-	✓ Project advisory work
Care Director - Citizen Portal	Adequate Assurance	
Cyber Security Strategy	Adequate Assurance	
** Financial Assessments including Disability Related Expenditure	Draft Report with Management (Limited Assurance)	

** Currently at draft report stage, therefore the high-level recommendations have not been included in this section of the Outturn report. Once finalised the completed report will be circulated to Members of the Audit & Standards Committee.

12. The four Limited Assurance reports issued for the high-risk systems areas in 2019/20, relate to; Strategic Property Asset Management and Governance, SEND Joint Inspection - Second Stage, SEND Transformation Governance - Decision Making Groups and Financial Assessments including Disability Related Expenditure (draft report). As a result of these 2019/20 reviews a number of significant weaknesses have been highlighted. The high-level issues arising from these reviews are shown in the table below, for those areas where the audit report has been finalised:

System Area	Areas for Improvement
Strategic Property Asset Management and Governance	<ul style="list-style-type: none"> • Property Governance: A County Farms Panel Decision was made for the sale of a parcel of farmland and its subsequent approval was not made in accordance with the revised decision-making structure for property matters which came into effect in December 2017. • Property Governance: Historically, the detail of the Schools Capital Programme has been approved by the Cabinet Member for Learning and Employability which is contrary to the revised decision-making structure which came into effect in December 2017. In addition, the correct Cabinet Member delegated decision form had not been completed and the decision had not been subsequently published. • Asset Management Framework: The Council's Property Strategy which was approved recently by Cabinet on 16th October 2019 is not aligned to guidance contained in CIPFA's Strategic Property Asset Management Framework guidance document (August 2018). A review of the Property Strategy found that it is deficient in a number of areas and lacks clarity in a number of areas. In addition, it is not clear how the Council's property strategy fits in to the Council's other strategies and there is no reference to managing property risks or details of the property performance management framework. The Property Sub Committee did not review the Council's Property Strategy prior to its presentation at Cabinet on 16th October 2019 despite this aspect being a key purpose/responsibility of the Sub Committee. In addition, there is no timeframe for review and refresh of this strategy document. • Delivery Mechanisms: The Strategic Property Team restructure that had commenced during the previous audit review in December 2016 has been subject to delay over the last three years and remains outstanding. • Delivery Mechanisms – Lease Management: Significant control issues were identified in relation to the Council's current lease management arrangements that need to be resolved as a matter of urgency • Value for Money including Cost Effective Procurement: Currently, the MTFs property rationalisation programme does not have a clear and defined governance framework, i.e. there is an absence of terms of references for the governance groups involved in the MTFs rationalisation programme; the absence of agendas, minutes and action logs and no evidence to demonstrate how programme risks are monitored and reported. • Performance Management: A performance management framework is not in place currently to measure the successful implementation of the Council's Property Strategy, the general performance of the Strategic Property Team or periodically to determine the direction of travel for the Council's estate.
SEND Joint Inspection - Second Stage	<ul style="list-style-type: none"> • Written Statement of Action (WSOA) Progress and Implementation: The Department for Education (DfE) has identified key areas of concern relating to the delivery of outcomes and the lack of progress in implementing the WSOA and in particular the rollout of the SEND District Model. Internal Audit's review identified a number of areas which have or could result in the failure to achieve the required deadlines. The areas include; the lack of a multi-agency working protocol, actions which lack clarity, the effectiveness of the EHCP subgroup, the lack of identifiable outcomes and measures of success, the transition of actions through to business as usual, the need to accelerate the roll out of the SEND District Model and the lack of any formal risk monitoring. • Evidence Bank: Robust arrangements are not in place to ensure the evidence bank is updated, complete and accurate.

SEND Transformation Governance - Decision Making Groups (DMGs)	<ul style="list-style-type: none"> • Schemes of Delegation: Decision making processes are not aligned to the current Families and Communities Sub-Scheme of Delegation. All applicable decisions sampled were not taken in accordance with the Children and Families Sub-Scheme of Delegation. • Procurement Regulations: Decision making processes are not aligned to the current Procurement Regulations. All applicable decisions sampled were not in-line with Procurement Regulations. A variation to Procurement Regulations has been drafted however at the time of the audit, this had not been approved and did not extend to decisions made by Locality DMGs.
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13. In addition, for those reports relating to high risk auditable areas, with an opinion of at least “Adequate”, five high level recommendations were made as follows:

System Area	Areas for Improvement
People Strategy	<ul style="list-style-type: none"> • The implementation of the People Strategy year 1 priorities will not be met.
Children & Families System Transformation: Place Based Approach	<ul style="list-style-type: none"> • Strategy, Themes & Intelligence: Priorities set by each District are not SMART (specific, measurable, achievable, realistic and timely) and strategies in place to address these priorities are not supported by quantifiable Key Performance Indicators (KPI's) or linked adequately to Countywide data.
Office 365 Project-Governance	<ul style="list-style-type: none"> • Budget Monitoring: Project costs and resources are not being reported to and monitored by Project Board.
Care Director - Citizen Portal	<ul style="list-style-type: none"> • Citizen Portal: The portal does not safeguard against the upload of viruses. In addition to this, a number of other security vulnerabilities were identified as part of a third-party penetration test.

14. The top risk audit reviews relating to: Sales 2 Cash audit review which includes the Debt Recovery Function and Debt Management; People Strategy; Children & Families System Transformation: Place Based Approach; SEND Joint Inspection - Second Stage; SEND Transformation - Governance - Local Hubs; SEND Transformation - Governance - Decision Making Groups; Ofsted Improvement Plan; Cyber Security Strategy and the Care Director – Citizen Portal are contained in the confidential agenda and will be discussed in detail when the Committee reaches this part of the agenda. The remaining top risk reviews which have not been previously presented to the Audit and Standards Committee will be distributed to Members of the Committee as part of the next Committee meeting Confidential Agenda Pack for further consideration.

Main Financial Systems

15. Coverage of these areas is in line with the audit strategy.

Main Financial System	2016/17 Opinion	2017/18 Opinion	2018/19 Opinion	2019/20 Opinion	Direction of Travel
Liberata Payroll System	N/A in 2016/17 (was previously HRSSC)	Limited Assurance	Adequate Assurance	Adequate Assurance	→
Pensions Payroll	Adequate Assurance	Adequate Assurance	Substantial Assurance	Substantial Assurance	→
Pension Fund – Custodian, Investment	Substantial Assurance	Substantial Assurance	Not Covered in 2018/19	Not Covered in 2019/20	→

Main Financial System	2016/17 Opinion	2017/18 Opinion	2018/19 Opinion	2019/20 Opinion	Direction of Travel
Managers and Pensions Property					
Pensions Fund – Local Government Pension Scheme (LGPS): Asset Pooling – Governance & Financial Reporting Arrangements	N/A in 2016/17	N/A in 2017/18	Project Advisory Work in 2018/19	Adequate Assurance	→
Pension Fund – Pension Administration	Adequate Assurance	Adequate Assurance	Substantial Assurance	Substantial Assurance	→
Pension Fund – Governance (SCC Local Governance)	Substantial Assurance	Substantial Assurance	Substantial Assurance	Substantial Assurance	→
Budgetary Control	Substantial Assurance	Substantial Assurance	Substantial Assurance	Substantial Assurance	→
Procure to Pay	Adequate Assurance	Adequate Assurance	Not covered in 2018/19	Substantial Assurance	→
Sales to Cash including Debt Recovery Function & Debt Management	Limited Assurance	Limited Assurance	Limited Assurance	Adequate Assurance	↑
E- Payments	Not covered in 2016/17	Substantial Assurance	Substantial Assurance	Not Covered in 2019/20	→
Cheque Control	Not covered in 2016/17	Not covered in 2017/18	Substantial Assurance	Not Covered in 2019/20	→
Nominal Ledger Including Bank	Project work	Bank Reconciliation Adequate Assurance	Substantial Assurance	Not Covered in 2019/20	→
Treasury Management & Lloyds Link	Not covered in 2016/17	Not covered in 2017/18	Substantial Assurance	Not Covered in 2019/20	→
Value Added Tax (VAT)	Not covered in 2016/17	Not covered in 2017/18	Substantial Assurance	Not Covered in 2019/20	→

16. It is pleasing to note that there have been no Limited Assurance reports issued for the main financial systems areas in 2019/20. In addition, for those main financial system reports with an opinion of at least “Adequate”, no high-level recommendations have been made.
17. Systems Audits – (reported by exception, i.e. only those with Limited Assurance and/or those with a high-level recommendation).

System Area	2019/20 Provisional Opinion Awarded
Corporate Governance Schemes of Delegation	Draft Report - Limited Assurance
Use and Payment of Settlement Agreements	Draft Report - Limited Assurance
Joint Funding & Billing (CCGs/CHC)	Draft Report - Limited Assurance

The above reviews are at draft report stage and therefore, the high-level recommendations have not been included within this section of the Outturn report. Once finalised, the completed report will be circulated to Members of the Audit & Standards Committee.

18. Please note that the limited assurance reviews not previously reported to the Audit & Standards Committee will be distributed to Members of the Committee as part of the July Committee meeting Confidential Agenda Pack for further consideration.

19. The following table lists those systems audits where high-level recommendations have been made to address control weaknesses within Adequate Assurance reports:

System Area	Areas for Improvement
Family Health & Wellbeing	<ul style="list-style-type: none"> • Contractual Arrangements: The specifics of service delivery, and target KPIs, are not detailed in the contract and the contract variations are unsigned.
Children's Services – Health Assessments	<ul style="list-style-type: none"> • Management Reports: Reporting does not include detail on whether the health assessments are incorporated effectively into the care plans of looked after children. Testing suggests this is not always the case.
First Contact - Screening Assessments - As is procedures	<ul style="list-style-type: none"> • Allocation of referrals: Internal Audit tested the timeliness of the allocation and completion of referrals by Staffordshire Cares and First Contact and identified examples where both high priority and standard referrals were not being allocated correctly or completed within the required timescales as stipulated within the First Contact standards.
BACS Security	<ul style="list-style-type: none"> • Experian Security: NTFS permissions on the Experian Payment Gateway grants full control to every authenticated network user.
Exchange Server Security	<ul style="list-style-type: none"> • Backup & Recovery: Deleted emails are only held for 14 days and this will not allow Information Governance to retrieve older mailboxes for legal purposes.
ABS (IRIS) Coroners systems	<ul style="list-style-type: none"> • Supplier Management: There was only light touch support provided by SICT and the IGU to the Coroners team who in turn placed too much reliance on the system supplier to manage the implementation of the Coroners system and enforce suitable security mechanisms.

Note: There can be a maximum of one high level recommendation contained in a report awarded adequate assurance.

20. Complying with the Data Protection Act 2018 which incorporates the General Data Protection Regulation 2018 (GDPR), is an ongoing responsibility. However, it is important that Internal Audit provides ongoing assurance to management in this area as part of its planned systems audit work across the Council. In 2019/20, for all applicable audits i.e. where the auditable area being reviewed processes personal data, a GDPR checklist was completed to identify GDPR compliance issues that may be required to be reported.

21. In 2019/20, a GDPR checklist was completed for 28 system audit reviews. Of these, compliance issues were noted in 19 reviews resulting in four medium and 16 low-level recommendations/minor points being made. The adequacy of privacy notices; the completion of Data Protection Impact Assessment for third parties; data retention and training were common themes arising from these reviews. The recommendations made will continue to be monitored until implemented along with all the other agreed recommendations made as part of the individual audit reviews.

Compliance Reviews

Audit Type	Audit Opinion			Total No.
	Substantial Assurance	Adequate Assurance	Limited Assurance	
Compliance - Adults				
Comforts Funds*	12	0	0	12
Other Compliance				
Educational Endowment Funds*	3	0	0	3
Families First District Offices	0	2	0	2
Compliance Reviews	15 (88%)	2 (12%)	0 (0%)	17

*These reviews related to the audit of accounts and no issues were identified.

22. The review of the two Families First District Offices highlighted the following key areas of weakness:
- The cash holding insurance limit of the Office safe (£1,000) was exceeded on 21 separate days over the period 1st October 2019 to 6th December 2019.
 - An inventory record was not maintained contrary to the provisions of Financial Regulation H17.
 - Purchase card supporting documentation was not being completed, retained or signed as required by both local procedures and the Purchase Card Manual.

Financial Management in Maintained Schools

23. Schools Payroll - For the year 2019/20, payroll services to schools have been provided by several providers. As a result, Internal Audit has continued to undertake a themed audit review of payroll services to provide assurance on the internal control environment operating in schools for this area. To ensure efficiency of operation, the payroll themed review was undertaken at the same time that the compliance review was completed at the school, hence only one opinion has been given covering all systems at the school. The detail from the themed audit reviews on payroll is provided at section 9.5.3 below.

Schools Compliance

24. Our Schools' Compliance Programme for the year ahead is based upon a formal risk assessment methodology which considers; the time since last audit, the previous audit opinion, delegated budget value, whether there is a licensed deficit in place, if the school has community facilities, the last Ofsted rating and submission of the Schools Financial Value Standard (SFVS) return.

Audit Type	Audit Opinion			Total No.
	Substantial Assurance	Adequate Assurance	Limited Assurance	
Schools Compliance – High Schools*	0	2	0	2
Schools Compliance – All other schools*	0	13	3	16
Schools Compliance – Short Stay Schools (PRUs)	0	1	0	1
TOTAL	0 (0%)	16 (84.2%)	3 (15.8%)	19

**NB Payroll themed reviews - no separate opinion has been given as all incorporated into the one opinion for the school as highlighted at 9.5.1*

25. From the table above, three primary schools were awarded a limited assurance opinion in 2019/20. In all three cases, issues were found relating to school governance; independent oversight of the school fund account; the proper accounting and banking of income; compliance with Schools Procurement Regulations; purchase card use; the proper maintenance of records relating to payroll transactions including authorisations for appointments, terminations and variations; the proper authorisation of the payroll; and the appropriateness of validation checks undertaken.
26. Generally, the compliance and payroll themed reviews identified non-compliance with key controls in the following areas:

Schools – General Compliance

Governance

- a. Scheme of Delegation requires amendment/approval. *(16 schools)*
- b. There are no terms of reference/ roles and responsibilities for the Full Governing Body or Committees as required by statutory guidance. *(2 schools)*
- c. Governing Body Agendas and minutes not held by the school or do not cover all items and are not clerked appropriately in accordance with School Governance Regulations. *(3 schools)*
- d. Budgets have not been set, approved or reviewed in accordance with the Scheme of Delegation and Financial Regulations including budget deficit strategies. *(6 schools)*
- e. Policies not approved in accordance with the Scheme of Delegation. *(6 schools)*
- f. Remissions and Charges Policy does not contain detail of actual charges. *(2 schools)*
- g. No/out of date debt management policy which does not cover all areas of income. *(8 schools)*
- h. Financial reports are not submitted to the Committee responsible for Governance of School Finances or reports are inadequate. *(3 schools)*
- i. The School Fund is not audited and approved in accordance with requirements of Financial Regulations. *(11 schools)*
- j. Pecuniary interest register is not up to date or held/published in accordance with guidance. *(7 schools)*
- k. Leases are not in the name of the school, not signed in accordance with Scheme of Delegation /or copies not held by the school. *(1 school)*

Income

- a. Income is not banked promptly and/or intact, including grant income banked inappropriately to School Fund account. *(10 schools)*
- b. Key(s) to safe is/are not held securely or in accordance with the Scheme of Delegation. *(2 schools)*
- c. Income is not recorded or receipted in accordance with Financial Regulations, including a clear audit trail. *(13 schools)*
- d. There is a lack of separation of duties or independent check in the income and banking process. *(13 schools)*
- e. Cash is not held securely and/or may not be held in accordance with SCC Insurers cash holding limits, including third party monies. *(5 schools)*
- f. Lettings are not administered appropriately, including VAT and evidence of public liability insurance. *(13 schools)*
- g. Lettings charges are not made in accordance with policy or reviewed and approved

- annually. *(9 schools)*
- h. Invoices have not been raised in the finance system or unofficial invoices have been raised. *(4 schools)*
- i. No independent reconciliation or review of Parent Pay postings. *(2 schools)*
- j. Aged Debtor Accounts are not monitored effectively; outstanding payments are not pursued by the School. *(7 schools)*
- k. Unofficial Petty Cash system in place. *(1 school)*
- l. Income and expenditure of extended School Provisions (below the line accounts) are not coded to the correct cost centres. *(2 schools)*

Procurement

- a. No financial limits set for declared pecuniary interest in companies. *(4 schools)*
- b. Procurement/purchase card transactions not in accordance with Scheme of Delegation and Procurement Regulations, including contractors without appropriate insurance or cancellation of recurring payments when not needed. *(8 schools)*
- c. Purchase card is not held/ used in accordance with the Purchase Card Manual/ Financial Regulations. *(5 schools)*
- d. Incorrect accounting for VAT. *(4 schools)*
- e. Purchase orders are not raised to support procurements in accordance with Financial Regulations. *(15 schools)*

Expenditure

- a. Expenditure incurred without adequate approval/review in accordance with the Scheme of Delegation. *(7 schools)*
- b. Lack of supporting documentation to evidence expenditure incurred. *(4 schools)*

Inventory

- a. Inventory records are incomplete and are not retained/maintained in accordance with Financial Regulations. *(1 school)*
- b. Hard drives that may contain personal data not destroyed prior to sale of IT equipment. *(1 school)*

Schools – Payroll Themed Audit

- a. Authorisations for appointments, terminations and variations could not be evidenced, is not consistent and/or retained on personnel files. *(9 schools)*
- b. Additional hours claim forms not signed by employee and/or not authorised in accordance with the Scheme of Delegation. *(9 schools)*
- c. Validation checks and agreement/authorisation of the payroll is not evidenced. *(17 schools)*
- d. Service level agreement for current year to confirm services to be provided/costs not received. *(2 school)*
- e. Contract for provision of payroll services not authorised in accordance with Scheme of Delegation. *(2 schools)*
- f. Procedures not in place to ensure the prompt receipt of contracts of employment. *(2 schools)*
- g. Pre-recruitment checks could not be verified. *(1 school)*
- h. Mileage and expense claims not reviewed, authorised in accordance with Scheme of Delegation or supported by receipts. *(2 schools)*
- i. Salary over/underpayments identified but not queried with provider. *(1 school)*
- j. Insufficient advertisement of new post both internally and externally. *(1 school)*

k. Member of staff being paid at an incorrect grade of pay. (1 school)

Special Investigations/Fraud & Corruption Related Work

27. A summary of work undertaken in relation to fraud and corruption and specific counter fraud testing is attached as **Appendix 2** in the confidential part of the agenda. Overall, the counter fraud and corruption work carried out in 2019/20 indicated that there are some lapses in the application of controls leading to an increase in the risk of fraud. The table below summarises those exercises and investigations which involved confirmed financial losses. Reports have been issued to ensure that the control weaknesses have been addressed and re-occurrence prevented.

Area	Financial Value £	Control Objective
Internal Special Investigations of Fraud	91,611	This figure includes suspected loss from 2019/20 ongoing investigations.
National Fraud Initiative (NFI)* (all losses are subject to final validation & recovery action)	54,237	Payments to Care Homes for Deceased Residents - £54,000 was reported as part of the 2018/19 outturn report so excluded from this year's figures.
Total	145,848	

**NFI = National Fraud Initiative. This is a national exercise undertaken biennially which is currently administered by the Cabinet Office. Data submitted by the Council is cross checked against other public sector organisations' data highlighting potential areas of fraud/error. These are then investigated locally. Detailed reports are reported regularly to Members of the Audit & Standards Committee highlighting the results of this work.*

28. The quantity of concerns referred to Internal Audit is comparable with the previous year with a slight increase of three, during the year to 30. Potentially, this is due to our continued anonymous methods of reporting fraud available (such as the online reporting form). The actual loss related to referrals has increased from £23,085 in 2018/19 to £91,611 in 2019/20. This value is not seen to be material for 2019/20.

29. Towards the end of 2019/20, the Internal Audit Service was also asked to support the Council's response to the COVID 19 pandemic. Initially, our work focused on the production of a corporate briefing note to raise fraud awareness and to reduce the risk of fraud during the pandemic, which was disseminated across the Council to all staff. Following this, a generic fraud risk assessment relating to COVID 19 fraud risks along with a specific fraud risk assessment relating to the Council's food distribution hubs were also produced for use by the Incident Management Team. Both fraud risk assessments are being used by the Internal Audit management team to map both Internal Audit and Counter Fraud resources to those areas more susceptible to fraud during the COVID 19 pandemic as well as being used to inform the team's continuous controls monitoring programme of work. In addition to this, Internal Audit resources has been used to provide assurance over the arrangements for the procurement of Personal Protective Equipment (PPE); the recruitment of volunteers; and the payment of volunteers' expenses.

30. It is prudent to highlight to members of the Committee that during the early part of 2020/21, two serious frauds have been detected. It is highly likely that both incidents will have a negative impact on next year's overall opinion of the control environment. The Council has referred both matters to the Police and is actively pursuing appropriate recovery of losses through insurance cover arrangements.

31. In order to evaluate the effect this element of Internal Audit work has upon the wider control environment, a threshold of £300,000 financial loss per annum has been set. When this level is exceeded it is considered to have a material effect on the control environment. This year's level of actual financial loss does not indicate detected fraud is a significant problem to the Council.
32. It should be noted that the figures below include error and losses identified during the NFI 2018 exercise. As outlined in Appendix 2, these losses include both fraud and error, much of which we expect to be recovered. Of the £145,848 identified as losses from fraud and error in 2019/20, £91,611 relates to suspected fraud against the Council, the remainder (£54,237 NFI) being errors identified during the NFI 2018 exercise. The table below shows the trend of actual financial loss due to fraud and error over the past five years:

Year	Financial Value	Direction of Travel
2015/16	£73,115	↓
2016/17	£56,690	↓
2017/18	£105,232	↑
2018/19	£77,085	↓
2019/20	£145,848	↑

33. The special investigations category consists of two elements: firstly, the financial loss incurred, and secondly an evaluation of the control environment based on the counter fraud and corruption work outlined as a separate item on the agenda. Proposed percentage allocations are as follows:

Special Investigations		Fraud and Corruption Work	
£0 – below £50,000 loss	50%	Procurement /Contract arrangements	10%
£50,000 - £150,000 loss	40%	Physical Cash/Asset management arrangements	10%
£150,000 - £200,000 loss	30%	Payment mechanisms	10%
£200,000 - £300,000 loss	20%	Payroll /Expenses	10%
Above £300,000 loss	10%	Income	10%

34. Based on the above criteria the overall score awarded for this category is **90%** (i.e.40% for the special investigations elements as the actual financial loss incurred is between £50,000 - £150,000. 50% has been awarded for the fraud and corruption elements based on the details outlined in the report contained in the confidential agenda).

Overall Opinion on the Control Environment

35. Following discussion at the Audit & Standards Committee at its meeting on 30 July 2012, it was agreed to endorse the methodology outlined below, which was used as the basis to form the annual assessment of the overall internal control environment. It is not proposed to amend this method for the 2019/20 assessment.

Current Methodology

36. Each separate category of audit work is assessed against a benchmark of achieving a score of at least 90% of the total number of audits performed being awarded an opinion of “Adequate or above” within each category. For a reason of simplicity, each category attracts equal weighting and a simple pass / fail assessment is used to differentiate the overall opinion between “Substantial, Adequate and Limited” as illustrated below:

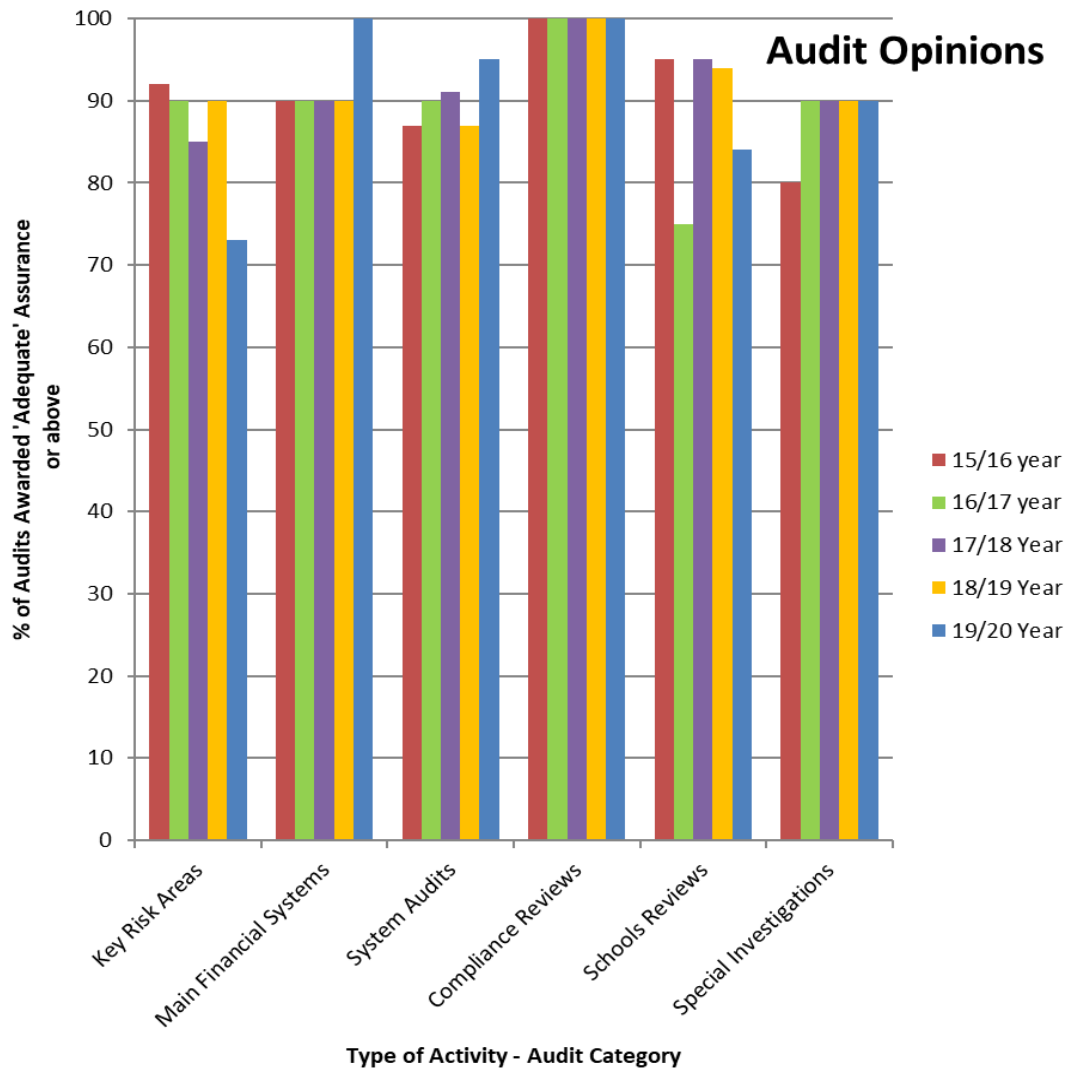
Overall Opinion Level	No of categories achieving the 90% benchmark
Substantial Assurance	6 out of the 6 categories
Adequate Assurance	4 or 5 out of the 6 categories
Limited Assurance	3 and below out of the 6 categories

Implications

37. The following table details the calculation of the 2019/20 overall assessment:

Audit Category	% awarded an opinion of at least “adequate”	Pass/Fail
Key Risk Areas (<i>paragraph 9.1</i>)	73%	Fail
Main Financial Systems (<i>paragraph 9.2</i>)	100%	Pass
System Audits (<i>paragraph 9.3</i>)	95%	Pass
Compliance Reviews (<i>paragraph 9.4</i>)	100%	Pass
Financial Management in Schools (<i>paragraph 9.5</i>)	84%	Fail
Special Investigations/Fraud & Corruption Related Work (<i>Paragraph 9.6</i>)	90%	Pass
Overall Total		4 out of 6 categories passed

38. The chart below details the audit opinions given to the key audit categories and provides a comparison with those awarded over the last five years, 2015/16 to 2019/20:



39. Based on the above, an “**Adequate Assurance**” opinion has been given on the overall adequacy and effectiveness of the organisation’s governance, risk and control framework, i.e. the control environment in 2019/20. This year’s audit plan has been dominated with audit activities which support not only the Children and Families System Transformation and Special Education Needs and Disabilities (SEND) but also the Council’s digital transformation programme, Adults and the Children’s Financial Services Transformation Programme and the Care Commissioning Programme. Internal Audit has continued to adopt agile auditing approaches within our audit processes, that has allowed the Internal Audit Service to provide a just-in time and proactive approach to support the right projects at the right depth and focus, at the right time. This approach has been adopted specifically within our on-going project work as part of the Adults and Children’s Financial Services Transformation Programme; the Adult Social Care Digital by Design Project focusing on the development of the Web Portal and the Office 365 Project during 2019/20. Some high-level issues have been raised in 2019/20 within these areas and the Internal Audit Service will continue to support the design and implementation of a robust control environment in 2020/21.

40. In quarter three of 2019/20, Internal Audit revisited the Council’s new property governance structure including the new framework for decision making following the limited assurance opinion awarded in December 2016. Our final audit report was reported to the Audit & Standards Committee in full at its December 2019 meeting and although a limited assurance opinion was again awarded, the internal audit review

confirmed that significant improvements had been made, most notably the introduction of a revised decision-making structure for property-related matters and the establishment of a Property Sub Committee of Cabinet to tighten up the property governance arrangements in place. Further time is included in the 2020/21 Internal Audit Plan to give on-going assurance in this area.

41. Several audit reviews have also been carried out within SEND in-year focusing on progress made in implementing the written statement of actions (two reviews carried out); and two audits relating to SEND governance; one reviewing the governance structure and management oversight in place for the SEND District Inclusion Model and the other reviewing the local decision making groups operating at both county and district levels. Some high-level issues have been raised within these reviews and their implementation will be monitored during 2020/21. SEND will continue to be a key focus for the 2020/21 Internal Audit Plan.
42. Following the successful launch of My HR and My Finance back in September 2017 and November 2017 respectively, the Internal Audit Service has continued to support Accountancy in relation to both systems. In 2019/20, our ICT audit work in this area has focused on the development, testing and implementation of the BACS secure file transfer process and the upgrade of My Finance, both of which received a positive assurance opinion. All agreed recommendations relating to My HR and My Finance have continued to be monitored in year along with all the other agreed recommendations made as part of the suite of financial systems audit work carried out in 2019/20.
43. The payroll control environment for the Council's core payroll has continue to improve and again in 2019/20, the payroll system has been awarded an adequate assurance opinion, with no high level issues raised and fewer audit recommendations made overall (A total of 11 recommendations have been made in 2019/20 compared with 13 recommendations in 2018/19 and 16 recommendations in 2017/18 highlighting a positive direction of travel). However, this year the Schools' compliance element of the assessment has not achieved the benchmark with limited assurance opinions being awarded for three school establishments. Also, control weaknesses relating to payroll processes operating at schools have continued to be identified in 2019/20 and it is worth noting that more control weaknesses have been identified this year when compared to last year.
44. The main financial systems element of the assessment has achieved the benchmark with all areas audited in this category being awarded a positive assurance opinion i.e. adequate or substantial assurance. Three other system audit reviews in 2019/20 have identified high level issues which have resulted in these reviews being awarded limited assurance opinions. For one of these reviews, a number of concerns have been raised relating to the use and payment of settlement agreements. The nature of this review along with the other two that are at draft report stage (namely Corporate Governance - Scheme of Delegation; and Joint Funding and Billing (CCGs/CHC) are currently being considered by management. Where appropriate, details will be incorporated into the Annual Governance Statement for 2019/20.
45. It is noted that the overall number of limited assurance opinions being awarded across all categories of our work continues to remain fairly static with 10 limited assurance opinions awarded in 2019/20 compared with 11 in 2018/19 and 12 in 2017/18. An analysis of the high-level control issues arising from these reviews indicates that improvements to governance arrangements are required for some areas of business operation as well as high-level control issues noted relating to officer non-compliance

with agreed policy, best practice and procedures. The non-completion of key tasks and the failure to complete tasks consistently and correctly along with poor record keeping and a lack of management checks were common themes arising from these reviews. One reason for this may be due to issues of capacity within the Council to undertake key activities. The issue of capacity has been identified in previous years as a potential concern also. With the impact of the COVID 19 pandemic affecting the whole of the Council at the end of 2019/20 and continuing into the new financial year, capacity may continue to be an area of concern over the next 12 months. It is important that the key actions identified in these audits are addressed, implemented as agreed and progress monitored to ensure that the necessary steps have been taken to strengthen the control environment. This will continue to be a key focus for the 2020/21 Internal Audit Plan.

Performance Measures

46. Key performance indicators (KPI) for the Internal Audit Service are detailed below. The Service has met its key performance target of more than 90% of reports being issued to draft report stage for both systems and compliance audits during 2019/20. The Service continues to meet the KPI targets for the quality questionnaire feedback.

Description	Target %	2016/17 %	2017/18 %	2018/19 %	2019/20 %
Reports issued to draft report stage:					
➤ Systems Audits	90	91	92	96	92
➤ Compliance Audits	90	100	95	92	90
➤					
Average score for Quality Questionnaires from clients is equal to or exceeds the 'good' standard:	90	100	100	100	100
➤ System Audits	90	100	100	100	100
➤ Compliance Audits					

Performance against the UK Public Sector Internal Audit Standards (PSIAS)

47. The UK PSIAS came into force on 1 April 2013 with the aim of promoting further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector. These have been updated periodically since (last updated April 2017). A Local Government Application Note (LGAN) has also been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) to provide further explanation and practical guidance on how to apply the standards. The LGAN is also updated periodically (last updated March 2019).
48. The Internal Audit Service works to an Audit Charter approved regularly by the Audit & Standards Committee. This Charter governs the work undertaken by the service, the standards it adopts and the way in which it interfaces with the Council. A detailed paper outlining how the Service meets the specific requirements of PSIAS & LGAN was presented to the Committee in June 2014 and since this date, internal self-assessments have been undertaken. In January 2018, the Service procured its inaugural external quality assessment (which is required to be conducted once every five years) by CIPFA and the highest category level was awarded regarding compliance with the PSIAS and LGAN. One recommendation was made together with three suggestions for improvement and the full assessment was reported to the Audit and Standards Committee in March 2018. As part of the 2018/19 Outturn Report, these improvements were reported as implemented and continue to be operating in 2019/20.

49. As part of our Internal Audit Quality Assurance and Improvement Framework (QAIP), as well as the *external quality assessment* (conducted every five years); internal assessments are also carried out, as mentioned above. These internal assessments take the following two forms:

- a. *On-going monitoring of the performance of the internal audit activity* - This is an integral part of the day to day supervision, review and measurement of the internal audit activity. On-going monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools and information considered necessary to evaluate conformance with the Mission of Internal Audit, Definition of Internal Auditing, Core Principles and the Code of Ethics; and
- b. *Periodic self-assessment* - On an annual basis, the Chief Internal Auditor will update the Public Sector Internal Audit Standards (PSIAS)/LGAN self-assessment checklist and review evidence to demonstrate conformance with the standards. This self-assessment also incorporates conformance with the Mission of Internal Audit, Definition of Internal Auditing, Core Principles and the Code of Ethics.

50. The results of this year’s updated self-assessment exercise against the current standards and LGAN are summarised below. It can be seen that 94% of the standards are deemed to be fully in place.

Standard			
In Place	Partially In Place	Not In Place	Not Applicable
127 (94%)	3 (2%)	4 (3%)	1 (1%)

51. For those areas of partial/non-compliance a detailed action plan has been produced, although none of these are considered to affect significantly the effectiveness of Internal Audit.

52. Four areas of non-conformance (not in place) were highlighted as part of the self-assessment which will not involve any further action being taken namely:

- a. The Chief Internal Auditor reports to the Head of Internal Audit & Adults and Children’s Financial Services. Section 151 matters are reported in all instances to the County Treasurer who reports to SLT for all Section 151 matters. Alternative reporting arrangements are detailed within the Internal Audit Charter, should the need arise.
- b. The Audit & Standards Committee does not approve the Internal Audit budget. This is the responsibility of the County Treasurer via Full Council.
- c. The Audit & Standards Committee does not approve decisions relating to the appointment and removal of the Chief Internal Auditor, this responsibility lies with the Head of Internal Audit & Adults & Children’s Financial Services in-conjunction with the County Treasurer. The County Treasurer would also liaise with the Director of Corporate Services in respect a matter of this nature.
- d. The Audit & Standards Committee does not approve the remuneration of the Chief Internal Auditor. The Pay of the Chief Internal Auditor is in accordance with the Council’s Pay structure, Grading and JE processes which are owned corporately.

53. The one standard which is categorised as “not applicable” related to an external internal audit service provider who acts as the internal audit activity.

54. The full action plan is attached as **Appendix 3** to this report.

55. The work undertaken by the Internal Audit Service during 2019/20 and reported within the Annual Outturn Report has been performed in accordance with PSIAS. In relation to this, there are no impairments or restrictions in scope or impairments in independence or objectivity during the year which prohibit the Chief Internal Auditor or the Service from delivering the annual Head of Internal Audit opinion for 2019/20.

Equalities Implications

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

Legal Implications

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

Resource and Value for Money Implications

58. The net budget of the Internal Audit Section in 2019/20 was £758,430 of which £65,900 related to payments to external providers.

Risk Implications

59. 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. Internal Audit will continue to align its work with the Corporate Strategic Risk Register.

Climate Change Implications

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

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List of Reference Material

1. Audit Management System
2. Annual Audit Plan & Strategy 2019/20
3. 2019 Audit Charter
4. Public Sector Internal Audit Standards – revised with effect from 1st April 2017.
5. Local Government Application Note – with effect from 1st March 2019
6. Accounts and Audit (England) Regulations 2015.
7. CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2019 Edition).
8. 2019/20 Progress Reports to Audit & Standards Committee & various Internal Audit Reports

Appendix 1

Recommendation Risk Ratings

At the conclusion of each audit, control weaknesses are rated based on their potential impact against the organisation and likelihood of any associated risks occurring.

The scoring matrices below are used by Auditors as a guide to assessment of each control weakness, and therefore generating the priority rating of the resultant recommendation.

Priority ratings may be adjusted subsequently; for example, in a minor system with a total budget of £100,000, financial loss of £5,000 would be considered more a more significant risk to system objectives than the matrix below would initially suggest.

Impact Ratings

Risk Type	Marginal	Significant	Fundamental	Catastrophic
	1	2	3	4
Financial	Lack of VFM or overspend resulting in a financial loss below £10,000	Lack of VFM or overspend resulting in a financial loss between £10,000 and £100,000	Lack of VFM or overspend resulting in a financial loss between £100,000 and £0.5m	Lack of VFM or overspend resulting in a financial loss in excess of £0.5m
Reputation	Adverse publicity unlikely (e.g. Just can't demonstrate that probity has been observed.)	Needs careful public relations (e.g. Minor theft of property or income.)	Adverse local publicity (e.g. Minor fraud case.)	Adverse national publicity (e.g. Major fraud or corruption case.)
Legal/Regulatory	Breaches of local procedures / standards	Breaches of regulations / standards	Breaches of law punishable by fines only	Breaches of law punishable by imprisonment
Legal/Regulatory	Not an issue that would interest the External Auditors	An issue that may require further checks to satisfy the External Auditor that control is sufficient.	Would warrant mention in the Annual Audit Letter or Annual Governance Statement (AGS).	Could lead to qualification of Council's Statement of Accounts
Legal/Regulatory	Unlikely to cause complaint / litigation	High potential for complaint, litigation possible	Litigation to be expected	Litigation almost certain and difficult to defend
Performance	Doesn't materially affect a departmental performance indicator or service objective.	Has a material adverse affect on a departmental/corporate performance indicator or service objective.	Could adversely affect a number of departmental/corporate performance indicators or could seriously damage Departmental objectives / priorities.	Could call into question the Council's overall performance framework or seriously damage a Council objective / priority.
Service Delivery	Doesn't affect any identified objectives	Adversely affects a service objective	Seriously damage Departmental objective / priority	Seriously damage any Council objectives / priorities
Service Delivery	No significant disruption to service capability	Short term disruption to service capability	Short term loss of service capability	Medium term loss of service capability
Service Delivery	No more than 3 people involved	No more than 10 people involved	Up to 50 people involved	More than 50 people involved
Health & Safety	No injuries beyond "first aid" level	Medical treatment required - long term injury	Extensive, permanent injuries; long term sick	Death

Likelihood ratings:

Risk Score	Description	Example Detail Description
5	Very Likely	Likely to occur within a year / Over 80% Probability of Likelihood
4	Likely	Likely to occur within 1 to 3 Years / 60%- 80% Probability of Likelihood
3	Possible	Likely to occur within 3 to 5 Years / 40%-60% Probability of Likelihood
2	Unlikely	Likely to occur within 5 to 10 Years / 20%-40% Probability of Likelihood
1	Remote	Likely to occur greater than 10 Years / Less than 20% Probability of Likelihood

Priority Ratings Matrix

Catastrophic	I m p a c t	4	4	8	12	16	20
Fundamental		3	3	6	9	12	15
Significant		2	2	4	6	8	10
Marginal		1	1	2	3	4	5
		Likelihood					
		1	2	3	4	5	
		Remote	Unlikely	Possible	Likely	Very Likely	

Risk Score		Recommendation Rating
>=	<	
1	5	Minor Priority
6	10	Low Priority
10	13	Medium Priority
15	21	High Priority

Internal Audit Assurance Ratings

Each Internal Audit report completed provides a level of assurance of either Limited, Adequate or Substantial Assurance. The following table is a guide to how assurance levels are determined. Dependent on the nature of the recommendations raised, the Internal Audit function may increase or decrease the level of assurance provided. For example, a single, very significant control weakness may give rise to only one recommendation but severely compromise the effectiveness of a system and therefore result in a limited assurance report, or on occasion an audit may give rise to recommendation numbers close to the thresholds shown below for two or more categories of recommendation.

Assurance Level	Typical Findings
Limited	Either: 2+ high priority recommendations, 8+ medium priority recommendations, or 13+ low priority recommendations
Adequate	Either: 1 high priority recommendation, 3-7 medium priority recommendations, or 7-12 low priority recommendations
Substantial	0 high priority recommendations, 0-2 medium priority recommendations, and 0-6 low priority recommendations

Ref	Standard Reference	Audit Standard	Gap Identified	Action Required	Officer Responsible	Timescale
1.	5.2 1110	<p><u>Organisational Independence</u></p> <p>Does the Chief Audit Executive (CAE) report to an organisational level equal or higher to the Corporate management team?</p>	<p>Currently, the Chief Internal Auditor (CIA) reports to the Head of Internal Audit and Adults & Children’s Financial Services (Head of IA & ACFS) who in turn reports to the County Treasurer.</p> <p>* This reporting line is under review as part of the restructure of the newly formed Corporate Services Directorate.</p>	<p>This reporting line has been in place for a period of time and is considered to be satisfactory. The CIA has alternative reporting arrangements, should she require which are outlined in the Internal Audit Charter.</p> <p>This has been reported in the annual outturn report as an area of non-compliance with PSIAS.</p> <p>No further action to be taken.</p>	CIA	N/A – No further action to be taken
2.	5.2 1110 (c)	<p><u>Organisational Independence</u></p> <p>Is the organisational independence of internal audit realised by functional reporting by the CAE to the board?</p> <p>(c) approves the internal audit budget and resource plan</p>	<p>The Board does not approve the budget. This is a responsibility of Full Council.</p>	<p>This will be reported in the annual outturn report as an area of non-compliance with PSIAS. No further action will, however, be undertaken.</p>	CIA	N/A – No further action to be taken
3.	5.2 1110(e)	<p><u>Organisational Independence</u></p> <p>Is the organisational independence of</p>	<p>This is the responsibility of the Head of IA & ACFS in-conjunction with the County Treasurer and Director of</p>	<p>This will be reported in the annual outturn report as an area of non-compliance with PSIAS, however, no</p>	CIA	N/A – No further action to be

		<p>internal audit realised by functional reporting by the CAE to the board?</p> <p>(e) approves decisions relating to the appointment and removal of the CAE.</p>	Corporate Services.	further action is planned.		taken
4.	5.2 1110(f)	<p><u>Organisational Independence</u></p> <p>Is the organisational independence of internal audit realised by functional reporting by the CAE to the board?</p> <p>(f) approves the remuneration of the CAE.</p>	In response to this, pay of the CIA is in accordance with the Council's Pay structure, Grading and JE processes which are corporately owned.	This will be reported in the annual outturn report as an area of non-compliance with PSIAS, however, no further action is planned.	CIA	N/A – No further action to be taken
5.	5.3 1210	<p><u>Proficiency and Due Professional Care</u></p> <p>Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?</p>	<p>This area is improving however, it is recognised that the skills and knowledge is largely held with the ICT Audit Manager and Counter Fraud Audit Manager. Demonstrations of IDEA have taken place with staff at previous team meetings (the last team meeting where this took place was in March 2019), with further 1-2-1 training offered. The CIA has also requested that staff book on the advanced Excel course which will also be beneficial to staff. This has been actioned.</p> <p>Additional experience of CAAT techniques is still required across the breath of the team and this will be improved in 2020/21.</p>	The CIA will continue to implement an integrated data driven approach to our audit process by promoting the use of IDEA in the work carried out and to facilitate and support members of the team through peer training.	CIA in conjunction with ICT Audit Manager & Counter Fraud Audit Manager	On-going throughout 2020/21
6.	6.1 2050	<p><u>Performance Standards: Managing the IA Activity – Co-ordination</u></p>	Other sources of assurance are captured as part of the annual audit planning	The CIA will need to include time in the 2020/21 audit plan to continue with the assurance mapping exercise	CIA	31st December

		<p>Does the risk-based plan include an adequately developed approach to using other sources of assurance and any work that may be required to place reliance upon those sources?</p> <p>The CAE may also carry out an assurance mapping exercise</p>	<p>process.</p> <p>Time was set aside in 2019/20 to formulate an assurance map for the Council. As this is a large exercise, focus in 2019/20 has been on the strategic risks and this is still work in progress and therefore further time will be required in 2020/21 to complete this exercise.</p> <p>A pensions assurance framework has been produced for the new pensions pooling arrangements. In addition, an assurance framework has been developed for SEND governance.</p> <p>In summary, some activity since 2018/19 to date but this needs to continue in 2020/21.</p>	<p>originally commenced in 2018/19 for the top ten risks faced by the Council. The CIA need to link in with the Head of IA & ACFS regarding the Council's Risk Management arrangements</p>	2020
7.	6.2 2120	<p><u>Performance Standards: Nature of Work – Risk Management</u></p> <p>Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes?</p>	<p>The HIA and ACFS is responsible for Risk Management. This role was previously carried out by the CIA role. However, the CIA is now independent of these arrangements.</p> <p>Time in 2019/20 was given to the continued development of an assurance framework and this will carry on in 2020/21. Risk Management will be considered as part of the 2021/22 Internal Audit plan.</p>	<p>In 2020/21, as above time will be taken to produce an assurance map for the top 10 risk areas for the Council and to liaise with the Head of IA & ACFS as part of this process.</p> <p>Internal Audit to independently review the Risk Management arrangements as part of the 2021/22 Internal Audit Plan.</p>	<p>CIA in conjunction with the Head of IA & ACFS</p> <p>31st December 2020</p>

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