

## **Audit and Standards Committee**

Tuesday 20 February 2024

**10:00**

Oak Room, County Buildings, Stafford

The meeting will be webcast live and archived for 12 months. It can be viewed at the following link: <https://staffordshire.public-i.tv/core/portal/home>

John Tradewell  
Deputy Chief Executive and Director for Corporate Services  
12 February 2024

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### **Agenda**

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of the Meeting held on 12 December 2023** (Pages 5 - 12)
4. **Member Officer Relationships - Update** (Pages 13 - 24)  
Report of the Deputy Chief Executive and Director for Corporate Services
5. **Adoption of Statutory Guidance on Settlement Agreements / Constitutional Changes** (Pages 25 - 40)  
Report of the Deputy Chief Executive and Director for Corporate Services
6. **Proposed Constitutional Changes - Nexus** (Pages 41 - 44)  
Report of the Deputy Chief Executive and Director for Corporate Services
7. **Annual Audit Report - 2020/21** (Pages 45 - 66)  
Report of Ernst and Young

8. **External Audit - Verbal Update** (Verbal Report)

- Financial Year 2020/21
- Financial Year 2021/22

Report of Ernst and Young

9. **Updated Annual Governance Statement - 2022/23** (Pages 67 - 132)

Report of the Deputy Chief Executive and Director for Corporate Services

10. **Internal Audit Charter 2024/25** (Pages 133 - 158)

Report of the Director of Finance

11. **Forward Plan for the Audit and Standards Committee** (Pages 159 - 172)

12. **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”.

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**Part Two**  
**(reports in this section are exempt)**

13. **Exempt Minutes of the meeting held on 12 December 2023** (Pages 173 - 174)

14. **Building Resilient Families and Communities - Grant Verification Checks - Limited Assurances** (Pages 175 - 208)

(Exemption paragraph 3)

Report of the Director of Finance

<b>Membership</b>	
Carolyn Trowbridge (Vice-Chair)	Janice Silvester-Hall
Ross Ward	Mike Worthington (Chair)
Bernard Williams	Arshad Afsar
Philippa Haden	Keith Flunder
Phil Hewitt	Richard Cox
Graham Hutton	Derrick Huckfield
Bernard Peters	Stephen Sweeney
James Salisbury	

## **Notes for Members of the Press and Public**

### **Filming of Meetings**

Staffordshire County Council is defined as a Data Controller under the Data Protection Act 2018. The County Council has agreed that public meetings should be the subject of live web transmission 'webcasting'. Fixed cameras are located within meeting room for this purpose.

The webcast will be live on the County Council's website and recorded for subsequent play-back for 12 months. The recording will also be uploaded to YouTube. By entering the meeting room and using the seats around the meeting tables you are deemed to be consenting to being filmed and to the possible use of those images and sound recordings for the purpose of webcasting.

If you have privacy concerns about the webcast or do not wish to have your image captured, then please contact the Member and Democratic Services officer named at the top right of the agenda.

### **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 12 December 2023**

Present: Mike Worthington (Chair)

<b>Attendance</b>	
Richard Cox	Graham Hutton
Keith Flunder	Janice Silvester-Hall
Philippa Haden	Carolyn Trowbridge (Vice-Chair)
Phil Hewitt	

**Apologies:** Arshad Afsar and Bernard Peters

**Part One**

**31. Declarations of Interest**

There were no declarations of interest raised on this occasion.

**32. Minutes of the Meeting held on 19 September 2023**

**Resolved** – That the minutes of the meeting held on 19 September 2023 be agreed and signed by the Chairman.

**33. Health, Safety and Wellbeing Annual Performance Report 2022/23**

The Committee received a report from Becky Lee, Head of Health, Safety and Wellbeing, which provided an overview on the health, safety and wellbeing performance of the Council during 2022/2023. This included key achievements and significant findings during this period, along with performance data and outcomes. The report also outlined the 2023/24 work programme and key priorities.

Members commented on the comprehensive report and noted the higher than average sickness absence, but overall showing a downward trend. In relation to the sickness absence, targeted work was being undertaken with specific areas of the organisation showing those higher rates of absence. A pilot would be taking place from January 2024, entitled 'Safe and Well' which focused on those with more than four days absence, working with them and providing support to the management teams. The pilot would be taking place in the Health and Care directorate over the next 12 months.

Members queried whether elected members were included in the reporting of violence and aggression to the Health and Safety system, further noting that the high figures were due to a number of factors, including child

placements and the introduction of the Waste teams, which in turn saw an increase in threats being made to regulatory services (e.g. Highways, Trading Standards, Waste). A lone working system was in place to support those staff and members affected.

Members further commented on the occupational health referrals between 2021 and 2022. It was noted that during the Covid pandemic there had been lack of reporting and a subsequent push since the Covid pandemic had led to an increase in numbers. A further increase may be present in a future report due to a push on reporting accidents and violence, however figures were showing an improvement towards targets for reporting incidents.

It was questioned whether the mental health support to teams and individuals would be delivered in an online format, due to a shortage in Psychologists. In response, Members noted a strong service being provided face-to-face by ThinkWell for counselling and the network of over 70 Mental Health First Aiders across the organisation. Wellbeing webinars were available online, but specialist sessions were being delivered face to face within directorates.

Comment was made on resourcing and investment within the Health, Safety and Wellbeing Service and a number of factors were outlined where the organisation were supportive of developing and investing in the service.

**Resolved** – That the Committee (a) review the findings and management information in the report;

(b) Analyse the 2022/23 years performance and note the actions to ensure continuous improvement;

(c) Consider key actions identified for 2023/24 and decide if any further actions are required; and

(d) Recognise the work that has been achieved to improve the Council's management of health, safety and wellbeing risks.

#### **34. Final Reports to those charged with Governance (ISA 260) 2020/21**

a. Staffordshire County Council

The Committee received the final audit results report which provided an update to the Audit Results Report dated 6 December 2021 and to the Audit Progress Reports in August 2022, September 2022 and December 2022.

The audit of Staffordshire County Council's 2020/21 financial statements for the year ended 31 March 2021 had been completed, subject to the completion of the closing procedures detailed in page 5 of the report. The report covered areas of audit focus, differences, value for money, other reporting issues and an assessment of the control environment.

A number of audit differences had been identified which management had agreed to adjust. One audit difference relating to the valuation of the Staffordshire Health and Wellbeing Centre had not been adjusted, which resulted in an understatement of assets value by £1.48 million.

Subject to the satisfactory completion of the final closing procedures, it was expected that an unqualified opinion would be issued on the Council's financial statements.

Members commented on the remit of the Committee and if this had changed, along with the scope of the audit. In response, the responsibility of the Committee had not changed and the scope of the audit remained the same, however there were areas which arose during the period of the audit which incurred additional work. It was further noted that the audits for 2021/22 had not yet been completed.

Members noted the discussion and proposals of a 'reset' which would aim to get the 2023/24 reports back on track by offering unqualified opinions. A backstop date of 31<sup>st</sup> March 2024 had been set for completion of outstanding audits, however disclaimed opinions would be issued in the absence of any formal guidance around the reset. The intention of the reset was to ensure the entire audit sector would be back on track for 2023/24 audits.

Members further noted the detail on adjusted differences and queried if this was a typical amount for the organisation. In response, it was clarified that this was a typical amount as seen in previous years, and was not uncommon, particularly where judgemental differences were made. Further clarity was requested on information for exit packages, noting the timescale between this report and information being available. It was clarified that this would be reported in the 2021/22 accounts.

Comment was made on the additional fees outlined in the report and whether this was due to the delay in the report being finalised. It was clarified that the extra fees were in part due to issues which had arisen since the report should have been completed, notably the infrastructure assets and impact of triennial valuation. Discussions

would be held with management upon conclusion of the audit to discuss extra fees.

**Resolved** – that the report be received by the Committee.

b. Staffordshire Pension Fund

It was noted that this report had been previously circulated to the Committee, however differences were outlined in blue text.

**Resolved** – that the updated report be noted.

### **35. 2020/21 Management Representation Letters**

The Committee received the 2020/21 management representations letters for their approval. A letter of representation was provided for both the County Council and Pension Fund audits and would require Committee approval before signed audit opinions could be provided by the external auditors.

**Resolved** – that the Committee approve the two management representation letters.

### **36. Staffordshire Pension Fund Audit Planning Report 2022/23**

The Committee received the Staffordshire Pension Fund Audit Planning Report for 2022/23. The report summarised the assessment of the key issues which drove the development of the effective audit for the Pension Fund, along with an overview of the audit strategy, associated risks and materiality, scope, team and timescales.

Members commented on whether this work was to audit the Pension Committee or if this covered solely the external element. It was clarified that reports do go to the respective Pensions Committee meetings for their information, and that the Audit and Standards Committee had the governance oversight and responsibility of signing them off.

**Resolved** – that the report be received by the Committee.

### **37. Annual Governance Statement 2022/23**

An Annual Governance Statement (AGS) is required of the County Council to provide evidence of how the Corporate Governance Framework is adhered to in practical day to day actions and decision making. The Framework sets out the culture, values, systems and processes by which the organisation is directed and controlled.



Members considered the draft AGS for 2022/23 noting the requirement for it to cover the period up to the final sign off of the annual accounts and therefore this latest AGS covered the period April 2022 to date.

Members noted a framework published in February 2021 by the Centre for Governance and Scrutiny around the early identification of risk in governance, which had been reviewed by the Statutory Officers Group to ensure that any early warning flags were identified, and suitable action taken.

Particular attention was drawn to the various elements used in preparation of the AGS, the extent to which the 2021/22 Action Plan had been completed and the governance issues carried forward into the 2022/23 Plan. An additional action had been added regarding cyber security.

Further supporting information was provided to the Committee on how the organisation had dealt with significant governance issues identified in the 2021/22 AGS.

Members' comments and observations on the draft Statement included:

- Correction of the Chief Executive's name in the report.
- Importance of communication and engagement/cooperation on elements within the AGS.
- Effectiveness of the Whistleblowing policy and process. An action was noted to take this work back to the Corporate Governance Working Group for discussion.
- Management of risks and risk assessments. Members noted that a system was being rolled out from the internal audit service whereby individuals could report and manage risks and improvements. Regular reports could be generated and results incorporated into performance and finance reports through to SLT and Cabinet, and back to the Committee.
- Reference to Clinical Commissioning Groups in the report, and no mention of the Integrated Care Board (ICB). It was clarified that work had taken place before the switch over to the ICB.

**Resolved** – that the Committee approve the Annual Governance Statement.

### **38. National Fraud Initiative - Update**

Committee members were presented with a report from the Director of Finance relating to the Cabinet Office National Fraud Initiative (NFI) 2022. The report informed members of the biennial NFI data matching exercise which is aimed at preventing and detecting fraud. The initiative allowed data to be matched across both private and public sector organisations,

with approximately 1200 participating organisations.

The data used in the NFI was produced in early October 2022, and individuals were notified prior to the commencement of the 2022 exercise in line with NFI guidance to ensure compliance with the Data Protection Act.

Payroll, pensions, creditors, blue badges and travel passes data sets were sent to the Cabinet Office and Members were reminded of the exclusion of the private residential care home residents and personal budget recipient data sets, due to this being defined as patient data and their inclusion being determined as outside of the remit of the NFI.

To overcome the exclusion of residential care home and personal budget payment data, the Counter Fraud Manager, had instigated the Council's own internal audit matching utilising the "Tell Us Once service", matching records of deceased persons with those held by the Council's CareDirector system. Full detail of each of the data sets and progress on investigating those was included at Appendix 1 of the report. Key statistics were reported to the Committee.

Members commented on the development and enhancement of an anti-fraud culture. It was noted that an e-learning package was in development and the County Fraud Manager undertook fraud awareness campaigns. Intranet pages were kept up to date internally around fraud awareness. Members further commented on the value for money that this NFI exercise brought.

**Resolved** – that the Committee note the progress made to date on investigating the data matches received from the Cabinet Office in January 2023 as part of the 2022 NFI exercise.

### **39. Internal Audit Plan 2023 - 2024 Progress Report**

Committee members were presented with a report from the Director of Finance relating to the progress made on the delivery to date of the Internal Audit Plan 2023/24 commenting on a number of additional work areas and the consequent need to reprioritise some projects with some cancelled internal audit reviews identified.

Members noted the current status of external client work relating to South Staffordshire Council and the Staffordshire Pension Fund, along with the recommendation tracking process, comprising of 1212 audit recommendations currently being tracked as at 23<sup>rd</sup> November 2023. Assurance was provided that the 35 audit recommendations overdue in respect of schools would continue to be actively tracked via the online portal.

Details of the high priority recommendations overdue were provided in Appendix 2 to the report, for completeness.

Members commented on those audits still to be delivered and whether it was anticipated that these would be completed within the current cycle. It was clarified that resources were available to complete everything in the plan.

**Resolved** – that Members note progress against the 2023/24 Internal Audit Plan and the amendments to the original plan, including those audits which have been cancelled since its approval on 25<sup>th</sup> April 2023, and note the progress on the implementation of high-level recommendations.

#### **40. Forward Plan for the Audit and Standards Committee**

The Committee noted the Forward Plan for the Audit and Standards Committee, highlighting items on future agendas.

It was noted that KPMG, the new external auditors, were hoping to bring their Audit Planning Report to either the March or April 2024 meeting. Main items for discussion at the February 2024 meeting were noted.

The Vice-Chair raised a particular item for inclusion on the Forward Plan on SEND Transformation, requesting an update from previous reports on the Accelerated Progress Plan and SEND Transformation Plan, with regards to the current status of SEND Transformation, noting issues around capacity.

**Resolved** – that, subject to the addition of an item regarding SEND Transformation, the Forward Plan for the Audit and Standards Committee be noted.

#### **41. 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 (as amended) of the Local Government Act 1972 as indicated below.

#### **42. Exempt Minutes of the meeting held on 19 September 2023**

#### **43. Sales to Cash 2022/23 - Limited Assurance Report**

**Chair**

## **Audit and Standards Committee - Tuesday 20 February 2024**

### **Member / Officer Relationships - Update**

#### **Recommendation(s)**

I recommend that:

- a. The Revised Guidance on Member and Officer Relations are published as part of the Constitution.
- b. As these constitute only minor amendments it is recommended that the Monitoring Officer adopts these changes in line with his Statutory Powers.
- c. Once adopted, Member & Democratic Services will deliver an awareness raising campaign to promote the revised Guidance amongst Members and Officers.

**Local Member Interest:** N/A

### **Report of the Deputy Chief Executive and Director for Corporate Services**

#### **Report**

##### **Background**

1. In the summer of 2023, Member & Democratic Services convened a working group of members and officers to review the Guidance on Member & Officer Relations.
2. The workshop was well attended and provided useful assurance that the content was generally good but needed some minor amendments.

##### **Main Report**

3. The suggested amendments from the working Group included:
  - a. Clarification on roles of officers and members.
  - b. The management of officers.
  - c. Personal relationships including social media interactions.
  - d. Further sources of information.

4. The redrafted Guidance has been presented at the Corporate Governance Working Group.

### **Equalities Implications**

5. None

### **Legal Implications**

6. None

### **Resource and Value for Money Implications**

7. None

### **Risk Implications**

8. By having a clear set of Guidance on Member Relations improves the working relations and governance arrangements between both groups and reduces the likelihood of complaints being made.

### **Climate Change Implications**

9. None

### **List of Background Documents/Appendices:**

Appendix 1 – Revised Guidance on Member / Officer Relations

### **Contact Details**

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## Appendix 3 - Guidance on Member / Officer Relations

### 1. Introduction

1.1 Elected members and officers both have important but distinct roles. The relationship between them has to function effectively in order for them to be able to carry out their respective roles. The purpose of this guidance is to offer advice to elected members and officers on how to conduct that relationship in a way that allows both to do their jobs and protects and enhances the reputation of the County Council.

1.2 Although both elected members and officers depend upon one another to be able to do their respective jobs, elected members, in particular, are reliant upon officers for information and support. Because of this all officers need to be aware of their responsibility when called upon to provide support and assistance to elected members to enable them to do their job effectively.

1.3 Members and officers may seek advice from the Monitoring Officer on any matter not covered by this Guidance. The Guidance should be read alongside other documents relevant to the interaction between members and officers including any relevant legislation and national and local codes of conduct, conditions of service and any procedure for whistleblowing. Of particular importance in this context are the codes of conduct for members and officers. These codes have direct relevance to many of the issues covered in the Guidance. The Planning Codes of Good Practice is also important.

### 2. The Role of Elected Members

2.1 Elected members may have a number of complex roles including politician, policy maker, representative, constituent advocate and Council/Committee worker. It is not the role of an elected member to involve themselves in the ~~day to day~~day-to-day management of Council services.

- **Councillor** – in this capacity elected members will usually belong to particular groupings represented on the Council and will express political values and support the policies of the group to which they belong.
- **Policy Maker** - members may have personal, individual or collective responsibility depending on their role for the Council and its activities. They set the direction of the Council; are responsible for ensuring that adequate management arrangements are in place;

develop and allocate the Council's physical, financial and human resources and monitor the performance, development, continuity and overall well-being of the Council.

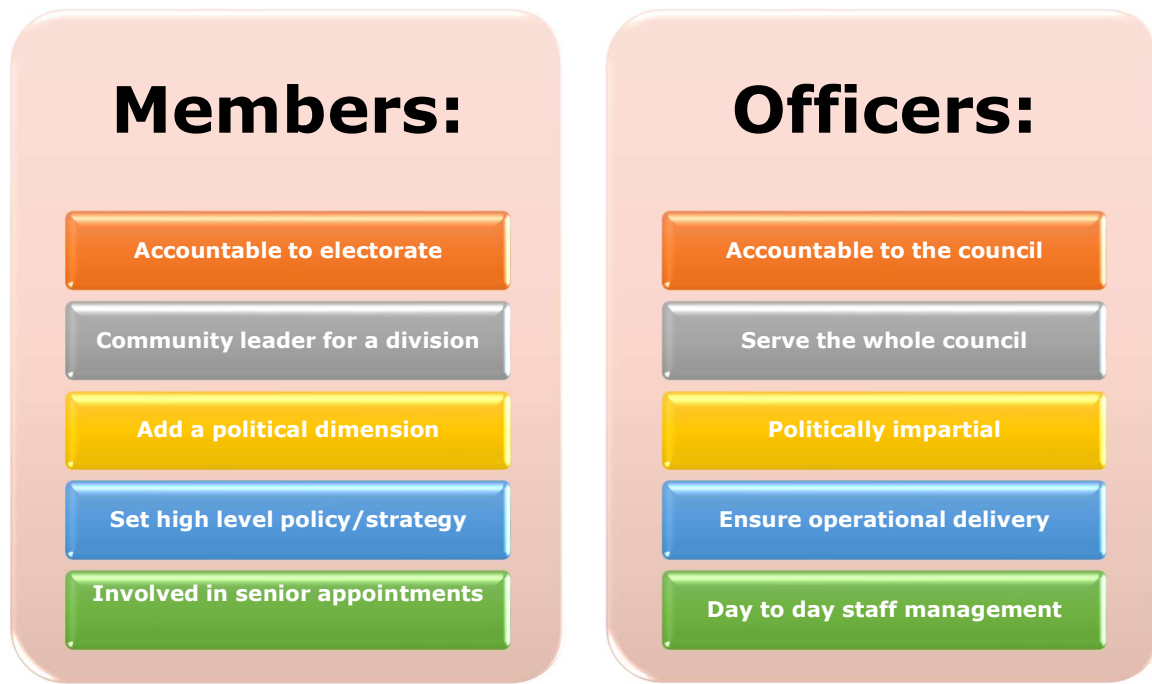
- **Division Member** – in this capacity elected members interpret and express the wishes of the electorate, advocate on behalf of constituents and seek to account for service priorities, allocation of resources and ultimate performance of the Council. Elected members may also be appointed to outside bodies and the role can vary from representing the views of the Council to acting according to individual judgement.
- **Members, collectively, therefore need to:**
  - Determine vision and values and ensure staff commitment;
  - Ensure standards are properly established and monitored;
  - Link service and corporate objectives;
  - Enable local people to resolve problems and issues faced by the community;
  - Ensure community needs are fed into strategy formulation and service provision;
  - Develop and support community leadership.
  - Cabinet Members and Leader of the Council - The Leader and members of the Cabinet have executive power to take decisions. Working closely with the [Senior Leadership Team](#)~~Corporate Management Team~~, they will develop the policy framework and budget proposal for Council. The Leader and Cabinet are then responsible for implementing the approved policy framework by collectively and individually making decisions in keeping with the Council's scheme of delegation.
  - **Opposition Members** - All members should be given timely access to information required in their role as elected members and have the same rights and obligations in their relationship with officers.

### 3. The Role of Officers

3.1 Officers of the Council have the following main roles:

- Initiate policy proposals;
- Implement all Council policies;
- Manage and deliver the services for which the Council has given them responsibility. They are accountable for the efficiency and effectiveness of those services and for proper professional practice in discharging their responsibilities and taking decisions, within agreed policy;
- Provide professional advice to the Council, its Committees and members and the public in respect of their service; and
- Ensure that the Council acts in a lawful way.





#### **4. The Management of Officers**

4.1 Although officers will support, advise and respond to Members' requests, the law is clear that only other officers can manage officers. This means that:

4.1.1 day to day management of officers is the responsibility of managers and ultimately the Chief Executive, acting as Head of the Paid Service;

4.1.2 officers will comply with all reasonable requests from members, but individual members cannot instruct officers to do any specific piece of work or take any specific course of action

#### **4.5. Respect and Trust**

4.15.1 The relationship between elected members and officers should be based on mutual respect and trust. Officers should avoid criticising elected members and elected members should avoid criticising officers, in order to maintain that trust and respect.

4.25.2 In dealings between elected members and officers neither should seek to take unfair advantage of their position. Elected members should not press employees to do things that they are not empowered to do. The Constitution sets out who can make decisions.

4.35.3 Officers must not press elected members to make a decision in their favour, nor raise personal matters to do with their job, nor make

claims or allegations about other employees. (The only exception to this rule is where the officer wishes to report possible wrongdoing under the Council's "Whistleblowing" procedure.)

**4.45.4** Reports from officers should be in the name of the relevant Chief Officer. Reports may be discussed with elected members, such as with the relevant Cabinet Portfolio Holder or Chair of the relevant Committee, and the elected members concerned may make suggestions as to the contents of the report. However, the content remains the responsibility of the Chief Officer and amendments can only be made by them. (This does not apply to the recommendations to Cabinet or the front sheet to a Cabinet report on which the Cabinet Member has the final say).

**4.55.5** Officers must deal honestly with members and not attempt to mislead them. Recommendations made to members should include a detailed risk appraisal. Reports and all other communications with members must be clear concise and in plain English.

### **Familiarity**

**4.65.6** Close personal familiarity between individual elected members and officers should be avoided and the relationship maintained on a professional basis.

**4.75.7** The holders of office should, in public, always be addressed by their office such as "Chairman", "Vice-Chairman" etc. At formal meetings it would be usual for officers and members to address each other by their surname and title e.g. County Councillor Smith or Mrs Jones-

**5.8** In less formal environments, the use of first names as a means of address is usually acceptable. However, some individual members and officers may feel more comfortable with the more formal mode of address, and allowance should be made for such individual preferences where known.

### **Personal Relationships**

5.9 If a friendship or closer relationship (including relatives) exists or forms between a member and an officer, this needs to be addressed openly. Friendship is likely to be something closer than an acquaintance or work colleague and include some physical social interaction\*. In such situations:

5.9.1 Members should seek advice from the Monitoring Officer and, if in doubt, must declare their interest at formal and informal meetings;

5.9.2 Officers must raise the matter with their Assistant Director or Director to discuss appropriate action.

\*Social Media interactions such as being friends on Facebook or following on Twitter are not considered to be a friendship or close relationship. Members and officers should carefully consider how they interact on public social media platforms. If in doubt, members and officers should seek guidance from Social Media Manager and the Member & Democratic Services Team.

## **5.6. Information for Elected Members**

**5.06.1** It is vital for Chief Officers and officers to keep elected members informed about the major issues concerning the County Council. Just as importantly, elected members should be informed about proposals that affect their electoral division before they are announced publicly, and should be invited to attend County Council initiated events within their electoral division.

**5.06.2** Where an issue affecting a particular division is to be discussed by the Cabinet or a Committee, Sub-Committee or Panel on which the local councillor does not serve, the councillor will be invited to attend and may speak on it if they wish to do so. (This is of course subject to any overriding requirement of the Members' Code of Conduct and existing protocols in place for example, Planning Committee).

**5.06.3** Where an elected member requests information, the fact of that request, and the information supplied, may be brought to the attention of the Cabinet Member/Chair concerned by the relevant Chief Officer.

**5.06.4** Elected members requests for information must always be given high priority and a response given within 2 working days where possible. Elected members should be encouraged—encouraged to share information in respect of their deadlines, to assist officers to respond appropriately.

### **Access to Papers and other County Council Information**

**5.06.5** Elected members have all the rights available to members of the public and may request individual copies of any public agendas of the Cabinet and of Committees, Sub-Committees or Panels of which they are not members.

**5.06.6** Additionally, if an elected member is able to demonstrate a "need to know" in their role as a county councillor, officers should provide the relevant information, including exempt or confidential

information, to that elected member. [Section 12 'Access to Information Procedure Rules' explains this in more detail.](#)

[5.16.7](#) Special care needs to be taken when an elected member has a significant personal or business relationship with a constituent about whom they are seeking information, [or a significant personal or business interest in land or property about which they are seeking information.](#) In such circumstances elected members are advised to consider their Code of Conduct and consult the Deputy Chief Executive and Director for Corporate Services ([Monitoring Officer](#)) as necessary.

### **How can the Information be used?**

[5.16.8](#) Any County Council information provided to an elected member should only be used by the member for the purpose for which it was provided. Confidential information must remain confidential.

### **[6.7. Political Activity](#)**

[6.07.1](#) Senior officers cannot be elected members or MPs, nor can they speak or write publicly as private individuals on party political issues.

[6.07.2](#) Officers are employed by the County Council as a whole and are responsible to the Chief Executive and their respective Chief Officers rather than to individual members of the Council.

[6.07.3](#) Regular contact between senior officers and senior politicians on matters affecting the County Council is essential.

[6.07.4](#) County Council decisions can only be made in accordance with the Constitution. (Decisions by party political groups do not constitute County Council decisions). All information or advice needed to make a decision should be given to the Cabinet or the relevant Committee, Sub-Committee or Panel.

### **Officer advice to party groups**

[6.07.5](#) It is possible that senior officers may be asked to attend a party group meeting whether of the controlling party group or of a minority party group.

[6.07.6](#) Any such request should be made or referred to the Chief Executive. If agreed, it will be on the basis that similar arrangements will be made for the other groups should they so request.

[6.07.7](#) Officer attendance at political group meetings is voluntary.

6.07.8 Officers are entitled to have their political neutrality respected should they agree to attend the group meeting, and to be treated in a fair and proper way. They must not be placed in a position where they feel that their political impartiality or integrity are put at risk and should leave the meeting having given information on the issue in question, and before the Group decide what view to take on it as a political group.

6.07.9 Officers should not be expected to be present at meetings, or parts of meetings, when matters of party business are to be discussed. Officers should be reminded on each occasion that they should leave a meeting if they are to be asked to comment on matters beyond the brief agreed in advance, or if they feel vulnerable or that their integrity was being put in question.

6.07.10 Special care needs to be exercised whenever officers are involved in providing information and advice to a party group meeting that includes persons who are not members or co-opted members of the County Council. For reasons of confidentiality, officers may not be able to provide the same level of information and advice as they would to a "members-only" meeting.

7.11 Officers must respect the confidentiality of any party group discussions by not relaying the content of any such discussion to another party group.

6.07.12 The County Council has a Politically Restricted Posts Policy. Where a post is designated as Politically Restricted, the postholder is effectively barred from any political activity including standing as a candidate for the role of MP, MEP or member of a local authority (other than Parish Council), acting as an election agent, being an officer of a political party, speaking in public or publishing any written work with the apparent intention of affecting public support for a political party.

### **Relationships between Officers and Portfolio Holders and Chairs**

6.07.13 It is clearly important that there should be a close working relationship between Portfolio Holders, the Chairs of Committees and the relevant Chief Officer and other senior officers. However, such relationships should never be allowed to become so close, or appear to be so close, as to impair the officers' ability to deal impartially with other members and other party groups.

6.07.14 Officers are accountable to their Chief Officer and must not go beyond the bounds of whatever authority they have been given by their Chief Officer.

## **6.8. Redress**

**6.08.1** If an elected member feels that an officer has acted contrary to the spirit of this guidance, they should raise it with the officer's line manager or Chief Officer.

**6.08.2** If an officer has similar concerns about an elected member, they should raise the matter with their Chief Officer who may then raise the matter with the individual member and/or Party Group Leader.

**6.08.3** If elected members are having difficulty in obtaining information, they need to carry out their duties as a County Councillor, they should contact the ~~Deputy Chief Executive and Director for Corporate Services~~Monitoring Officer.

## **6.9. Summary**

**6.09.1** Officer Commitments to elected members:

- We recognise that we are here to support you to do your job as an elected member and will provide you with support and assistance when requested;
- We will show understanding for your respective roles, workloads and pressures;
- We will treat you with respect and deal with you honestly;
- We will not use our relationship with you to advance our personal interests or to influence decisions improperly;
- We will give your queries priority and answer them quickly (within 2 working days where possible);
- We will ensure that local elected members are informed about ~~our~~ the Council's proposals for their division before we announce them publicly;
- If we make a promise to you, we will deliver on it on time; and
- We will make sure that all communications with you whether formal or informal are clear, concise and in plain English.

**6.09.2** Elected Member Commitments to Officers:

- We will provide political leadership and direction;
- We treat you with respect, dignity and courtesy;
- We will show understanding for your respective roles, workloads and pressures;
- We recognise that you must operate with political neutrality and will respect this;

- We will not take unfair advantage of our position as an elected member;
- We will not subject you to bullying or undue pressure; and
- When you give us information in confidence, we will respect that confidentiality.

## **10. Further Sources of Information**

<b><u>Topic</u></b>	<b><u>Source</u></b>
<u>Employment and appointment of officers</u>	<u>Officer Employment Procedure Rules</u>
<u>Member conduct</u>	<u>The Code of Conduct for Members</u> <u>The Monitoring Officer Planning and</u> <u>Licensing-Codes of Good Practice</u>
<u>Officer conduct</u>	<u>Code of Conduct for Officers</u>
<u>Media and Publicity</u>	<u>Media and Publicity Protocol</u>
<u>Complaints</u>	<u>Corporate Complaints Policy</u>
<u>Whistleblowing</u>	<u>Whistleblowing Policy</u>
<u>Members' Access to Information</u>	<u>Access to Information Procedure</u> <u>Rules</u>
<u>Freedom of Information and Data Protection</u>	<u>Freedom of Information and Data</u> <u>Protection Acts</u> <u><a href="http://www.informationcommissioner.gov.uk">www.informationcommissioner.gov.uk</a></u>





## **Audit and Standards Committee - Tuesday 20 February 2024**

### **Adoption of Statutory Guidance on Settlement Agreements/Constitutional Changes**

#### **Recommendation(s)**

I recommend that:

- a. Staffordshire County Council note and adopt the changes recommended by The Statutory Guidance.
- b. Amendments are made to the Constitution to reflect the Statutory Guidance, as required.

**Local Member Interest:** N/A

#### **Report of the Deputy Chief Executive and Director for Corporate Services**

#### **Report**

##### **Background**

1. On the 12<sup>th</sup> May 2022 the Department for Levelling Up, Housing and Communities published Statutory Guidance (the Guidance) concerning the making of special severance payments.
2. Staffordshire County Council Audit team had previously conducted an audit of settlement agreements as part of the 2019/20 Strategic Internal Audit Plan. The final report was issued in September 2022 and this was presented to A&S on 20<sup>th</sup> September 2022. A progress update was provided to A&S on the 25<sup>th</sup> April 2023 regarding the changes that had been implemented in line with the audit recommendations.
3. The Guidance was considered as part of the review work undertaken and was incorporated into policies and processes being drafted in response to the audit report. All aspects of the Guidance have now been implemented and the schemes of delegation have been amended to reflect the changes and additional and different levels of authority required for settlements up to £20,000 and up to £100,000.
4. The Statutory Guidance states that "payments of £100,000 and above must be approved by a vote of full council, as set out in the Localism Act

2011". It is proposed that this recommendation is formally amended into the Constitution.

5. The proposed amendment to the Constitution is that paragraph 2.4 of Section 5 (The Full Council) of the Council's Constitution be amended by the addition of the following bullet point:

*To approve the making of special severance payments of £100,000 and above, as set out in the Localism Act 2011*

### **Equalities Implications**

6. The recommended changes will ensure additional visibility in relation to severance agreements and better enable identification of any equalities implications within service areas.

### **Legal Implications**

7. The recommended changes will ensure that we are compliant with Statutory Guidance.

### **Resource and Value for Money Implications**

8. The recommended changes will ensure additional visibility in relation to severance agreements and better enable identification of any issues within service areas giving rise to resource and value for money implications.

### **Risk Implications**

9. Any reports taken to full Council will be heard in private due to the commercial and personally sensitive and confidential nature of discussions.

### **Climate Change Implications**

10. There are no climate change implications resulting from the proposed change.

### **List of Background Documents/Appendices:**

Appendix 1 – Statutory Guidance on the making disclosure of Special Severance Payments by Local Authorities. Published 12 May 2022.

## Contact Details

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[Department for  
Levelling Up,  
Housing &  
Communities](#)

Statutory guidance

# Statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England

Published 12 May 2022

## Applies to England

### Contents

1. [Introduction](#)
2. [What is a special severance payment?](#)
3. [Considerations for local authorities on potential Special Severance Payments](#)
4. [Exceptional circumstances in which it may be appropriate to consider making Special Severance Payments](#)
5. [Accountability and disclosure](#)

[List of bodies this guidance applies to](#)



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This publication is available at <https://www.gov.uk/government/publications/special-severance-payments/statutory-guidance-on-the-making-and-disclosure-of-special-severance-payments-by-local-authorities-in-england>

# 1. Introduction

1.1 Most public sector workers enjoy statutory and contractual redundancy or severance terms that are significantly better than the minimum statutory redundancy entitlement and are often higher than the value of redundancy or severance payments made in the private sector. The government is of the view that paying additional, discretionary sums on top of these entitlements (“special severance payments”) do not usually provide good value for money or offer fairness to the taxpayers who fund them and so, should only be considered in exceptional cases.

1.2 This guidance forms part of the best value regime for local authorities in England. The best value duty, as set out in [section 3 of the Local Government Act 1999 \(https://www.legislation.gov.uk/ukpga/1999/27/section/3\)](https://www.legislation.gov.uk/ukpga/1999/27/section/3) (“the 1999 Act”), provides that “A best value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness”. The best value duty is relevant to local authority duties to deliver a balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services (including adult social care and children’s services) and secure value for money in spending decisions. This will include decisions to make Special Severance Payments.

1.3 Authorities subject to the best value duty (termed “best value authorities”) are defined in section 1 of the 1999 Act. [A list of these bodies can be found at the end of this guidance.](#)

1.4 This guidance also sets out the government’s position on the use of Special Severance Payments made by local authorities.

1.5 This guidance is issued under section 26 of the 1999 Act, the purpose of which is to:

- set out the government’s view that Special Severance Payments do not usually represent value for money and should only be considered in exceptional circumstances
- set out the criteria employers should consider in the exceptional circumstances in which it may be appropriate to make a Special Severance Payment
- give examples of the exceptional circumstances in which Special Severance Payments may be appropriate
- clarify the disclosure and reporting requirements for Special Severance Payments

1.6 Severance payments can be an important mechanism to allow employers to reform and react to new circumstances in the workplace, but employers have a responsibility to ensure that Special Severance Payments are only made when there is a clear, evidenced justification for doing so. They should also ensure

that all relevant internal policies and procedures have been followed and all alternative actions have been fully explored and documented.

1.7 In the exceptional circumstances where it is decided that a Special Severance Payment should be paid, it is the responsibility of individual employers to ensure their Special Severance Payments arrangements are fair, proportionate, lawful and provide value for money for the taxpayer.

## **2. What is a special severance payment?**

2.1 In the context of this guidance, Special Severance Payments are payments made to employees, officeholders, workers, contractors, and others outside of statutory, contractual or other requirements when leaving employment in public service. Employers may sometimes consider making such a payment in situations where the individual concerned resigns, is dismissed, or agrees a termination of contract. Which types of payments are Special Severance Payments will vary according to an employee's particular circumstances, and therefore the examples below are illustrative only.

2.2 It is established case-law<sup>[\[footnote 1\]](#)</sup> that such payments, where in accordance with legislation, may only be made where there is a convincing case that they are in the interests of taxpayers. Local authorities may not be generous at the expense of taxpayers and must genuinely consider payments to be in the public interest. In taking decisions elected members must make all proper enquiries and consider all available material that can help in coming to a decision.

2.3 The following types of payments are likely to constitute Special Severance Payments:

- a) any payments reached under a settlement agreement between the employer and employee to discontinue legal proceedings without admission of fault
- b) the value of any employee benefits or allowances which are allowed to continue beyond the employee's agreed exit date
- c) write-offs of any outstanding loans
- d) any honorarium payments
- e) any hardship payments
- f) any payments to employees for retraining related to their termination of employment



2.4 The following types of payments may constitute Special Severance Payments, depending on the terms of the individual's contract, relevant statutory provisions, any non-statutory applicable schemes and other relevant terms and conditions:

a) pay or compensation in lieu of notice where the amount of the payment is not greater than the salary due in the period of notice set out in the employee's contract

b) pension strain payments arising from employer discretions to enhance standard pension benefits (for example under Regulation 30(5) where the employer has waived the reduction under Regulation 30(8) or because of the award of additional pension under Regulation 31)

2.5 The following do not constitute Special Severance Payments:

a) statutory redundancy payments

b) contractual redundancy payments, whether applicable to voluntary or compulsory redundancy, and whether agreed by collective agreement or otherwise

c) severance payments made in accordance with that local authority's policy adopted pursuant to Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006

d) a strain cost paid to the relevant LGPS administering authority under LGPS Regulation 68(2) which results from a LGPS member's retirement benefits becoming immediately payable without reduction under Regulation 30(7), or under Regulation 30(6) where the employer has waived the reduction under Regulation 30(8)

e) payment for untaken annual leave

f) payments ordered by a court or tribunal or agreed as part of a judicial or non-judicial mediation

g) payments made as part of the ACAS Early Conciliation process

h) payments made to compensate for injury or death of the worker

i) payments made in consequence of the award of ill-health retirement benefits under Regulation 35 of the LGPS Regulations

# 3. Considerations for local authorities on potential Special Severance Payments

3.1 This chapter provides guidance on relevant considerations for English local authorities in relation to making Special Severance Payments.

3.2 Local authorities must comply with the duty of Best Value explained in the introduction. In considering whether it is appropriate to make a Special Severance Payment, the government expects local authorities to consider whether such a payment would be a proper use of public money. Local authorities should also monitor and review their policies on the award of special severance payments to ensure that they are also consistent with their Public Sector Equality Duty under the Equality Act 2010.

## Economy

3.3 Local authorities should be able to demonstrate their economic rationale behind proposed Special Severance Payments including consideration of:

- Whether there is any feasible possibility of exiting the individual at a lower cost. Only where there is no such possibility should a Special Severance Payment be considered
- How the exit payment will be perceived by the public and whether it is in line with the duty to manage taxpayers' money appropriately
- What alternative use could be made of that expenditure. All Special Severance Payments necessarily reduce the funds that would otherwise be available to deliver important public services
- The setting of any potential precedent (e.g. where a Special Severance Payment is made to certain employees and not others)
- Evidence for additionality i.e. that those offered Special Severance Payments would not have been willing, under any circumstances, to leave with their statutory and contractual benefits alone

## Efficiency and effectiveness

3.4 In considering the impact of Special Severance Payments on efficiency and effectiveness, local authorities should:

- Seek legal advice on the prospects of successfully defending an Employment Tribunal claim (or claim to any other court or tribunal with jurisdiction), if an employee were to take a legal route to appeal any grounds of their

employment being terminated. The chance of success and the costs likely to be incurred should be noted and weighed up against the costs of making a Special Severance Payment

- Ensure that these payments are not used to avoid management action, disciplinary processes, unwelcome publicity or avoidance of embarrassment
- Consider aligning with private sector practice, where payments are typically less generous. This is important given the added duty in the public sector to prudently manage taxpayers' money
- Manage conflicts of interest to ensure that individuals who are the subject of complaints play absolutely no role in deciding whether those complaints should be settled by making an award to the complainant from public funds

## **4. Exceptional circumstances in which it may be appropriate to consider making Special Severance Payments**

4.1 There may be exceptional circumstances where the existing statutory or contractual entitlements, or both, are insufficient to facilitate an exit or to offer sufficient compensation for loss of employment or office. This can apply to office holders as well as staff. These circumstances, which we expect to be exceptional and provide value for money, may be taken into account by local authorities in deciding whether or not to make a Special Severance Payment.

4.2 Authorities may consider a Special Severance Payment in order to set aside what would otherwise be a reduction in entitlement caused by a break in continuity of service (e.g. where a member of staff has taken a break in service to accompany their spouse on military service overseas). Authorities may also consider that a Special Severance Payment is appropriate in circumstances where, to help recruitment and retention, it has resolved to recognise for severance payment calculation purposes past service with another non-Modification Order employer (such as service with the NHS prior to the transfer of public health functions to local government)[\[footnote 2\]](#).

4.3 Authorities may also consider a Special Severance Payment in order to settle disputes, where it can be properly demonstrated that other routes have been thoroughly explored and excluded. After receiving appropriate professional advice, it may then possibly be concluded that a special severance payment is the most suitable option and prudent use of public money.

4.4 Those approving a Special Severance Payment related to a settlement agreement should be provided with appropriate evidence that attempts were made to resolve disputes before they escalated to a legal claim. They should also bear in mind that even if the cost of defeating an apparently frivolous or

vexatious claims will exceed the likely cost of that settlement to the employer, it may still be desirable to take the case to formal proceedings. This is because successfully defending such cases will discourage future frivolous or vexatious claims and demonstrate that the local authority does not reward such claims.

## 5. Accountability and disclosure

### Accountability

5.1 The government expects that any Special Severance payments should be approved according to the following process:

- payments of £100,000 and above must be approved by a vote of full council, as set out in the Localism Act 2011
- payments of £20,000 and above, but below £100,000, must be personally approved and signed off by the Head of Paid Service, with a clear record of the Leader's approval and that of any others who have signed off the payment
- payments below £20,000 must be approved according to the local authority's scheme of delegation. It is expected that local authorities should publish their policy and process for approving these payments

5.2 Where the proposed payment is to the Head of Paid Service, to avoid a conflict of interest it is expected that the payment should be approved by a panel including at least two independent persons. A system of legal duties also requires elected members to spend public money with regularity and propriety. Under section 151 of the Local Government Act 1972, "every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers (the section 151 officer or Chief Finance Officer) has responsibility for the administration of those affairs". The section 151 officer has an important role in holding local authorities to account and has duties to alert elected members and the auditor in the case of unlawful expenditure.

5.3 This role is complemented and reinforced by authorities' duty under section 5 of the Local Government and Housing Act 1989 to appoint a Monitoring Officer, who must report to the local authority when any proposal, decision or omission is likely to lead to contravention of any enactment, rule of law or statutory code.

5.4 As part of their duties, an authority's s151 Officer, and where appropriate, the Monitoring Officer, should take a close interest in and be able to justify any

special severance payments that are made by that authority and in particular any payments made that are not consistent with the content of this guidance.

## Disclosure

5.5 Clear and transparent reporting on exit payments is essential to make available better data on the number and level of exit payments made in local government. The availability of data on exit payments in the public domain by local authorities enables local accountability as well as effective management of public money and public confidence. In 2015, the Local Government Transparency Code was issued to increase democratic accountability through open access to information<sup>[footnote 3]</sup>. This sets a requirement for local authorities to publish, under the Account and Audit Regulations 2015:

- the number of employees whose remuneration in that year was at least £50,000 in brackets of £5,000
- details of remuneration and job title of certain senior employees whose salary is at least £50,000, and
- employees whose salaries are £150,000 or more must also be identified by name

In addition to this requirement, local authorities must publish, for all employees whose salary exceeds £50,000, a list of responsibilities (for example, the services and functions they are responsible for, budget held and number of staff) and details of bonuses and benefits-in-kind.

5.6 DLUHC has initiated a new annual collection of data on exit payments (initially collecting data from 2014 – 2021) and the results will be published into official statistics and made available on the gov.uk website, subject to any necessary anonymisation or redaction to comply with data protection law. This data will help others to assess the number and level of exit payments made in local government.

5.7 Section 38 of the Localism Act 2011 requires the local authority to produce and publish a pay policy statement, which must include the authority's policies on termination payments. Further guidance on the requirements of the Localism Act 2011 has been issued<sup>[footnote 4]</sup>.

5.8 In addition, Regulation 60 of the Local Government Pension Scheme Regulations 2013 requires local authorities to prepare a statement of its policy in relation to the exercise of the discretion to enhance pension benefits under Regulations 16(2)(e) and 16(4)(d) (funding of additional pension), Regulation 30(6) (flexible retirement), Regulation 30(8) (waiving of actuarial reduction); and Regulation 31 (award of additional pension).

5.9 Regulation 10 of the Accounts and Audit Regulations 2015 require authorities to publish an annual statement of accounts, governance statement and narrative statement. As well as following existing guidance<sup>[footnote 5]</sup> on reporting exit payments, local authorities should also disclose in their annual accounts all severance payments, pension fund strain costs and other special severance payments made in consequence of termination of employment or loss of office (but excluding payments on death or ill-health retirement). Apart from where otherwise required by law, reporting may be anonymised to comply with data protection requirements.

## List of bodies this guidance applies to

- An English local authority, including:
  - a county council in England, a district council or a London borough council
  - the Council of the Isles of Scilly
  - the Common Council of the City of London in its capacity as a local authority
  - the Greater London Authority so far as it exercises its functions through the Mayor
- A National Park authority for a National Park in England
- The Broads Authority
- The Common Council of the City of London in its capacity as a police authority
- A fire and rescue authority constituted by a scheme under [section 2 of the Fire and Rescue Services Act 2004](#) (<https://www.legislation.gov.uk/ukpga/2004/21/section/2>) or a scheme to which section 4 of that Act applies, and a metropolitan county fire and rescue authority in England
- The London Fire Commissioner
- An authority established under [section 10 of the Local Government Act 1985 \(waste disposal authorities\)](#) (<https://www.legislation.gov.uk/ukpga/1985/51/section/10>)
- An Integrated Transport Authority for an integrated transport area in England
- An economic prosperity board established under [section 88 of the Local Democracy, Economic Development and Construction Act 2009](#) (<https://www.legislation.gov.uk/ukpga/2009/20/section/88>)
- A combined authority established under [section 103 of that Act](#) (<https://www.legislation.gov.uk/ukpga/2009/20/section/103>)
- A sub-national transport body established under [section 102E of the Local Transport Act 2008](#) (<https://www.legislation.gov.uk/ukpga/2008/26/section/102E>)
- Transport for London

- 
1. In *Re Hurle-Hobbs's Decision* (1944) 1 All E.R. 249.
  2. Under the Employment Rights Act 1996 employees need two years service with their current or an “associated employer” to qualify for a redundancy payment. The purpose of the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999, as amended, is to provide a statutory list of ‘associated employers’ for the purposes of redundancy payments. The list set out in the Order includes all local authorities as well as various other, but not all, other local public service providers.
  3. [Local government transparency code 2015](https://www.gov.uk/government/publications/local-government-transparency-code-2015) (<https://www.gov.uk/government/publications/local-government-transparency-code-2015>).
  4. [Openness and accountability in local pay: guidance under section 40 of the Localism Act 2011](https://www.gov.uk/government/publications/openness-and-accountability-in-local-pay-supplementary-guidance) (<https://www.gov.uk/government/publications/openness-and-accountability-in-local-pay-supplementary-guidance>).
  5. CIPFA, Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

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## **Audit and Standards Committee - Tuesday 20 February 2024**

### **Nexus Care Limited - Adoption of constitutional changes**

#### **Recommendation**

I recommend that:

- a. Audit and Standards note and agree the constitutional change recommended to support the governance arrangements for Nexus Trading Services Limited.

**Local Member Interest:** N/A

*To note: Councillor Mark Deaville and Councillor Mark Winnington are both currently Directors of Nexus Care.*

#### **Report of the Deputy Chief Executive and Director for Corporate Services**

### **Report**

#### **Background**

1. In November 2022 guidance was published by the BDO (Accountancy and Business Advice Organisation) and Local Partnerships Organisation. They published guidance in response to a number of Public Interest Reports where issues with LATCOs were identified. This guidance was raised by the AD for Audit and Finance and put to the Corporate Governance Working Group.
2. On the 3<sup>rd</sup> March 2023 Staffordshire County Council Audit team published its final report titled "Nexus Care (LATCO) Financial Assurance Review".
3. The County Solicitor, on behalf of the Director for Corporate Services, undertook a review of Local Authority Trading Companies (LATCO). The recommendations from that review were presented to Audit and Standards on the 21<sup>st</sup> March 2023, alongside the report of audit.
4. The report and review both identified some changes that could be made to better support governance arrangements in relation to Nexus Care Limited. The changes were put forward to support the positive work already being undertaken by that organisation.

5. The Articles of Association and Shareholder Agreement, which are key documents to support the governance and working arrangements of Nexxus Care, have now been reviewed and refreshed.
6. A recommendation arising from the review of the Shareholder Agreement is that the Constitution of Staffordshire County Council be amended in order to support the governance arrangements relating to Nexxus Care.
7. The proposed amendments to the Constitution are:

Table 6 of Appendix one of section 10 of the constitution (which sets out the delegations to the Director of Health and Care) to be amended to state:

*To act as the Council's Shareholder Representative/Authorised Person in relation to Nexxus Trading Services Limited.*

### **Equalities Implications**

8. There are no equalities implications arising from the proposed constitutional changes.

### **Legal Implications**

9. The changes proposed are put forward as a result of legal advice received and are compliant with that advice.

### **Resource and Value for Money Implications**

10. The review of LATCOs and the changes proposed within Nexxus will provide additional support and assurance to support the continuing positive work being done by Nexxus Care.

### **Risk Implications**

11. The changes are required to ensure that the constitution reflects the amendments proposed to the Articles of Association and Shareholder Agreement.

### **Climate Change Implications**

12. There are no climate change implications resulting from the proposed change.

## **List of Background Documents/Appendices:**

None.

## **Contact Details**

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**Staffordshire County  
Council and Staffordshire  
Pension Fund  
Auditor's Annual Report**

Year ended 31 March 2021

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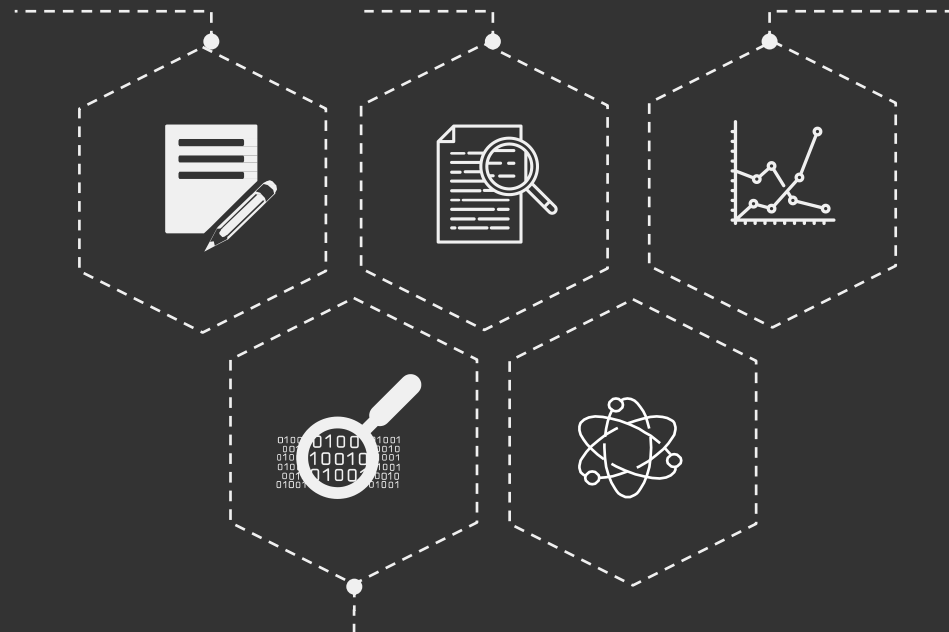
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Introduction

Audit of the  
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Value for  
Money



Appendix A - Value  
for Money  
Arrangements

Appendix B -  
Fees

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Standards Committee and management of Staffordshire County Council and Staffordshire Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Audit and Standards Committee and management of Staffordshire County Council and Staffordshire Pension Fund those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than Audit and Standards Committee and management of Staffordshire County Council and Staffordshire Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# Introduction

## **Purpose**

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the Council, or the wider public, relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

## **Responsibilities of the appointed auditor**

We have undertaken our 2020/21 audit work in accordance with the Audit Plan that we issued in May 2021. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

expressing an opinion on:

- The 2020/21 financial statements of the Council and Pension Fund;
- Conclusions relating to going concern; and

- The consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Council and Pension Fund;
- If we identify a significant weakness in the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

## **Responsibilities of the Council and Pension Fund**

The Council and Pension Fund is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



## Introduction (continued)

### 2012/22 Conclusions

<b>Financial statements</b>	Unqualified – the financial statements give a true and fair view of the financial position of the Council and Pension Fund as at 31 March 2021 and of its expenditure and income for the year then ended. We issued our auditor’s report on 14 December 2023.
<b>Going concern</b>	We have concluded that the Section 151 Officer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
<b>Consistency of the other information published with the financial statement</b>	Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.
<b>Consistency of the Pension Fund annual report and other information published with the financial statements</b>	Financial information in the Pension Fund Annual report and published with the financial statements was consistent with the audited accounts.
<b>Value for money (VFM)</b>	We had no matters to report by exception on the Council’s VFM arrangements. We have included our VFM commentary in Section 03.
<b>Consistency of the annual governance statement</b>	We were satisfied that the annual governance statement was consistent with our understanding of the Council and Pension Fund.
<b>Public interest report and other auditor powers</b>	We had no reason to use our auditor powers.
<b>Whole of government accounts</b>	We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission.
<b>Certificate</b>	We issued our certificate on 14 December 2023.

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# Audit of the financial statements - Staffordshire County Council

## Key findings

The Narrative Statement and Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

On 14 December 2023, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 12 December 2023 Audit and Standards Committee meeting. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan. We reported one internal control recommendation in the Audit Results Report.

Significant risk / Area of focus	Conclusion
<b>Risk of fraud in revenue and expenditure recognition</b>	<p>Our testing of:</p> <ul style="list-style-type: none"> <li>grant income and expenditure did not identify any transactions that had been incorrectly recognised;</li> <li>year end cut-off of expenditure and non-grant income did not identify any transactions that were recorded in an inappropriate financial period;</li> <li>additions to Property, Plant and Equipment found they had been correctly classified as capital and included at the correct value; and</li> <li>additions to Property, Plant and Equipment did not identify any revenue items that were incorrectly classified.</li> </ul> <p>Our data analytical procedures did not identify any journal entries that incorrectly moved expenditure into capital codes.</p>
<b>Misstatements due to fraud or error</b>	<p>We did not identify any: material weaknesses in controls or evidence of material management override; instances of inappropriate judgements being applied; or other transactions during our audit which appeared unusual or outside the Council's normal course of business.</p> <p>Our testing of journals did not identify adjustments outside of the normal course of business. All journals tested have appropriate rationale.</p>
<b>Valuation of land and buildings</b>	<p>We did not identify any issues: from our review of the process and controls in place; or with the competence, capabilities and objectivity of management specialist not with the terms of engagement and instructions issued to the valuer. The valuer's conclusions were appropriately recorded in the accounts</p> <p>We reviewed the Council's assets not subject to formal revaluation in 2020/21, and confirmed that these were not materially misstated.</p> <p>We engaged our internal valuation specialist to support our testing strategy over the testing of assumptions and methodologies applied to a sample of assets valued by the Council's external valuers. This testing and the audit teams testing of a sample of assets did not identify any material differences. We did however identify three immaterial misstatements as reported in our Audit Results Report.</p>
<b>Accounting for disposals of schools converting to academies</b>	<p>Our review of the arrangements for agreeing school assets, liabilities and balances for transfers did not identify any omissions. Our testing confirmed that transfers had been accounted for correctly. The reconciliation of schools that have converted to academies during the year agreed to the relevant accounting systems including the Fixed Asset Register and Department for Education records.</p>

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# Audit of the financial statements - Staffordshire County Council (continued)

Significant risk / Area of focus	Conclusion
<b>Pension Valuation Liability - LGPS</b>	<p>We received assurance from the Staffordshire Pension Fund auditors in regard to the information supplied to the actuary, and confirmed there are no findings impacting on the Council's accounts. The Pension Fund auditor reported a difference in asset values between the original estimate included in the IAS19 report and the actual year end values resulting in an immaterial adjustment to the Pension Liability balance as reported in our Audit Results Report.</p> <p>Our procedures to determine our own estimate for the Council's pension liability found that the liability calculated by the actuary fell within our reasonable range.</p> <p>We performed audit procedures to assess the impact of the most recent triennial valuation. No misstatements to the pension liability were identified as a result of the March 2022 triennial valuation.</p>
<b>Group Accounts</b>	<p>Our review of managements group assessment, confirmed that the companies controlled by the Council remain qualitatively and quantitatively immaterial and therefore no consolidated financial statements were required for 2020/21.</p>
<b>Accounting for the PFI waste scheme</b>	<p>Our testing of the completeness and accuracy of the inputs to the financial model and the subsequent correct application of the outputs to the financial statements did not identify any matters to report.</p>
<b>Going Concern Compliance with ISA 570</b>	<p>We received an updated Going Concern assessment and supporting documentation covering the period to the end of March 2025. Following our audit procedures on the updated assessment we considered it to be appropriate.</p>
<b>Infrastructure Assets Accounting</b>	<p>The Council amended the Financial Statements as required by the Statutory Instrument and updated CIPFA Code. As part of the Council's work to bring the Financial Statements in line with the requirements of the Statutory Instrument and updated CIPFA Code, management identified that it street lighting assets were incorrectly classified as 'Vehicles, Plant, Furniture and Equipment' within the Property, Plant and Equipment note 12 and should be classified as Infrastructure Assets.</p> <p>From the audit procedures undertaken we were satisfied with the changes made to Financial Statement disclosures in relation to the required changes in accounting for Infrastructure Assets. infrastructure assets. However, in comparing these to the depreciation charged under the Council's depreciation policy to the estimated useful economic lives for components of infrastructure assets provided by CIPFA we noted an immaterial difference which was reported in our Audit Results Report.</p>



# Audit of the financial statements - Staffordshire Pension Fund

## Key findings

The Annual Report and Accounts is an important tool for the Pension Fund to show how it has used public money and how it can demonstrate its financial management and financial health.

On 14 December 2023, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 12 December 2023 Audit and Standards Committee meeting. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan. We reported one internal control recommendation in the Audit Results Report.

Significant risk / Area of focus	Conclusion
<b>Misstatements due to fraud or error</b>	We did not identified any: <ul style="list-style-type: none"> <li>• material weaknesses in controls or evidence of material management override;</li> <li>• instances of inappropriate judgements being applied; or</li> <li>• other transactions during our audit which appeared unusual or outside the Fund's normal course of business.</li> </ul>
<b>Risk of Management Override: Year end investment journals</b>	We did not identified any: <ul style="list-style-type: none"> <li>• material weaknesses in controls or evidence of material management override;</li> <li>• instances of inappropriate judgements being applied; or</li> <li>• other transactions during our audit which appeared unusual or outside the Fund's normal course of business.</li> </ul>
<b>Valuation of complex investments (unquoted investments).</b>	We completed our planned procedures including obtaining all relevant internal control reports. We were satisfied that the valuation of level 3 investments is materially stated.
<b>Valuation of directly held property</b>	We considered the work of the Fund's external valuer and engaged our own internal valuation specialists (EY Real Estates) to review a sample of properties and we found that overall the valuations were reasonable. We tested a further sample of properties to gain assurance that their valuation was reasonably stated in the accounts. We did not identify any issues.
<b>Going Concern</b>	We obtained management's going concern assessment and reviewed it for any evidence of bias and consistency with the accounts. We reviewed the financial modelling and forecasts prepared by the Pension Fund for the going concern assessment period. Following our audit procedures on the updated assessment we considered it to be appropriate.

We identified two risks of significant weaknesses in the Council's VFM arrangements for 2020/21.

Pages 5-9  
Our VFM commentary highlights relevant issues for the Council and the wider public.

We had no matters to report by exception in the audit report.

## Scope

We are required to report on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our VFM risk assessment to the 12 December 2023 Audit and Standards Committee meeting which was based on a combination of our cumulative audit knowledge and experience, our review of Council reports, meetings with officers and evaluation of associated documentation through our regular engagement with Council management and the finance team.

## Reporting

We completed our risk assessment procedures and did not identify any significant weaknesses in the Council's VFM arrangements. We identified two risks of significant weakness related to Financial Sustainability and Improving Economy, Efficiency and Effectiveness as part of our risk assessment procedures. We set out our planned response in our Audit Plan. We provided further details in the Audit Results Report and reported that we had not identified any significant weaknesses in arrangement and therefore were not required to report any matters by exception in the audit report on the financial statements.

Our commentary for 2020/21 is set out over pages 9 to 11. The commentary on these pages summarises our conclusions over the arrangements at the Council in relation to our reporting criteria (see below) throughout 2020/21. Appendix A includes the detailed arrangements and processes underpinning the reporting criteria.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
<b>Financial sustainability:</b> How the Council plans and manages its resources to ensure it can continue to deliver its services	One significant risk identified	No significant weaknesses identified
<b>Governance:</b> How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weaknesses identified
<b>Improving economy, efficiency and effectiveness:</b> How the Council uses information about its costs and performance to improve the way it manages and delivers its services	One significant risk identified	No significant weaknesses identified



## Value for Money (continued)

### Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

*The Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2021.*

Our risk assessment identified one risk of significant weakness in arrangements to secure financial sustainability relating to budget gaps identified in the medium term financial strategy (MTFS). The Council have adequate level's of reserves to cover the budget gaps identified in their MTFS.

The Council has a sound process of estimating the recurring and non-recurring expenditure and the funding sources. As part of the Council's budget setting process, each service is required to develop a Business Implementation Plan (BIP). These BIPs will detail the Council's spending for the year ahead showing the activities to be undertaken, anticipated pressures and savings to be delivered. These identified pressures per service are quantified.

The Council's Senior Leadership Team (SLT) have the responsibility to provide strategic direction. This will include formulating the Council's Medium Term Financial Strategy (MTFS) in order to ensure that adequate resources are available to meet the Council's objectives. The MTFS is a five year financial projection of the Council. The annual budget setting process also informs the MTFS, which is subsequently reviewed annually.

Senior Leadership Team (SLT) members are responsible for making sure there are regularly monitoring revenue and capital budgets and investigating and addressing any variations against budget. SLT member report to Cabinet if they cannot balance spending and resources within the approved budget with proposed mitigating actions to address identified shortfalls. The Council has developed saving plans to reduce the impact of identified funding gaps.

All Directors are responsible for producing budget proposals for their departments which cover all aspects of delivery including workforce, investment and capital. These proposals are then consolidated and deliberated by the SLT ensuring coherence amongst the various sub budgets and the Council's Strategy. Both the budget strategy and how the Council manages the revenue and capital budgets are based on the principle that budgets are a statement of the Strategic Plan in financial terms. The Strategic Plan is the primary document that direct the financial plans which is supported by a range of directorate, service and team plans across the Council. The financial plans set out the financial implications of the Council's Strategic and Delivery Plans. The development and refinement of the Strategic Plan is undertaken in conjunction with the financial planning process to ensure that budgets reflect the Council's aims and objectives.

**Conclusion: Based on the work performed, the Council had proper arrangements in place in 2020/21 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.**



## Value for Money (continued)

### Governance: How the Council ensures that it makes informed decisions and properly manages its risks

*The Council is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2021.*

In 2020/21, we did not identify a risk of significant weakness in arrangements in place to ensure sound governance.

Each department maintains its own Risk Register, any risks which are rated high or affect the Council's ability to achieve its objectives are included within the Council's corporate risk register tracker. The tracker is reviewed regularly by Internal Audit as the main custodian of the overall risk register. The internal audit annual plan incorporates the highest risk areas and each control area is reviewed annually with reporting including commentary on the level of assurance the Council can take from the control review and actions requiring implementation to strengthen controls. Internal Audit undertakes regular follow ups to ensure actions are implemented and overseen by the Audit and Standards Committee. Furthermore, the register is updated regularly to take into account emerging risks identified by internal controls review assessments, fraud investigations, intelligence identified internally and by external organisations, and changes to Council processes. Service managers are responsible for ensuring controls are properly maintained and documented and assessing their risks on a regular basis to ensure that the control systems are appropriate. Internal audit give advice on preventative controls during both their work where control weaknesses are identified as well as advice to ensure the risk of fraud, bribery and theft is minimised.

The budget strategy and how the Council manages the revenue and capital budgets are based on the principle that budgets are a statement of the Strategic Plan in financial terms. The Strategic Plan is the primary document that direct the financial plans which is supported by a range of directorate, service and team plans across the Council. Cabinet decides on the use of resources and budget process taking into account the Council's strategic plan and revenue budget. Recommendations consider the arrangements for deciding strategy for spending capital funds, including preparing the capital programme and the process for assessing the prioritisation of individual projects. When preparing the budget, SLT members are required to follow guidance, procedures and timetables set by Cabinet.

SLT members have the authority to spend money from the approved revenue budget and capital programme they cannot spend money without approval by Council if the spending is not in line with the strategic plan or approved budget. SLT members cannot agree any spending that requires the specific approval of a government department or agency, or any other funding organisation until the Council have received required approvals.

**Conclusion: Based on the work performed, the Council had proper arrangements in place in 2020/21 to make informed decisions and properly manage its risks.**



## Value for Money (continued)

### Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

*The Council is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2021.*

Our risk assessment identified one risk of significant weakness in arrangements over improving economy, efficiency and effectiveness relating to continuing impact of joint reports issued by OFSTED and the CQC relating to the joint inspection of the local area of Staffordshire to assess the effectiveness of the area in implementing the special educational needs and disability (SEND) reforms as required by the Children and Families Act 2014. This inspection identified a number of significant areas of weakness in practice, resulting in the requirement for the County Council and CCGs to issue a Written Statement of Action. Overall, the Council has demonstrated that it designed a plan in response to the significant weaknesses identified and has made appropriate progress in implementing this plan during 2020/21.

Partnerships  
The Council engages with significant partnerships through a wide range of connections, in particular governance boards and regular management meetings. These boards cover key performance matters, and identify areas of concern or areas that require improvement. One of the key role of the Council's Executive is to focus on Local Strategic Partnerships; in addition, SLT members are responsible for making sure that partnership arrangements are approved, carried out and evaluated in line with the Council's Partnership policy. The Audit and Standards Committee consider the governance and assurance arrangements for significant partnerships and collaborations.

Integrated Performance Reports are provided to Cabinet on a quarterly basis which gives an overview of Staffordshire County Council's progress, performance and financial position in delivering against the Council's Strategic Plan and Delivery Plan. Analysis on performance against expectations for different services provided by the Council is included in the report and can be used to identify areas for improvement which are then included in the Council's Strategic Plan and Delivery Plan.

Contract entered in to by the Council are required to comply with the Procurement Policy and Contract Standing Orders. When exercising delegated powers, SLT members must ensure that any actions are accordance with the policies and decisions of the County Council, the Constitution, Financial Regulations and Procurement Regulations and are not outside the power and duties of the Council under law.

**Conclusion: Based on the work performed, the Council had proper arrangements in place in 2020/21 to enable it to use information about its costs and performance to improve the way it manages and delivers services.**

# Appendices

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# Appendix A - Summary of arrangements

## Financial Sustainability

### Reporting Sub-Criteria

### Findings

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

As part of the Council's budget setting process, each service is required to develop a Business Implementation Plan (BIP). These BIPs will detail the Council's spending for the year ahead showing the activities to be undertaken, anticipated pressures and savings to be delivered. These identified pressures per service are quantified.

The Council's Senior Leadership Team (SLT) comprising the Chief Executive, Executive Directors and the Directors of Public Health and Policy, Performance and Communications and Cabinet Member Representatives, have the responsibility to provide strategic direction. This will include formulating the Council's Medium Term Financial Strategy (MTFS) in order to ensure that adequate resources are available to meet the Council's objectives. The MTFS is a five year financial projection of the Council. The annual budget setting process also informs the MTFS, which is subsequently reviewed annually.

Budgets are monitored by the Overview and Scrutiny Management Committee and quarterly by the Cabinet/CO exec committee after each section of the Council has analysed Departmental expenditure. This process helps to identify matters of concern that need remedial action. Furthermore, management subsequently factors in areas of concern identified in the MTFS forecast impact. Identified pressures noted from the budget monitoring process are considered and factored into the MTFS and are continuously monitored.

How the body plans to bridge its funding gaps and identifies achievable savings

In setting the MTFS the Council identifies potential funding gaps and to address any gaps saving plans are developed and approved by Cabinet. The Council will continuously monitor and review the funding gap vis a vis savings realised on a quarterly basis. SLT members are responsible for monitoring revenue and capital budgets; the delivery of identified savings plans; and identifying and investigating any variations from plan. SLT members report to Cabinet if they cannot balance spending and resources within the approved budget together with proposed mitigating actions. Cabinet will consider these reports and make appropriate recommendations to deal with the shortfall. Unless Cabinet decide otherwise, any underspending or overspending will be carried forward to the following financial year and the approved budget will be adjusted as a result.

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

SLT members are responsible for making sure there is an appropriate appraisal and prioritisation process for all new investment schemes, and it must be agreed with the Director of Finance. Before a scheme is included in the capital programme it is subject to an agreed appraisal and prioritisation processes to assess how the project:

- meets the Council's strategic priorities in terms of the economic, social and environmental wellbeing of the people of Staffordshire;
- delivers outcomes against the Council's plans or enables the Council to meet its legal responsibilities or new legal requirements;
- how the project can be delivered within an achievable funding strategy.

## Appendix A - Summary of arrangements

### Financial Sustainability

#### Reporting Sub-Criteria

#### Findings

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

The Council's Senior Leadership Team (SLT) have the responsibility to provide strategic direction. This will include formulating the Council's Medium Term Financial Strategy (MTFS) in order to ensure that adequate resources are available to meet the Council's objectives. The MTFS is a five year financial projection of the Council. The annual budget setting process also informs the MTFS, which is subsequently reviewed annually.

Senior Leadership Team (SLT) members are responsible for making sure there are regularly monitoring revenue and capital budgets and investigating and addressing any variations against budget. SLT member report to Cabinet if they cannot balance spending and resources within the approved budget with proposed mitigating actions to address:

- identified shortfalls or unplanned changes in demand;
- a change in how they share the resources between services; or
- if a spending proposal involves a new policy or a change to the policy.

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

All Directors are responsible for producing budget proposals for their departments which cover all aspects of delivery including workforce, investment and capital. These proposals are then consolidated and deliberated by the SLT ensuring coherence amongst the various sub budgets and the Council's Strategy. Both the budget strategy and how the Council manages the revenue and capital budgets are based on the principle that budgets are a statement of the Strategic Plan in financial terms. The Strategic Plan is the primary document that direct the financial plans which is supported by a range of directorate, service and team plans across the Council. The financial plans set out the financial implications of the Council's Strategic and Delivery Plans which include consideration to work with other public bodies such as programmes to improve and promote the health of citizens through closer working with the NHS. The development and refinement of the Strategic Plan is undertaken in conjunction with the financial planning process to ensure that budgets reflect the Council's aims and objectives.

The Oversight and Scrutiny Committee review budget performance on a quarterly basis to ensure adherence to the set budget with reasons for variances reviewed. Mitigating measures may be proposed as necessary and become follow up items in subsequent meetings.

# Appendix A - Summary of arrangements (continued)

## Governance

### Reporting Sub-Criteria

### Findings

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Each department maintains its own Risk Register, any risks which are rated high or affect the Council's ability to achieve its objectives are included within the Council's corporate risk register tracker. The tracker is reviewed regularly by Internal Audit as the main custodian of the overall risk register. The internal audit annual plan incorporates the highest risk areas and each control area is reviewed annually with reporting including commentary on the level of assurance the Council can take from the control review and actions requiring implementation to strengthen controls. Internal Audit undertakes regular follow ups to ensure actions are implemented and overseen by the Audit and Standards Committee. Furthermore, the register is updated regularly to take into account emerging risks identified by internal controls review assessments, fraud investigations, external sources and changes to Council processes. Service managers are responsible for ensuring controls are properly maintained and documented and assessing their risks on a regular basis to ensure that the control systems are appropriate. Internal audit give advice on preventative controls during both their work where control weaknesses are identified as well as advice to ensure the risk of fraud, bribery and theft is minimised.

Steps are taken at the recruitment stage to establish the propriety and integrity of potential employees. The Council's recruitment policies require written references and relevant pre-recruitment checks. Organisations undertaking work on behalf of the Council (contractors and partners) are expected to maintain strong anti-fraud, bribery, and theft principles by declaring their ethics and integrity proclamations in contracts and requirements to include: adequate internal controls to minimise fraud, bribery and theft of Council resources; adequate recruitment procedures and controls when they are handling financial information or assets on behalf of the Council; and adequate whistleblowing procedures.

The Council's Internal Audit programme includes proactive fraud detection exercises designed to detect and deter fraud, bribery and theft in high risk areas through identification of high-risk transactions. These include stand-alone exercises targeting areas assessed to be at higher risk of fraud, and analytic monitoring of high-risk areas for red flag transactions which would subject to detailed review.

How the body approaches and carries out its annual budget setting process

Directors are responsible for producing budget proposals for their departments covering all aspects of delivery including workforce, investment and capital. These proposals are then consolidated and deliberated by the SLT ensuring coherence amongst the various sub budgets and the Council's Strategy. Both the budget strategy and how the Council manages the revenue and capital budgets are based on the principle that budgets are a statement of the Strategic Plan in financial terms. The Strategic Plan is the primary document that direct the financial plans which is supported by a range of directorate, service and team plans across the Council. The financial plans set out the financial implications of the Council's Strategic and Delivery Plans.

The Director of Finance is responsible for making sure that a capital budget, capital programme and financing plan is prepared each year for Cabinet to consider. Following consideration and review the Cabinet proposes the budget and capital programme including the council tax levels and the precept charge to individual billing authorities to the Council for approval. The proposal considered by the Council include a report from the Director of Finance on how robust the budget is and whether the level of reserves is in line with section 25 of the Local Government Act 2003.

## Appendix A - Summary of arrangements (continued)

### Governance

#### Reporting Sub-Criteria

#### Findings

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

Under the Council's financial regulations and scheme of delegation SLT members have the authority to spend money from the approved revenue budget and capital programme they cannot spend money without approval by Council if the spending is not in line with the strategic plan or approved budget. SLT members cannot agree any spending that requires the specific approval of a government department or agency, or any other funding organisation until the Council have received required approvals. The Council's policies and procedures sets out the operational responsibilities of budget holders who are required to sign and return 'accountability statements' which are jointly issued by SLT members and the Director of Finance.

SLT members are responsible for making sure there is regularly monitoring of revenue and capital budgets and investing and taking action to address variations from budget. SLT members send monitoring and outturn reports to Cabinet in line with agreed timetables and report to Cabinet if they cannot balance spending and resources within the approved budget. Cabinet will assess these reports and, where appropriate make consider recommendations to address identified the shortfall unless it is decided otherwise by Cabinet any underspending or overspending are carried forward and adjusted in the following financial years approved budget. Within 6 months of the completion of a significant SLT members must undertake an assessment of whether the project aims were achieved including the final cost.

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How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

The Cabinet is the primary decision making body of the Council and it is required to make decisions which are in line with the Council's overall policies and budgets. Reports to the Cabinet are prepared in accordance with the Council's governance framework and outline the legal implications; the resource and value for money implications; and the climate change implications of proposed recommendations. Cabinet meetings are held in public with agendas and report packs being available in advance of meetings. Cabinet is supported by Council officers to give advice and implement decisions this includes the role of statutory officers such as the Monitoring officer and Section 151 officer who have a legal to ensure the Council acts within the law and uses its resources wisely. A code of practice governs the relationships between officers and elected Members of the County Council.

The Council has four Overview and Scrutiny Committees who support the work of the Cabinet and the Council as a whole. Their overview and scrutiny of both planned and taken decisions leads to reports and recommendations which advises the Cabinet and the Council on its policies, budget and service delivery. Overview and Scrutiny Committees monitor the decisions of the Cabinet and may be consulted on forthcoming decisions and the development of policy. Members of the Council who are not on the Cabinet can 'call-in' a decision which has been made by the Cabinet but not yet implemented. If a matter is 'called-in' it will be considered by the Corporate Review Committee and Members of the relevant Overview and Scrutiny Committee may be invited to the meeting when the 'call-in' is considered. g

Audit and Standards Committee provides independent assurance on the adequacy of the risk management framework and the internal control environment. It also oversees, reviews and makes recommendations on the effectiveness and operation of the Constitution and monitors the adequacy and effectiveness of the County Council's information governance arrangements.

## Appendix A - Summary of arrangements (continued)

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### Governance

#### Reporting Sub-Criteria

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

#### Findings

The Members' Code of Conduct applies to all elected Members and co-opted Members of Staffordshire County Council. Everyone in public office at all levels are required to uphold the Seven Principles of Public Life (also known as the Nolan Principles) and undertake with regard to standards of Conduct on areas including Respect; Bullying harassment and discrimination; Impartiality of officers of the council; Confidentiality and access to information; Disrepute; Use of position; Use of local authority resources and facilities; Complying with the Code of Conduct; Interests; Gifts and Hospitality.

Citizens can complain about the conduct of elected Members of the County Council to the County Council's Monitoring Officer who will investigate and determine if a breach of the Councillors' Code of Conduct has occurred.

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## Appendix A - Summary of arrangements (continued)

### Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
How financial and performance information has been used to assess performance to identify areas for improvement	The Integrated Performance Report provided to Cabinet on a quarterly basis provides an overview of the Council's progress, performance, and financial position in delivering against its Strategic Plan and Delivery Plan. Data and information gathered from Finance Quarter Summary, Corporate Checklist, Revenue Forecast Outturn, Capital Forecast Outturn, and Financial Health Indicator are used to assess the performance and Identify areas to for improvement. Where required specific improvement plans are developed and included the Council's Strategic Plan and Delivery Plan.
How the body evaluates the services it provides to assess performance and identify areas for improvement	The Integrated Performance Report provided to Cabinet on a quarterly basis provides an overview of the Council's progress, performance, and financial position in delivering against its Strategic Plan and Delivery Plan. Data and information gathered from Finance Quarter Summary, Corporate Checklist, Revenue Forecast Outturn, Capital Forecast Outturn, and Financial Health Indicator are used to assess the performance and Identify areas to for improvement. Where required specific improvement plans are developed and included the Council's Strategic Plan and Delivery Plan.
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	<p>SLT members are responsible for making sure that partnership arrangements are approved, carried out and evaluated in line with the Council's Partnership policy. The Audit and Standards Committee consider the governance and assurance arrangements for significant partnerships and collaborations, as part of delivery of the Internal Audit Plan. Reports to Cabinet on proposals relating to the budget and policy framework must contain details of consultation with stakeholders and the outcome of that consultation.</p> <p>The Overview and Scrutiny Committees invite residents, stakeholders and members and officers to discuss issues of local concern and answer questions and have the right to require information from partner organisations in respect of delivery against local improvement targets.</p> <p>Performance is monitored through the quarterly Integrated Performance Report to Cabinet quarterly which gives an overview of Staffordshire County Council's progress, performance and financial position in delivering against the Council's Strategic Plan and Delivery Plan.</p>
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	<p>All Council contracts are required to comply with the Procurement Policy and Contract Standing Orders and every employee involved in the procurement process must adhere to the Council's Procurement Regulations, Instructions, and the officers' code of conduct as set out in the constitution. Officers throughout the procurement process must consider all other Council policies which could apply to the procurement project and legislative requirements such as social value and equalities. Expected benefits, including social and environmental value are monitored and evaluated by the Council.</p> <p>When exercising delegated powers, Senior Leadership Team members must ensure that any actions are accordance with the policies and decisions of the County Council, the Constitution, Financial Regulations and Procurement Regulations and are not outside the power and duties of the Council under law. In addition, the Chief Financial Officer is required to take and implement any decision which they are empowered to take in accordance with Financial Regulations and Procurement Regulations in their capacity of Chief Financial Officer.</p>

## Appendix B - Fees - Staffordshire County Council

### Fees

We carried out our audit of the Council's financial statements in line with PSAA Ltd's "Statement of Responsibilities of auditors and audited bodies" and "Terms of Appointment and further guidance (updated April 2018)". As outlined in the Audit Results Report we were required to carry out additional audit procedures to address audit risks and other procedures as listed in the table below. The fees proposed is yet to be discussed with management and are subject to approval by PSAA Ltd.

Our fee for 2020/21 is in line with the audit fee agreed and reported in our 2020/21 Annual Results Report.

\* For 2020/21 the PSAA increased the rate per hour for each grade by 25%.

Description	Proposed Fee 2020/21 £	Final Fee 2019/20 £
PSAA Scale Fee	84,511	84,511
PSAA approved additional fee (Note 1)	-	79,770
Changes in work required to address professional and regulatory requirements and scope associated with risk (see Note 2)	60,511	
2020/21 Additional Procedures required in response to the additional risks identified in this Audit Plan in respect of (Note 3):		
Significant risk - Valuation of Land and buildings (including use of internal experts)	11,105	
Inherent Risk - Accounting for disposals of schools converting to academies	3,540	
Inherent Risk - Group Accounts	5,642	
Area of audit focus - Accounting for the PFI waste scheme	5,882	
Area of audit focus - Going Concern Compliance with ISA 570	5,207	
Area of audit focus - Infrastructure Assets	8,947	
New NAO Code for VFM	9,030	
Audit procedures to address risks of significant weakness in VFM	8,721	
Pension Liability and impact of Triennial valuation	5,338	
Additional audit procedures required over identified prior year adjustments and audit differences	14,513	
<b>Total additional fee</b>	<b>138,436</b>	<b>79,770</b>
<b>Total Audit Fee</b>	<b>222,947</b>	<b>164,281</b>

All fees exclude VAT

## Appendix B - Fees - Staffordshire County Council (Continued)

### Fees

**Note 1:** Following completion of the 2019/20 audit we submitted a proposed additional fee of £98,500 to PSAA. This relates to proposed uplifts to the base scale fee due to increased regulatory requirements, as communicated during our 2019/20 audit, as well as additional work in 2019/20. PSAA Ltd determined, with agreement from the Council, a final additional fee for 2019/20 of £79,770.

**Note 2:** For 2020/21 the PSAA increased the rate per hour for each audit grade by 25%. The 2020/21 scale fee will again be impacted by the increased regulatory requirements and our proposed uplifting of the base scale fee. The proposed uplift in 2019/20 for comparison was £58,745.

**Note 3:** An increased fee is also proposed for additional audit procedures required to respond to the risks identified which are not reflected in the PSAA scale fee. The proposed additional fee is yet to be discussed with management and remains subject determination by PSAA.

We confirm we have not undertaken any non-audit work.



## Appendix B – Fees – Staffordshire Pension Fund

### Fees

We carried out our audit of the Council's financial statements in line with PSAA Ltd's "Statement of Responsibilities of auditors and audited bodies" and "Terms of Appointment and further guidance (updated April 2018)". As outlined in the Audit Results Report we were required to carry out additional audit procedures to address audit risks and other procedures as listed in the table below. The fees proposed are subject to approval by PSAA Ltd.

Our fee for 2020/21 is in line with the audit fee agreed and reported in our 2020/21 Annual Results Report.

Description	Proposed Fee 2020/21 £	Final Fee 2019/20 £
<b>PSAA Scale Fee</b>	<b>22,050</b>	<b>22,050</b>
<b>Additional work and associated fees:</b>		
IAS 19 Assurance Work - annual approach (1)	9,500	9,500
Triennial Review Procedures (2)		11,500
Going concern assessment. EoM disclosure including EY consultations (3)	5,000	4,250
Additional work to obtain assurance over directly held property in light of Covid-19 (4)	6,500	5,750
Proposed increase to scale fee due to changes in work required to address professional and regulatory requirements and scope associated risks (5)	28,920	28,920
<b>Total Audit Fee</b>	<b>71,970</b>	<b>81,340</b>

*All fees exclude VAT*

**Note 1.** In line with prior year, additional fee of £9,500 takes into account the additional work required to respond to twelve IAS 19 assurance requests from scheduled bodies.

**Note 2.** In prior year we reported in the Audit Plan that as a result of the triennial valuation of the Fund we would be required to undertake additional testing of membership date. We have tested data for a sample of 250 members. Items 1 and 2 are outside of the PSAA fee regime and we will seek agreement with the County Treasurer.

**Note 3.** We reported in the Audit Plan that we would need to carry out additional work to review, assess and challenge the Authority's going concern assessment and associated disclosure and the impact of C-19 on the valuation of directly held property.

**Note 4.** We have had to undertaken additional work on directly held properties and engaged our EYRE specialists in light of the impact of Covid-19 on the valuation of the assets.

**Note 5.** We have outlined to the PSAA that the scale fee should be increased to reflect the additional work auditors are required to do to meet regulatory requirements. In our view the scale fee for the Staffordshire PF audit should be increased by £28,290.

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## **Audit and Standards Committee - Tuesday 20 February 2024**

### **Annual Governance Statement**

#### **Recommendation**

I recommend that:

- a. To approve the updated Annual Governance Statement (AGS) to reflect the findings from the published Childrens Services Ofsted Report.

#### **Local Member Interest:**

N/A

### **Report of the Deputy Chief Executive & Director for Corporate Services**

#### **Report**

##### **Background**

1. The attached AGS has been prepared in line with guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) issued in 2016 and covers the following headings:
  - a. What are we responsible for
  - b. The aim of the governance framework
  - c. The governance framework
  - d. Review of how effective our governance framework is
  - e. Significant governance issues
2. Following on from the above, Appendix 2 reproduces "The Annual Review of the Effectiveness of the Governance Framework including the system of internal control – 2022/23." This document has been instrumental in producing the AGS and details appropriate sources of assurance.
3. At the 12 December 2023 Members of the Committee approved the draft 2022/23 AGS. After the meeting the full Children's Ofsted inspection report was received on 12 January 2024. The overall rating given was 'requires improvement to be good'. Therefore, the draft AGS has been updated to include the key findings and recommendations from the report. These are highlighted in yellow for ease of reference. Given that the External Audit for the 2022/23 Statement of Accounts remains

outstanding, the AGS is expected to be updated to include any key governance matters that emerge up to the point that the accounts are finalised. Therefore, in accordance with best practice, Members are requested to consider the amendments and approved the revised draft AGS.

### **Equalities Implications**

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

### **Legal Implications**

5. The preparation and publication of the AGS is necessary to meet the statutory requirement set out in the Accounts and Audit Regulations 2015.

### **Resource and Value for Money Implications**

6. There are no direct resource implications arising from this report. Significant internal control issues with specific reference to mitigation actions emanating from the Corporate Risk Register will need to be considered against the resources available and the Council's "appetite for risk".

### **Risk Implications**

7. An inadequate Governance Framework can lead to loss of reputation and finance and external censure.

### **Climate Change Implications**

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

### **List of Background Documents/Appendices:**

CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework – 2016 Edition including Guidance Notes  
Annual Governance Statement & Annex - 2020/21  
Staffordshire County Council Code of Corporate Governance – published 2022

Appendix 1 – Updated Annual Governance Statement – 2022 / 2022  
Appendix 2 – Updated Report of the Corporate Governance Working Group

## Contact Details

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# Annual Governance Statement

## 2022 - 2023

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## 1. Scope of Responsibility

We are responsible for carrying out our business in line with the law and proper accounting standards, and for using public money economically, efficiently, and effectively, and accounting for it properly. We also have a duty under the Local Government Act 1999 to continually review and improve the way we work, while at the same time offering value for money and an efficient and effective service.

To meet our responsibility, we have put in place proper arrangements for overseeing what we do (this is what we mean by governance). These arrangements are intended to make sure that we do the right things, in the right way, for the right people, in good time, and in a fair, open, honest, and accountable way. We have approved and introduced a Code of Corporate Governance. You can get a copy of the code from our website at Local Code of Corporate Governance 2023.

This statement explains how we have followed the code and also meets the requirements of the Accounts and Audit Regulations 2015, Regulation 6(1) (a) and (b), which requires the Council to prepare and publish an Annual Governance Statement (AGS).

## 2. What is Governance

Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner. Good governance leads to effective:

- Leadership and management
- Performance and risk management
- Stewardship of public money; and
- Public engagement and outcomes for our citizens and service users.

## 3. What is the purpose of a Governance Framework?

The governance framework comprises the culture, values, systems, and processes by which an organisation is directed and controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It assures that in conducting its business, the Council:

- Operates in a lawful, open, inclusive, and honest manner
- Makes sure that public money and assets are safeguarded from inappropriate use, or from loss and fraud, properly accounted for and used economically, efficiently, and effectively
- Has effective arrangements for the management of risk
- Secures continuous improvement in the way that it operates
- Enables human, financial, environmental, and other resources to be managed efficiently and effectively
- Properly maintains records and information
- Ensures its values and ethical standards are met.

#### 4. What are the key elements of SCC's Governance Framework?

The Council aims to achieve good standards by adhering to the seven code principles below, which form the basis of the Council's Code of Corporate Governance which can be reviewed at Local Code of Corporate Governance 2023 and [Single Sheet Framework](#)

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



The following page provides a summary of actions and behaviours undertaken by the Council in relation to each of the seven core principles and associated sub principles.

## 5. Single Sheet Framework

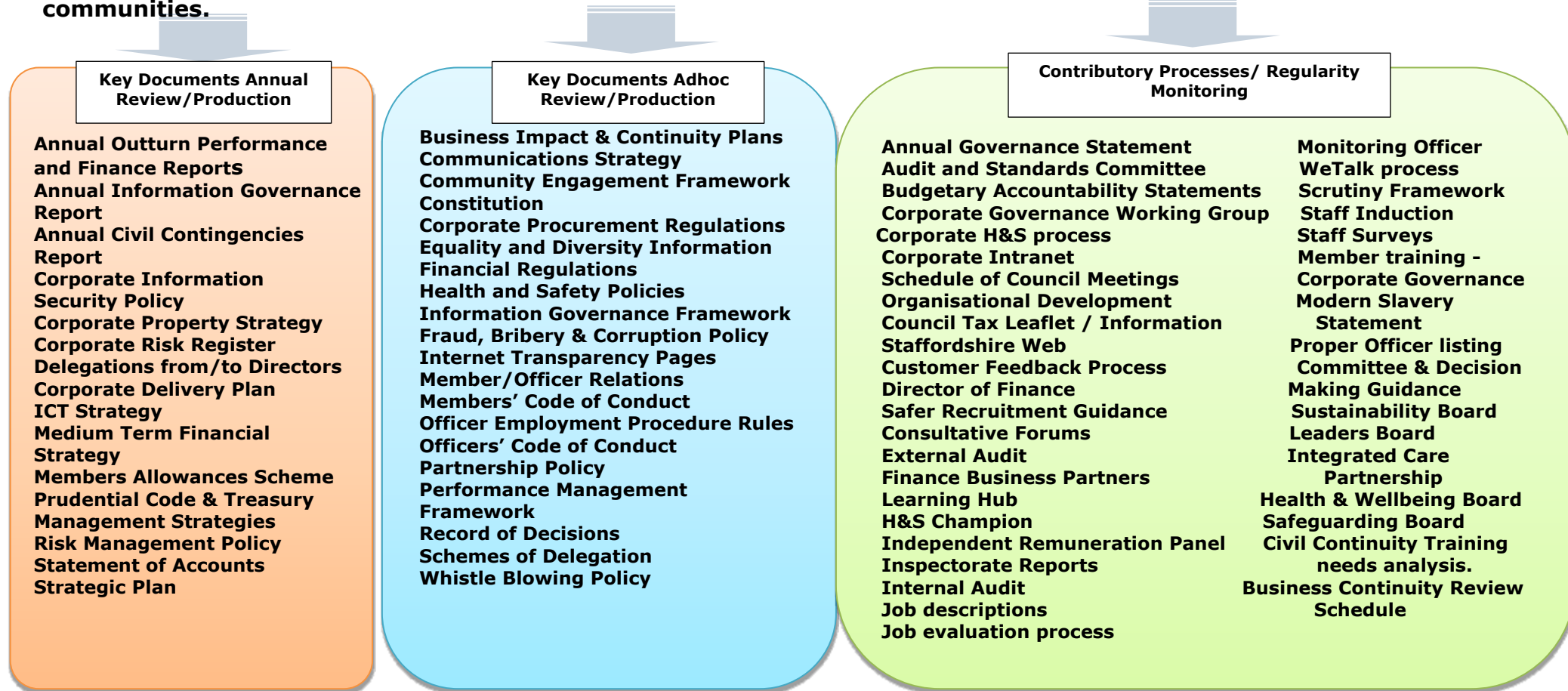
### Governance Framework - Principles, Statutory Obligations and Organisational Objectives

**A- Behaving with Integrity and Adherence to Ethical Values and Respecting the Rule of Law**  
**B- Ensuring openness and comprehensive stakeholder engagement**



**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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**6. What are the key roles of those responsible for developing and maintaining the Governance Framework?**

<p><b>The Council</b></p>	<ul style="list-style-type: none"> <li>• Approves the Strategic Plan</li> <li>• Approves the Constitution (including Procurement Regulations and Financial Regulations).</li> <li>• Approves key policies and budgetary framework</li> </ul>
<p><b>Cabinet</b></p>	<ul style="list-style-type: none"> <li>• The main decision-making body of the Council</li> <li>• Comprises ten Cabinet Members (including the Leader and Deputy Leader) and two Support Members who have responsibility for particular portfolios.</li> </ul>
<p><b>Audit &amp; Standards Committee</b></p>	<ul style="list-style-type: none"> <li>• Provides independent assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control.</li> <li>• Promotes high standards of member conduct.</li> <li>• Approves the Annual Statement of Accounts and Annual Governance Statement</li> </ul>
<p><b>Overview &amp;Scrutiny Committees</b></p>	<ul style="list-style-type: none"> <li>• There are four Overview &amp; Scrutiny Committees aligned to the Council’s corporate priorities.</li> <li>• They hold Cabinet and Officers to account and scrutinise performance.</li> </ul>
<p><b>Chief Executive &amp; SLT</b></p>	<ul style="list-style-type: none"> <li>• Implements the policy and budgetary framework set by the Council and provides advice to Cabinet and the Council in the development of future policy and budgetary issues.</li> <li>• Oversees the implementation of council policy.</li> </ul>
<p><b>Chief Financial Officer (Section 151)</b></p>	<ul style="list-style-type: none"> <li>• Accountability for developing and maintaining the Council’s governance, risk, and control framework.</li> <li>• Contribute to the effective corporate management and governance of the Council.</li> </ul>
<p><b>Monitoring Officer</b></p>	<ul style="list-style-type: none"> <li>• To report on contraventions or likely contraventions of any enhancement or rule of law. To report on any maladministration or injustice where the Local Government Ombudsman has carried out an investigation. To establish and maintain registers of member interests and gifts and hospitality. To advise Members on the interpretation of the Code of Conduct for Members and Co-opted Members</li> <li>• Overall responsibility for the maintenance and operation of the confidential reporting procedure for employees (whistleblowing) and contributes to the effective corporate management and governance of the Council.</li> </ul>
<p><b>Internal Audit</b></p>	<ul style="list-style-type: none"> <li>• Provides independent assurance and annual opinion on the adequacy and effectiveness of the Council’s governance, risk management and control framework.</li> <li>• Delivers an annual programme of risk-based audit activity, including counter fraud and investigation activity.</li> <li>• Makes recommendations for improvements in the management in risk.</li> </ul>
<p><b>External Audit</b></p>	<ul style="list-style-type: none"> <li>• Audit/review and report on the Council’s financial statements (including the Annual Governance Statement), providing an opinion on the accounts and concluding in the arrangements in place for securing economy, efficiency, and effectiveness in the use of resources (the value for money conclusion)</li> </ul>
<p><b>Managers Employees</b></p>	<ul style="list-style-type: none"> <li>• Responsible for developing, maintaining, and implementing the Council’s governance, risk and control framework.</li> <li>• Contribute to the effective corporate management and governance of the Council.</li> <li>• Personal Responsibility for their own actions and to ensure compliance with policies and procedures of the Council.</li> </ul>

## 7. What is the Annual Governance Statement?

The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement, to report publicly on the extent to which we comply with our own Local Code of Corporate Governance, including how we have monitored the effectiveness of our arrangements in year and on any planned changes to our governance arrangements in the coming year.

In this document the Council:

- Acknowledges its responsibility for ensuring that there is a sound system of governance.
- Summarizes the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment.
- Describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.
- Provides details of how the Council has responded to any issue(s) identified in last year's governance statement.
- Reports on any key governance matters identified from this review and provides a commitment to addressing them.

The Annual Governance Statement reports on the governance framework that has been in place at Staffordshire County Council for the year ended 31<sup>st</sup> March

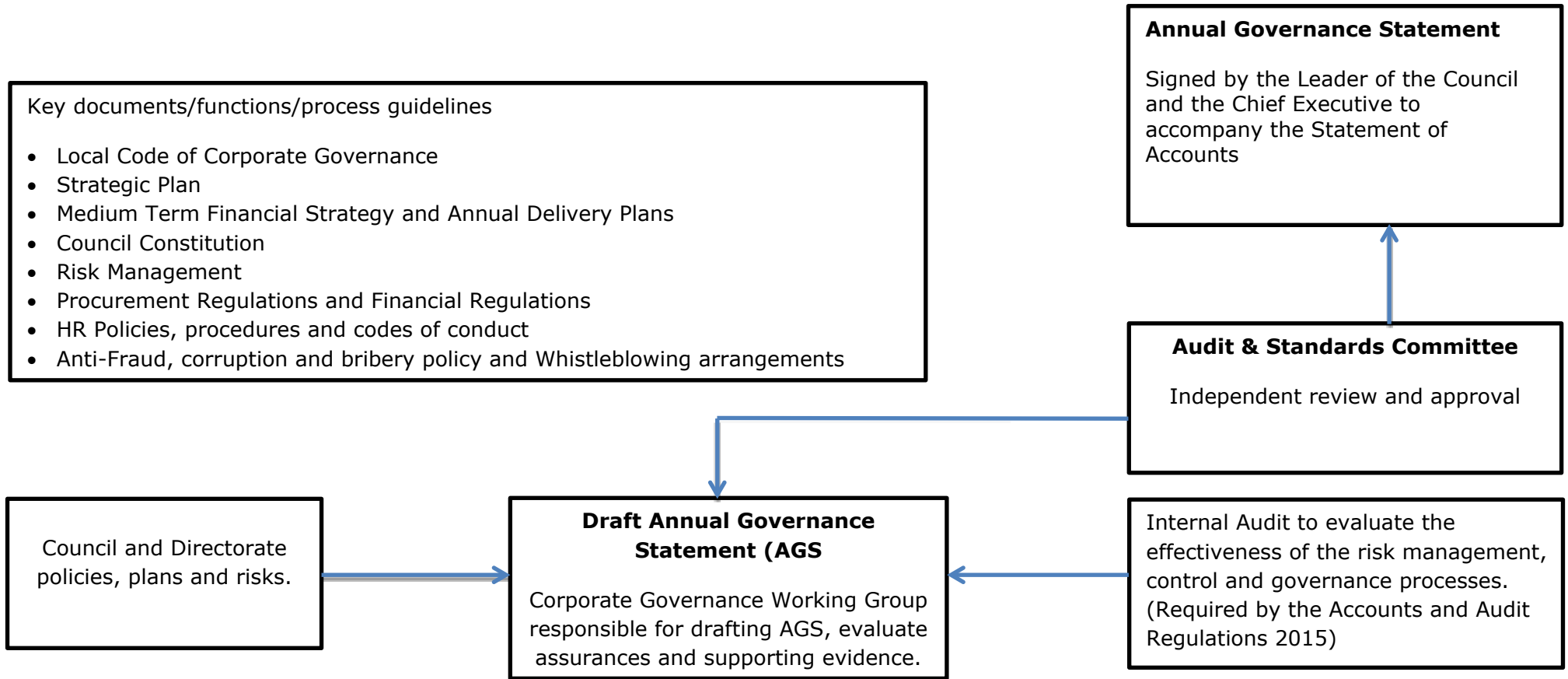
2023 and up to the date of approval of the Statement of Accounts. It should be noted, however, that any system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. We have had the governance framework in place from 1 April 2022, and up to the date that we approved the Statement of Accounts.

## 8. What is a Governance Assurance Framework?

Assurance provides confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved. An assurance framework is the structure within which Members and Senior Management identify the principal risks to the Council meeting its key objectives and through which they map out both the key controls to manage them and how they have gained sufficient assurance about the effectiveness of those controls. The assurance framework underpins the statements made within the Annual Governance Statement.

A governance assurance process is in place to provide a framework for the annual assessment of the effectiveness of the governance arrangements operating within the Council. This includes Member overview and oversight and robust challenge by the Council's Statutory Officers i.e., the Chief Executive, Monitoring Officer and Chief Financial Officer.

## 9. What is the Council's Governance Assurance Framework?



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Provision of ongoing assurance on adequacy and effectiveness of controls over key risks								
Performance Management and Data Quality	Risk Management	Assurances by Directors/Risk Owners	Members' Assurance	Legal and Regulatory Assurance (Monitoring Officer)	Financial Control Assurance (Section 151 Officer- Director of Finance )	External Inspections – e.g., Ofsted, Care Quality Commission)	Internal Audit	External Audit

## 10. How has the Annual Governance Statement been prepared?

In preparing the Annual Governance Statement the Council has:

- Reviewed the Council's existing governance arrangements against the CIPFA/SOLACE 'Delivering Good Governance in Local Government framework – 2016 Edition good practice guidance'.
- Assessed the Council's Local Code of Corporate Governance to reflect this guidance which includes the seven principles of good governance and associated required actions and behaviours taken by the Council that demonstrate robust governance arrangements are in place.
- Evaluated the effectiveness of the Council's governance arrangements against the revised Local Code of Corporate Governance and identified improvement actions.
- Considered what constitutes a significant governance issue for consideration of inclusion within the statement. Although the CIPFA/SOLACE framework does not prescribe set criteria, best practice in this area has been published. Following approval by the Corporate Governance Working Group the following has been agreed as a guide to inform the completion of the 2022/23 statement:
  - Does it undermine/threaten the achievement of organisational objectives?
  - Is it a significant failure to meet the principles (and sub principles) of good governance?

- Is it an area of significant concern to an inspector, external audit, or regulator?
- Has the Monitoring Officer, Section 151 Officer (Director of Finance), Head of Internal Audit, or the Audit and Standards Committee recommended that it be included?
- Is it an issue of public or stakeholder concern?
- Is it an issue that cuts across the organisation and requires cooperation to address it?

## 11. How does the Council monitor and evaluate the effectiveness of its governance arrangements?

The Council annually reviews the effectiveness of its governance arrangements including our system of internal control. Our review of how effective our systems and procedures are, is supported by the work of the Corporate Governance Working Group and the Chief Internal Auditor's annual report. The review also includes comments made by the External Auditor and other review agencies and inspectors.

This review found that we had all the necessary parts of the framework in place. The areas that have led to this conclusion are described in more detail below:

- The annual review of the code of corporate governance has been carried out in line with the requirements of the CIPFA / SOLACE document entitled "Delivering Good Governance in Local Government: Framework 2016", the Corporate Governance Working Group are confident

that current documents and processes represent an effective governance framework.

- The review of actions aimed at improving our arrangements for corporate governance has confirmed that we have made good progress in addressing the key issues raised in the 2021/22 Annual Governance Statement. Where appropriate these have been carried forward into the 2022/23 statement.
- The Chief Internal Auditor's annual report 2022/23 which provides the independent assurance that key risks (financial and non-financial) are being adequately controlled and provides an opinion on the effectiveness of these arrangements. Internal Audit gave an adequate assurance opinion on the overall adequacy and effectiveness of the organisation's governance, risk, and control framework, i.e., the control environment in 2022/23.
- It was reported to the Audit and Standards Committee as part of the 2022/23 Annual Outturn report that there is an effective system of internal audit in place, as measured against set conditions, which include:
  - How well the new Public Sector Internal Audit Standards together with the Local Government Application Note are complied with.
  - Results of the latest available External Quality Assessment performed by a representative of CIPFA which concluded Full Compliance with the Standards.
  - The main key performance results (i.e., 93% completion of the audit plan and the results of the client satisfaction questionnaire).
  - Feedback from the Director of Finance (& S151 Officer).
- An unqualified opinion from the External Auditor has been drafted on the financial statements for 2020/21 as well as for the Council's arrangements for securing economy, efficiency, and effectiveness pending some final audit work together with CIPFA guidance on fixed asset accounting. It should be noted, however, that at the time of writing this statement, the External Auditor opinion is in draft form and has not been finalised. Work has recently commenced on the 2021/22 Statement of Accounts. The completion of the 2021/22 and 2022/23 Accounts remains outstanding. The circumstances surrounding this situation are outside of the Councils control and reflect the substantial challenges which affect the External Audit provision, the protracted timescales for producing guidance regarding infrastructure assets and are subject to ongoing monitoring by DLUC and PSAA. The draft Statement of Accounts are published on the Councils website in accordance with required national timescales
- During 2022/23 the Monitoring Officer and the Director of Finance did not have to use their official powers.
- We have effective scrutiny processes in place through the Overview & Scrutiny Committee arrangements, the responsibilities of which are focused on the key priorities contained in the Strategic Plan.
- Arrangements to strengthen the arrangements for the production and updating of the Corporate Risk Register are progressing which has involved the implementation of an integrated audit and risk management system during 2023.
- The recommendations made within internal audit reports are implemented as agreed to strengthen the control environment. The process is overseen and monitored by



the Audit & Standards Committee for high level recommendations.

- Children’s Services have currently undergone a full Ofsted Inspection in November 2023. The judgement awarded is requires improvement to be good.

Judgement	Grade
The impact of leaders on social work practice with children and families.	Requires improvement to be good
The experiences and progress of children who need help & protection.	Requires improvement to be good
The experiences and progress of children in care.	Good
The experiences and progress of care leavers.	Requires improvement to be good
Overall effectiveness	Requires improvement to be good

- Services for vulnerable children and their families and for care leavers in Staffordshire need to improve.
- Since the last inspection, the quality of services to children in care has been sustained.
- While the quality of some help and protection services has improved, there has also been some deterioration and overall, they continue to require improvement.
- Services for care leavers require improvement to be good, due to aspects of the offer to care leavers being wanting, such as the use of unsuitable short-term accommodation for some young people, which makes

them more vulnerable and difficulties in accessing the right health services at the right time.

- There is not a comprehensive approach to supervision and management oversight.
- Quality assurance and performance management are not robust enough to successfully improve service quality and ensure that leaders have a comprehensive and accurate overview of the service.

The following recommendations to improve were made:

- The quality and effectiveness of management oversight of contracts, referrals and assessments in the ‘front door’
- The effectiveness and impact of performance data and quality assurance to drive practice improvement.
- The effectiveness and oversight of allegations against those in positions of trust undertaken by the local authority designated officer (LADO) service.
- The effectiveness of partnership working, particularly with housing and health partners, to improve children’s access to dentistry and for children in care with more complex health needs to get timely assessment and support and ensure that care leavers are not placed in unsuitable temporary accommodation.

- An accelerated progress Plan (APP) has been developed to deliver the remaining improvements which is overseen by the SEND and Inclusion Partnership Group and subject to six-monthly monitoring and review meetings. A report from the Director of Children and Families was presented to the November 2022 Audit &

Standards Committee outlining the progress made against the Accelerated Progress Plan (APP) as reported by the Department of Education and NHS England following their visit on 29 September 2022 and letter 10 October 2022.

- No governance related matters have been identified from work undertaken, in respect of the operation of the LEP.
- The Audit and Standards Committee received and considered the Annual Report on the management of elected member related complaints in July 2023 (for the period June 2022 to June 2023) no major issues were identified in both reports.
- The LGSCO Annual Review Letter for 2022/23 was received in July 2023 and contained in within the Annual Report of the Customer Feedback & Complaints Service for 2022/23 presented to the Corporate Overview & Scrutiny Committee on 12 September 2023. The main actions highlighted the need to action remedies on a more timely basis. In addition, a comment has also been made relating to the Council's late responses to Ombudsman investigation enquiries.
- The 2022/23 Information Governance Annual Report provided assurance regarding compliance with the Data protection Act 2018 and GDPR Freedom of Information Act 2000, Environmental Information Regulations 2004, and the Local Government Transparency Code 2014. This report was presented to the Audit & Standards Committee in July 2023 for consideration covering the period April 2022 to March 2023. No major issues were identified from this year's report.
- During 2022/23 the Council focused its attention on improving awareness and understanding of the Scheme

of Delegation (SoD) as well as to address audit recommendations previously made relating to the SoD. The review of the SoD commenced in April 2022 and was completed in June 2022. The outcome of this review was to (i) transfer the sub-Scheme of Delegation to the dedicated Decision-Making pages on Staff Space (Intranet); (ii) produce a new 'single source' Scheme of Delegations; and (iii) introduce a new easy to follow process and proforma with a clearly defined pathway for changes / additions to the SoD.

- Two whistleblowing matters have been considered by the Monitoring Officer in 2022/23 and three have been received subsequent to the production of the AGS in 2023/24). Where appropriate they are reported to the Corporate Governance Working Group for further consideration.
- Compliance with the CIPFA Financial Management Code via a self-assessment review was performed during 2022/23 to assess the extent to which the Council's financial management arrangements complied with the FM Code. This review confirmed that there was a high level of conformance with requirements, actions identified in previous years had been addressed with no outstanding areas to be considered. Therefore, there is full compliance with the Code. Compliance will continue to be monitored and updated as required.

With regard to the Councils financial situation significant progress has been made across the organisation during 2022/23, with inflation and cost of living pressures continuing to be responded to, whilst also delivering key programmes of work. Levels of demand have presented challenges, particularly in Children and Families and Adult Social Care, including responding to adult social care

market pressures. There also continues to be areas of financial risk in Children and Families.

## **12. Impact of COVID 19 on Governance Arrangements in place**

The Local Code of Corporate Governance was reviewed in 2022 and 2023 in accordance with the normal timescales and was endorsed by the Corporate Governance Working Group.

In March 2020 the Country experienced a worldwide pandemic from the Coronavirus which created significant challenges for the County Council. As a result, a number of changes were made to the governance arrangements supporting the decision-making process which have now come to an end.

The only continued impact of the Coronavirus is on the governance arrangements for School Admission Appeals. In April 2020, temporary regulations came into force, to give admission authorities, local authorities and appeal panels some additional flexibility when dealing with appeals during the COVID-19 pandemic. The temporary regulations known as the School Admissions (England) (Coronavirus) (Appeals Arrangements) (Amendment) Regulations came into force on 24th April 2020 have since been extended until 30th September 2022.

There has been no reduction in the scope of the work of Internal Audit during 2022/23 as a direct consequence of the COVID 19 pandemic. Therefore, sufficient work has been performed to support the production of the Head of Audit annual opinion on the adequacy and effectiveness of

the framework of governance, risk management and control.

During 2022/23, the Internal Audit Service has continued to support the Council's response to the COVID 19 pandemic and are a member of the Covid Inquiry Working Group. This group is tasked with producing the Councils response in respect of the various calls for information by the National Covid Enquiry. To date information has been submitted in respect of Module 5 -Procurement and PPE and is currently being prepared for Module 6 – Care Sector.

### 13.How has the Council addressed the governance improvement actions from 2021/22?

The Annual Governance Statement 2021/22 contained the following key actions. Details of the issue and how it has been addressed during 2022/23 are provided below:

Review Reference	Governance Issue	Target Date	Progress as at October 2023
Annual Governance Statement 1	To continue to address the key concerns raised through the CQC/Ofsted report to ensure that the remaining governance elements within the SEND arrangements have been addressed as soon as possible.	Neelam Bhardwaja – Director for Families & Communities <sup>1</sup>  March 2023	The Accelerated Progress Plan (APP) was reviewed on the 29th September (6-month point). Almost all of the 24 actions have been achieved as set out for the 6-month mark and workstream leads are confident that progress towards the 9month objectives will be met. The two major workstreams, Revised EHCNA Pathway and Strategy for Special Provision Review are on track as set out in the APP. September 2022 saw a significant communications launch and consultation process also. The Council has until 20th April 2023 to address all actions. A further 12 months progress report was undertaken in April 2023 to ensure that outstanding actions were being addressed.  Status: <b>Carried Forward as AGS 1</b>
Annual Governance Statement 2	To continue to monitor the arrangements surrounding the operation of the Staffordshire and Stoke on Trent Integrated Care Partnership to ensure that it facilitates relationships and generates new ideas to improve health and care outcomes and services. This will be covered as	Richard Harling – Director for Health & Care	The Leader of the County Council is now the Co-Chair of the Integrated Care Partnership and therefore can influence its agenda moving forward.  Status: Complete

Review Reference	Governance Issue	Target Date	Progress as at October 2023
	part of the work of the Health and Well-Being Board.	Ongoing throughout 2022/23	
Annual Governance Statement 3	To continue to remain vigilant against the potential failure of key providers/suppliers and to ensure that suitable business continuity arrangements are in place to deal with an event, should it occur. Attention will continue to be given to Social Care providers.	John Tradewell – Deputy Chief Executive & Director for Corporate Services & Richard Harling – Director for Health & Care Ongoing throughout 2022/23	This is an ongoing action and will continue into 2023/24. Business Continuity arrangements will also be reviewed to ensure that they are robust and remain up to date.  Status: <b>Carried Forward as AGS 2</b>
Annual Governance Statement 4	To continue to monitor the cyber security risks and threats to the Councils ICT network to ensure they are sufficiently protected and secured. To undertake the work that is programmed to enhance cyber governance arrangements currently in place.	John Tradewell – Deputy Chief Executive & Director for Corporate Services Ongoing throughout 2022/23	This area will continue to be monitored based on increasing numbers of public sector cyber security incidents. Cyber governance arrangements will be reviewed and strengthened as appropriate.  Status: <b>Carried Forward as AGS 3</b>
Annual Governance	To continue to be alert to the possibility of unforeseen contraventions of governance arrangements and situations where weaknesses	Chief Executive and Senior	This is a continued action and requires ongoing vigilance. Wherever possible governance issues that have been identified in other Local

Review Reference	Governance Issue	Target Date	Progress as at October 2023
Statement 5	in governance arrangements are exposed by isolated events. In particular for the governance weaknesses identified within the Internal Audit Outturn regarding maintained schools.	Leadership Team Ongoing throughout 2022/23	Government entities, public interest reports are reviewed in order to ensure that our own internal control arrangements/ working practices are sufficiently robust.  Status: <b>Carried Forward as AGS 4</b>
Annual Governance Statement 6	To continue to raise the profile of key governance processes and arrangements within the Council throughout 2022/23 including consideration of the Governance Risk and Resilience toolkit produced by the Centre for Governance and Scrutiny as to how it may assist the Council in its quest to ensure that it has early sight of the identification of risks around governance and a clear focus on the cultural aspects of good governance.	John Tradewell – Deputy Chief Executive & Director for Corporate Services Ongoing throughout 2022/23	Work in this area continues and will be enhanced through the recently commenced Governance assurance review.  Status: <b>Carried Forward as AGS 5</b>
Annual Governance Statement 7	To complete the update and review of the arrangements for the production and review of the Risk Management Policy and Corporate Risk Register.	Rob Salmon – Director of Finance. March 2023	The draft Risk Management Policy has been updated and will be presented to SLT for approval. Following significant staff absence, work has now commenced on populating the Pentana risk management module software with individual risks across risk categories. Reporting arrangements are currently being evaluated to ensure that they will meet organisational requirements.  Status: <b>Carried Forward as AGS 6</b>

Review Reference	Governance Issue	Target Date	Progress as at October 2023
Annual Governance Statement 8	To ensure that the recommendations contained in the Limited Assurance & special investigation internal audit reports raised in the HOIA opinion are fully implemented. This will be overseen by the Audit & Standards Committee through their recommendation tracking review.	Rob Salmon – Director of Finance. Ongoing throughout 2022/23	The Pentana audit and risk management software supports the tracking of all audit recommendations and non-compliance is reported to Audit & Standards Committee as part of the internal audit progress report. This was undertaken in December 2022. Implementation of recommendations are reported as part of the annual outturn report.  Status: Completed as part of the ongoing recommendation tracking process.
Annual Governance Statement 9	To continue with the highways' transformation programme, transforming the Council's highway services and developing effective governance arrangements for the new highways' delivery model.	Darryl Eyers, Director for Economy, Infrastructure & Skills March 2023	Work continues on the highways' transformation programme and will be carried forward as an action into the 2023/24 statement.  Status: <b>Carried Forward as AGS 7</b>
Annual Governance 10	To prepare for and collate all the required information and decision-making records in readiness for the UK Covid-19 Inquiry which has been set up to examine the UK's response to and impact of the Covid-19 pandemic.	Chief Executive and Senior Leadership Team March 2023	A Covid Inquiry Officer has been appointed and leads on this work. A Covid Inquiry Working Group reporting to SLT was formed in September with agreed terms of reference i.e., to co-ordinate and advise on the Councils response to the National Covid Enquiry. The group has coordinated the collection and submission of evidence for Module 5 of the enquiry relating to Government Procurement and PPE. This work will continue into 2023/24.  Status: <b>Carried Forward as AGS 8</b>

Review Reference	Governance Issue	Target Date	Progress as at October 2023
Annual Governance 11	To review and evaluate the arrangements in place relating to the role of the Audit & Standards Committee in the governance of Local Authority Trading Companies (LATCOs) and to develop a 'light touch' framework for the governance and oversight of the Council's external trading companies.	John Tradewell, Deputy Chief Executive & Director for Corporate Services March 2023	<p>During 20223/24, a company checklist/mobilisation plan was developed, to be used when setting up an external trading company. This document summarises the administrative steps and practical post-establishment actions which the Council may need to complete in order to establish a company as a trading entity.</p> <p>The Nexxus Care Financial Assurance review conducted in 2022/23 and finalised in March 2023 evaluated the arrangements in place relating to the role of the Audit &amp; Standards Committee in terms of overseeing Nexxus care specifically and a recommendation was made to strengthen this area. Enhanced performance and finance are now included within the annual report presented to SCC cabinet which is also to be shared with the Audit &amp; Standards Committee (date to be confirmed).</p> <p>The Shareholder's agreement currently being drafted and consulted on sets out the Council's role as shareholder of Nexxus care and as such sets out the various interactions that the company and the Council will have with each other along with the monitoring arrangements in place. This is in effect the framework for governance but solely relates to Nexxus care</p> <p>Status: <b>Carried Forward as AGS 9</b></p>



Review Reference	Governance Issue	Target Date	Progress as at October 2023
Annual Governance 12	To further embed the Staffordshire Leaders' Board, a new Joint Committee, with agreed priorities, which was established in December 2021.	John Tradewell, Deputy Chief Executive & Director for Corporate Services March 2023	Establishment of the Staffordshire Leaders Board, including an added value programme of work The Board is established, Terms of reference were agreed and signed off. The board agreed to focus on six priorities (programme of work). Given the recent local elections, the board is refreshing its terms of reference to take account of new political leaders  Status: - The initial work has been completed.
Annual Governance 13	To prepare for the additional costs of social care reform, as far as possible, and to reflect these when setting the budget for 2023/24.	Rob Salmon Director of Finance March 2023	As a result of the Government decision to defer the Social Care Reform arrangements in November 2022 this specific action is superseded. The MTFs and annual budget setting processes will monitor the implications of future social care costs very carefully.  Status: This specific action has been completed.
Annual Governance 14	To implement the necessary arrangements to prepare and provide assurance for the Care Quality Commission (CQC) Local Authority assessment framework commencing 2023.	Richard Harling, Director for Health & Care March 2023	Substantial preparations have been undertaken by the Director of Health & Care to ensure that the Council is as prepared for this inspection as possible. Details have been also reported to the Health & Care Overview & Scrutiny Committee.  Status: <b>Carried forward as AGS 10</b>
Annual Governance 15	Following the completion of the Children's transformation programme Project in December 2021, actions are required to ensure that operational gaps identified as a result of the transformation programme are addressed and that the new structure and processes are	Neelam Bhardwaja Director for Children and Families	Work continues on the Children's transformation project. Operational procedures continue to be reviewed. Particular issues have been raised regarding Home to School transport arrangements which will be reported regularly to SLT.

Review Reference	Governance Issue	Target Date	Progress as at October 2023
	operating as intended, are embedded and are effective.	Ongoing throughout 2022/23	<p>A key part of the Children’s Transformation was about the way we work as a system, including the way we shape our services, support the needs of families, take quicker local decisions and embed learning from the system to continue to evolve it. There has been a new Systems Improvement Board established to drive forward improvement, quality assurance activity mapping is complete, and a communications plan agreed to further embed the transformation.</p> <p>Status: <b>Carried Forward as AGS 11</b></p>

#### 14. What are the Key Governance Matters for 2022/23?

The review of the effectiveness of the Council's governance framework has identified the following actions that will need to be addressed during 2023/24. Those action points in italics are new for 2022/23.

Review Reference	Governance Matters identified and action to be taken	Target Date	Lead Officer
AGS 1	To continue to address the key concerns raised through the CQC/Ofsted report to ensure that the remaining governance elements within the SEND arrangements have been addressed as soon as possible.	March 2024	Neelam Bhardwaja Director for Children and Families
AGS 2	To continue to remain vigilant against the potential failure of key providers/suppliers and to ensure that suitable business continuity arrangements are in place to deal with an event, should it occur.	Ongoing throughout 2023/24	John Tradewell – Deputy Chief Executive & Director for Corporate Services & Richard Harling – Director for Health & Care
AGS 3	To continue to monitor the cyber security risks and threats to the Councils ICT network to ensure they are sufficiently protected and secured. This area will continue to be monitored based on increasing numbers of public sector cyber security incidents. Cyber governance arrangements will be reviewed and strengthened as appropriate.	Ongoing throughout 2023/24	John Tradewell – Deputy Chief Executive & Director for Corporate Services
AGS 4	To continue to be alert to the possibility of unforeseen contraventions of governance arrangements and situations where weaknesses in governance arrangements are exposed by isolated events. In particular to the governance weaknesses identified within the Internal Audit Outturn regarding maintained schools.	Ongoing throughout 2023/24	Chief Executive and Senior Leadership Team
AGS 5	To continue to raise the profile of key governance processes and arrangements within the Council throughout 2022/23 including the conclusion of the recently commenced governance assurance review designed to ensure early sight of the identification of risks around	Ongoing throughout 2023/24	John Tradewell – Deputy Chief Executive & Director

	governance and a clear focus on the cultural aspects of good governance.		for Corporate Services
AGS 6	To complete the update and review of the arrangements for the production and review of the Risk Management Policy and Corporate Risk Register.	Ongoing throughout 2023/24	Rob Salmon – Director of Finance.
AGS 7	To continue with the highways’ transformation programme, transforming the Council’s highway services and developing effective governance arrangements for the new highways’ delivery model.	March 2024	Darryl Eyers, Director for Economy, Infrastructure & Skills
AGS 8	To continue to respond and collate all the required information and decision-making records requests from the UK Covid-19 Inquiry which currently taking place to examine the UK’s response to and impact of the Covid-19 pandemic.	Ongoing throughout 2023/24	Chief Executive and Senior Leadership Team
AGS 9	To continue to review and evaluate the governance arrangements in place for Local Authority Trading Companies (LATCOs). This will ensure that Cabinet and the Audit & Standards Committee are appropriately sighted on operational and future potential risks surrounding the operation of the Council’s external trading companies.	Ongoing throughout 2023/24	John Tradewell, Deputy Chief Executive & Director for Corporate Services
AGS 10	To continue to prepare the necessary arrangements to provide assurance for the Care Quality Commission (CQC) Local Authority assessment framework inspection anticipated to occur during 2024/25.	Ongoing throughout 2023/24	Richard Harling, Director for Health & Care
AGS 11	Following the completion of the Children’s transformation programme Project in December 2021, actions are required to ensure that operational gaps identified because of the transformation programme are addressed and that the revised structure and processes are operating as intended, fully embedded and are effective. .	Ongoing throughout 2023/24	Neelam Bhardwaja Director for Children and Families

AGS 12	Following the publication of the Ofsted inspection report in January 2024 a detailed action plan will be developed by April 2024. The implementation of the actions will be overseen through the establishment of an Improvement Board chaired by an experienced independent Director of Childrens Services, who will hold the service to account. It is anticipated that Ofsted will undertake two focused revisits during the year to ensure that the corrective action is being undertaken in a timely manner.	Ongoing in 2024 to meet key Ofsted milestones	Neelam Bhardwaja Director for Children and Families
AGS 13	To review the cyber security governance arrangements operating within Third Party Suppliers of County Council systems/services to ensure that suitable assurances are received to confirming that they are sufficiently robust and provide the appropriate level of protection.	Ongoing throughout 2023/24	John Tradewell, Deputy Chief Executive & Director for Corporate Services

## 15.Certification

To the best of our knowledge, the governance arrangements, as defined above and within the Council's Code of Corporate Governance, have been effectively operating during the year with the exception of those areas outlined at paragraph 14. Over the next year we will be taking steps to tackle the issues listed above, so we can further improve our governance arrangements. We are satisfied that these steps will bring about the improvements that we identified in our review of effectiveness, and we will monitor these improvements as part of our next annual review.

Signed: \_\_\_\_\_ Signed: \_\_\_\_\_

Alan White  
Leader of Staffordshire County Council

Pat Flaherty  
Chief Executive of Staffordshire County Council

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**REPORT OF THE CORPORATE GOVERNANCE WORKING GROUP**

**THE ANNUAL REVIEW OF THE EFFECTIVENESS OF THE GOVERNANCE  
FRAMEWORK, INCLUDING THE SYSTEM OF INTERNAL CONTROL –  
2022/2023**

**INTRODUCTION AND CONTEXT**

Appendix 1 has been drafted in response to the need to formerly define the Framework leading to the production of the Annual Governance Statement (AGS).

Appendix 2 details the assurance gathering process used to prepare the AGS.

Appendix 2a details an example of a Controls Assurance Statement

Appendix 3 details the extent to which the various sources of assurance contribute to the mitigation of risk.

Good practice suggests that a review of the effectiveness of the Governance Framework should be undertaken prior to producing the AGS

**WORKING PAPERS**

The review has been undertaken following consideration of a number of Supporting Papers:

- Annual Review of the Code of Corporate Governance (Supporting Paper 1)
- Progress against significant control issues contained within the 2021/22 AGS (Supporting Paper 2)
- Annual Audit Letter 2019/20 (Supporting Paper 3)
- Internal Audit Outturn Report 2022/23 and Performance against the UK Public Sector Internal Audit Standards (Supporting Paper 4)
- Other Sources of Assurance – Statutory Officers (Supporting Paper 5)
- Other Sources of Assurance – Miscellaneous including COVID 19 response (Supporting Paper 6)

**OVERALL CONCLUSION**

**It is considered that all required components to demonstrate good governance are in place as are appropriate action plans. Sources of assurance have been clearly defined and are varied. Several action points have been identified during the review and have been incorporated into the action plan to be addressed in 2023/24.**

## **SUPPORTING PAPER 1**

### **ANNUAL REVIEW OF THE CODE OF CORPORATE GOVERNANCE**

The annual review of corporate governance has been undertaken in accordance with the CIPFA / SOLACE document entitled "Delivering Good Governance in Local Government: Framework 2016". Following an evaluation of the requirements within the updated framework a revised Code of Corporate Governance was presented to the Audit & Standards Committee at their meeting of 30<sup>th</sup> July 2020 which included a detailed action plan and approved. Since this date, the Code of Corporate Governance and action plan has continued to be reviewed and updated annually. The latest updated Code of Corporate Governance and subsequent action plan has been reported to the Audit & Standards Committee on 11<sup>th</sup> July 2023 and approved.

During February 2021 the Centre for Governance and Scrutiny published the results of its project focused on the early identification of risk around governance and the cultural aspects of good governance. The study produced a framework [Governance risk and resilience framework] that can sit alongside existing governance support material, in particular the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016) to assist in the understanding, reviewing, evaluating, and deciding upon governance improvements. During 2022/23 the framework has been considered by the Statutory Officers Group established in 2022 to evaluate the governance arrangements. The results of this review will be considered by the Corporate Governance Working Group as part of its annual evaluation of the Governance Framework moving forward.

#### **Attachments**

Single Sheet Local Framework – (refreshed as part of the July 2023 Code of Corporate Governance update)

Code of Corporate Governance Action Plan 2022 - Progress Extract



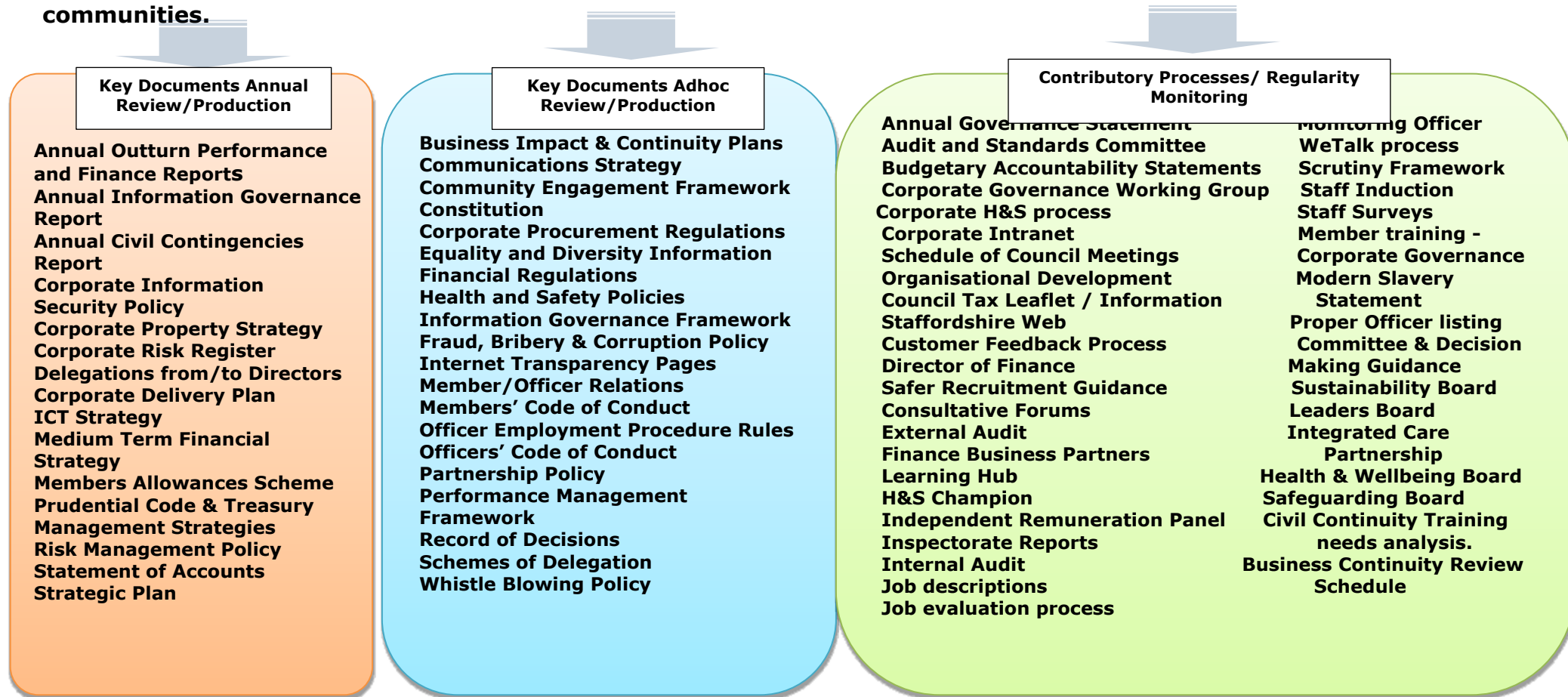
# 1. Single Sheet Framework

## 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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## CODE OF CORPORATE GOVERNANCE ACTION PLAN 2022- Updated for Progress

Action Point	SLT Lead	Progress (June 2023)
<p>Ongoing training and awareness raising of code of conduct for members. Accompanying guidance notes (already available) will be incorporated into the Constitution for clarity.</p> <p>Review documentation and produce templates / processes for member complaints to ensure consistency</p>	<p><b>Responsible Officer:</b> John Tradewell, Deputy Chief Executive &amp; Director for Corporate Services</p> <p><b>Implementation Date:</b> On going</p>	<p>This exercise is still ongoing, new members have been trained new members but haven't undertaken any more general training of members. In terms of "accompanying guidance notes" these have been included in the Constitution as Appendix 2 in Section 3 of the Constitution. On the second one, there is a standard complaint form and a standard flow chart for the complaints process.</p>
<p>Legislation requires local authorities to appoint certain officers with statutory and proper officer responsibilities. Whilst statutory officers of the County Council have been identified, there is a need to identify a list of "Proper Officers"</p>	<p><b>Responsible Officer:</b> Chris Ebberley, Head of Member &amp; Democratic Services</p> <p><b>Implementation Date:</b> December 2022</p>	<p>A detailed list of proper officer responsibilities has now been generated and published on the intranet.</p>
<p>Continued progress on We Are Staffordshire</p>	<p><b>Responsible Officer:</b> Cristian Marcucci, Assistant Director for Communications</p> <p><b>Implementation Date:</b> Ongoing</p>	<p>'We Are Staffordshire' launched in 2020, has continued to grow from strength to strength, raising positive awareness of and instilling pride in Staffordshire. The success of the programme was illustrated by We Are Staffordshire being shortlisted for two City Nation Place Awards in 2022, including international place brand of the year.</p>
<p>Development of a medium-term business case for the Centre for Data Analytics</p>	<p><b>Responsible Officer:</b> Lynsey Bissell, Assistant Director for Strategy and Transformation.</p>	<p>Due to staffing changes the timescales of this have been revised. It's envisaged the business case for a potential full operating</p>

	<b>Implementation Date:</b> September 2023	model will be delivered on or before September 2024.
Establishment of the Staffordshire Leaders Board, including an added value programme of work	<b>Responsible Officer:</b> Lynsey Bissell, Assistant Director for Strategy and Transformation.  <b>Implementation Date:</b> June 2023	The Board is established, Terms of reference were agreed and signed off. The board agreed to focus on six priorities (programme of work). Given the recent local elections, the board is refreshing its terms of reference to take account of new political leaders
To complete the generation of a comprehensive volunteer management strategy and framework.	<b>Responsible Officer:</b> Catherine Mann Interim Assistant Director for Culture, Rural & Safer Communities.  <b>Implementation Date:</b> 31 <sup>st</sup> December 2022	A set of nine 'volunteering principles' have been created in consultation with the Volunteering Task & Finish Group, Communities Leadership Group, VCSE Partners and current volunteers to reflect a better offer to our volunteers and what they should expect from Staffordshire County Council. Along with the principles, we have created a suite of guidance documents to support managers (or those supporting volunteers) across the organisation with practical elements such as recruitment, training and insurance, induction and supervision, as well as guidance on how to end placements.
To refresh the Modern Slavery and Human Trafficking Statement	<b>Responsible Officer:</b> Ian Turner, Assistant Director for Commercial & Assets  <b>Implementation Date:</b> 30th September 2022	This has now been completed and signed off via SLT.

<p>The national TOMS (Themes, Outcomes &amp; Measures) framework to be used on a sample of relevant procurements from September 2022.</p>	<p><b>Responsible Officer:</b> Ian Turner, Assistant Director - Commercial Services and Assets</p> <p><b>Implementation Date:</b> 30 September 2022</p>	<p>The approach was signed off by SLT and to be taken to informal Cabinet.</p>
<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><b>Responsible Officer:</b> Lisa Andrews, Assistant Director - Audit &amp; Financial Services</p> <p><b>Implementation Date:</b> Ongoing</p>	<p>Progress has been made in this area and going forward key strategic risks will be highlighted as part of the quarterly integrated performance reporting arrangements.</p>
<p>The ongoing review the current HR policies in operation to ensure that they reflect the needs of the business.</p>	<p><b>Responsible Officer:</b> Sarah Getley, Assistant Director – People</p> <p><b>Implementation Date:</b> Next tranche to be implemented in June 2022</p>	<p>The review has continued (after successful launches in Sept and Dec 2022) and the following HR Policies have been reviewed and revised to reflect the needs of the business.</p> <p>The following have been launched up to and including June 2023.</p> <p>Schoolerised versions of Sept 2022 corporate policies commended to LA maintained schools in Jan 2023 Flexible Working Policy changes Parental Bereavement Leave and Pay within Time Off Policy Fostering Friendly Leave provisions introduced Whistleblowing revised policy to be launched this week. Schoolerised version of Sickness Absence Policy launched in June</p>

		Work continues on the remaining HR Policies
To refresh the risk management policy and strategy as part of the implementation of the Risk Management Module as part of the Audit Risk Management Software.	<p><b>Responsible Officer:</b> Lisa Andrews, Assistant Director - Audit &amp; Financial Services</p> <p><b>Implementation Date:</b> 31<sup>st</sup> March 2023</p>	The draft risk management policy is awaiting consideration by SLT. Work is underway to input all existing risk registers into the Risk Management Module. The output will inform the quarterly integrated performance reports.
To procure and undertake the second external quality assessment (EQA) of the Internal Audit Service during 2022/23.	<p><b>Responsible Officer:</b> Lisa Andrews, Assistant Director - Audit &amp; Financial Services</p> <p><b>Implementation Date:</b> 31<sup>st</sup> March 2023</p>	This has been completed. The EQA was conducted in January 2023 and the Internal Audit Service were evaluated as complying fully with the Public Sector Internal Audit Standards & Local Government Application Note.
To consider scope of Overview and Scrutiny Committees to better align with Strategic Plan Priorities / Cabinet Portfolios	<p><b>Responsible Officer:</b> Chris Ebberley, Head of Member &amp; Democratic Services.</p> <p><b>Implementation Date:</b> 31<sup>st</sup> March 2023</p>	This was actioned following the review of the Constitution in Spring 2022. The Chairman and Vice Chairs of the four Overview and Scrutiny Committee considered that the current Committee structure accurately reflected the functions and services of the Council.

## SUPPORTING PAPER 2

### PROGRESS AGAINST SIGNIFICANT CONTROL ISSUES CONTAINED WITHIN THE 2021/22 AGS

It is a role of the Corporate Governance Working Group to ensure that action plans for those significant internal control issues reported in the AGS are both defined and implemented.

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Review Reference	Governance Issue	Target Date	Progress as at October 2023
Annual Governance Statement 1	To continue to address the key concerns raised through the CQC/Ofsted report to ensure that the remaining governance elements within the SEND arrangements have been addressed as soon as possible.	Neelam Bhardwaja – Director for Families & Communities <sup>1</sup>  March 2023	The Accelerated Progress Plan (APP) was reviewed on the 29th September (6-month point). Almost all of the 24 actions have been achieved as set out for the 6-month mark and workstream leads are confident that progress towards the 9month objectives will be met. The two major workstreams, Revised EHCNA Pathway and Strategy for Special Provision Review are on track as set out in the APP. September 2022 saw a significant communications launch and consultation process also. The Council has until 20th April 2023 to address all actions. A further 12 months progress report was undertaken in April 2023 to ensure that outstanding actions were being addressed.  Status: <b>Carried Forward as AGS 1</b>
Annual Governance Statement 2	To continue to monitor the arrangements surrounding the operation of the Staffordshire and Stoke on Trent Integrated Care Partnership to ensure that it facilitates relationships and	Richard Harling – Director for	The Leader of the County Council is now the Co-Chair of the Integrated Care Partnership and therefore can influence its agenda moving forward.

<sup>1</sup> Neelam Bhardwaja was appointed as Director for Children and Families from 20<sup>th</sup> June 2022

Review Reference	Governance Issue	Target Date	Progress as at October 2023
	generates new ideas to improve health and care outcomes and services. This will be covered as part of the work of the Health and Well-Being Board.	Health & Care Ongoing throughout 2022/23	Status: Complete
Annual Governance Statement 3	To continue to remain vigilant against the potential failure of key providers/suppliers and to ensure that suitable business continuity arrangements are in place to deal with an event, should it occur. Attention will continue to be given to Social Care providers.	John Tradewell – Deputy Chief Executive & Director for Corporate Services & Richard Harling – Director for Health & Care Ongoing throughout 2022/23	This is an ongoing action and will continue into 2023/24. Business Continuity arrangements will also be reviewed to ensure that they are robust and remain up to date.  Status: <b>Carried Forward as AGS 2</b>
Annual Governance Statement 4	To continue to monitor the cyber security risks and threats to the Councils ICT network to ensure they are sufficiently protected and secured. To undertake the work that is programmed to enhance cyber governance arrangements currently in place.	John Tradewell – Deputy Chief Executive & Director for Corporate Services Ongoing throughout 2022/23	This area will continue to be monitored based on increasing numbers of public sector cyber security incidents. Cyber governance arrangements will be reviewed and strengthened as appropriate.  Status: <b>Carried Forward as AGS 3</b>
Annual Governance	To continue to be alert to the possibility of unforeseen contraventions of governance arrangements and situations where weaknesses	Chief Executive and Senior	This is a continued action and requires ongoing vigilance. Wherever possible governance issues that have been identified in other Local

Review Reference	Governance Issue	Target Date	Progress as at October 2023
Statement 5	in governance arrangements are exposed by isolated events. In particular for the governance weaknesses identified within the Internal Audit Outturn regarding maintained schools.	Leadership Team Ongoing throughout 2022/23	Government entities, public interest reports are reviewed in order to ensure that our own internal control arrangements/ working practices are sufficiently robust.  Status: <b>Carried Forward as AGS 4</b>
Annual Governance Statement 6	To continue to raise the profile of key governance processes and arrangements within the Council throughout 2022/23 including consideration of the Governance Risk and Resilience toolkit produced by the Centre for Governance and Scrutiny as to how it may assist the Council in its quest to ensure that it has early sight of the identification of risks around governance and a clear focus on the cultural aspects of good governance.	John Tradewell – Deputy Chief Executive & Director for Corporate Services Ongoing throughout 2022/23	Work in this area continues and will be enhanced through the recently commenced Governance assurance review.  Status: <b>Carried Forward as AGS 5</b>
Annual Governance Statement 7	To complete the update and review of the arrangements for the production and review of the Risk Management Policy and Corporate Risk Register.	Rob Salmon – Director of Finance March 2023	The draft Risk Management Policy has been updated and will be presented to SLT for approval. Following significant staff absence, work has now commenced on populating the Pentana risk management module software with individual risks across risk categories. Additional resources are being obtained. Reporting arrangements are currently being evaluated to ensure that they will meet organisational requirements.  Status: <b>Carried Forward as AGS 6</b>



Review Reference	Governance Issue	Target Date	Progress as at October 2023
Annual Governance Statement 8	To ensure that the recommendations contained in the Limited Assurance & special investigation internal audit reports raised in the HOIA opinion are fully implemented. This will be overseen by the Audit & Standards Committee through their recommendation tracking review.	Rob Salmon – Director of Finance. Ongoing throughout 2022/23	The Pentana audit and risk management software supports the tracking of all audit recommendations and non-compliance is reported to Audit & Standards Committee as part of the internal audit progress report. This was undertaken in December 2022. Implementation of recommendations are reported as part of the annual outturn report.  Status: Completed as part of the ongoing recommendation tracking process.
Annual Governance Statement 9	To continue with the highways' transformation programme, transforming the Council's highway services and developing effective governance arrangements for the new highways' delivery model.	Darryl Eyers, Director for Economy, Infrastructure & Skills March 2023	Work continues on the highways' transformation programme and will be carried forward as an action into the 2023/24 statement.  Status: <b>Carried Forward as AGS 7</b>
Annual Governance 10	To prepare for and collate all the required information and decision-making records in readiness for the UK Covid-19 Inquiry which has been set up to examine the UK's response to and impact of the Covid-19 pandemic.	Chief Executive and Senior Leadership Team March 2023	A Covid Inquiry Officer has been appointed and leads on this work. A Covid Inquiry Working Group reporting to SLT was formed in September with agreed terms of reference i.e., to co-ordinate and advise on the Councils response to the National Covid Enquiry. The group has coordinated the collection and submission of evidence for Module 5 of the enquiry relating to Government Procurement and PPE. This work will continue into 2023/24.  Status: <b>Carried Forward as AGS 8</b>
Annual Governance 11	To review and evaluate the arrangements in place relating to the role of the Audit & Standards Committee in the governance of Local Authority Trading Companies (LATCOs) and to	John Tradewell, Deputy Chief Executive &	During 2023, a company checklist/mobilisation plan was developed, to be used when setting up an external trading company. This document summarises the administrative steps and practical

Review Reference	Governance Issue	Target Date	Progress as at October 2023
	develop a 'light touch' framework for the governance and oversight of the Council's external trading companies.	Director for Corporate Services March 2023	<p>post-establishment actions which the Council may need to complete in order to establish a company as a trading entity.</p> <p>The Nexxus Care Financial Assurance review conducted in 2022/23 and finalised in March 2023 evaluated the arrangements in place relating to the role of the Audit &amp; Standards Committee in terms of overseeing Nexxus care specifically and a recommendation was made to strengthen this area. Enhanced performance and finance is now included within the annual report presented to SCC cabinet which is also to be shared with the Audit &amp; Standards Committee (date to be confirmed).</p> <p>The Shareholder's agreement currently being drafted and consulted on sets out the Council's role as shareholder of Nexxus care and as such sets out the various interactions that the company and the Council will have with each other along with the monitoring arrangements in place. This is in effect the framework for governance but solely relates to Nexxus care</p> <p>Status: <b>Carried Forward as AGS 9</b></p>
Annual Governance 12	To further embed the Staffordshire Leaders' Board, a new Joint Committee, with agreed priorities, which was established in December 2021.	John Tradewell, Deputy Chief Executive & Director for Corporate Services March 2023	Establishment of the Staffordshire Leaders Board, including an added value programme of work The Board is established, Terms of reference were agreed and signed off. The board agreed to focus on six priorities (programme of work). Given the recent local elections, the board is refreshing its terms of reference to take account of new political leaders

Review Reference	Governance Issue	Target Date	Progress as at October 2023
			Status: - The initial work has been completed.
Annual Governance 13	To prepare for the additional costs of social care reform, as far as possible, and to reflect these when setting the budget for 2023/24.	Rob Salmon Director of Finance March 2023	As a result of the Government decision to defer the Social Care Reform arrangements in November 2022 this specific action is superseded. The MTFS and annual budget setting processes will monitor the implications of future social care costs very carefully.  Status: This specific action has been completed.
Annual Governance 14	To implement the necessary arrangements to prepare and provide assurance for the Care Quality Commission (CQC) Local Authority assessment framework commencing 2023.	Richard Harling, Director for Health & Care March 2023	Substantial preparations have been undertaken by the Director of Health & Care to ensure that the Council is as prepared for this inspection as possible. Details have been also reported to the Health & Care Overview & Scrutiny Committee.  Status: <b>Carried forward as AGS 10</b>
Annual Governance 15	Following the completion of the Children's transformation programme Project in December 2021, actions are required to ensure that operational gaps identified as a result of the transformation programme are addressed and that the new structure and processes are operating as intended, are embedded and are effective.	Neelam Bhardwaja Director for Children and Families Ongoing throughout 2022/23	Work continues on the Children's transformation project. Operational procedures continue to be reviewed. Particular issues have been raised regarding Home to School transport arrangements which will be reported regularly to SLT. A key part of the Children's Transformation was about the way we work as a system, including the way we shape our services, support the needs of families, take quicker local decisions and embed learning from the system to continue to evolve it. There has been a new Systems Improvement Board established to drive forward improvement, quality assurance activity mapping is complete, and a communications plan agreed to further embed the transformation.

Review Reference	Governance Issue	Target Date	Progress as at October 2023
			Status: <b>Carried Forward as AGS 11</b>

**Conclusion**

**The review of actions detailed within the 2021/22 AGS has confirmed that whilst significant progress has been made, a number are long term in their nature and therefore for the purposes of the 2022/23 AGS key actions AGS 1, AGS 3, AGS 4, AGS 5, AGS 6, AGS 7, AGS 9, AGS 10, AGS 11, AGS 14 and AGS 15 should be carried forward into 2023/24.**

## **SUPPORTING PAPER 3** **ANNUAL AUDIT LETTER 2019/20**

The Annual Audit Letter 2019/20 was submitted to the Audit and Standards Committee on 13 September 2021. The Audit Results report (ISA 260) was presented to the 14 December 2021 Audit and Standards Committee.

\*\*\*In respect of the Annual Audit Letter 2020/21, an unqualified opinion from the External Auditor has been drafted on the financial statements for 2020/21 as well as for the Council's arrangements for securing economy, efficiency, and effectiveness pending some final audit work together with CIPFA guidance on fixed asset accounting. It should be noted, however, that at the time of writing this statement, the External Auditor opinion is in draft form and has not been finalised. The audit of the 2021/22 Statements also remaining outstanding as a direct result. \*\*\*

Below is the extract from the latest finalised Annual Audit Letter for 2019/20.

### Extract from Annual Audit Letter

'Our 2019/20 audit work has been undertaken in accordance with the Audit Plan that we issued in July 2020'

### **Executive Summary**

We are required to issue an annual audit letter to Staffordshire County Council (the Council) following completion of our audit procedures for the year ended 31 March 2020. Below are the results and conclusions on the significant areas of the audit process.

#### **Area of Work**

##### **Opinion on the Council's:**

- ▶ Financial statements

- ▶ Consistency of other information published with the financial statements

#### **Concluding on the Council's arrangements for securing economy, efficiency, and effectiveness**

#### **Conclusion**

We issued an unqualified opinion on the County Council and Pension Fund financial statements on 30 April 2021. The audit was significantly protracted due to the unforeseen sickness absence of key members of the audit team. We conclude that the financial statements give a true and fair view of the financial position of the County Council and the Pension Fund as at 31 March 2020 and of its expenditure and income for the year then ended. Within the audit opinion we did include a paragraph to emphasise the disclosures made by the pension fund in respect of the material uncertainty reported on the valuation of its directly held property investments

Other information published with the Financial Statements was consistent with the Annual Accounts.

As a result of our procedures, we conclude that a qualified 'except-for' conclusion with respect to your arrangements to secure economy, efficiency, and effectiveness in your use of resources is

appropriate, specifically in relation to the SEND Written Statement of Actions.

**Conclusion (from SCC perspective)**

**The Extract from the Annual Audit Letter provides an unqualified opinion for financial statements of 2019/20. A 'qualified except for' conclusion was given in relation to the 2019/20 opinion over the Council's arrangements for securing economy, efficiency, and effectiveness in the use of resources, specifically in relation to the SEND Written Statement of Actions.**

**\*\*An unqualified opinion from the External Auditor has been drafted on the financial statements for 2020/21 as well as for the Council's arrangements for securing economy, efficiency, and effectiveness pending some final audit work together with CIPFA guidance on fixed asset accounting. As a direct consequence the audit of the 2021/22 Accounts is delayed. \*\***

## SUPPORTING PAPER 4

### INTERNAL AUDIT OUTTURN REPORT 2022/23 AND PERFORMANCE AGAINST THE UK PUBLIC SECTOR INTERNAL AUDIT STANDARDS

The overall conclusion taken from the Outturn report states:

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 2022/23.

‘This year’s audit plan has been dominated firstly by our planned audit activities supporting the Council’s digital transformation programme and specifically the high-profile Corporate File Plan Project and new IT systems including the new “we recruit” applicant tracking system and the new Altair Pensions System. Internal Audit has also been involved in other transformational work including the on-going highways transformation programme and our work to provide assurance over new service delivery models such as the household waste recycling centres. Our work in these areas focussed on ensuring that sufficient controls including fraud controls are considered and built into new and revised business processes at the right time to support a robust control environment. In 2023/24, we will turn our attention to the new arrangements operating within Children’s services following their transformation programme and also the revised processes operating within SEND services as well as providing on-going support to those services which have transferred back in house including the Household Waste Recycling Service, Early Years Service and Careers and Participation Service. Secondly, during 2022/23, the Internal Audit Service has continued to support the Council in undertaking the various required grant verification sign-off exercises along with post assurance checks to provide assurance that funding is accurately accounted for and has been used appropriately. No significant concerns were noted. Further grant verification work is required in 2023/24 although the number of audits in this area have reduced as the Council returns to ‘business as usual’ following the COVID 19 pandemic.

Emphasis on strong financial management remained in 2022/23 with a full audit programme of main financial systems conducted. The Council’s debt recovery arrangements have again emerged as an area of concern. Although general debt and other debt categories were at or below target at year-end, Health and Care Client Debt (over 6 months old) significantly exceeds the financial target for 2022/23. Subsequently, several recommendations have been made in our latest internal audit review to improve the Council’s invoicing, income collection and debt recovery arrangements in place. In respect of debt targets, it should be noted that from quarter one of 2023/24 onwards, the debt key performance indicator (KPI) has been amended from £14.7m to £21.5m. These amendments have been made to reflect the fact that a) the previous target had not been revised since 2019/20 and b) the Covid 19 pandemic, the cost-of-

living crisis and the decision of the Social Care Ombudsman regarding residential care billing have changed the income raising and collection environment. Internal Audit will provide further assurance over this area in 2023/24. In relation to the payroll control environment for the Council's core payroll, this area has again been awarded an adequate assurance opinion with no high-level issues raised, which is pleasing to note. At the time of writing, audit work relating to the Pension Fund – Pension Pool investment arrangements which was being carried out by one of the Partner Fund authorities was still in progress and the opinion is currently awaited. This will be reported to this committee, as appropriate once finalised.

The 2022/23 Schools' compliance programme has again identified areas of non-compliance and lapses in internal controls with limited assurance audit opinions being awarded for thirteen school establishments, which although similar in number to last year continues to represent a sustained increase when looking back over recent years. Also, control weaknesses relating to payroll processes operating at schools have continued to be identified during 2022/23. As a result of these audit outcomes, in-year we have undertaken continuous controls monitoring (CCM) specific to schools to give greater assurance over financial transactions. It is our intention to continue to raise awareness of best practice and counter fraud measures with more regular communications to schools throughout 2023/24. Our school visits will also continue to be supplemented by a programme of CCM that will provide assurance over a greater volume of financial transactions across all Staffordshire Schools in 2023/24, the findings of which will feature in our communications with schools to reinforce lessons learnt throughout the year.

Finally, despite the significant value of financial losses (fraud/error) identified in 2022/23, the number of limited assurance opinions awarded across the planned system reviews have continued to reduce from four in 2021/22 to one in 2022/23 with no limited assurance opinions being awarded in either the top risk or the other systems audit categories of work. Notably, the largest financial loss reported in this year's annual outturn report relates to one serious fraud (misuse of SEND personal budgets) which has been fully investigated and reported to the Police (investigation currently on going). Internal Audit will continue to support the service area in 2023/24 to provide assurance over revised processes to be put in place. Other smaller financial losses related to our own initiated proactive exercises using Council data effectively to detect anomalies for further investigation (anomalies in 2022/23 were considered error rather than fraud). We will continue to use data analytical tools to enhance the assurance and insights provided to senior management across all business operations during 2023/24.



## **SUPPORTING PAPER 5**

### **OTHER SOURCES OF ASSURANCE - STATUTORY OFFICERS**

#### The Chief Finance Officer (Director of Finance)/Context

Any major organisation requires a set of clearly understood rules and regulations for the management of its financial affairs. In response to the requirements of Section 151 of the Local Government Act 1972, the County Council has designated the Director of Finance to be responsible for the administration of these affairs.

In response to the requirements of Section 25 of the Local Government Act 2003, the Director of Finance has a duty to report to the Authority on:

- the adequacy of the proposed reserves
- the robustness of the budget

In response to Section 114 of the Local Government Finance Act 1988, the Director of Finance has a duty to report to the Council if the Authority or one of its officers:

- has made, or is about to make, a decision which involves incurring unlawful expenditure
- has taken, or is about to take, an unlawful action which has or would result in a loss or deficiency to the Authority
- is about to make an unlawful entry in the Council's accounts

In addition, the Director of Finance is required to make a report under Section 114 if it appears that the expenditure incurred and/or proposed in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

#### The Monitoring Officer/Context

The role of the Monitoring Officer is a statutory one, the office having been created under Section 5 of the Local Government and Housing Act 1989. Every Local Authority must have a Monitoring Officer and since 2001 that office cannot be held by the person who is the head of that Authority's paid service, nor by the Section 151 Officer, though there are no other formal qualification requirements.

If it at any time appears to (the Monitoring Officer) him that any proposal, decision or omission

- by the Authority;

- by any Committee or Sub-committee of the Authority;
- by any person holding any office or employment under the Authority;
- by any Joint Committee on which the Authority are represented, or;
- in the course of the discharge of functions of the Authority by or on behalf of the Authority's Executive.

constitutes, has given rise to or is likely to or would give rise to –

- a contravention of any enactment or rule of law by the Authority, by any Committee or Sub-committee of the Authority, by any person holding any office or employment under the Authority, by any such Joint Committee, or by the Authority's Executive or any person on behalf of the Executive, or
- any such maladministration or injustice as is mentioned in Part 3 of the Local Government Act 1974 where the Ombudsman has conducted an investigation;

then the Monitoring Officer is required to prepare a report to the Authority's Executive (if it relates to executive functions), or in all other cases to the Authority, with respect to that proposal, decision or omission, and in doing so is required to consult so far as practicable with the Authority's Head of Paid Service and their Director of Finance.

### **Conclusion**

**Neither the Monitoring Officer nor the Director of Finance has had occasion to use their statutory powers of intervention in 2022/23.**

## SUPPORTING PAPER 6

### OTHER SOURCES OF ASSURANCE – MISCELLANEOUS

#### **SECTION A SCRUTINY & OVERVIEW COMMITTEES**

We have effective processes in place. We have four Overview & Scrutiny Committees, the responsibilities of which reflect our focus on key outcomes. We make sure Cabinet Members are held accountable for their actions and we give members an opportunity to assess the impact of the Council's work in their local area. We will continue to develop these initiatives. An annual report is produced each July and submitted to Corporate Overview & Scrutiny Committee and then Full Council. The report for 2022/23 was considered at the Overview and Scrutiny Chairs/Vice Chairs Forum and subsequently signed off by the Chairman of Corporate Overview and Scrutiny committee and submitted to Full Council on 20 July 2023. Currently, no significant governance issues have been highlighted to date.

The Integrated Performance Report is produced quarterly and presented to Cabinet. This provides an overview of progress, performance, and financial position in delivery against the Council's Strategic and Delivery Plans. The latest report to Cabinet in October 2023 provided a summary update on the Council's performance and financial position, detailed below.

Key highlights	Key challenges
<ul style="list-style-type: none"><li>• <b>We are Staffordshire:</b> Staffordshire's place brand highlighted at national online conference with 600+ attendees. Planning started for UK Real Estate Infrastructure and Investment Conference (UKREIIF) in 2024.</li><li>• <b>Staffordshire Warmer Homes Scheme:</b> £10.5m funding secured to bring eco-friendly heating solutions to rural properties that are situated away from the gas network. Since December 2022, 473 measures have been installed in 334 properties.</li><li>• <b>Supportive Communities Programme:</b> New community resource called 'Bag of Trix' launched, which provides assistive technology and daily living aids to promote independent living.</li><li>• <b>Household Support Fund:</b> During the summer holidays almost 28,000 families of children in receipt of Free Schools Meals were issued with supermarket vouchers.</li><li>• <b>Holiday Activities and Food (HAF) Programme:</b> The Summer HAF offered more than 49,000 places; focus on encouraging take-up by the most vulnerable children and young people. Inclusion high on the agenda, with clubs to cater for all children.</li><li>• <b>Household Waste Recycling Centres (HWRCs):</b> Permit scheme launched in September 2023 to improve services and reduce queues for residents while promoting sustainable waste disposal within the county.</li></ul>	<ul style="list-style-type: none"><li>• <b>Children in Care:</b> Continued pressures across Children's services, including the rising cost, higher than anticipated numbers and complexity of Children in Care, and ongoing placement pressures. New Discharge Planning Team, went live in August, will help progress exit activity.</li><li>• <b>SEND:</b> Increased demand for Education, Health and Care Plans. Capacity continues to be a challenge; however, all additional Senior Key Workers are now in post.</li><li>• <b>Adult Social Care Demand:</b> Safeguarding and Deprivation of Liberty Safeguarding (DoLs) requests remain high, with additional capacity being sourced and further options to streamline DoLs process being explored.</li><li>• <b>Highways Performance:</b> Levels of demand were high in Quarter 2, particularly in relation to high-risk defects, however timeliness of repairs is back on track following a dip in Quarter 1, and the council is continuing to deliver its Highways Maintenance and Transformation Programmes.</li></ul>

## **SECTION B            CORPORATE DIRECTORS/RISK OWNERS**

Assurance Statements are in the process of being re considered as part of the review of our Risk Management processes and the recently commenced wider governance review. In the interim, Statements continue to be completed for the Corporate Governance risk heading. The Assurance Statement is reproduced at **Appendix 2a**.

## **SECTION C            CORPORATE RISK MANAGEMENT /STRATEGIC RISK REGISTER**

The arrangements for the production of the Corporate Risk Register are currently being amended. As part of the Audit & Risk Management software upgrade, the risk management module was configured, and the system has started to be populated with key risks facing the organisation and this will continue throughout 2023/24. This will provide a digital solution for the production of the corporate risk register and has started to replace the present manual process managed via various excel spreadsheets. It is anticipated that the nominated risk owners will be responsible for the completion and update of their digital service risk register which will feed directly into the strategic risk register on a continuous basis. This development will increase the level and frequency of reporting and scrutiny.

The Audit and Standards Committee has received ongoing updates regarding significant risks during 2022/23 most notably relating to:-

- Joint Funding and Billing CCG's Continuing Healthcare – progress on the implementation of recommendations.
- Infrastructure + Asset Data Management
- Agency Staffing Contracts Review – progress of the implementation of recommendations
- SEND Accelerated Progress Plan
- Internal Audit Review – Nexxus
- Company Governance
- Cyber Security Strategy
- Community Climate Action Fund

The Audit & Standards Committee received and approved its Annual Report for 2022/23 at its meeting in April 2023. There were no major issues raised and the report was presented by the Chairman to Full Council in May 2023.

The One Staffordshire Information Sharing Agreement protocol is in place to ensure sharing information with partners is done in a transparent, consistent, and compliant way.

## SECTION D EXTERNAL REVIEWS/INSPECTIONS

In May 2022, a focused visit was undertaken of Staffordshire's Children's Services which looked at our arrangements for children subject to child in need and child protection planning. The inspection confirmed that assessments and plans were mostly effective in improving outcomes for children and that Leaders have led the workforce effectively through a structural transformation of services, with a focus on consistent relationships between social workers and children. Four areas for improvement were identified relating to (i) the quality of case supervision records; (ii) timely recording; (iii) the effectiveness of the audit process, to improve outcomes for children; and (iv) the need to ensure that accurate performance data is used effectively, to improve social work practice.

During 2022/23, a report from the Director of Children and Families was presented to the Audit & Standards Committee outlining the progress made against the Accelerated Progress Plan (APP) as reported by the Department of Education and NHS England following their visit on 29 September 2022 and letter 10 October 2022.

A full Ofsted Inspection has recently been conducted and concluded on the 10 November 2023. The results of the inspection were published on the 17 January 2024.

Judgement	Grade
The impact of leaders on social work practice with children and families.	Requires improvement to be good
The experiences and progress of children who need help & protection.	Requires improvement to be good
The experiences and progress of children in care.	Good
The experiences and progress of care leavers.	Requires improvement to be good
Overall effectiveness	Requires improvement to be good

- Services for vulnerable children and their families and for care leavers in Staffordshire need to improve.
- Since the last inspection, the quality of services to children in care has been sustained.
- While the quality of some help and protection services has improved, there has also been some deterioration and overall, they continue to require improvement.
- Services for care leavers require improvement to be good, due to aspects of the offer to care leavers being wanting, such as the use of unsuitable short-term accommodation for some young people, which makes them more vulnerable and difficulties in accessing the right health services at the right time.

- There is not a comprehensive approach to supervision and management oversight.
- Quality assurance and performance management are not robust enough to successfully improve service quality and ensure that leaders have a comprehensive and accurate overview of the service.

The following recommendations to improve were made:

- The quality and effectiveness of management oversight of contracts, referrals and assessments in the 'front door'
- The effectiveness and impact of performance data and quality assurance to drive practice improvement.
- The effectiveness and oversight of allegations against those in positions of trust undertaken by the local authority designated officer (LADO) service.
- The effectiveness of partnership working, particularly with housing and health partners, to improve children's access to dentistry and for children in care with more complex health needs to get timely assessment and support and ensure that care leavers are not placed in unsuitable temporary accommodation.

Previously, the External Auditor has qualified the Council's financial accounts 2019/20 value for money opinion on an 'except for basis' regarding the SEND Written Statement of Actions. An unqualified value for money conclusion has been issued by the External Auditor for 2020/21 albeit it is currently in draft form. No details have yet been provided for the 2021/21 Value for Money opinion to date.

The County Council acts as the Accountable Body for the Stoke on Trent and Staffordshire Local Enterprise Partnership. During 2022/23, Internal Audit have undertaken a review regarding the usage of the Core Funding Grant for the SSLEP and did not identify any significant weaknesses.

## **SECTION E            STANDARDS / OMBUDSMAN REPORTS**

The Audit and Standards Committee received an Annual Report in July 2023 (covering the period June 2022 to June 2023) on the management of elected member related complaints. No significant matters were identified. 11 complaints were received and concluded, 1 case was not entered into the process as the complainant was not directly affected by the alleged actions of the member concerned. 1 case was closed due to changed circumstances, 1 case currently under consideration and 1 case awaiting processing. Whilst there was no underlying theme to the nature of complaints the annual report highlighted that a number relate to comments made by members either in meetings or publicly e.g., the Press. The Code of Conduct calls on members to exercise Respect towards others. When complaints are considered regarding comments made by members distinction is drawn between respect being exercised and the importance of being able to express views and opinions freely.

The Annual Report of the Customer Feedback & Complaints Service for 2022/23 was presented to the Corporate Overview & Scrutiny Committee on 12 September 2023. The following extract details the overall conclusion from the report.

**Conclusion:**

- 2022-23 has seen a significant increase in not only complaints addressed under the formal complaints procedure but also matters that are outside the remit of this process.
- There is an opportunity to analyse this data further to understand why a high proportion of contacts to the team are for matters that the team does not handle. Information is available on the Complaints webpages to signpost residents to the appropriate process for issues that are outside of the Corporate Complaints Procedure. However, residents do continue to use the online form and direct emails to the Customer Feedback and Complaints Team regarding matters that the team is unable to assist with. Wherever possible, the team will advise the resident where they should direct their enquiry. This can include signposting to alternative contacts within the Council where online reporting facilities exist (highways and parking for example). If the concern is about an issue that is not in the remit of the Council, then the team will find out information from other sources and provide this to the resident so that they can refer the matter to the correct organisation.
- This reporting period has seen positive responses to complaints in terms of identifying where service improvements can be made, therefore underlining the value of the Council's Corporate Complaints Procedure. This approach needs to be further embedded across the organisation

The LGSCO Annual Review Letter for 2022 - 23 was received on 19 July 2023 and there were no major matters from a Formal Report perspective but reference to undertaking remedies in a timely manner and within agreed timescales was highlighted again for the fourth year in succession. Reference was also made to the improvements within the complaints handling arrangements in that the proportion of delayed recommendations and late responses were lower; it was clear that issues with timeliness persisted.

Several whistleblowing issues have been considered by the Monitoring Officer (2 in 2022/23 and 3 subsequent, to the production of the AGS) and where appropriate are considered by the Corporate Governance Working Group in year.

Following the completion of a Member-led working group via the Audit & Standards Committee tasked review of the main body of the County Council's constitution in early 2022, focus then turned to improving awareness and understanding of the Scheme of Delegation (SoD). The review of the SoD commenced in April 2022 and was completed in June 2022. The outcome of this review was to (i) transfer the sub-Scheme of Delegation to the dedicated Decision-Making pages on Staff Space (Intranet); (ii) produce a new 'single source' Scheme of Delegations; and (iii) introduce a new easy to follow process and proforma with a clearly defined pathway for changes / additions to the SoD.

Compliance with the CIPFA Financial Management Code via a self-assessment review was performed during 2022/23 to assess the extent to which the Council's financial management arrangements complied with the FM Code. This review confirmed that there was a high level of conformance with requirements, actions identified in previous years had been addressed with no

outstanding areas to be considered. Therefore, there is full compliance with the Code. Compliance will continue to be monitored and updated as required.

## **SECTION F – CONTINUED COVID 19 RESPONSE**

The Local Code of Corporate Governance was reviewed in 2022 and 2023 in accordance with the normal timescales and was endorsed by the Corporate Governance Working Group.

In March 2020 the Country experienced a worldwide pandemic from the Coronavirus which created significant challenges for the County Council. As a result, a number of changes were made to the governance arrangements supporting the decision-making process which have now come to an end.

The only continued impact of the Coronavirus is on the governance arrangements for School Admission Appeals. In April 2020, temporary regulations came into force, to give admission authorities, local authorities and appeal panels some additional flexibility when dealing with appeals during the COVID-19 pandemic. The temporary regulations known as the School Admissions (England) (Coronavirus) (Appeals Arrangements) (Amendment) Regulations came into force on 24th April 2020 have since been extended until 30th September 2022.

There has been no reduction in the scope of the work of Internal Audit during 2022/23 as a direct consequence of the COVID 19 pandemic. Therefore, sufficient work has been performed to support the production of the Head of Audit annual opinion on the adequacy and effectiveness of the framework of governance, risk management and control.

During 2022/23, the Internal Audit Service has continued to support the Council's response to the COVID 19 pandemic and is a member of the Covid Inquiry Working Group. This group is tasked with producing the Councils response in respect of the various calls for information by the National Covid Enquiry. To date information has been submitted in respect of Module 5 - Procurement and PPE and is currently being prepared for Module 6 – Care Sector.



- **An effective system of scrutiny is in place.**

#### **Section B**

- **Our system of controls assurance is currently being reviewed and updated.**

#### **Section C**

- **The overall arrangements for the production and updating of the Corporate Risk Register have been changed and the new arrangements are currently being implemented and embedded.**

#### **Section D**

- **Our Children's Services have currently undergone a full Ofsted Inspection in November 2023. **The judgement given is requires improvement to be good.****
- **An accelerated progress Plan (APP) has been developed to deliver the remaining improvements which is overseen by the SEND and Inclusion Partnership Group and subject to six-monthly monitoring and review meetings. A report from the Director of Children and Families was presented to the November 2022 Audit & Standards Committee outlining the progress made against the Accelerated Progress Plan (APP) as reported by the Department of Education and NHS England following their visit on 29 September 2022 and letter 10 October 2022.**
- **As part of the final accounts process for 2020/21 the External Auditor has issued an unqualified opinion.**

#### **Section E**

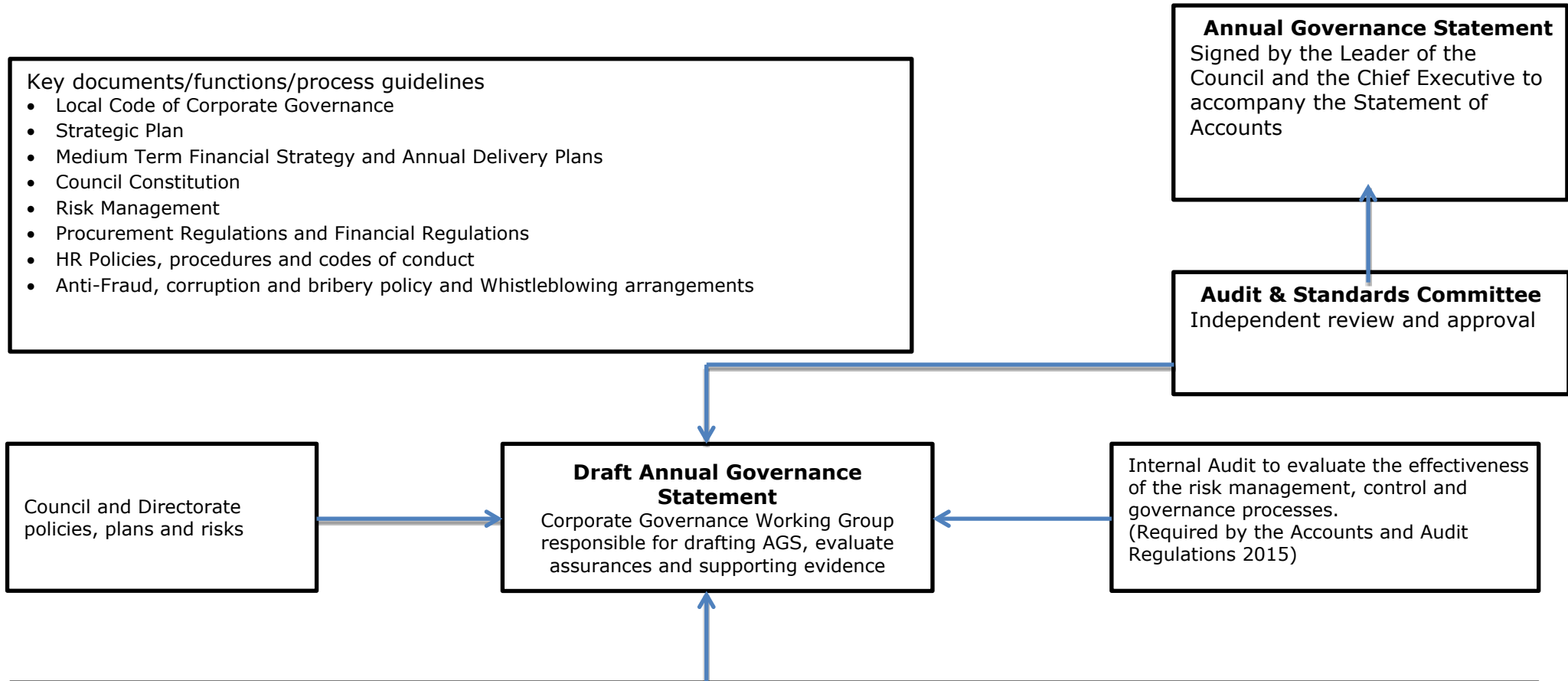
- **The Audit and Standards Committee received the Annual Reports on the management of elected member related complaints. No major issues reported.**
- **A few whistleblowing issues (2 related to 2022/23 and 3 have subsequently been received in 2023/24) have been /are being considered by the Monitoring Officer and will be considered by the Corporate Governance Working Group in due course.**
- **The 2022/23 Information Governance Annual Report provided assurance regarding compliance with the Data protection Act 2018 and GDPR Freedom of Information Act 2000, Environmental Information Regulations 2004 and the Local Government Transparency Code 2014. This report was presented to the Audit & Standards Committee in July 2023.**
- **The latest LGSCO Annual review letter 2023 again highlighted the need to ensure that remedies are completed within the required timescales and also raised concern over late responses to investigation enquiries.**

**Section F**

- **Only one governance change remains as a result of the COVID 19 pandemic, and this expired at the end of September 2022.**
- **There were no limitations in scope of the Head of Internal Audit annual opinion and the Code of Corporate Governance was refreshed in accordance with the standard timetable.**
- **Internal Audit has continued to support the Council's response to the COVID 19 pandemic as part of the Covid Inquiry Working Group, charged with the responsibility of submitting documentation to the national enquiry.**

**THE ANNUAL GOVERNANCE STATEMENT - FRAMEWORK**

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Provision of ongoing assurance on adequacy and effectiveness of controls over key risks								
Performance Management and Data Quality	External Inspections – e.g. Ofsted, Care Quality Commission)	Financial Control Assurance (S151 Officer)	Legal and Regulatory Assurance (Monitoring Officer)	Members’ Assurance	Internal Audit	External Audit	Risk Management	Assurances by Directors/Risk Owners

## **APPENDIX 2**

### **THE AGS – ASSURANCE GATHERING PROCESS**

#### **Stage 1 – Establish principal statutory obligations and organisational objectives**

The Strategic Plan is underpinned by three interconnected priority outcomes providing a simple and clear focus.

The people of Staffordshire will:

- Have access to more good jobs and share the benefits of economic growth
- Live in thriving and sustainable communities
- Be healthier and independent for longer

The associated Delivery Plan defines a set of corporate priorities which are consistent with these outcomes.

#### **Stage 2 – Identify principal risks to achieving Corporate Priorities**

The Corporate Risk Register currently comprises 14 risk categories. As part of the new risk management system the ability to cross-referenced risks to the Strategic Objectives.

#### **Stage 3 - Identify and evaluate key controls to manage principal risks**

The Corporate Risk Register currently defines key controls (documents and processes) for each specific risk area. Each control is evaluated. Controls will be crossed reference to the Audit Universe and evaluated through that process to ensure that they are effective.

#### **Stage 4 – Obtain assurances on effectiveness of key controls**

As defined within Appendix 1 to this report and Section 11 of the AGS.

#### **Stage 5 – Evaluate assurances and identify gaps in control / assurances**

As defined within Appendix 3 to this report and Section 11 of the AGS.

#### **Stage 6 – Action Plan to address weaknesses and ensure continuous improvement of the system of corporate governance**

As defined within the Code of Corporate Governance Action Plans and Section 14 of the AGS.

## **Stage 7 – Annual Governance Statement**

As considered by the Corporate Governance Working Group.

## **Stage 8 – Report to Members**

As considered by the Audit and Standards Committee.

**EXAMPLE OF A CONTROLS ASSURANCE STATEMENT**

**CORPORATE GOVERNANCE**

**Risk Details**

<b>Risk Description</b>	Failure to maintain effective corporate governance arrangements resulting in a breakdown in internal controls, the non-achievement of objectives and loss of reputation
<b>Risk Owner</b>	Director for Corporate Services – John Tradewell
<b>Associated Risk Owners</b>	Corporate Governance Working Group
<b>Sources of Assurance</b>	Risk Owner and Associated Risk Owners, plus Internal and External Audit

**Key Controls and Processes**

Annual Governance Statement	Customer Feedback Process	Members Code of Conduct
Business Continuity Framework	Delegations to/from Directors & Sub Schemes of Delegation	Officers Code of Conduct
Code of Corporate Governance	Fraud, Bribery and Corruption Policy including the Integrity Policy Statement	Record of Decisions
Committees (Overview & Scrutiny /Audit and Standards)	Member/Officer Relations	Risk Management Policy Statement
Constitution	Member Training	Schedule of Council Meetings
Corporate Risk Register	Members Allowances Scheme	Whistle Blowing Policy

**Controls Assurance\*\***

Key Control	Evidence of Control	Sources of Assurance (if available)	Control Rating
Annual Governance Statement	Annual Governance Statement	Corporate Governance Working Group  Audit and Standards Committee Review  Monitoring Officer  Director of Finance  Head of Paid Service	3
Business Continuity Framework	Staffordshire Prepared Website  Business Continuity Website  SCC Shared drive for Civil Contingencies	Testing of Business Continuity Plans  Corporate Governance Working Group  Staffordshire Civil Contingencies Unit  Staffordshire Resilience Forum	2

Key Control	Evidence of Control	Sources of Assurance (if available)	Control Rating
	Defined Work Programme approved	Exercise Aurora	
Code of Corporate Governance	Code of Corporate Governance  Annual Action Plan  Internal Audit Review in 19/20 resulting in Substantial Assurance	Audit and Standards Committee Assessment & Approval  Corporate Governance Working Group  Monitoring Officer  Director of Finance  Head of Paid Service	3
Committees	Overview & Scrutiny Committees  Audit and Standards Committee	<u>Scrutiny &amp; Overview Committees</u>  Examples of effective scrutiny demonstrated through the annual report of the work of the four Committees  <u>Audit and Standards Committee</u>  Delivery of training  Review of the effectiveness of the Audit & Standards Committee periodically undertaken with each Committee refresh.	3  3
Constitution	Constitution	Reviews overseen by the Audit and Standards Committee  Corporate Services resource  Monitoring Officer	2
Corporate Risk Register	Corporate Risk Register	Audit and Standards Committee -  Corporate Risk Register – Senior Leadership Team  Corporate Governance Working Group oversight and evaluation  Risk Management Software	1
Customer Feedback Process	<u>See Risk Category 1</u>	<u>See Risk Category 1</u>	
Delegations to/from Directors	Delegations to Directors	Delegations to Directors  Review of Delegations to Directors	2

Key Control	Evidence of Control	Sources of Assurance (if available)	Control Rating
	Delegations from Directors  Corporate Governance Action Plan	Review of sub delegation schemes  Regular IA reviews of compliance	
Integrity Policy Statement	Integrity Policy	Development of E-Learning Fraud Awareness Tool  Anti -Fraud, Bribery & Corruption Policy	2
Member / Officer Relations	Member / Officer Relations	Member/Officer protocol  Strategic Delivery Managers  'Buddy' support system with nominated Democratic Services officers  Monitoring Officer	3
Member Training	Member Training	Municipal Journal Councillor Development Achievement Award (Former Winners)  Member Induction Process  Regular Training Events	3
Members Allowances Scheme	Members Allowances Scheme	Internal Audit Report  Independent Remuneration Panel	3
Members Code of Conduct	Members Code of Conduct	Overseen by Audit and Standards Committee  Member investigations by Audit and Standards Committee – where appropriate  Member Training  Monitoring Officer	3
Officers Code of Conduct	Officers' Code of Conduct	Annual Declaration of Interests  Confidentiality Letters  Procurement – declaration forms	2
Record of Decisions	Record of Decisions	Corporate Services resource	3
Risk Management Policy Statement	Risk Management Policy Statement	Corporate Risk Category Leads  Corporate Governance Working Group	1 (By virtue of need to revise and update the Statement and accountabilities)



Key Control	Evidence of Control	Sources of Assurance (if available)	Control Rating
		Embedding of risk management in Transformation process	
Schedule of Council Meetings	Schedule of Council Meetings	Corporate Services resource	3
Whistle Blowing Policy	Whistle Blowing Policy	Regular review by CGWG	2

**\*\*Key**

<b>Key Control</b>	Key documents and process identified within a specific risk category that are in place or required to be put in place in order to contain the risk to an acceptable level.
<b>Evidence of Control</b>	Name of a document or a process / procedure that governs the identified control.
<b>Sources of Assurance (if available)</b>	E.g. Internal / External Audit inspections, Audit & Standards Committee, Cabinet, Scrutiny Panels, Internal Reviews, Control Self-assessment.
<b>Control Rating</b>	<p>1 (Limited) – The stated control requires major revision and/or there is little evidence of the effectiveness of the control framework.</p> <p>2 (Adequate) – The stated control requires only minor revision and/or the effectiveness of the control framework can be partly evidenced by reference to Sources of Assurance.</p> <p>3 (Substantial) – The stated control has been in place all year and does not require revision. The effectiveness of the control framework can be substantially evidenced by reference to Sources of Assurance.</p>

**Annual Governance Statement**

“Following consultation (where appropriate with Directorates) in terms of Control Rating, I am satisfied that, in relation to the Corporate Governance Strategic Risk Category, the stated level of compliance against required standards gives a true and fair view of the control frameworks in place. Where any Control Rating is assessed as “Limited” an appropriate Action Plan will be defined and implemented during 2022/23.”



**John Tradewell**  
**Deputy Chief Executive & Director for Corporate Services**  
**Date: 20<sup>th</sup> November 2023**

**The AGS – SOURCES OF ASSESSMENT - COVERAGE**

<b>Risk Ref</b>	<b>Risk Category</b>	<b>Risk</b>	<b>Scrutiny</b>	<b>Internal Audit</b>	<b>External Agencies</b>	<b>Director / Risk Owner</b>	<b>Statutory Officers</b>
1	Planning and Performance	Failure to establish and communicate clear plans and objectives and monitor performance	✓	✓	✓	✓	
2	Service Delivery	Failure to maintain day to day service provision	✓	✓	✓	✓	✓
3	Corporate Governance	Failure to maintain effective corporate governance arrangements	✓	✓	✓	✓	✓
4	Human Resources	Failure to resource safely, effectively and efficiently – manage the implications of a reducing headcount – handle poor performance	✓	✓		✓	✓
5	Organisational Development	Failure to ensure the workforce has the appropriate knowledge and skill set	✓	✓		✓	
6	Health and Safety	Failure to protect staff / third parties from injury	✓	✓	✓	✓	✓
7	Procurement	Failure of ensure the procurement process provides best value	✓	✓		✓	✓
8	Law and Democracy and Information Governance	Failure to comply with key legislation or legal requirements	✓	✓	✓	✓	✓

9/10	Financial Management	Failure to provide sufficient finance to enable the Council to meet its objectives and ensure income and expenditure is contained within the budget and is properly accounted for	✓	✓	✓	✓	✓
11	Change Management	Failure to manage corporate projects and organisational change	✓	✓	✓	✓	
12	Information Management	Failure to transform services throughout Staffordshire by the innovative use of ICT	✓	✓	✓	✓	
13	Property	Failure to provide, protect and maintain property that will deliver a suitable and safe working environment for staff and visitors	✓	✓	✓	✓	
14	Business Continuity	Failure to maintain service delivery in the event of major disruption	✓	✓	✓	✓	

**Notes:**

- (1) 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*).

- (2) External audit evaluate significant financial systems, and the associated internal financial controls, for the purpose of giving an opinion on the financial statements. Where external audit identifies any weaknesses in such systems, external audit will draw them to the attention of the Council, but external audit cannot be expected to identify all weaknesses that exist. External audit are not responsible for forming an opinion on the adequacy of systems of internal control and were appointed by Public Sector Auditor Appointments (PSAA).

## **Audit and Standards Committee - Tuesday 20 February 2024**

### **Internal Audit Charter 2024**

#### **Recommendation(s)**

I recommend that:

- a. Members approve the Internal Audit Charter 2024.

**Local Member Interest:** N/A

### **Report of the Director of Finance & Section 151 Officer**

#### **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:

- internal audit's position within the organisation
- its reporting lines
- access to personnel, information and records
- the scope of internal audit activities
- 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 2024, there is only one minor change to be made to the Audit Charter which is highlighted in yellow within the attached document for ease of reference (**Appendix 1**). This change relate to:

- the need to reflect the current WLT structure with reference made to the Assistant Director for Internal Audit & Financial Services (replacing the Head of Internal Audit & Adults and Childrens Financial Services role).

No other changes are required to be made in 2024.

3. The Audit Charter 2024 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) and the document also reflects current best practice.
4. It should be noted, however, that on 9<sup>th</sup> January 2024, the International Internal Auditing Standards Board (IIASB) issued the new Global Internal Audit Standards. These standards guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function. At the heart of the standards are 15 guiding principles which are supported by standards that contain (i) requirements; (ii) considerations for implementation; and (iii) examples of evidence of conformance. Together these elements are intended to help internal auditors achieve the principles and ultimately fulfil the purpose of internal auditing i.e. to strengthen the organisation's ability to create, protect and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight and foresight.
5. The standards apply to any individual or function that provides internal audit services, whether an organisation employs internal auditors directly, contracts them through an external service provider or both.
6. Following the publication of the new Global Internal Audit Standards, the UK Public Sector Internal Audit Standards Advisory Board (IASAB) begun its review of them. The IASAB will determine the implications for the PSIAS and will develop proposals for revised material which will be suitable for the UK public sector context. Any subsequent changes to the UK's PSIAS, and their implementation, will be subject to consultation and appropriate transitional arrangements. Also, the CIPFA Internal Audit Special Interest Group is meeting to review the standards and to consider the need for an updated LGAN and/or other guidance to support them on 4th March 2024. Application of the new Global Internal Audit Standards is required by 9<sup>th</sup> January 2025 and early adoption is being encouraged.
7. Any subsequent changes to the Audit Charter will be made once further guidance has been issued by the IASAB and CIPFA.

### **Equalities Implications**

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

## Legal Implications

9. 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

10. The net budget of the Internal Audit Section in 2024/25 is £1,178,880.

## Risk Implications

11. 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

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

## List of Background Documents/Appendices

Public Sector Internal Audit Standards – revised with effect from 1st April 2017.

Local Government Application Note – with effect from 1st March 2019  
Accounts and Audit (England) Regulations 2015.

CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2019 Edition).

New Global Internal Audit Standards 9<sup>th</sup> January 2024

Appendix 1 – Internal Audit Charter 2024

## Contact Details

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# Internal Audit Charter

2024



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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 Board<sup>1</sup>.

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 (Appendix 1 refers).

## 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.

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<sup>1</sup> 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 Director of Finance 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 Director of Finance 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) and the entire control environment 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, controls and tests;
- Where relevant, audit work programmes will be linked to the Council's strategic risks recorded in the Enterprise Risk Management (ERM) module of Pentana.
- Establish the extent to which the objectives of the system are consistent with corporate priorities and to link audit work programmes to the Council's priorities and principles of the Council, where relevant;
- 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). Fraud risks that are covered within standard audit work programmes are identified within the Pentana Audit System. Controls within audit work programmes are also categorised as either preventative type controls or detective type controls.

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 Director of Finance 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 Counter Fraud Plan 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 **Assistant Director - Internal Audit and Financial Services**. Section 151 matters are reported in all instances to the Director of Finance 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 Director of Finance.

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 (Director of Finance)	●	●	●	●	
Relevant Director	●	●	●	●	
Monitoring Officer (Deputy Chief Executive & Director for 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 Director of Finance, Monitoring Officer (Deputy Chief Executive & 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 Director of Finance.
- 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 Director of Finance (Section 151 Officer)**

The Director of Finance 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 Director of Finance 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 Director of Finance 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 may 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 last completed January 2023);
- 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 the 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 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 (Revised 2016 and 2017) and the CIPFA Local Government Application Note (Revised 2019). 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 documents, guidance and videos guides for the operation of the Audit Management System, Pentana Audit. 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 UK and EU citizens and prevent data breaches.



The Internal Audit Service is aware of the requirements of the UK GDPR & 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/Your-council-and-democracy/Privacy-notices/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 UK GDPR & 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/Your-council-and-democracy/Report-fraud-bribery-and-theft/Online-reporting-form.aspx>

**APPENDIX 1****FINANCIAL REGULATION D – AUDIT, CONTROL AND IRREGULARITIES****Financial regulation D – audit, control, and irregularities**

- D1 The Director of Finance 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 Director of Finance 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 Director of Finance know immediately about all instances of potential and actual irregularity which affect our finances.
- D5 The Director of Finance or their 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. They can also ask staff and members for information and explanations if they think this is necessary for that audit and that they are promptly provided.
- D6 Depending on any related legal requirements, the Head of Audit & Financial Services and 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 Director of Finance 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.
- 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.

## **Appendix 2**

### **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	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	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
			1	2	3	4	5
			Likelihood				
			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
<b>Limited</b>	Either: 2+ high priority recommendations, 8+ medium priority recommendations, or 13+ low priority recommendations
<b>Adequate</b>	Either: 1 high priority recommendation, 3-7 medium priority recommendations, or 7-12 low priority recommendations
<b>Substantial</b>	0 high priority recommendations, 0-2 medium priority recommendations, and 0-6 low priority recommendations



# Audit and Standards Committee Forward Plan 2023/2024

*If you would like to know more about our work programme, please contact Lisa Andrews, Assistant Director - Audit & Financial Services, 01785 276402 or [Lisa.Andrews@Staffordshire.gov.uk](mailto:Lisa.Andrews@Staffordshire.gov.uk)*

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Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
<b>25 April 2023</b>				
External Audit – Verbal Update. <ul style="list-style-type: none"> <li>• Financial Year 2020/21</li> <li>• Financial Year 2021/22</li> </ul> Report of Ernst & Young				
Annual Report of the work of the Audit & Standards Committee Joint Report of the Director for Corporate Services and Director of Finance Lead Officer: Lisa Andrews				
Special Panel of the Audit & Standards Committee for the appointment of Independent Remuneration Panel Members. Report of the Director for Corporate Services. Lead Officer: Chris Ebberley				
Annual Report on Information Governance				

Agenda Item 11

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Report of the Director for Corporate Services Lead Officer: Tracy Thorley/ Natalie Morrisey				
Internal Audit Plan 2023/24 Report of the Director of Finance Lead Officer: Debbie Harris				
Forward Plan for the Audit and Standards Committee Lead Officer: Lisa Andrews				
<b>PART TWO EXEMPT</b> Internal Audit Special Investigation/limited/ Top Risk Areas reports ( <i>Part 2 items</i> ).				
Infrastructure+ Asset Data Management – Progress report on implementation of Internal Audit recommendations. Lead Officers: David Walters/Scott Denny				
Settlement Agreements - Progress report on implementation of Internal Audit recommendations Lead Officer: Sarah Getley				
Internal Audit Special Investigation/limited/ Top Risk Areas reports ( <i>Part 2 items</i> ).  <b><u>Top Risk Reviews</u></b> <ul style="list-style-type: none"> <li>• Highways Transformation Programme Position Statement</li> <li>• Send Strategy Implementation (Substantial Assurance)</li> </ul> <b><u>Special Investigation</u></b>				



Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
<ul style="list-style-type: none"> <li>SEND Personal Budgets (significant fraud with police circa £180k)</li> </ul>				
<b>11 July 2023</b>				
Internal Audit Outturn Report 2022/23 Report of the Director of Finance Lead Officer: Debbie Harris				
Update regarding the situation within the External Audit provision. Report of the Director of Finance Lead Officer: Lisa Andrews/Rachel Spain				
External Audit – Verbal Update. <ul style="list-style-type: none"> <li>Financial Year 2020/21</li> <li>Financial Year 2021/22</li> </ul> Report of Ernst & Young				
Code of Conduct for Members – Annual Report on the Management of Complaints Report of Director for Corporate Services Lead Officer: Julie Plant				
Code of Corporate Governance –2023 Update Report of the Director for Corporate Services Lead Officer: Lisa Andrews				
Review of the Effectiveness of the Audit & Standards Committee – Verbal Update. Report of the Director of Finance Lead Officer: Lisa Andrews				
Appointment of Members to Standards Panel 2023/24. Lead Officer: Chris Ebberley				
FRC Annual Report on the Quality of External Audit.				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Proposed changes to the Constitution. - Countryside & Rights of Way Delegations Report of Director for Corporate Services Lead Officer: Julie Plant				
Forward Plan for the Audit and Standards Committee Lead Officer: Lisa Andrews				
<b>PART TWO EXEMPT</b> Internal Audit Special Investigation/limited/ Top Risk Areas reports ( <i>Part 2 items</i> ).	As required	As required		
Appendix 2 – Counter Fraud Outturn Report 2022/23 Lead Officers: Debbie Harris				
<b>19 September 2023</b>				
Internal Audit – Verbal Update. • Financial Year 2020/21 • Financial Year 2021/22 Report of Ernst & Young				
Civil Contingencies Governance Annual Report – 2022/23 Report of the Director for Corporate Services Lead: Tracy Thorley				
Review of the Effectiveness of the Audit & Standards Committee – Results of the Member Workshop. Report of the Director of Finance Lead Officer: Lisa Andrews				
Review of the Effectiveness of the Audit & Standards Committee – Updated Terms of Reference.				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Review of the Effectiveness of the Audit & Standards Committee – Consideration of the Appointment of Independent Members to the Committee.				
Proposed changes to the Constitution – Scheme of Delegation Countryside and Rights of Way. Lead Officer – Julie Plant	As required. (KL to advise)			
Forward Plan for the Audit and Standards Committee Lead Officer: Lisa Andrews				
<b>PART TWO EXEMPT</b> Internal Audit Special Investigation/limited/ Top Risk Areas reports (Part 2 items).	As required			
Nexus & Company Governance – Follow Up Report. Lead Officer – Debbie Harris/Kate Loader				
Review of the arrangements regarding County Farms sales. Lead Officer – Rachel Spain				
<b>31 October 2023 – Meeting Cancelled</b>				
Final Report to those charged with Governance (ISA 260) 2020/21 a) Staffordshire County Council Report of Ernst & Young	Moved from December 2021	Hopefully ready in time for the December 23 meeting		
Final Report to those charged with Governance (ISA 260) 2020/21 b) Staffordshire Pension Fund Report of Ernst & Young	Moved from December 2021	Hopefully ready in time for the December 23 meeting		
Annual Audit Letter – 2020/21 Report of Ernst & Young	Moved from September 2022	Hopefully ready in time for the		

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
		December 23 meeting		
Future External Audit arrangements for the outstanding Statement of Accounts. Report of Director of Finance Lead Officer – Rachel Spain	To be produced once the DLUC guidance is received.			
Health, Safety and Wellbeing Performance Annual Report Report of Director for Corporate Services Lead Officer: Becky Lee	Going 6 <sup>th</sup> November 23	To go to the December 23 meeting		
National Fraud Initiative - Update Report of the Director of Finance Lead Officer: Debbie Harris	To go to Dec 23 meeting			
Training on Statement of Accounts Lead Officer: Rachel Spain	Defer until after the 20/21 & 21/22 accounts are signed off	TBA		
Draft Statement of Accounts 2022/23 Presentation and Report of Director of Finance Lead Officer: Rachel Spain	Defer until after the 20/21 & 21/22 accounts are signed off	TBA		
Proposed changes to the Constitution	As required. (KL to advise)	Future meeting will require to sign off the appointments of Directors to Nexus prior to going to Full Council	Ideally ready for the December 23 meeting ready for Feb 24 Full Council	
Standard Matters	As required. (JP to advise)	None this time		
Forward Plan for the Audit and Standards Committee Lead Officer: Lisa Andrews				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
<b>PART TWO EXEMPT</b> Internal Audit Special Investigation/limited/ Top Risk Areas reports ( <i>Part 2 items</i> ).	As required			
Sales to Cash 22/23 – limited Assurance report.	To go to the December 23 meeting instead.			
<b>12 December 2023</b>				
Final Report to those charged with Governance (ISA 260) 2020/21 Staffordshire County Council Report of Ernst & Young	Moved from December 2021	Hopefully ready in time for the December 23 meeting		
Final Report to those charged with Governance (ISA 260) 2020/21 d) Staffordshire Pension Fund Report of Ernst & Young	Moved from December 2021	Hopefully ready in time for the December 23 meeting		
Staffordshire Pension Fund Audit Planning Report 2022/23 Report of Ernst & Young	Moved from March 2023			
Annual Governance Statement 2022/23 Report of the Deputy Chief Executive and Director for Corporate Services Lead Officer: Lisa Andrews				
Health, Safety and Wellbeing Performance Annual Report Report of Director for Corporate Services Lead Officer: Becky Lee	Going to SLT 6 <sup>th</sup> November 23	To go to the December 23 meeting		
National Fraud Initiative - Update Report of the Director of Finance Lead Officer: Debbie Harris	To go to Dec 23 meeting			

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Internal Audit Plan 2023 – 2024 Progress Report. Report of the Director of Finance Lead: Debbie Harris				
Forward Plan for the Audit and Standards Committee Lead Officer: Lisa Andrews				
<b>PART TWO EXEMPT</b> Internal Audit Special Investigation/limited/ Top Risk Areas reports ( <i>Part 2 items</i> ).				
Sales to Cash 2022/23 – limited Assurance report.				
<b>20 February 2024</b>				
Member Officer Relationships – update Report of the Deputy Chief Executive and Director for Corporate Services. Lead Officer: Chris Ebberley				
Adoption of Statutory guidance on Settlement Agreements / Constitutional Changes. Report of the Deputy Chief Executive and Director for Corporate Services. Lead Officer: Kate Loader				
Proposed Constitutional Changes – Nexus Report of the Deputy Chief Executive and Director for Corporate Services. Lead Officer: Kate Loader				
Annual Audit Report – 2020/21 Report of Ernst & Young	Moved from September 2022			
External Audit – Verbal Update.				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
<ul style="list-style-type: none"> <li>• Financial Year 2020/21</li> <li>• Financial Year 2021/22</li> </ul> Report of Ernst & Young				
Updated Annual Governance Statement – 2022/23 Report of the Deputy Chief Executive & Director for Corporate Services Lead Officer: Lisa Andrews				
Internal Audit Charter 2024/25 Report of the Director of Finance Lead Officer: Debbie Harris				
Forward Plan for the Audit and Standards Committee Lead Officer: Lisa Andrews				
<p><b>PART TWO EXEMPT</b> Internal Audit Special Investigation/limited/ Top Risk Areas reports (<i>Part 2 items</i>).</p> <p>Building Resilient Families &amp; Communities – Grant Verification Checks – Limited Assurances            Report of the Director of Finance            Lead Officer: Debbie Harris</p>				
<b>19 March 2024</b>				
Strategic Risk Management - Risk Management Policy Statement & Strategy. Report of the Director of Finance Lead Officer: Lisa Andrews				
Report to those charged with Governance (ISA 260) 2021/22 e) Staffordshire County Council Report of Ernst & Young	Moved from December 2022			

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Report to those charged with Governance (ISA 260) 2021/22 f) Staffordshire Pension Fund Report of Ernst & Young	Moved from December 2022			
Annual Audit Report – 2021/22 Staffordshire County Council				
Annual Audit Report – 2021/22 Staffordshire Pension Fund				
External Audit Plan 2022/23 – Staffordshire County Council. Report of Ernst & Young	Moved from March 2023			
Training on Statement of Accounts Lead Officer: Rachel Spain	Defer until after the 20/21 & 21/22 accounts are signed off			
Draft Statement of Accounts 2022/23 Presentation and Report of Director of Finance Lead Officer: Rachel Spain	Defer until after the 20/21 & 21/22 accounts are signed off			
Report to those charged with Governance (ISA 260) 2022/23 - Staffordshire County Council Report of Ernst & Young	Moved from December 2023			
Report to those charged with Governance (ISA 260) 2022/23 - Staffordshire Pension Fund Report of Ernst & Young	Moved from December 2023			
Annual Audit Report – 2022/23 Staffordshire County Council Report of Ernst & Young (EY)	EY to provide update			
Annual Audit Report – 2022/23 Staffordshire Pension Fund				



Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Report of Ernst & Young (EY)				
External Audit Plan 2023/24 Report of KPMG	Dependent upon the closure of the 21/22 & 22/23 Accounts by EY			
Staffordshire Pension Fund Audit Planning Report 2023/24 Report of KPMG	Dependent upon the closure of the 21/22 & 22/23 Accounts by EY			
Update regarding the Recruitment Documentation for the Independent Expert to the Audit & Standards Committee. Report of Deputy Chief Executive and Director for Corporate Services. Lead Officer: Lisa Andrews				
Review of the Effectiveness of the Audit & Standards Committee - 2024 training Schedule. Report of the Deputy Chief Executive and Director for Corporate Services Lead Officer: Lisa Andrews				
Proposed changes to the Constitution	As required. (KL to advise)			
Standard Matters	As required. (LAr to advise)			
Forward Plan for the Audit and Standards Committee Lead Officer: Lisa Andrews				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
<p><b>PART TWO EXEMPT</b> Internal Audit Special Investigation/limited/ Top Risk Areas reports (<i>Part 2 items</i>).</p> <p>Infrastructure+ Asset Data Management – Further Progress report on the implementation of Internal Audit recommendations. Lead Officers: David Walters/Scott Denny</p>				
<p>SEND Transformation Update Director of Children &amp; Families Lead Officer: Halit Hulusi</p>				
<b>23 April 2024</b>				
<p>Annual Report of the work of the Audit &amp; Standards Committee Report of the Director for Corporate Services Lead Officer: Lisa Andrews</p>				
<p>Strategic Risk Management - Risk Management Policy Statement &amp; Strategy. Report of the Director for Corporate Services Lead Officer: Lisa Andrews</p>				
<p>Annual Report on Information Governance Report of the Director for Corporate Services Lead Officer: Tracy Thorley/ Natalie Morrisey</p>				
<p>Internal Audit Plan 2024/25 Report of the Director of Finance Lead Officer: Debbie Harris</p>				
<p>Proposed changes to the Constitution</p>	<p>As required. (KL to advise)</p>			
<p>Standard Matters</p>	<p>As required. (LAr to advise)</p>			
<p>Forward Plan for the Audit and Standards Committee</p>				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Lead Officer: Lisa Andrews				
<b>PART TWO EXEMPT</b> Internal Audit Special Investigation/limited/ Top Risk Areas reports ( <i>Part 2 items</i> ).				

<p><b>Membership</b></p> <p><i>Mike Worthington</i> Bernard Peters  <i>(Chair)</i> James Salisbury  <i>Carolyn Trowbridge</i> Janice Silvester-Hill  <i>(Vice Chair)</i> Richard Cox  Arshad Afsar Ian Wilkes  Keith Flunder Graham Hutton  Ross Ward Ann Edgeller  Bernard Williams  Philippa Haden  Phil Hewitt</p> <hr/>	<p><b>Calendar of Future Committee Meetings  (All meetings at 10.00 a.m. unless otherwise stated)</b></p> <p>24 April 2023  11 July 2023  19 September 2023  01 November 2023  12 December 2023  <b>20 February 2024</b>  19 March 2024  23 April 2024</p> <p><i>Draft Dates - 2024/2025 Civic Year</i></p> <p><i>09 July 2024</i>  <i>24 September 2024</i>  <i>05 November 2024</i>  <i>10 December 2024</i>  <i>25 February 2025</i>  <i>25 March 2025</i>  <i>22 April 2025</i></p> <p>Meetings usually take place at County Buildings, Martin Street, Stafford ST16 2LH</p>
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