

Audit and Standards Committee

Monday 12 April 2021

10:00

Meeting to be conducted using Microsoft Teams - Microsoft Teams

NB. Attendance by the public and press is via webcast only which can be viewed here - <https://staffordshire.public-i.tv/core/portal/home>

John Tradewell
Director of Corporate Services
30 March 2021

A G E N D A

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of the Meeting held on 9 February 2021** (Pages 1 - 4)
4. **Annual Report on the Work of the Audit and Standards Committee** (Pages 5 - 12)
5. **Internal Audit Charter 2021/22** (Pages 13 - 34)
6. **Forward Plan 2021/22** (Pages 35 - 40)
7. **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)**

8. **Exempt minutes of the meeting held on 9 February 2021 (exemption paragraph 3)** (Pages 41 - 44)
9. **Special Guardianship Payments Arrangements - Progress Report (exemption paragraph 3)** (Pages 45 - 90)

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|--|-------------------|
| 10. Review of Joint Funding and Billing CCGs - Progress Report (exemption paragraph 3) | (To Follow) |
| Report To Follow | |
| 11. SEND Services - Further Progress Report (exemption paragraph 3) | (To Follow) |
| Report To Follow | |
| 12. Proactive Counter Fraud - Purchasing Card Cash Withdrawals (exemption paragraph 3) | (Pages 91 - 108) |
| 13. Strategic Property Asset Management and Governance - Follow-Up Final Audit Report (exemption paragraph 3) | (Pages 109 - 140) |

Membership	
Derek Davis, OBE	Ann Edgeller
Martyn Tittley (Chairman)	Richard Ford
Carolyn Trowbridge (Vice-Chairman)	Helen Fisher
Ross Ward	Philip Atkins, OBE
Bernard Williams	Keith Flunder
Paul Northcott	Keith James
Susan Woodward	Bryan Jones
Alastair Little	

Note for Members of the Press and Public

Filming of Meetings

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

Recording by Press and Public

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

Minutes of the Audit and Standards Committee Meeting held on 9 February 2021

Present: Martyn Tittley (Chairman)

Attendance

Derek Davis, OBE	Ann Edgeller
Carolyn Trowbridge (Vice-Chairman)	David Brookes
Ross Ward	Richard Ford
Bernard Williams	Helen Fisher
Paul Northcott	Philip Atkins, OBE
Susan Woodward	Keith Flunder
Alastair Little	Keith James

Apologies: Stephen Clark (Ernst Young – External Auditors)

PART ONE

48. Declarations of Interest

There were no declarations of interest on this occasion.

49. Minutes of the Meeting held on 8 December 2020

RESOLVED – That the minutes of the meeting held on 8 December 2020 be approved as a correct record and signed by the Chairman.

50. Health, Safety and Wellbeing Performance Annual Report 2019/20

The Committee considered the Health, Safety and Well Being Performance Report 2019/20, the reporting period immediately preceding the COVID 19 Emergency. Key areas of activity/successes detailed in the report included:

- the creation of a network of 150+ Mental Health First Aiders across the authority, and completion of a 2 year programme of mental health awareness training for Managers as part of work to embed MindKind into the organisation
- The launch of Well Being action plans to support colleagues in managing their mental health .
- Designed menopause awareness on line training as part of the development of a support network within the authority
- Completion by a newly appointed Fire Officer, of fire safety systems reviews and advanced training/upskilling for premise managers
- From February 2020 dealing with the initial impacts of COVID 19 in schools and playing a key role in the Incident Management Team responding and managing the impact of the virus on SCCs business, adult social care, vulnerable persons within the community, schools and wider community activity.

- Developing a plethora of guidance and support tools and material to assist Managers in implementing COVID restrictions, social distancing measures etc

The report further detailed the core work of the service in improving the health of the workforce, highlighting that, in line with the national trend for local government, there had been an increase in absence rates with the leading causes being psychological ill health and musculoskeletal conditions. The former was the main cause of increased absence in both the public and private sectors.

For 2020/21 the Service would continue to support COVID related activity within the Council, including the management of PPE, and focussing more on the Recovery phase and supporting Local Outbreak Control Management. Resource would also be allocated to developing a number of initiatives which had been held in abeyance during 2019/20. Performance Benchmarking would need to be adapted to reflect the move to home based/smart working.

Discussing the report, members heard that the take up of Mental Health support was being monitored. That support was strengthened by the regular launch of campaigns promoting personal well being initiatives.

RESOLVED – That the Annual report be noted.

51. Local Government Association – Model Code of Conduct for Members – Proposed Adoption by Staffordshire County Council

The Director for Corporate Services (Monitoring Officer) submitted a new Model Code of Conduct for Councillors as produced by the Local Government Association (LGA) and recommended by them for adoption by all Councils to provide a consistent approach nationally.

This Committee's comments to the LGA at the consultation stage for the new Code were also submitted to demonstrate the extent to which members' views were reflected in the final version. Notably this Council's views were being adopted in relation to the Code's application in all circumstances where a Councillor is acting, or giving the impression of acting in the role, and in the use of Social Media.

The Code included the requirement for members to declare (general) pecuniary interest for themselves, their family and close associates. Members discussed the practicalities of being able to identify such interests for the latter two categories.

Compatible with this Committee's views on the threshold for declarations of Gifts and Hospitality the new Code included a requirement to declare anything valued at £50 or over.

The Director proposed the introduction of the new Code following the May 2021 County Council elections.

RESOLVED – That with an amendment to the requirement to declare (general) pecuniary interests of family and close associates to apply to interests 'where known of

by the member', Full Council be recommended to approve the adoption of the new Code with effect from 6 May 2021.

52. Forward Plan

The Committee considered the remainder of the Forward Plan/Work Programme for 2020/21 noting that the document would be developed following the May 2021 County Council elections.

53. 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 paragraph of Part 1 of Schedule 12A of the Local Government Act 1972 indicated.

54. Exempt minutes of the meeting held on 8 December 2020 (exemption paragraph 3)

55. CareDirector - Update following Audit Reports (exemption paragraph 3)

56. Third Party Access Policy - Progress Report (exemption paragraph 3)

57. Information Management - Final Audit Report 2020/21 (exemption paragraph 3)

Chairman

Local Members Interest
N/A

Audit and Standards Committee - Monday 12 April 2021

Annual Report of the Audit & Standards Committee 2020/21

Recommendation(s)

I recommend that:

- a. Members are requested to consider and comment on the contents of the annual report for 2020/21 before forwarding onto Council with a recommendation to consider and approve this report.

Report of Director of Corporate Services

Report

Background

1. A key part of the Audit & Standards Committee's role is to report to Full Council on the Committee's findings, conclusions, and recommendations; on the adequacy and effectiveness of the Council's governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements.. In addition, the Audit & Standards Committee should report to Council where they have added value, improved, or promoted the control environment and performance in relation to its Terms of Reference and the effectiveness of the Committee in meeting its purpose and functions. This report will be provided annually in order to fulfil the above requirement
2. Governance in and of the public sector remains high profile with the Chartered Institute of Public Finance and Accountancy (CIPFA) supporting good practice in local government. The Code of Corporate Governance which is reviewed annually in line with the best practice issued by CIPFA and SOLACE; together with an Annual Governance Statement, again produced in line with best practice and legislative requirements. Being well managed and well governed are important attributes in helping to improve performance and in reducing the risk of failure to achieve the Councils strategic objectives and providing good service to Staffordshire residents.
3. Staffordshire County Council has an Audit & Standards Committee, originally established in 2005, with the key objectives to maintain and improve governance procedures. The Committee is a key component of the Council's corporate governance framework and a major source of assurance of the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on internal and external audit functions and financial and nonfinancial performance.
4. The benefits to the Council of operating an effective Audit & Standards Committee are:

- a. Maintaining public confidence in the objectivity and fairness of financial and other reporting.
 - b. Reinforcing the importance and independence of internal and external audit and any other similar review process; for example, reviewing and approving the Annual Statement of Accounts and the Annual Governance Statement.
 - c. Providing a sharp focus on the results of the work of the internal audit service where limited assurance reports are issued and control weakness have been identified through special investigations and potential fraud instances.
 - d. Assisting the co-ordination of sources of assurance across the control framework i.e. information governance and health & safety management..
 - e. Raising awareness within the Council of the need for governance, internal control, and the implementation of audit recommendations.
 - f. Providing assurance on the adequacy of the Council's risk management arrangements and reducing the risk of illegal or improper acts.
5. The Committee continues to have a professional and arm's length relationship with EY, the Council's external auditors, who attend all meetings of the Committee to offer their advice where needed.
 6. The Committee undertakes a substantial range of activities and works closely with both internal and external auditors and the Director of Corporate Services and County Treasurer (s151 Officer) in achieving the Council's aims and objectives. A detailed annual forward plan is produced and reported to each meeting of the Committee to ensure that key tasks are considered and completed to meet required timescales.
 7. This year the Committee has held four planned meetings virtually. Two planned meetings scheduled for 20 April 2020 and 22 June 2020 were cancelled as a result of the response to COVID19. A number of changes were made to the governance arrangements supporting the decision-making process as per the following legislation:
 - a. The Accounts and Audit (Coronavirus)(Amendment) Regulations 2020.
 - b. Additional guidance provided on running Council meetings produced by Lawyers in Local Government & Association of Democratic Services Officers.

Internal Audit

8. The Audit & Standards Committee approved the Internal Audit Plan and Strategy in April 2020 via email due to the cancellation of the April and June 2020 meetings as a consequence of the COVID 19 restrictions. Scrutiny of the proposed plan provides Members with the opportunity to challenge and influence the areas scheduled for review by Internal Audit to ensure audit resources are deployed to the areas of greatest risk. The top risk areas were identified as:
 - a. Digital Strategy and transformation including the digital programme, Care Director Software & Office 365
 - b. Climate Change Planning Process
 - c. Adult Social Care Pathway and MASC Programme

- d. SEND Transformation – Governance, High Needs Block & Joint Statement Written Statement of Actions
 - e. Children’s & Families Transformation – Project Governance and Place Based Approach
 - f. Partnerships – Governance & Management
 - g. Strategic Property Asset Management & Governance
 - h. Cyber Security & Assurance
 - i. Culture & Ethics
 - j. Information Management
9. Since the beginning of 2020/21, Internal Audit’s work has been dominated by supporting the Council’s response to the COVID 19 pandemic which has included providing timely advice and guidance on new and revised processes across a number of business operations such as the food distribution hubs, the recruitment of volunteers and the procurement of Personal Protective Equipment (PPE) as well as undertaking a number of COVID 19 grant verification audit exercises. Despite this additional call on Internal Audit’s resources, the Team has maintained its work on key corporate transformation projects by continuing to provide a project assurance role for the Office 365 project, and the Finance workstream for the Together4Children regional permanency service.
10. The Internal Audit Charter was reviewed and approved annually by the Committee at the July 2020 meeting. Included within the document are the reporting guidelines which determine those audit reports that are considered in full, by the Committee. Given that on average approximately 100 reviews are performed annually, those reports that contain a limited assurance opinion, classed as a top 10 high risk review or the result of a special investigation are reported in full. Operational Management attended to provide details of how the agreed recommendations contained in the reports had been implemented since finalisation. During 2020/21 the Committee considered the following final reports:
- a. SEND Joint Inspection
 - b. SEND Transformation – Governance, Decision Making Groups
 - c. SEND Transformation Governance< Local Hubs
 - d. Sales 2 Cash including Debt Recovery Function and Debt Management
 - e. People Strategy
 - f. Children and Families System Transformation – Place Based Approach
 - g. Ofsted Improvement Plan
 - h. Cyber Security Strategy Review
 - i. Care Director – Citizen Portal
 - j. Joint Funding and Billing – CCGs Continuing HealthCare
 - k. Special Guardianship Payments
 - l. Third Party Access
 - m. Scheme of Delegation
 - n. Bank Mandate Fraud
 - o. Information Management
11. A number of risk areas were identified and Members requested further updates to the Committee to ensure that the actions identified had been fully implemented as outlined. Where applicable the Chairman has written to relevant Cabinet Members

and Officers, including the Leader and Chief Executive on behalf of the Committee to request additional support/resources are given to areas to ensure that they can ensure compliance to the recommendations outline in audit reports.

12. The Annual Internal Audit Outturn Report including the counter fraud and corruption work, was presented to the July 2020 meeting, which contained the overall opinion from the Chief Internal Auditor in respect of the governance, risk, and control environment in operation during 2019/20. An overall adequate opinion was awarded. In the report it was noted that the Internal Audit Services' Schools compliance work during the 2019/20 financial year had identified a number of governance and financial management weaknesses. The Chairman requested that a wider communication publication was produced for all maintained schools to highlight the key control weakness themes raised during the 2019/20 audit reviews together with further guidance on good governance and robust financial controls and lessons learnt from recent fraud cases. The aim of this communication was to raise awareness within schools of the potential key risks particularly relating to payroll, procurement and income and mitigating actions that they could take. The publication also considered fraud related risks including those arising from COVID 19. This was issued to all maintained schools in December 2020.
13. The Council continued to participate in the National Fraud Initiative administered by the Cabinet Office, which is a data matching exercise across a number of public sector organisations in order to detect and prevent fraud and errors in payments made by the Council. The paper to the 12 October meeting provided further details regarding the extent of the datasets to be covered and highlighted two potential new areas being explored by the Cabinet Office, namely Business rates relief and Business Support Grants. The final results of this work are to be incorporated in the 2020/2021 Outturn report.

Governance & Risk Management

14. The annual review of the Code of Corporate Governance was undertaken in July 2020. This is a key document in the governance framework and depicts how the Council operates and manages its governance processes. The basis of this document is the CIPFA/Solace document 'Delivering Good Governance in Local Government Framework 2016'.
15. The Annual Governance Statement for 2019/20 was approved by the Committee at the December 2020 meeting. This extended timescale was in accordance with the governance changes arising from COVID 19 outlined in paragraph 8. The main issues raised related to the changes being made to the SEND service, the constant presence of cyber security risks and the need to monitor the effect of COVID 19 emergency on the Council's MTFS and its ability to deliver services.
16. The Annual Code of Conduct for Members report on the Management of Complaints was presented to the 12 October meeting. The report referred to 12 complaints/alleged breaches of the Code of Conduct for Members during January 2019 and September 2020. Following a detailed discussion, it was resolved that the Director of Corporate Services examine ways of supporting members when subjected to a disproportionate degree of personal attack.

17. Members of the Audit & Standards Committee considered two policy documents applicable to Member of the Council and recommended Full Council to formal approve adoption. The Policies in question were:
 - a. Local Government Association Model Code of Conduct for Members
 - b. Parental Leave Policy for Members.
18. In respect of the new Code of Conduct it was proposed at the 9 February 2021 meeting that the New Code would be introduced following the May 2021 County Council Elections.
19. The Annual Report on Information Governance was presented to the 12 October 2020 meeting. Key themes covered related to the work of the section in assisting the management of high volumes of sensitive data as part of the Council's COVID 19 response, systems in place to address the risk of Cyber-attack , the ongoing development of the Cyber Security Incident Plan and development of the Information Asset Register to meet the requirements of GDPR legislation. Members requested further information to be presented to the Committee in respect of the measures in place to manage the risk of cyber- attack. This is included with the 12 April 2021 meeting agenda.
20. Members received the Health, Safety and Wellbeing Performance 2019/20 Annual Report at the 9 February meeting. The key actions taken were:
 - a. the creation of a network of 150+ Mental Health First Aiders across the authority, and completion of a 2-year programme of mental health awareness training for Managers as part of work to embed MindKind into the organisation
 - b. The launch of Well Being action plans to support colleagues in managing their mental health .
 - c. Designed menopause awareness on line training as part of the development of a support network within the authority
 - d. Completion by a newly appointed Fire Officer, to undertake fire safety systems reviews and advanced training/upskilling for premise managers
 - e. Dealt with the initial impacts of COVID 19 in schools and played a key role in the Incident Management Team response and the management of the impact of the virus on SCCs business, adult social care, vulnerable persons within the community, schools, and wider community activity.
 - f. Development of a plethora of guidance and support tools and material to assist Managers in implementing COVID restrictions, social distancing measures etc
21. A number of risk management reports were presented and considered by the Audit & Standards Committee covering the following key risk areas:
 - a. Fraud Risks and the impact of COVID 19
 - b. COVID Incident Management Teams 'Lessons Learnt'
 - c. Care Director – system risks
22. Members requested that the Fraud Risks presentation was circulated to a wider audience within the Council and was subsequently shared with Officers through the

Business Brief process. Additional information regarding fraud related risks has continued to be publicised across a number of different channels to raise staff awareness and prevent cases occurring.

External Audit

23. Members of the Committee received a training session at the 8 December 2020 meeting in respect of the format and required contents of the Council's Statement of Accounts. The completion timescale for the accounts was extended to the 30 November 2020 from the usual 31 July as a result of the COVID 19 pandemic. Members scrutinised the statement of accounts for both the County Council and the Staffordshire Pension Fund, following which they were approved
24. The External Auditor, Ernst Young presented their Report to those Charged with Governance ISA 260 2019/20 report, again at the 8 December 2020 meeting. The main aspect highlighted, referred to the Value for Money opinion, which based on the status of the Councils action in respect of SEND services a qualified 'except for' conclusion regarding the Council's arrangements to secure economy, efficiency and effectiveness in the use of its resources was given.

Equalities Implications

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

Legal Implications

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

Resource and Value for Money Implications

27. 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

28. The report provides assurance that the Audit & Standards Committee has considered and evaluated how it is adding value to the organisation as outlined with the CIPFA guidance relating to the effective operation of Audit Committees.

Climate Change implications:

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

List of Background Documents/Appendices:

2020/21 Audit & Standards Committee Agenda Papers and Minutes

Contact Details

Assistant Director: John Tradewell, Director for Corporate Services

Report Author: Lisa Andrews
Job Title: Head of Audit & Financial Services
Telephone No.: 01785 276402
E-Mail Address: lisa.andrews@staffordshire.gov.uk

Local Members Interest
N/A

Audit and Standards Committee - Monday 12 April 2021

Internal Audit Charter 2021/22

Recommendation

I recommend that:

- a. To approve the Internal Audit Charter 2021.

Report of the Director for Corporate Services

Report

Background

1. 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).
2. 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, any revisions to the document have been presented to this Committee for approval. In 2021, there are only a few minor wording changes to be made to the Audit Charter which are highlighted in yellow within the attached document for ease of reference (**Appendix 1**). No other changes are required to be made in 2021.
3. The Audit Charter 2021 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

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

Legal Implications

5. 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

6. The net budget of the Internal Audit Section in 2021/22 is £979,020.

Risk Implications

7. 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

8. There are no direct implications arising from this report

List of Background Documents/Appendices:

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).

Contact Details

Assistant Director: John Tradewell, Director for Corporate Services

Report Author: Deborah :Harris

Job Title: Interim Chief Internal Auditor

Telephone No.: 01785 276406

E-Mail Address: Deborah.harris@staffordshire.gov.uk

Internal Audit Charter 2021



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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 providing assurance over the adequacy and effectiveness of the organisation's framework of governance and risk management and the work of Internal Audit feeds into the annual Governance Statement and Code of Corporate Governance, where appropriate.

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 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. 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 Reviews (Substantial Assurance / Adequate Assurance)	High Risk Reviews (Limited Assurance)	Other Reviews (Limited Assurance)	Major Irregularity / Special Investigation – (loss > £10,000)	Other 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 & Resources		✓	✓	✓	
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 **Council's Change Team** 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 endorsement**. 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.aspx>

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	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; 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 2021/22

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
12 April 2021				
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				
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>).	As required			
Special Guardianship Payments Arrangements – progress report Lead Officer – Deborah Ramsdale				
Review of Joint Funding & Billing CCG's Continuing Healthcare - Progress Report Lead Officer – Karen Webb				

CCS

Agenda Item 6

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
SEND Services – Further Progress Report. Lead Officer – Tim Moss				
27 July 2021				
External Audit Plan 2020/21 Report of Ernst & Young	Moved from February 2021			
Staffordshire Pension Fund Audit Plan 2020/21 Report of Ernst & Young	Moved from February 2021			
Annual Report on Information Governance Report of the Director of Corporate Services Lead Officer: Tracy Thorley				
Review of the arrangements in place to address the risks of Cyber Attack. Lead Officer – Natalie Morrissey/ Dave Sharkey				
Internal Audit Plan 2021/22 Report of the County Treasurer Lead Officer: Debbie Harris				
Code of Corporate Governance – 2021/22 Update Report of the Director of Corporate Services Lead Officer: Lisa Andrews Head of Audit and Financial Services				
Internal Audit Outturn Report 2020/21 Report of the County Treasurer Lead Officer: Debbie Harris				
Code of Conduct for Members – Annual Report on the Management of Complaints Report of Director of Corporate Services Lead Officer: Julie Plant				
Proposed changes to the Constitution	As required			
Forward Plan for the Audit and Standards Committee				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Lead Officer: Lisa Andrews				
PART TWO EXEMPT Internal Audit Special Investigation/limited/ Top Risk Areas reports (Part 2 items).	As required	As required		
26 October 2021				
Annual Governance Statement 2020/21 Report of the Director of Corporate Services Lead Officer: Lisa Andrews				
Training on Statement of Accounts				
Statement of Accounts 2020/21 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) b) Staffordshire Pension Fund Report of Ernst & Young				
Development of an assurance framework Report of County Treasurer Lead Officer: Debbie Harris				
Strategic Risk Register - Update Report of the Director of Corporate Services Lead Officer: Lisa Andrews				
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).	As required			

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Information Management – Progress Report Lead Officer Natalie Morrisey				
14 December 2021				
Health, Safety and Wellbeing Performance Annual Report Report of Director of Corporate Services Lead Officer: Becky Lee				
Internal Audit Plan 2021/22 – Update Report of the County Treasurer Lead Officer: Debbie Harris				
National Fraud Initiative - Update Report of the County Treasurer Lead Officer: Debbie Harris				
Proposed changes to the Constitution				
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).				
22 February 2022				
External Audit Plan 2021/22 Report of Ernst & Young				
Staffordshire Pension Fund Audit Planning Report 2021/22 Report of Ernst & Young				
Strategic Risk Register - Update Report of the Director of Corporate Services Lead Officer: Lisa Andrews				
Review of the Effectiveness of the Audit & Standards Committee. Report of the Director of Corporate Services Lead Officer: Lisa Andrews				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Proposed changes to the Constitution				
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).				
26 April 2022				
Annual Report of the work of the Audit & Standards Committee Report of the Director of Corporate Services Lead Officer: Lisa Andrews				
Internal Audit Charter 2022/23 Report of the County Treasurer Lead Officer Lisa Andrews				
Internal Audit Plan 2022/23 Report of the County Treasurer Lead Officer: Debbie Harris				
Proposed changes to the Constitution				
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

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

Derek Davis, OBE Alastair Little Martyn Tittley (Chair) Ann Edgeller Paul Northcott Richard Ford Carolyn Trowbridge (Vice Chair) Ross Ward Bernard Williams Sue Woodward	Philip Atkins, OBE Bryan Jones Helen Fisher Keith Flunder Keith James	27 July 2021 26 October 2021 14 December 2021 22 February 2022 26 April 2022 Meetings usually take place at County Buildings, Martin Street, Stafford ST16 2LH
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Not for publication by virtue of paragraph(s) 3
of Part 1 of Schedule 12A
of the Local Government Act 1972

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