

## **Audit and Standards Committee**

Tuesday 23 April 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  
15 April 2024

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### **Agenda**

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of the meeting held on 19 March 2024** (Pages 5 - 10)
4. **External Audit - Verbal Update** (Verbal Report)
  - Financial Year 2021/22
  - Financial Year 2022/23Report of Ernst and Young
5. **Annual Report of the work of the Audit and Standards Committee** (Pages 11 - 24)

Joint Report of the Deputy Chief Executive and Director for Corporate Services, and the Director of Finance
6. **Staffordshire County Council and Pension Fund - External Audit Plan 2023/24** (Pages 25 - 52)

Report of KPMG

7. **Internal Audit Plan 2024/25** (Pages 53 - 136)

Report of the Director of Finance

8. **Forward Plan for the Audit and Standards Committee** (Pages 137 - 146)

9. **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)**

10. **Exempt Minutes of the meeting held on 19 March 2024** (Pages 147 - 152)

11. **Children and Families - ChildView System (Limited Assurance)** (Pages 153 - 166)

(Exemption paragraph 3)

12. **Children and Families - EHCP Hub System Security Review (Limited Assurance)** (Pages 167 - 194)

(Exemption paragraph 3)

<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**

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### **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 19 March 2024**

Present: Mike Worthington (Chair)

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

**Apologies:** Bernard Williams, James Salisbury, Arshad Afsar, Derrick Huckfield and Stephen Sweeney

**Part One**

**57. Declarations of Interest**

There were no declarations of interest raised on this occasion.

**58. Minutes of the Meeting held on 20 February 2024**

**Resolved** – That the minutes of the meeting held on 20 February 2024 be agreed and signed by the Chair.

**59. External Audit Situation - Outstanding Accounts / Future Arrangements Consultation**

The Committee received a verbal update from the Director of Finance on the External Audit situation, focusing on the outstanding accounts to 2022/23, and the consultation regarding future arrangements.

A consultation had been issued by the Department for Levelling Up, Housing and Communities (DLUC) which closed at the beginning of March 2024. The outcome of the consultation was yet to be published. The proposal outlined three phases to address the audit backlog nationally. Phase 1 was a reset where outstanding audits up to the financial year 2022/23 were addressed. Phase 2 was a recovery phase where current and future years, progress would be made on timeliness of audits. Phase 3 was a reform where changes would be made to address systemic challenges in the audit system.

Phase 1 would address the outstanding accounts for 2021/22 and 2022/23, signing these off by the backstop date of the 30<sup>th</sup> September 2024. These would be signed off by disclaimer opinions, issued by the

external auditors, however, no set wording had yet been agreed.

Work would still need to be done on the value for money conclusion and an Annual Audit Report for both years would need to be brought to the Committee. The backstop date applied to both of these aspects as well.

New external auditors would be part of the recovery phase and backstop dates had been proposed, over a period of four years, to enable audits to be completed in a timelier manner, with the audit for the 2026/27 accounts completed by the 30<sup>th</sup> November under normal timescales.

A risk was highlighted to the Committee in that the draft accounts for 2021/22 and 2022/23 would not be thoroughly audited as per previous years and therefore it would be possible that errors would be contained within the account.

The Committee noted a further consultation underway from CIPFA on the Code of Practice, comprising of a few minor and technical changes and simplifying the measurement of property, plans and equipment and using a specified indexation for those not valued by qualified valuers and reduced disclosures for pensions reporting. This would reduce the workload in preparing the accounts and in turn the auditors. This is proposed to exist for 2023/24 and 2024/25 accounts to aid the recovery of audits.

Members supported the arrangements for the outstanding accounts but noted the capacity issues of external auditors to take on the work of future accounts.

Members further queried the disclaimer opinions for outstanding audits and noted the risk associated with these, raising in particular the use of previous audits and errors identified to better inform quality checking of the outstanding accounts. In addition, clarification was sought on whether the disclaimer opinions changed the legal basis for the Council and responsibilities for completing the audits to the standards required.

In response, it was clarified that, should the consultation and proposal be accepted, a change in legislation would be made to allow for disclaimer opinions to be officially recognised. The Director of Finance would still be able to sign off accounts and certify that in their opinion, they demonstrated a true and fair view of the financial situation of the County Council, and had the same legal standing as an unqualified opinion.

**Resolved** – that the update be noted.

## **60. Introduction of the new External Auditor for the 2023/2024 Financial Statements - KPMG**

The Committee received a verbal report from Richard Lee, the External Auditor from KPMG. The update provided an introduction to the new external auditors and the team who would be working on both the County Council and Pension Fund accounts from the 2023/24 period onwards.

Richard provided background into the organisation and the Committee noted the arrangements of KPMG and the team heading up the audits moving forward.

The concern of capacity was addressed, and assurance was provided that sufficient capacity was available, and the decision to re-enter the market had been scrutinised to ensure that KPMG was well-equipped to deliver the work.

It was noted by the Committee that the external auditors would be responsible for signing off the financial statements of the authority, along with issuing a full-scale value for money commentary (previously known as a conclusion) which covered the arrangements around financial sustainability, governance and economy, efficiency and effectiveness in the use of resources.

In terms of the process to date, KPMG had been working with officers throughout the Council and the Committee to get to know responsible people in the authority and develop their understanding of systems and processes. It was confirmed that an Audit Plan would be brought through to the next Committee which was expected to cover the work to date on financial statements of the authority and Pension Fund, including the value for money risk assessment.

Following this, work would move into year-end testing in July 2024 with a view to reporting as soon as possible following that work. It was clarified that this would be a full audit.

The Committee noted that disclaimed/modified opinions for the next three audits would be likely due to not receiving the relevant assurances from the previous external auditors and subsequent impact from the backstop, however, timely reporting and sign off of accounts would be in place.

Next steps were outlined to the Committee, which included bringing the audit plan which would set out the audit risks with a focus on judgemental aspects and statutory risk areas. Attention would then turn to the year-end position.

Members queried whether any demonstrable milestones had been identified to reflect on the smooth transition between external auditors. In response, it was noted that the Audit Plan would strive to satisfy the point made, and whilst the previous external auditors had not been engaged with directly, KPMG had been working closely with the finance team to drive understanding.

Members sought confidence that the work being undertaken was within scope of the fees set. It was clarified that the fees were set by the Public Sector Audit Appointments (PSAA) and made available online. Those fees did not include the audit impact of the implementation of an audit standard (ISA315) which would be on top of the scale fee, which all local authorities would experience. Any variations to scope, such as emerging issues which required specific audit focus, would have financial implications. Any elector challenge would also incur a fee.

It was explained that the previous external auditors, EY, were responsible for all reporting to March 2023. KPMG would be responsible from 1<sup>st</sup> April 2023 to end of March 2024, and whilst they were separate reporting periods, consideration would be given to their findings on value for money. As part of the transition period, it was expected that the work undertaken by the previous auditors would be reviewed.

Members queried if the previous external auditors would be providing an audit plan for the outstanding accounts. In response, the backstop date was identified as a point of 'drawing a line in the sand' for the reporting period up to 31<sup>st</sup> March 2023, with an audit plan being issued by KPMG for the next reporting period.

**Resolved** – that the update be noted.

## **61. Review of the Effectiveness of the Audit and Standards Committee - 2024 Training Schedule**

The Committee received a report from the Director of Finance on a review of the effectiveness of the Audit and Standards Committee, specifically noting a programme of refresher training, in response to the self-assessment exercise performed by Members against the CIPFA Audit Committee Members Knowledge and Skills Framework.

The Committee were reminded of the purpose of an audit committee and the importance of Members being supported in their role on the Committee by receiving the appropriate level of training, tailored to their individual needs.



Following the self-assessment workshop in 2023, a detailed training programme had been developed and three workshops would be arranged to deliver the requested training. It was anticipated that each session would last approximately three hours maximum. Members noted the topics that the sessions would cover under paragraph 5 in the report.

Consideration would also be given to a digital offering of the training materials moving forward.

Members of the Committee welcomed the proposals.

**Resolved** – that the format and programme of refresher training outlined, in response to the self-assessment exercise performed by Members against the CIPFA Audit Committee Members knowledge and skills framework, be adopted.

## **62. 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.

**Resolved** – that the Forward Plan for the Audit and Standards Committee be noted.

## **63. 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.

## **64. Exempt Minutes of the Meeting held on 20 February 2024**

## **65. Infrastructure+ Asset Data Management - Further Progress Report on the Implementation of Internal Audit Recommendations**

## **66. SEND Transformation Update**

## **67. Children's Disability Services - Limited Assurance Report**

**Chair**



## **Audit and Standards Committee - Tuesday 23 April 2024**

### **Annual Report of the Audit & Standards Committee 2023/24**

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

I recommend that:

- a. Members consider and comment on the contents of the annual report for 2023/24 before forwarding onto Full Council with a recommendation to consider and approve this report.

#### **Local Member Interest**

N/A

### **Joint Report of the Director for Corporate Services and Director of Finance**

#### **Report**

##### **Background**

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

3. Staffordshire County Council has an Audit & Standards Committee, originally established in 2005, with the key objectives to maintain and improve governance procedures. The Committee is a key component of the Council's corporate governance framework and a major source of assurance of the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on both internal and external audit functions and financial and non-financial performance.
4. The benefits to the Council of operating an effective Audit & Standards Committee are:
  - Maintaining public confidence in the objectivity and fairness of financial and other reporting.
  - Reinforcing the importance and independence of internal and external audit and any other similar review process; for example, reviewing and approving the Annual Statement of Accounts and the Annual Governance Statement.
  - Providing a sharp focus on the results of the work of the internal audit service where limited assurance reports are issued, and control weakness have been identified through special investigations and potential fraud instances.
  - Assisting the co-ordination of sources of assurance across the control framework i.e. information governance and health & safety management.
  - Raising awareness within the Council of the need for governance, internal control, and the implementation of audit recommendations.
  - Providing assurance on the adequacy of the Council's risk management arrangements and reducing the risk of illegal or improper acts.
5. The Committee continues to have a professional and arm's length relationship with EY, the Council's external auditors, who attend all meetings of the Committee to offer their advice where needed. The external auditor will change following the recent round of appointments from the 2023/24 financial statements to KPMG. The transition between auditors will form part of the 2024/25 forward plan.
6. The Committee undertakes a substantial range of activities and works closely with both internal and external auditors and the Director for Corporate Services and the Director of Finance (s151

Officer) in achieving the Council's aims and objectives. A detailed annual forward plan is produced and reported to each meeting of the Committee to ensure that key tasks are considered and completed to meet required timescales.

7. During 2023/24 the Audit & Standards Committee met six times and in line regulatory requirements and best practice outline within the CIPFA publication – Audit Committees: practical guidance for local authorities and police. Agendas have been set to ensure that the areas outlined in the Committees terms of reference are covered, together with any additional items requested by Members. The Accounts and Audit (Amendment) Regulations 2022 extended the dates for certain public and local bodies to publish and make available for inspection their annual accounts and supporting documents. These regulations apply only in relation to the annual accounts relating to the 2020/21 and 2021/22 financial years.

## **Internal Audit**

8. The Audit & Standards Committee approved the Internal Audit Plan and Strategy at its 11 July 2023 meeting and a progress update report against the approved Internal Audit Plan was also presented to the Committee in December 2023. Scrutiny of the proposed plan provides Members with the opportunity to challenge and influence the areas scheduled for review by Internal Audit to ensure audit resources are deployed to the areas of greatest risk. The top risk areas for 2023/24 were identified as:

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|---|---|
| <ol style="list-style-type: none"><li><b>1.</b> Children &amp; Families Transformation.</li><li><b>2.</b> Highways Transformation Programme.</li><li><b>3.</b> Digital Strategy &amp; Transformation including the Corporate File Plan; Digital Strategy Refresh and Robotic Process Automation.</li><li><b>4.</b> Cyber Assurance – Governance &amp; Culture, IT Risk Management, IT Disaster Recovery Management and Virtual Private Networks.</li><li><b>5.</b> Integrated Care System – Integrated Care Partnership</li><li><b>6.</b> Delivering Good Governance: Culture, Values &amp; Behaviours Governance Review.</li></ol> | <ol style="list-style-type: none"><li><b>7.</b> SEND including Education, Health &amp; Care Plans &amp; Needs Assessment – Pathway, SEND Transport &amp; SEND Personal Budgets &amp; Direct Payments.</li><li><b>8.</b> Adult Social Care: Workforce Recruitment &amp; Retention.</li><li><b>9.</b> Protect &amp; Prevent Duties.</li><li><b>10.</b> Empowering Communities including the Communities Delivery Plan Governance Arrangements and Volunteering Principles &amp; guidance.</li></ol> |
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9. As part of the Internal Audit Outturn Report for 2022/23, presented to the Committee in July 2023 an “Adequate Assurance” opinion was given on the overall adequacy and effectiveness of the organisation’s governance, risk, and control framework, i.e., the control environment. The audit plan was dominated by 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 was involved in other transformational work including the on-going highways transformation programme and provided assurance over new service delivery models such as the household waste recycling centres. 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 addition, the Service has continued to support the Council in undertaking the various required grant verification sign-off exercises along with checks to provide assurance that funding is accurately accounted for and has been used appropriately. No significant concerns were noted. The number of audits in this area has reduced as the Council returns to ‘business as usual’ following the COVID 19 pandemic.
10. 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. A number of recommendations were made to improve the Council’s invoicing, income collection and debt recovery arrangements in place. 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, additional continuous controls monitoring (CCM) specific to schools to provide greater assurance over financial transactions was performed. 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. No limited assurance opinions were 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

11. The Internal Audit Charter is reviewed and approved annually by the Committee, with it last approved at the February 2024 meeting. Included within the document are the reporting guidelines which determine those audit reports that are considered in full, by the Committee. Given that on average approximately 100 + reviews are performed annually, those reports that contain a limited assurance opinion, classed as a top high-risk review or the result of a special investigation are reported in full. Operational Management attended to provide details of how the agreed recommendations contained in the reports had been implemented since finalisation. During 2023/24 the Committee considered the following final audit reports:

- Highways Transformation Programme Position Statement
- SEND Strategy Implementation
- SEND Personal Budgets
- Nexxus & Company Governance Follow Up
- Review of the arrangements regarding County Farm sales
- Sales to Cash 2022/23
- Building Resilient Families & Communities – Grant Verification Checks
- Children's Disability Services

12. A number of risk areas were identified, and Members requested further progress updates to the Committee in year to ensure that the actions identified had been fully implemented as agreed. The scheduling of these were incorporated into the Forward Plan. These progress updates are also supplemented with the periodic reporting on the implementation of past audit recommendations, the last update given to Members of the Committee in December 2023.

- Infrastructure+ Asset Data Management – Progress report on implementation of internal audit recommendations. (April 23 & March 24)
- Settlement Agreements
- SEND Transformation update

13. Members received the results of the Internal Audit five yearly External Quality Assessment to evaluate compliance of the service with the Public Sector Internal Audit Standards (PSIAS) on 21 March 2023 meeting. CIPFA had been commissioned to carry out the

assessment and had done so via a combination of actions including reviewing documentation and a sample of completed audits, surveys and interviews with key stakeholders (including South Staffordshire Council as an external customer' of the service) and reviewing the annual self-assessments carried out by the service, also following the PSIAS.

14. The assessment had found that the Internal Audit Service 'Generally Conforms' (highest rating available) to the standards with no recommendations for improvement and only one advisory action for management. This was the highest rating available under the process.

### **Counter Fraud Work**

15. The Audit & Standards Committee has received during the year various reports and updates in relation to the Council's local response to fraud. The Counter Fraud Plan was approved annually by the Committee at the 11 July 2023 meeting, which formally sets out the Council's counter fraud activities to be conducted in-year. Progress against this plan was also provided to the Committee at its December 2023 meeting.
16. During 2023/24 the Audit & Standards Committee has received the investigation report relating to the SEND Personal Budgets which was a significant fraud and subject to Police investigation transactions review. In addition, an update on the latest National Fraud Initiative 2022 data-matching exercise was also given to Members of the Committee on 12th December 2023.
17. A full and comprehensive report on all the Council's counter fraud activities for the year is included in the Internal Audit Outturn Report which is presented at the July meeting each year.

### **Governance and Risk Management**

18. The annual review of the Code of Corporate Governance was undertaken in July 2023. This is a key document in the governance framework and depicts how the Council operates and manages its governance processes. The basis of this document is the CIPFA/Solace document 'Delivering Good Governance in Local Government Framework 2016'.
19. During 2023/24, the Audit & Standards Committee reviewed and recommended approval of several changes to the Council's Constitution and Schemes of delegation by Full Council namely:



- Proposed changes to the constitution – Countryside & Rights of way
  - Member / Officer relationships – update of existing guidelines
  - Adoption of Statutory Guidance on Settlement Agreements / Constitutional Changes
  - Proposed constitutional changes – Nexxus
20. The Draft Annual Governance Statement (AGS) for 2022/23 was approved by the Committee at the 12 December 2023 meeting. The Accounts and Audit (Amendment) Regulations 2022 were published in June 2022 and extended the reporting deadline for the 2022/23 accounts to 30<sup>th</sup> November 2023. The main governance issues raised in the AGS related to the changes being made to the SEND service as well as the Children’s operating system, the constant presence of cyber security risks and the need to prepare for the potential request for decision making documentation to be submitted to the UK Covid-19 Inquiry. Also, other key actions taken forward into 2023/24 included the importance of remaining vigilant over supply chain failure for key services; to continue to review and evaluate the governance arrangements in place for Local Authority Trading Companies (LATCOs), the need to prepare the necessary arrangements to provide assurance for the Care Quality Commission (CQC) Local Authority assessment framework inspection anticipated to occur in 2024/25, as well as the need to review cyber security governance arrangements operating within third party suppliers of Council systems/services to ensure they are sufficiently robust.
21. Following the publication of the full Children’s OFSTED inspection report on 12 January 2024 which contained the rating of ‘requires improvement to be good’ the AGS for 2022/23 was updated to include the key findings, actions and recommendations from the report. This was subsequently represented to the 20 February 2024 meeting by the Chief Executive who provided an overview to Members of the key actions, improvement mechanisms and associated timescales to address the points raised.
22. The Council’s Draft Statement of Accounts (SoA) for 2022/23 have been published on the Staffordshire Website in accordance with the timescales required by the Accounts and Audit (Amendment) Regulations 2022. Thereby facilitating public scrutiny of the Council’s financial position. However, due to the delays and backlogs within the external audit regime currently these have yet to be audited alongside the 2021/22 Statement of Accounts. Therefore, a decision was taken to defer presenting the draft accounts to Members until the outstanding audited accounts had been scrutinised to prevent confusion. This arrangement has been discussed with Members

throughout 2023/24 and is expanded upon in section 32. – External Audit.

23. The Annual Code of Conduct for Members report on the Management of Complaints was presented to the 11 July 2023 meeting. The report referred to fifteen complaints/alleged breaches of the Code of Conduct for Members during the period June 2022 and June 2023. It was confirmed that fourteen complaints received had been concluded with no breaches of the code of conduct. The remaining one was awaiting consideration.
24. Members discussed the absence of mechanisms for elected members to report abusive/offensive acts against them where the matter was not deemed to cross the threshold for Police consideration. The Director for Corporate Services summarised proactive measures being introduced to support members harassed or abused, particularly via social media. The potential to hold a member's event on this matter would be explored to identify common experiences and identify ways in which problems may be addressed.
25. At the 25 April 23 meeting the Committee approved the appointment of Cllrs M Worthington, C Trowbridge, R Cox, A Edgeller and P Hewitt to serve as a panel to appoint to the two member vacancies on the Independent remuneration Panel.
26. A report was presented to the Committee to note the appointment by Full Council of the following Members – Cllrs P Haden, G Hutton, C Trowbridge, B Williams and M Worthington to serve as a Standards Panel for 2023/24.
27. Also, the Annual Report on Information Governance was presented at the 25 April 2023 Committee meeting. The report considered the County Council's compliance with legislation on Information Governance, particularly in relation to access to data and information, and the use of investigatory powers. Compliance was monitored by a range of national bodies. Specific reference was made to focussing on embedding cyber security into the Council's culture, was being reinstated following a pause by its co-ordinators (Staffordshire Police) due to resourcing difficulties. Other measures introduced to improve security included the use of the SIEM system to analyse and respond to online security threats. There has been an increase in the number and complexity of requests from the public for information.

28. Members also received the Health, Safety and Wellbeing Performance 2022/23 Annual Report at the 12 December 2023 Committee meeting. The key conclusions noted were:
- The report provided an indication that health and safety performance was maintained and continued to be managed effectively during 2022/23.
  - Continuous improvement is important and the enhanced audit programme during 2022/23 and which will continue into 2023/24 will ensure all services have an up-to-date audit maturity level and clear action plans.
  - The work completed during 2023/24 will continue to focus maintaining and improving health and safety standards and enhancing the wellbeing of our people.
29. The first Civil Contingencies Governance Annual report for 2022/23 was presented to the 19 September 2023 meeting of the committee. This demonstrates transparency and accountability over the function. The report detailed Civil Contingencies arrangements on a national, regional and local level, specifically highlighting the role of the Staffordshire Resilience Forum (SRF) the existence of which has been recognised as 'forward thinking' by the Cabinet Office. The SRF led a multiagency, cross-County, co-ordinated approach to Emergency Planning and resilience arrangements. The governance structure, involving shared responsibility between subject matter experts and bespoke policies with review cycles was also outlined.

### **Effectiveness of the Audit & Standards Committee**

30. During May 2023 Members participated in a workshop to assess the work and effectiveness of the Committee using the updated 2022 Audit Committee guidance from CIPFA. Subsequently, Members had completed self-assessment forms identifying their strengths and possible development needs to be able to fulfil their role in overseeing audit activity and governance for the Council. A training schedule was developed and approved by Members at the 19 March meeting. A series of three workshops will be held during 2024 to address the areas highlighted.
31. A review of the terms of reference for the Audit & Standards Committee has also been undertaken against the new 2022 CIPFA guidance, several amendments and additions were identified. These were approved by Members at the September

meeting and subsequently referred to Full Council for approval and incorporation into the County Council Constitution.

32. As part of the review of the 2022 Audit Committee Guidance issued by CIPFA on evaluating the effectiveness of the Committee consideration was given to the recommendation that Audit Committees look to co-opt an independent person(s) to the committee. They would be selected to provide additional skills/technical knowledge to the Committee. As part of the report considered by Members, approximately 57% of County Councils had already recruited such an individual and a further 22% actively intending to do so. Following discussions, it was agreed that the proposal be supported and provided for as part of the revised draft terms of reference that were to be submitted to Full Council for approval. This was subsequently approved, and work is ongoing to facilitate the appointment of the individual(s).

### **External Audit**

33. The External Auditor, Ernst Young presented their "Staffordshire County Council and Staffordshire Pension Fund Auditor's Annual Report -2020/21" at the 20 February 2024 meeting. The report contained the final opinions for both the Financial Statements and the Value for Money requirement, no issues were identified.
34. Throughout 2023/24 Members have received updates from the External Auditor (EY) regarding the delays to the audit of the statement of accounts for 2021/22 & 2022/23 at each Committee Meeting. The Committee received a verbal update from the Director for Finance on the External Audit situation at the March 2024 meeting, focusing on the outstanding accounts to 2022/23, and the consultation regarding future arrangements. A consultation had been issued by the Department for Levelling Up, Housing and Communities (DLUC) which closed at the beginning of March 2024. The outcome of the consultation was yet to be published. The proposal outlined three phases to address the audit backlog nationally. Phase 1 was a reset where outstanding audits up to the financial year 2022/23 were addressed. Phase 2 was a recovery phase where current and future years arrangements would be addressed, with progress being made on the timeliness of audit completion. Phase 3 was a reform stage where changes would be made to address the systemic challenges present in the audit system.

35. Phase 1 would address the outstanding accounts for 2021/22 and 2022/23, signing these off by the backstop date of the 30<sup>th</sup> September 2024. These would be signed off by disclaimer opinions, issued by the external auditors (EY), however no set wording had yet been agreed. Work would still need to be done on the value for money conclusion and an Annual Audit Report for both years would need to be brought to the Committee. The backstop date applied to both of these aspects as well.
36. The new external auditors (KPMG) would be part of the recovery phase and backstop dates had been proposed, over a period of four years, to enable audits to be completed in a timelier manner, with the audit for the 2026/27 accounts completed by the 30<sup>th</sup> November under normal timescales.
37. A risk was highlighted to the Committee in that the draft accounts for 2021/22 and 2022/23 would not be thoroughly audited as per previous years and therefore it would be possible that errors would be contained within the account.
38. The Committee was informed that a further consultation was being conducted by CIPFA regarding the Code of Practice. This was to specifically cover a number of minor and technical changes and to look to simplify the measurement of property, plant and equipment and to use a specified indexation for those not valued by qualified valuers and reduced disclosures for pensions reporting. This would reduce the workload in preparing the accounts and in turn the time taken by the external auditor. It is proposed that these arrangements cover the 2023/24 and 2024/25 accounts to aid the facilitate the recovery of audit timetable, subject to final approval by CIPFA. These potential arrangements were supported by Members.
39. Members discussed the disclaimer opinions for the outstanding audits and noted the risk associated with these. It was clarified that, should the consultation and proposal be accepted, a change in legislation would be made to allow for disclaimer opinions to be officially recognised. The Director of Finance would still be able to sign off accounts and certify that in their opinion, they demonstrated a true and fair view of the financial situation of the County Council and have the same legal standing as an unqualified opinion.
40. Following the Public Sector Auditor Appointment process conducted by PSAA during 2022/23 – KPMG were appointed as the Councils External Auditor for a period of five years with effect from the 2023/24 - Statement of Accounts. The Committee received a verbal report from Richard Lee, Director from KPMG at the 19 March 24

meeting. The update introduced the new external auditors and the team who would be working on both the County Council and Pension Fund accounts from the 2023/24 period onwards. Given the current external audit position, Members raised concerns regarding auditor capacity which were addressed, and assurance provided that sufficient resources were available, and the decision to re-enter the Public Sector external audit market had been scrutinised to ensure that KPMG was well-equipped to deliver the work.

41. In terms of the process to date, KPMG had been working with officers throughout the Council and the Committee to get to know responsible people in the authority and develop their understanding of systems and processes. It was confirmed that an Audit Plan would be brought through to the 23 April 2024 Committee which was expected to cover the work to date on financial statements of the authority and Pension Fund, including the value for money risk assessment. Members queried arrangements in place for the smooth transition between external auditors, KPMG stated that the audit plan would strive to cover this point as part of the PSAA transition arrangements. The Committee noted that disclaimed/modified opinions for the next three audit years would be likely due to not receiving the relevant assurances from the previous external auditors (EY) (relating to 21/22 & 22/23) and subsequent impact from the backstop, however timely reporting and sign off of the accounts would need to be in place.
42. Members sought confidence that the work being undertaken was within scope of the fees set. It was clarified that the fees were set by the Public Sector Audit Appointments (PSAA) and made available online. Those fees did not include the audit impact of the implementation of an audit standard (ISA315) which would be on top of the scale fee, which all local authorities would experience. Any variations to scope, such as emerging issues which required specific audit focus, would have financial implications. Any elector challenge would also incur a fee.

### **Equalities Implications**

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

### **Legal Implications**

44. Whilst there are no direct legal implications arising from this report, the Accounts and Audit (Amendment) Regulations 2022 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**

45. The net budget of the Internal Audit Section in 2023/24 was £1,027,510.

### **Risk Implications**

46. 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**

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

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

- 2023/24 Audit & Standards Committee Agenda Papers and Minutes.

### **Contact Details**

**Assistant Director:** Lisa Andrews, Assistant Director - Internal Audit & Adults & Children’s Financial Services

**Report Author:** Lisa Andrews  
**Job Title:** Assistant Director - Internal Audit & Financial Services

**Telephone No.:** 01785 276402

**E-Mail Address:** [Lisa.Andrews@staffordshire.gov.uk](mailto:Lisa.Andrews@staffordshire.gov.uk)





# Staffordshire County Council

## **DRAFT** - Report to the Audit & Standards Committee

External Audit Plan & Strategy for the year ending  
31 March 2024

15 April 2024

# Introduction

To the Audit & Standards Committee  
of Staffordshire County Council

We are pleased to have the opportunity to meet with you on 23 April 2024 to discuss our audit of the financial statements of Staffordshire County Council for the year ending 31 March 2024.

We have been appointed as your auditors by Public Sector Audit Appointments Ltd. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO Code of Audit Practice. The NAO is consulting on a new Code of Audit Practice for 2023/24, therefore this plan will remain draft until the finalisation of that Code.

This report outlines our risk assessment and planned audit approach. Our planning activities are substantially complete but the process remain iterative and we will communicate any significant changes to the planned audit approach. We note that an audit opinion has not been expressed on the prior period, once the prior period audit opinion has been expressed we will communicate any significant changes to the planned approach. We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

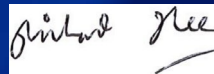
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Overview of planned scope including materiality	3
Significant risks and Other audit risks	5
Mandatory communications	11
Mandatory communications – additional reporting	12
VFM Risk Assessment	14
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## The engagement team

Richard Lee (CPFA / CA) is the engagement director on the audit and is responsible for the audit opinion. He has over 20 years of industry experience

Other key members of the engagement team include Robert Fenton (Senior Manager) and Priya (Assistant Manager) with 12 years and 4 years of experience respectively.

Yours sincerely,



Richard Lee

**Director - KPMG LLP**

15 April 2024

## How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner. The audit undertaken in the current year is dependent on the finalisation of the previous auditor's work over historical financial statements. We aim to complete all audit work no later than 2 days before audit signing. As you are aware, we will not issue our audit opinion until we have completed all relevant procedures, including audit documentation.

### Restrictions on distribution

*This report is intended solely for the information of those charged with governance of [entity name] and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it. .*

# Overview of planned scope including materiality

## Our materiality levels

We determined materiality for the Council financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of expenditure which we consider to be appropriate given the sector in which the entity operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as stability of legislation, lack of shareholders and debt arrangements when determining materiality for the financial statements as a whole.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality £16.2m / 65% of materiality driven by our expectations of increased level of undetected or uncorrected misstatements in the period. This is driven by the fact the previous two financial year audits are yet to be concluded. We also adjust this level further downwards for items that may be of specific interest to users for qualitative reasons, such as officers' remuneration.

## We will report misstatements to the audit committee including:

- Corrected and uncorrected audit misstatements above £1.25m.
- Errors and omissions in disclosure (Corrected and uncorrected) and the effect that they, individually in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

## Control environment

The impact of the Council's control environment on our audit is reflected in our planned audit procedures. We review entity level controls to inform our risk assessment but do not directly assess the design and implementation of these.

Our planned audit procedures reflect findings raised in the previous year and management's response to those findings.

## File review

We will undertake an appropriate prior year file review dependent on the final opinion issues by the previous auditors.

## Materiality



**Council Materiality**  
**£25m**

**1.82% of prior year expenditure**  
**(£1,372m)**

*Source: prior year unaudited accounts*

# Overview of planned scope including materiality (cont.)

## Timing of our audit and communications

We will maintain communication led by the engagement director and senior manager throughout the audit. We set out below the form, timing and general content of our planned communications:

- Kick-off meeting with management on November 2023 where we outlined our audit approach and discuss management’s progress in key areas;
- Audit and Standards Committee meeting in April 2024 where we present our draft audit plan;
- Status meetings with management throughout the audit period where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues;
- Closing meeting with management in November 2024, noting this will be dependent on confirmation of the agreed backstop date, where we discuss the auditor’s report and any outstanding deliverables;
- Audit and Standards Committee meeting in November 2024, noting the caveat above, where we communicate audit misstatements and significant control deficiencies; and
- Biannual private meetings can also be arranged with the Committee chair.

## Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
<b>Internal Audit</b>	We will review the work of internal audit as part of our risk assessment procedures but will not place reliance on their work.
<b>Real Estate Valuation Centre of Excellence (REVCoE)</b>	Given this is a first year audit, we will consult with our valuation specialist to assist in the challenge of the assumptions and approach adopted by the Council’s external valuer (and management).
<b>IT Audit</b>	We will use IT audit specialists to support our work on IT Understanding and IT Process controls. We do not anticipate there to be any ISA 315r trigger related to controls over significant risk.
<b>KPMG Pensions Centre of Excellence</b>	Our pensions specialists will carry out the work on the LGPS pension assets and liabilities.

# Significant risks and Other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the business, the sector and the wider economic environment in which Staffordshire County Council operates.

We also use our regular meetings with senior management to update our understanding and take input from other sector audit teams and internal audit reports.

Where other risks are identified during the audit cycle we will amend our audit approach accordingly and communicate this to the Audit and Standards Committee.

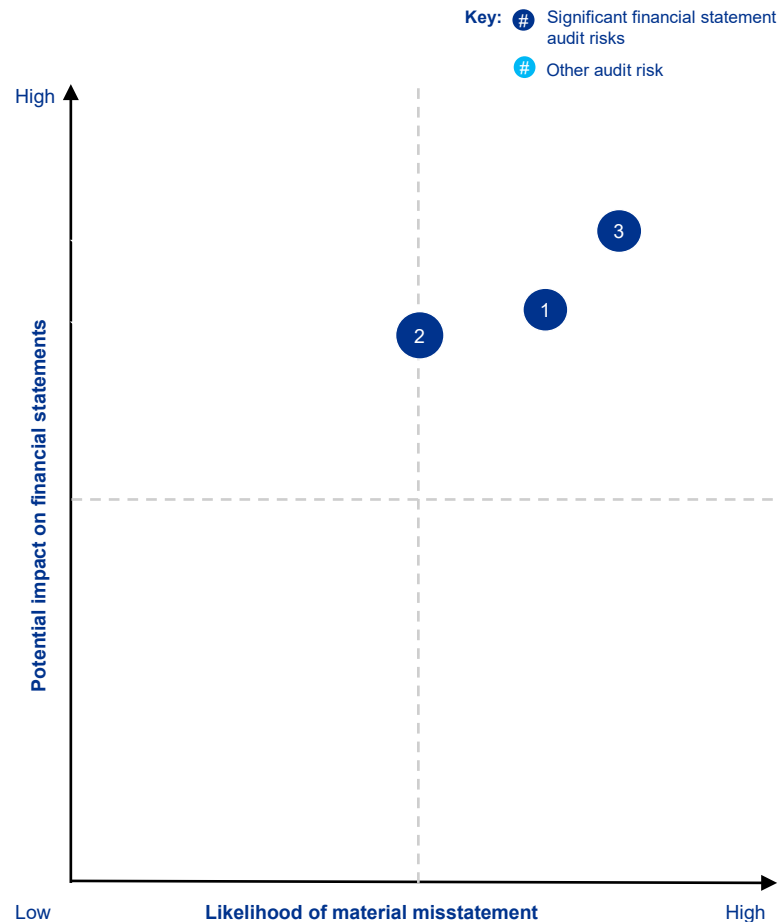
## Value for money

We are required to provide commentary on the arrangements in place for ensuring Value for Money is achieved at the Council and report on this via our Auditor's Annual Report. This will be published on the Council's website and include a commentary on our view of the appropriateness of the Council's arrangements against each of the three specified domains of Value for Money: financial sustainability; governance; and improving economy, efficiency and effectiveness.

Our risk assessment is ongoing and we will bring a draft of our risk assessment to a later Audit and Standards committee

### Significant risks

1. Valuation of land and buildings
2. Management override of controls
3. Valuation of post retirement benefit obligations



# Audit risks and our audit approach (cont.)

1

## Valuation of land and buildings

The carrying amount of revalued Land & Buildings differs materially from the fair value



### Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle.

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value.

A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the internal valuer.



### Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of the external valuers (DVS) used in developing the valuation of the Council's properties at 31 March 2024;
- We will inspect the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements in value of land and buildings and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- We will consult with our own valuation specialists to assist in the review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised; and
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

# Audit risks and our audit approach (cont.)

2

## Management override of controls(a)

Fraud risk related to unpredictable way management override of controls may occur



### Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.

*Note: (a) Significant risk that professional standards require us to assess in all cases.*



### Planned response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluate the selection and application of accounting policies.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the Council's normal course of business, or are otherwise unusual.
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments.
- We will analyse all journals through the year using data and analytics and focus our testing on those with a higher risk.

# Audit risks and our audit approach (cont.)

3

## Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation



### Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the following pension scheme memberships: Staffordshire County Pension Fund Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.



### Planned response

We will perform the following procedures:

- Understand the processes the Council has in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agree the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluate the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenge, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirm that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Consider the adequacy of the Council's disclosures in respect of the sensitivity of the deficit or surplus to these assumptions; and
- Where applicable, assess the level of surplus that should be recognised by the entity;



# Audit risks and our audit approach

## Expenditure – rebuttal of Significant Risk

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.

The Council has a statutory duty to balance their annual budget. Where a Council does not meet its budget this creates pressure on the Council's usable reserves and this in turn provides a pressure on the following year's budget.

The financial position of the Council, (whilst under pressure) is not indicative of a position that would provide an incentive to manipulate expenditure recognition and the nature of expenditure has not identified any specific risk factors. The Council is forecasting an overspend (£5.4m) at year-end but this will be managed through the £15m contingency reserve agreed as part of the budget for 2023-24.

Based on our initial risk assessment procedures, we have considered where there may be opportunity to manipulate expenditure, for example through under-accruing expenditure or inappropriately capitalising revenue expenditure. However, the immaterial value of the year end accruals balance, the nature of expenditure incurred by the Council and the size of the capital plan (£100m) that would need to be misstated (£25m) to result in material error, reduces the likelihood of this risk factor.

Having considered the risk factors relevant to the Council and the potential opportunity for fraudulent manipulation of expenditure, we do not consider there to be sufficient incentive and have therefore determined that a significant risk relating to expenditure recognition is not required.

Our risk assessment remains iterative and we will continue to revisit our risk assessment until the start of the final audit. Any changes will be communicated to the Audit and Standards Committee.

# Audit risks and our audit approach

## Revenue – Rebuttal of Significant Risk

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. Due to the nature of the revenue within the sector we have rebutted this significant risk. We have set out the rationale for the rebuttal of key types of income in the table below.

Description of Income	Nature of Income	Rationale for Rebuttal
<b>Council tax</b>	This is the income received from local residents paid in accordance with an annual bill based on the banding of the property concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of properties in the area and the fixed price that is approved annually based on a band D property: it is highly unlikely for there to be a material error in the population.
<b>Business rates</b>	Revenue received from local businesses paid in accordance with an annual demand based on the rateable value of the business concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of businesses in the area and the fixed amount that is approved annually: it is highly unlikely for there to be a material error in the population.
<b>Fees and charges</b>	Revenue recognised from receipt of fixed fee services, in line with the fees and charges schedules agreed and approved annually.	The income stream represents high volume, low value sales, with simple recognition. Fees and charges values are agreed annually. We do not deem there to be any incentive or opportunity to manipulate the income.
<b>Grant income</b>	Predictable income receipted primarily from central government, including for housing benefits.	Grant income at a local authority typically involves a small number of high value items and an immaterial residual population. These high value items frequently have simple recognition criteria and can be traced easily to third party documentation, most often from central government source data. There is limited incentive or opportunity to manipulate these figures.

# Mandatory communications

Type	Statements
<b>Management’s responsibilities (and, where appropriate, those charged with governance)</b>	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
<b>Auditor’s responsibilities</b>	<p>Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
<b>Auditor’s responsibilities – Fraud</b>	<p>This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.</p>
<b>Auditor’s responsibilities – Other information</b>	<p>Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.</p>
<b>Independence</b>	<p>Our independence confirmation at page 19 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm’s independence and the integrity and objectivity of the audit engagement partner and audit staff.</p>

# Mandatory communications - additional reporting

## Going concern

Under NAO guidance, including Practice Note 10 - A local authority's financial statements shall be prepared on a going concern basis; this is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern.






However, financial sustainability is a core area of focus for our Value for Money opinion.

## Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily 	We have identified issues that we may need to report 	Work is completed at a later stage of our audit so we have nothing to report 
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We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

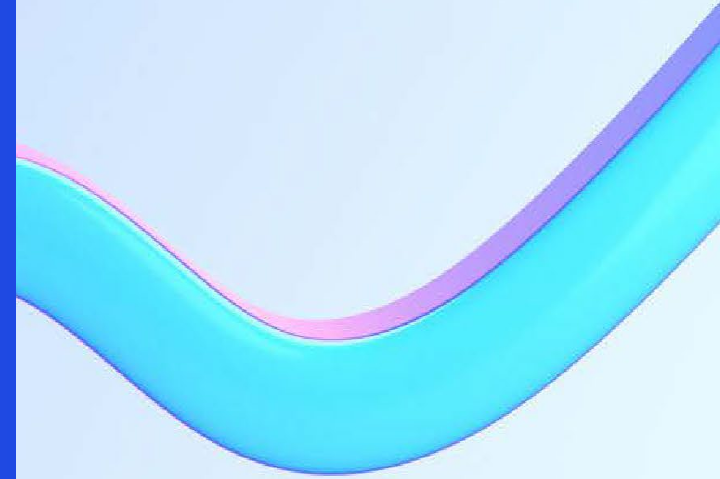
Type	Status	Response
Our declaration of independence		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Issue a report in the public interest		We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters to date.
Provide a statement to the NAO on your consolidation schedule		This "Whole of Government Accounts" requirement is fulfilled when we complete any work required of us by the NAO to assist their audit of the consolidated accounts of DLUHC.
Provide a summary of risks of significant weakness in arrangements to provide value for money		We are required to report significant weaknesses in arrangements. Work to be completed at a later stage.
Certify the audit as complete		We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.

# Staffordshire County Council

## **DRAFT** - Value for money risk assessment

Our approach

Year ended 31 March 2024



# Value for money

**For 2023/24 our value for money reporting requirements have been designed to follow the guidance in the Audit Code of Practice.**

Our responsibility to conclude on significant weaknesses in value for money arrangements is unchanged.

The main output remains a narrative on each of the three domains, summarising the work performed, any significant weaknesses and any recommendations for improvement.

We have set out the key methodology and reporting requirements on this slide and provided an overview of the process and reporting on the following page.

## Risk assessment processes

Our responsibility remains to assess whether there are any significant weaknesses in the Council's arrangements to secure value for money. Our risk assessment will continue to consider whether there are any significant risks that the Council does not have appropriate arrangements in place.

In undertaking our risk assessment we will be required to obtain an understanding of the key processes the Council has in place to ensure this, including financial management, risk management and partnership working arrangements. We will complete this through review of the Council's documentation in these areas and performing inquiries of management as well as reviewing reports, such as internal audit assessments.

## Reporting

As with the prior year our approach to value for money reporting aligns to the NAO guidance and includes:

- A summary of our commentary on the arrangements in place against each of the three value for money criteria, setting out our view of the arrangements in place compared to industry standards;
- A summary of any further work undertaken against identified significant risks and the findings from this work; and
- Recommendations raised as a result of any significant weaknesses identified and follow up of previous recommendations.

The Council will be required to publish the commentary on its website at the same time as publishing its annual report online.

### Financial sustainability

*How the body manages its resources to ensure it can continue to deliver its services.*

### Governance

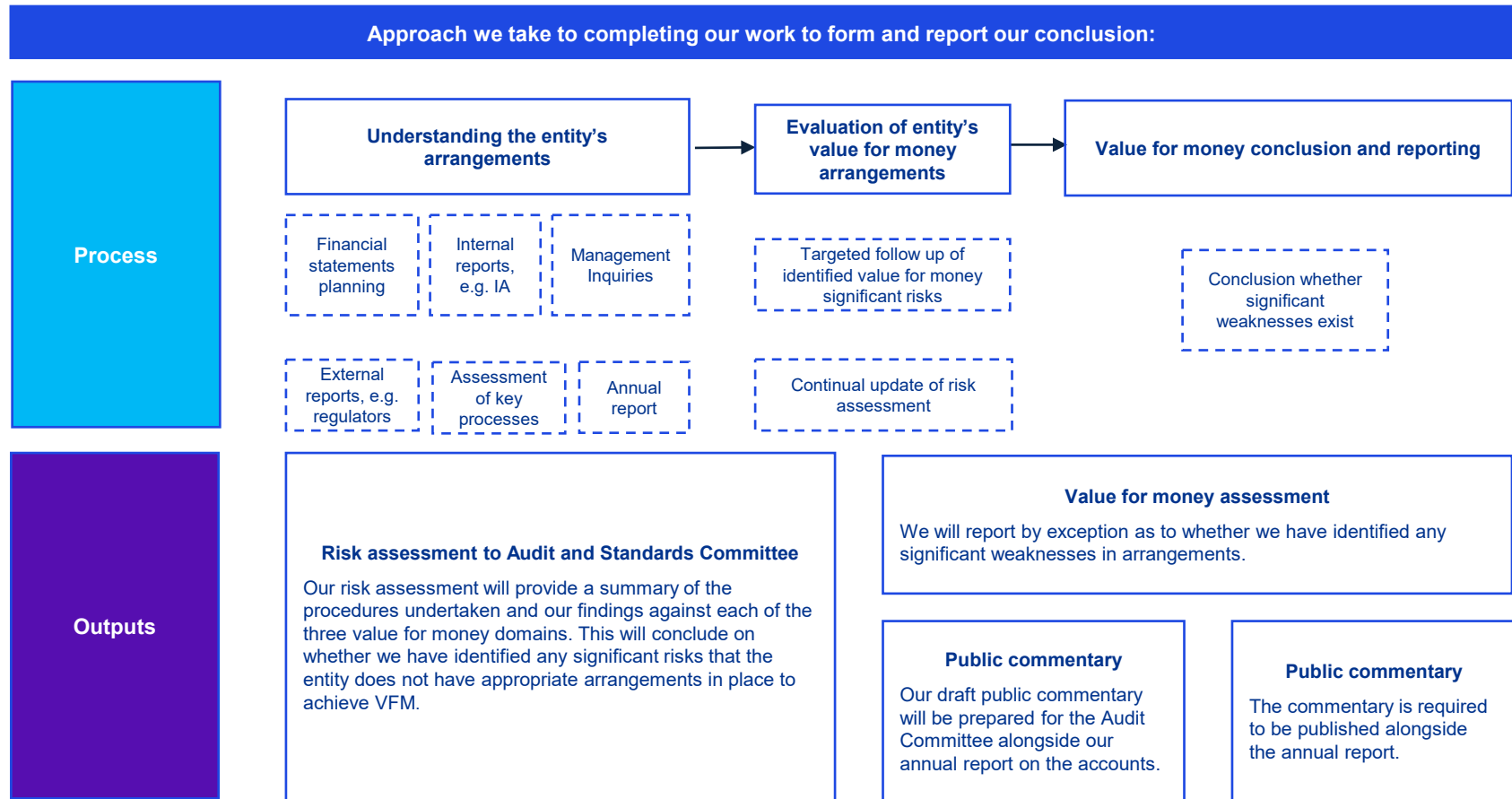
*How the body ensures that it makes informed decisions and properly manages its risks.*

### Improving economy, efficiency and effectiveness

*How the body uses information about its costs and performance to improve the way it manages and delivers its services.*

# Value for money

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Our risk assessment is ongoing and we will bring a draft of our risk assessment to a later Audit and Standards committee

# Appendix

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# Audit team and rotation

Your audit team has been drawn from our specialist local government audit department and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit partner and firm.

Page 41

	<p>Richard Lee is the director responsible for our audit. He will lead our audit work, attend the Audit and Standards Committee and be responsible for the opinions that we issue.</p>		<p>Robert Fenton is the senior manager responsible for our audit. He will co-ordinate our audit work, attend the Audit and Standards Committee and ensure we are co-ordinated across our accounts and use of funds work.</p>		<p>Priya Rani is the in-charge responsible for our audit. She will be responsible for our on-site fieldwork. She will complete work on more complex section of the audit.</p>
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To comply with professional standard we need to ensure that you appropriately rotate your external audit partner. There are no other members of your team which we will need to consider this requirement for:



This will be Richard's first year as your engagement lead. Engagement leaders are required to rotate every five years, extendable to seven with PSAA approval.

# Audit cycle & timetable

## Our schedule 2023-2024

We have worked with management to generate our understanding of the processes and controls in place at the Council in its preparation of the Statement of Accounts.

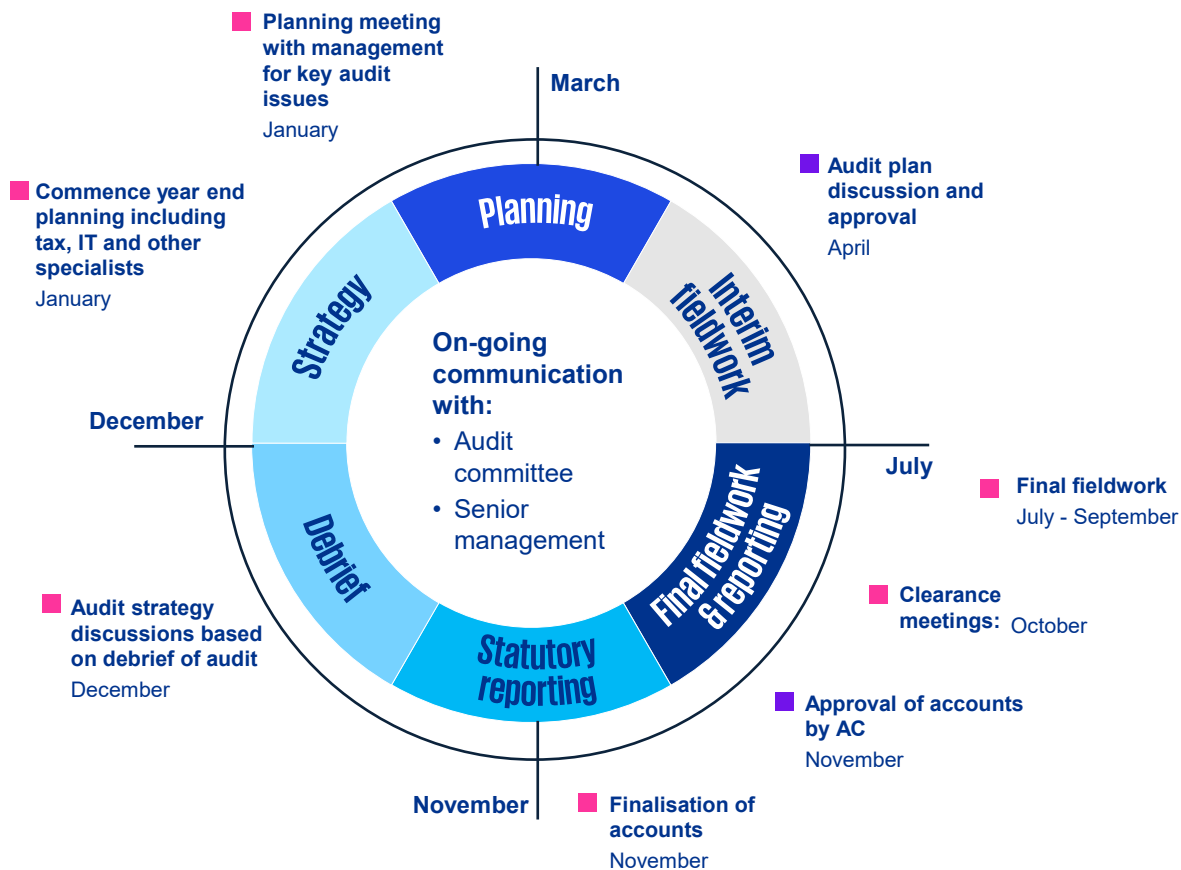
We have agreed with management an audit cycle and timetable that reflects our aim to sign our audit report by November 2024.

This being the first year of KPMG as auditor we have undertaken greater activities to understand the Council at the planning stage. This level of input may not be required in future years and may change our audit timings.

**Our approach also differs this year due to the effect of your transition to the new standards. We will need to perform additional audit work and perform it earlier.**

Given the large amount of consultation happening in regard to the scope and timing of local government this audit **schedule may be subject to change.**

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**Key:**

- Timing of AC communications
- Key events

# Fees

## Audit fee

Our fees for the year ending 31 March 2024 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2023/24 (£'000)	2020/21 (£'000)
Statutory audit	320	223
ISA315r	TBC	-
ISA240	TBC	-
<b>TOTAL</b>	<b>320</b>	<b>223</b>

*\*fee charged by Ernst & Young - your predecessor auditor.*

As per PSAA's Scale Fees Consultation, the fees do not include new requirements of ISA315 revised (risk of material misstatement); or ISA 240 (auditor's responsibilities relating to fraud. The fees also assume no significant risks are identified as part of the Value for Money risk assessment. Additional fees in relation to these areas will be subject to the fees variation process as outlined by the PSAA.

## Billing arrangements

Fees will be billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

## Basis of fee information

Our fees are subject to the following assumptions:

- The Council's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory accounts are presented to us for audit subject to audit and tax adjustments;
- Supporting schedules to figures in the accounts are supplied;
- The Council's audit evidence files are completed to an appropriate standard (we will liaise with management separately on this);
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

Any variations to the above plan will be subject to the PSAA fee variation process.

# Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.

To the Audit & Standards Committee members

## Assessment of our objectivity and independence as auditor of Staffordshire County Council

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

## General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

The conclusion of the audit engagement director as to our compliance with the FRC Ethical Standard in relation to this audit engagement and that the safeguards we have applied are appropriate and adequate is subject to review by an engagement quality control reviewer, who is a partner not otherwise involved in your affairs.

We are satisfied that our general procedures support our independence and objectivity.

## Independence and objectivity considerations relating to the provision of non-audit services

### *Summary of non-audit services*

No non-audit services to date.

# Confirmation of Independence (cont.)

## Summary of fees

We have considered the fees charged by us to the Group and its affiliates for professional services provided by us during the reporting period.

## Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0: 1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2023/24
	£'000
Statutory audit	320
Other Assurance Services	-
<b>Total Fees</b>	<b>320</b>

## Application of the FRC Ethical Standard 2019

We communicated to you previously the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

## Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit & Standards Committee Committee.

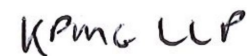
## Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit & Standards Committee Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully



**KPMG LLP**

# KPMG's Audit quality framework

**Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.**

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

## ■ Commitment to continuous improvement

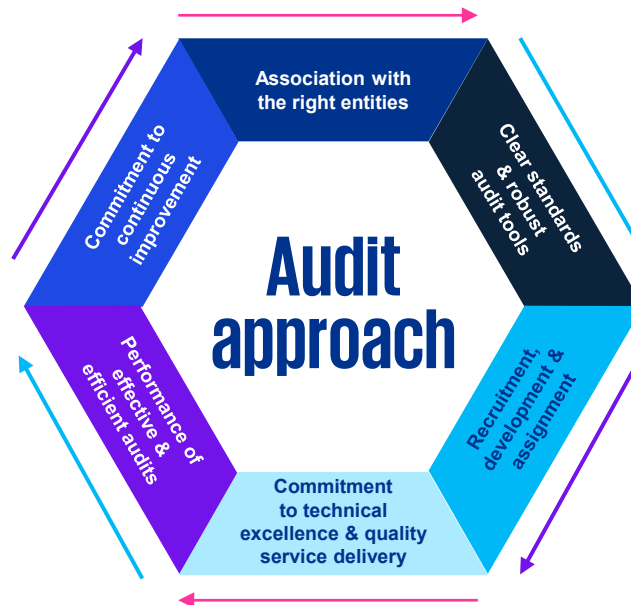
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

## ■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

## ■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



## ■ Association with the right entities

- Select entities within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

## ■ Clear standards & robust audit tools

- KPMG Audit & Standards Committee Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

## ■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists

# ISA (UK) 315 Revised: Overview



## Summary

**In the prior period, ISA (UK) 315 Revised “Identifying and assessing the risks of material misstatement” was introduced and incorporated significant changes from the previous version of the ISA.**

These were introduced to achieve a more rigorous risk identification and assessment process and thereby promote more specificity in the response to the identified risks. The revised ISA was effective for periods commencing on or after **15 December 2021**.

The revised standard expanded on concepts in the existing standards but also introduced new risk assessment process requirements – the changes had a significant impact on our audit methodology and therefore audit approach.

### What impact did the revision have on audited entities?

With the changes in the environment, including financial reporting frameworks becoming more complex, technology being used to a greater extent and entities (and their governance structures) becoming more complicated, standard setters recognised that audits need to have a more robust and comprehensive risk identification and assessment mechanism.

The changes result in additional audit awareness and therefore clear and impactful communication to those charged with governance in relation to (i) promoting consistency in effective risk identification and assessment, (ii) modernising the standard by increasing the focus on IT, (iii) enhancing the standard’s scalability through a principle based approach, and (iv) focusing auditor attention on exercising professional scepticism throughout risk assessment procedures.

### Implementing year 1 findings into the subsequent audit plan

Entering the second year of the standard, the auditors will have demonstrated, and communicated their enhanced insight into their understanding of your wider control environment, notably within the area of IT.

In year 2 the audit team will apply their enhanced learning and insight into providing a targeted audit approach reflective of the specific scenarios of each entity’s audit.

A key area of focus for the auditor will be understanding how the entity responded to the observations communicated to those charged with governance in the prior period.

Where an entity has responded to those observations a re-evaluation of the control environment will establish if the responses by entity management have been proportionate and successful in their implementation.

Where no response to the observations has been applied by entity, or the auditor deems the remediation has not been effective, the audit team will understand the context and respond with proportionate application of professional scepticism in planning and performance of the subsequent audit procedures.

### What will this mean for our on-going audits?

To meet the on-going requirements of the standard, auditors will each year continue to focus on risk assessment process, including the detailed consideration of the IT environment.

Subsequent year auditor observations on whether entity actions to address any control observations are proportionate and have been successfully implemented will represent an on-going audit deliverable.

Each year the impact of the on-going standard on your audit will be dependent on a combination of prior period observations, changes in the entity control environment and developments during the period. This on-going focus is likely to result in the continuation of enhanced risk assessment procedures and appropriate involvement of technical specialists (particularly IT Audit professionals) in our audits which will, in turn, influence auditor remuneration.

# ISA (UK) 240 Revised: changes embedded in our practices

## Ongoing impact of the revisions to ISA (UK) 240

ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) The auditor’s responsibilities relating to fraud in an audit of financial statements included revisions introduced to clarify the auditor’s obligations with respect to fraud and enhance the quality of audit work performed in this area. These changes are embedded into our practices and we will continue to maintain an increased focus on applying professional scepticism in our audit approach and to plan and perform the audit in a manner that is not biased towards obtaining evidence that may be corroborative, or towards excluding evidence that may be contradictory.

We will communicate, unless prohibited by law or regulation, with those charged with governance any matters related to fraud that are, in our judgment, relevant to their responsibilities. In doing so, we will consider the matters, if any, to communicate regarding management’s process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud.

Area	Our approach following the revisions
<b>Risk assessment procedures and related activities</b>	<ol style="list-style-type: none"> <li>1) Increased focus on applying professional scepticism – the key areas affected are:                             <ul style="list-style-type: none"> <li>• the need for auditors not to bias their approach towards obtaining evidence that is corroborative in nature or excluding contradictory evidence;</li> <li>• remaining alert for indications of inauthenticity in documents and records, and</li> <li>• investigating inconsistent or implausible responses to inquiries performed.</li> </ul> </li> <li>2) Requirements to perform inquiries with individuals at the entity are expanded to include, amongst others, those who deal with allegations of fraud.</li> <li>3) We will determine whether to involve technical specialists (including forensics) to aid in identifying and responding to risks of material misstatement due to fraud.</li> </ol>
<b>Internal discussions and challenge</b>	<p>We will have internal discussions among the audit team to identify and assess the risk of fraud in the audit, including determining the need for additional meetings to consider the findings from earlier stages of the audit and their impact on our assessment of the risk of fraud.</p>



# FRC's areas of focus



The FRC released their [Annual Review of Corporate Reporting 2021/22](#) in **October 2022**, along with a [summary of key matters](#) for the coming year, primarily targeted at CEOs, CFOs and Audit Committee chairs. In addition, they released six thematic reviews during the year which should be considered when preparing financial reports.

The reports identify where the FRC believes companies should be improving their reporting. Below is a high level summary of the key topics. We encourage management and those charged with governance to read further on those areas which are significant to the Council.



## Reporting in uncertain times

Last year's Annual Review of Corporate Reporting from the FRC was prepared in the context of the current heightened economic and geopolitical uncertainty. The challenges of the Covid-19 pandemic, Russia's invasion of Ukraine and slowing of global economies has led to inflationary pressure worldwide and rising interest rates.

This makes meaningful disclosure more important than ever, and the FRC has stressed the need for companies to move beyond simply complying with the minimum requirements of the relevant accounting and reporting frameworks. They expect companies to provide high-quality, decision-useful information for investors, with companies continually assessing evolving risks and ensuring these are clearly explained in annual reports.

The potential effects of uncertainty on recognition, measurement and disclosure are numerous, and companies will need to think carefully about the impacts of uncertainty, in particular inflation, on their reporting. The Annual Review gives a number of examples including:

**Strategic report:** the impact of inflation on the business model, changes to principal risks and uncertainties, and the impact of inflation on stakeholders.

**Discount rates:** inputs need to follow a consistent approach in incorporating the effects of inflation.

**Material assumptions:** where inflation assumptions represent a source of significant estimation uncertainty, the FRC expects companies to provide explanation of how these have been calculated and sensitivity disclosures if appropriate.

**Pension schemes:** explain the effect of uncertainty on investment strategy and associated risks.



## Climate-related reporting

Climate-related reporting has advanced significantly this year as premium listed entities are required by the Listing Rules to provide disclosures consistent with the Taskforce on Climate-Related Disclosures (TCFD) recommendations. This follows the expansion of the Streamlined Energy and Carbon Reporting (SECR) rules last year, which require quoted companies and large unquoted companies and LLPs to provide emissions reporting.

Climate has therefore been an area of ongoing focus for the FRC, with a thematic reviews in both 2021 and 2022 on aspects of climate reporting. From reviews of TCFD disclosures in the year, the FRC has highlighted five areas of improvement for companies to consider going forwards:

**Granularity and specificity:** disclosures should be granular and specific both to the company and the individual disclosure requirement, including a clear link to financial planning.

**Balance:** discussion of climate-related risks and opportunities should be balanced, and companies should consider any technological dependencies.

**Interlinkage with other narrative disclosures:** companies should ensure clear links between TCFD disclosures with other narrative disclosures in the annual report.

**Materiality:** companies should clearly articulate how they have considered materiality in the context of their TCFD disclosures.

**Connectivity between TCFD and financial statements disclosures:** the FRC may challenge those that disclose significant climate risks or net zero transition plans in narrative reporting, but do not explain how this is taken into account in the financial statements.

# FRC's areas of focus (cont.)

## Cash flow statements

This continues to be a particular area of concern as it is a recurring source of errors identified by the FRC, with 15 companies restating their cash flow statements in the review period as a result of the FRC's enquiries.

Companies are encouraged to consider the guidance in the 2020 thematic review on this topic, and to ensure that robust pre-issuance reviews of the financial statements have been undertaken.

Cash flows must be classified as operating, investing or reporting in line with the requirements of the standard, and amounts reported should be consistent with disclosures elsewhere in the report and accounts including the elimination of non-cash transactions.

Several errors identified by the FRC related to the parent company cash flow statement, and it should be ensured that this statement also complies with the requirements of the standard.

## Financial Instruments

Companies should ensure that disclosure is sufficient to enable users to evaluate the nature and extent of risks arising from financial instruments and the approach taken to risk management.

These disclosures should include the approach and assumptions used in the measurement of expected credit losses, and details of concentrations of risk. In times of economic uncertainty, disclosure of methods used to measure exposure to risks, and details of hedging arrangements put in place for interest rates or inflation are all the more important.

In addition, accounting policies should be provided for all material financing and hedging arrangements and any changes in these arrangements. Where companies have banking covenants, information about these should be provided (unless the likelihood of a breach is considered remote).

## Income taxes

Where material deferred tax assets are recognised by historically loss-making entities, disclosures should explain the nature of the evidence supporting their recognition. In addition, any connected significant accounting judgements or sources of estimation uncertainty will also need to be disclosed.

On tax more generally, the FRC expects companies to ensure that tax-related disclosures are consistent throughout the annual report and accounts, and material reconciling items in the effective tax rate reconciliation are adequately explained.

For groups operating in several jurisdictions, effective tax reconciliations may be more meaningful if they aggregate reconciliations prepared using the domestic rate in each individual jurisdiction, with a weighted average tax rate applied to accounting profit.

## Strategic report and other Companies Act 2006 matters

The strategic report needs to articulate the effects of economic and other risks facing companies, including inflation, rising interest rates, supply chain issues and labour relations. Mitigation strategies should be explained, with links, where relevant, to information disclosed elsewhere in the annual report.

Business reviews should discuss significant movements in the balance sheet and cash flow statement, and should not be limited to just an explanation of financial performance in the period.

The FRC has also identified instances of companies not complying with legal requirements around distributions, and companies are reminded of the need to file interim accounts to support distributions in excess of the distributable profits shown in the relevant accounts.

## Revenue

Accounting policies should be provided for all significant performance obligations and should address the timing of revenue recognition, the basis for over-time recognition, and the methodology applied.

Inflationary features in contracts with customers and suppliers and the accounting for such clauses are under increased focus this year.

## Alternative performance measures ('APMs')

APMs should not be presented with more prominence, emphasis or authority than measures stemming directly from the financial statements, and should be reconciled to the relevant financial statements line item.

# FRC's areas of focus (cont.)

## Provisions and contingencies

Companies should give clear and specific descriptions of the nature and uncertainties for material provisions or contingent liabilities, the expected timeframe and the basis for estimating the probable or possible outflow.

Inputs used in measuring provisions should be consistent in the approach to incorporating the effects of inflation, and details of related assumptions should be provided if material.

## Presentation of financial statements and related disclosures

Material accounting policy information should be clearly disclosed, and additional company-specific disclosures should be provided when compliance with IFRS requirements is insufficient to adequately explain transactions.

## Judgements and estimates

Economic uncertainty increases the likelihood of companies needing to make significant judgements when preparing financial statements. The FRC highlights two specific examples – going concern assessments and accounting for inflationary features in contracts – where disclosure is key.

More generally, the FRC highlights the need for disclosures to clearly distinguish between estimates with a significant risk of a material adjustment to the carrying amounts of assets/liabilities within the next year, and other sources of estimation uncertainty.

Significant estimates, and the associated disclosures should be updated at the balance sheet date. Sensitivity disclosures should be meaningful for readers, for example by sensitising the most relevant assumptions, and explaining any changes in assumption since the previous year.

## Impairment of assets

Economic uncertainty may have a significant impact on impairment assessments, and this is an area where queries raised from the FRC could have been avoided by clearer disclosure.

Companies need to explain the sensitivity of recoverable amounts to changes in assumptions, especially where the range of possible outcomes has widened. This should include explanation of the effect of economic assumptions, such as reduction in customer demand and increased cost.

Inflation should be treated consistently in value in use calculations. Nominal cash flows are discounted at a nominal rate, and real cash flows are discounted at a real rate.

Lastly, the FRC stresses the importance of consistency between impairment reviews/disclosures and other disclosures in the annual report.

## Thematic reviews

The FRC released six thematic reviews on corporate reporting last year, and companies are encouraged to consider the guidance in those reviews, where relevant, to enhance their financial reporting. The topics covered are:

- [TCFD disclosures and climate in the financial statements](#)
- [Judgements and estimates](#)
- [IFRS 3 Business Combinations](#)
- [Discount rates](#)
- [Deferred Tax Assets \(IAS 12\)](#)
- [Earnings per Share \(IAS 33\)](#)

## 2022/23 review priorities

The FRC has indicated that its 2022/23 reviews will focus on the extent to which companies' disclosures address risks and uncertainty in the challenging economic environment, including those relating to climate change. Companies need to clearly articulate the impact of these risks on their strategy, business model and viability. In particular, the FRC intends to prioritise reviews of companies operating in the following sectors:

 Travel, hospitality and leisure

 Construction materials

 Retail

 Gas, water and multi-utilities



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Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

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<b>Local Members Interest</b>
N/A

## **Audit and Standards Committee - Tuesday 23 April 2024**

### **Proposed Internal Audit Strategy & Plan 2024/25**

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

I recommend that:

- a. Members review the proposed content and coverage of the Internal Audit Strategy & Plan 2024/25.
- b. To recommend approval of the Internal Audit Plan for 2024/25 to the Director of Finance.

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

### **Report**

#### **Background**

1. The Accounts and Audit (England) Regulations 2015 require specifically that relevant authorities 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'. An effective internal audit is demonstrated through the establishment of a risk- based Internal Audit Plan to determine the priorities of the internal audit activity which are consistent with the Council's main priority outcomes. In developing the risk-based Internal Audit Plan, the Internal Audit Service consults with members of the senior leadership team, wider leadership team and operational managers (as appropriate) during the period January 2024 and February 2024 and is being presented to Members for final endorsement. The proposed Internal Audit Plan is attached at **Appendix 1** and will be supported by a PowerPoint presentation.
2. The Internal Audit Plan has been prepared in line with the Audit Strategy detailed in the report on pages 3 and 4 of Appendix 1. All potential reviews have been allocated a risk score, which has been calculated using the risk model and the specific methodology also outlined in the report at Appendix 1. In general, only the high-level risk areas have been included in the Internal Audit Plan as per the Strategy. As stated within the Audit Strategy referred to above, the

agreement process for this year's plan included detailed discussions with members of the Senior Leadership Team and their Assistant Directors to highlight the proposed Internal Audit work for the year ahead to ensure that it has addressed the significant risks facing the Council and assists in the achievement of the main priority outcomes and the delivery of the Council's Corporate Improvement Programme.

3. Certain elements of the plan must be done regardless of risk score, mainly surrounding the work undertaken to support the requirements of grant allocations. In addition, the Internal Audit Plan includes:
  - a) Continued emphasis on strong financial management and controls;
  - b) Continued focus on key digital projects including the Corporate File Plan, Artificial Intelligence and other service digital enhancements as well as on-going transformational projects including the highways transformation programme.
  - c) Allocations of time to provide valuable insights into key processes operating within Childrens Services to assist the Council in its robust response to its latest Childrens Services Ofsted Inspection as well as continuing to undertake audit work within SEND Services to ensure that the control environment is strong and service objectives are being achieved;
  - d) Several audits which are directly aligned to the 2024/25 Delivery Plan, Corporate Improvement Commissions and pipeline activities which make up the new Corporate Improvement Plan;
  - e) Delivering Good Governance – continued work to give assurance over the Council's prevailing culture and values and decision-making arrangements;
  - f) Continued focus on the Council's procurement and contract management activities including assurance over compliance with the New Procurement Act 2023.
  - g) Attention given to key partnerships including Nexxus Care, Entrust, Infrastructure +, S75 Agreements with the NHS and Midland Engine; and
  - h) Full Programme of ICT audit reviews including a suite of cyber assurance work in year.
  
4. Furthermore, emphasis will continue to be placed on fraud and corruption work, particularly in relation to developing the proactive elements of the plan and our continuous controls monitoring (CCM) programme of work as well as developing further communications in-year to raise awareness of fraud and controls to mitigate the risk of fraud across all business operations including schools. Compliance work within Schools will continue to focus on the key risk areas of governance, income, procurement and payroll controls and will be complimented by a programme of CCM specific to Schools as well as

enhanced communications to schools focusing on fraud awareness and best practice controls.

5. A general level of contingency time has been included, which is comparable with the previous year. It is recognised that the Internal Audit Plan needs to be reviewed continuously and remain sufficiently flexible to ensure that it is focused fully on the Council's principal risks (both current and emerging); hence it may change throughout the year. Any major revisions will be reported to future meetings of the Audit & Standards Committee.
6. In line with the Audit Strategy, the top risk audits/reviews for the County Council have been assessed by Internal Audit as being:
  1. **New Care System** – Initialisation, Procurement & Project Support
  2. **Highways Transformation Programme** including Asset Management & Inspection Services.
  3. **SEND** including Enhanced Access-Plan-Do-Review (EAPDR); SEND Transport; SEND Governance & SEND Ofsted Framework
  4. **Cyber Assurance** – Cyber Security & Assurance; Third Party Access; Server Configuration Management & Privileged Access Management.
  5. **Digital Strategy & Transformation** including the Artificial Intelligence and the Digital Programme Board
  6. **Delivering Good Governance:** Culture, Values & Behaviours Governance Review.
  7. **Corporate File Plan** – Attendance at Project Board and Compliance with Policies.
  8. **Corporate Improvements-** Quality Performance & Improvement Board (QPIB) and Programme.
  9. **Children's & Families New Operating Model and Response to Children's Services Ofsted Inspection** including the Delivery Model; Staffordshire Children's Advice & Support Service (Front Door); Quality Assurance Framework; and Management & Oversight of Case Files.
  10. **Commercial Services (Procurement)** – Compliance with the Procurement Act 2023.
7. CIPFA's Audit Committees – Practical Guidance for Local Authorities 2022 publication includes the following core functions around Internal Audit relevant to the annual plan approval process:
  - a) to ensure that the Internal Audit Plan focuses on the key risks facing the Council and assurance needs and is adequate to support the Head of Internal Audit opinion.
  - b) to confirm that the Internal Audit Plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risk and priorities during the year.
  - c) to ensure effective use of Internal Audit resources.

### **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. of which £250,000 relates to payments to external providers.

### **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).

Appendix 1 – Internal Audit Strategy and Plan 2024/25



## Contact Details

**Assistant Director:** Lisa Andrews, Assistant Director of Internal Audit & Financial Services

**Report Author:** Deborah Harris  
**Job Title:** Chief Internal Auditor

**Telephone No.:** 01785 276406

**E-Mail Address:** [deborah.harris@staffordshire.gov.uk](mailto:deborah.harris@staffordshire.gov.uk)



# Internal Audit Strategy & Plan

2024/25





**Deborah Harris**  
Chief Internal Auditor  
01785 276406  
[deborah.harris@Staffordshire.gov.uk](mailto:deborah.harris@Staffordshire.gov.uk)

**Sue Bluck**  
Audit Manager  
01785 276401  
[susan.bluck@Staffordshire.gov.uk](mailto:susan.bluck@Staffordshire.gov.uk)

**Dave Fletcher**  
Audit Manager – Counter Fraud  
01785 27895408  
[david.fletcher@Staffordshire.gov.uk](mailto:david.fletcher@Staffordshire.gov.uk)

**Alex Cannon**  
Audit Manager – ICT  
01785 27895334  
[alex.cannon@staffordshire.gov.uk](mailto:alex.cannon@staffordshire.gov.uk)

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## Introduction

1. This report summarises the proposed work of Internal Audit for 2024/25. This has been developed in line with the Internal Audit Charter. The aim is to give an overview of areas to be covered during the year and to provide an opportunity to comment on the proposed coverage.
2. The audit plan has been developed to allow sufficient flexibility to respond to change which will happen during the year. Whilst every effort is made to deliver the plan as shown there will always be the need to respond to emerging risks and changing circumstances. The plan is therefore a statement of intent – our liaison meetings with senior management will ensure that it is reviewed regularly.
3. Internal Audit is a statutory service required by the Accounts and Audit Regulations 2015. It is also a key source of independent assurance for management, designed to add value and improve how the Council operates. The results of our work feed into the Council's Annual Governance Statement.
4. The work is performed in conformance with the UK Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN). These require that the scope of Internal Audit covers the whole range of the Council's activities, seeking to provide an annual internal audit opinion on the governance, risk and internal control environment of the County Council, which has been established to:
  - Achieve strategic objectives.
  - Ensure effective and efficient operational systems and programmes.
  - Safeguard assets and interests of all kinds.
  - Ensure the reliability and integrity of financial and operational information.
  - Ensure economic, efficient and effective use of resources.
  - Ensure compliance with established policies, procedures, laws, regulations and contracts.

## Our Internal Audit Strategy

5. Our Internal Audit Strategy has been developed to take into account management's assessment of risk and key organisational objectives and priorities. This is obtained from the contents of the Corporate Risk Registers, our key critical services including IT systems, External Audit considerations, other internal assurance providers

(i.e. Health & Safety and Information Governance Officers) and conversations with Senior Management to discuss potential changes/ areas of concern, including consideration of fraud risks within their area of control.

6. Also, we use our own risk assessment against each activity assessing their materiality, sensitivity, significance and stability – ranking each area as high, medium or low risk. This allows each possible area to be prioritised based on risk, which then determines whether or not it will be included in the audit plan. A copy of the full risk assessment methodology is included in **Appendix A**.
7. The plan has been constructed to ensure that it delivers against the PSIAS and the requirement to produce an annual Head of Internal Audit opinion.
8. The annual risk-based plan is produced based on the following key principles:
  - Assurance reviews with a high risk (i.e. >60%) ranking should be completed subject to variation as agreed with the Director of Finance (& Section 151 Officer).
  - Identification of 'Top Risk' Reviews.
  - Key Financial systems – reviewed on a cyclical basis.

- A risk-based Schools' audit strategy is completed each year which informs our Schools' Compliance Programme for the year ahead.
- An initial allocation of days to conduct Special Investigations – variable year on year.
- An initial contingency allocation – variable year on year.
- Time to undertake pro-active counter fraud work.
- Risk based programme of other compliance reviews.

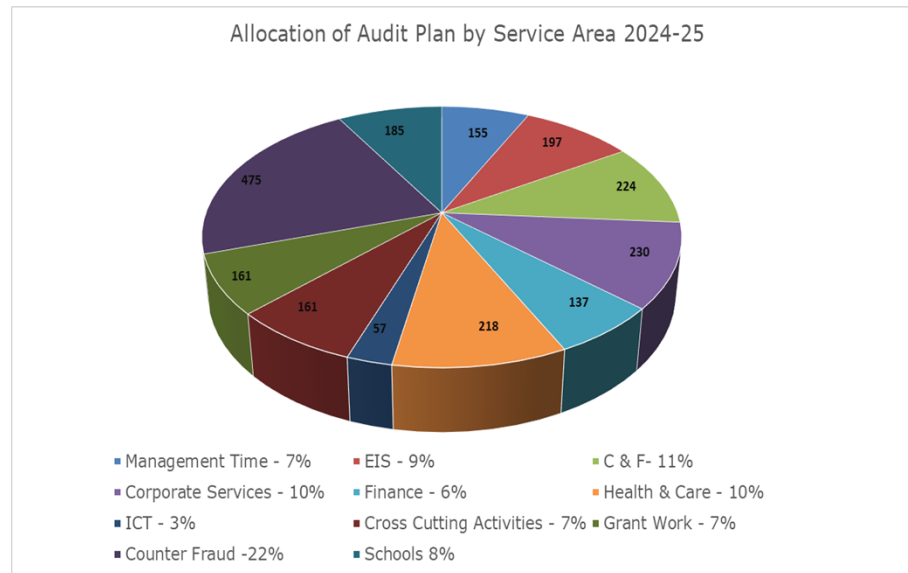
9. We will work to co-ordinate our work on the key risk areas with the Council's External Auditors during 2024/25 through having a joint understanding which agrees where External Audit may consider the results of our work. This ensures that the Council gets the most out of its combined audit resource – keeping audit fees low.

### **Draft Internal Audit Plan 2024/25**

10. We propose to allocate resources across each Service Area as shown in figure 1 with further details in **Appendices B, C and D**.

11. Top risks facing Councils continue to include pressures on finances and resource resilience; changes in demand and demography; and stresses on workplace culture post-pandemic as well as global issues including climate change and cyber security linked to the continuing Ukrainian Crisis.

**Figure 1 – Analysis of Audit Plan 2024/25**



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12. The top risk audits/reviews for the County Council have been assessed as being the following areas in 2024/25:

1. **New Care System** – Initialisation, Procurement & Project Support
2. **Highways Transformation Programme** including Asset Management & Inspection Services.
3. **SEND** including Enhanced Access-Plan-Do-Review (EAPDR); SEND Transport; SEND Governance & SEND Ofsted Framework
4. **Cyber Assurance** – Cyber Security & Assurance; Third Party Access; Server Configuration Management & Privileged Access Management.
5. **Digital Strategy & Transformation** including the Artificial Intelligence and the Digital Programme Board
6. **Delivering Good Governance:** Culture, Values & Behaviours Governance Review.
7. **Corporate File Plan** – Attendance at Project Board and Compliance with Policies.
8. **Corporate Improvements-** Quality Performance & Improvement Board (QPIB) and Programme.
9. **Children’s & Families New Operating Model and Response to Children’s Services Ofsted Inspection** including the Delivery Model; Staffordshire Children’s Advice & Support Service (Front Door); Quality Assurance Framework; and Management & Oversight of Case Files.
10. **Commercial Services (Procurement)** – Compliance with the Procurement Act 2023.

13. The full report for these areas will be presented to Audit & Standards Committee Members once the report has been finalised.

**Draft Counter Fraud Audit Plan 2024/25**

14. We propose to allocate resources to our counter fraud work as per the details in **Appendix C**. This provides a

robust response to Central Government’s expectations for tackling fraud and corruption. This demonstrates the Council’s continued commitment to ensuring good governance during periods of transformational change as well as changes to service delivery.

**Resources**

15. The total resource requirement for Staffordshire County Council in 2024/25 is 2,200 days. There is an increase in 80 days when compared to 2023/24 which is due to the level of internal resources available to the Service in 2024/25.

16. The Section also provides and receives income for the delivery of the internal audit service/management, for the following External Clients (630 days):

- South Staffordshire Council;
- Newcastle-Under-Lyme Borough Council;
- Staffordshire Pensions Fund; and
- Comfort funds.

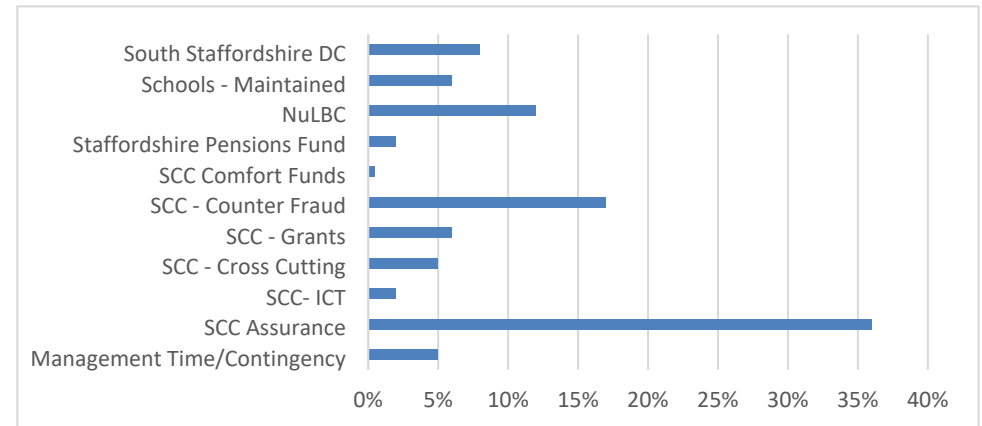
17. The income generated from this arrangement is circa £230,000 p.a.

18. The delivery model for the Internal Audit Service is mixed – a combination of in-house staff and external

staff via a Framework Contract. This allows the section to be flexible and respond to peaks and troughs in demand and to buy in specialist resources as required. The Council will continue to use other existing frameworks to procure specialist resources which are available to us during 2024/25.

19. There are sufficient resources available to deliver the audit plans as detailed in **Appendices B, C and D**. This helps to ensure that the Council meets the requirements of the Accounts and Audit Regulations 2015 for maintaining an adequate and effective internal audit function and governance, risk and internal control environment.

**Figure 2 –Allocation of Resources by Client**





## Performance & Quality Assurance Framework

20. Internal Audit within Staffordshire County Council operates in conformance with standards of best practice applicable to internal audit – the UK Public Sector Internal Audit Standards and the CIPFA Local Government Application Note. The Internal Audit team offer a wide depth of knowledge and experience gained across different organisations. We promote excellence and quality through our audit processes, application of the Quality Assurance Framework (**Appendix E**) and the training and development programme for staff.

21. The Quality Assurance Framework includes all aspects of the Internal Audit Activity – including governance, professional practice and communication.

22. The Internal Audit Charter sets out the role, responsibilities and authority of the Internal Audit Service within the County Council. This was initially approved in June 2014 and any amendments to its contents are endorsed by the Audit & Standards Committee annually.

23. Internal Audit remains sufficiently independent of the activities that it audits to enable auditors to perform their duties in such a way that allows them to make impartial and effective professional judgements and recommendations.

24. The Section uses several ways to monitor performance, respond to feedback and identify ways in which to improve the service provided. Evidence of the quality of our audits is gained through feedback from auditees and the results of supervision and quality assurance undertaken as part of our audit process.

25. The current performance measures are set out below in Figure 3 for information

**Figure 3 – Current Performance Measures**

Performance Indicator	Target
Reports issued to draft report stage: <ul style="list-style-type: none"> <li>Assurance Reports</li> <li>Compliance Reports</li> </ul>	90% 90%
Average score for Quality Questionnaires from clients is equal to or exceeds the good standard: <ul style="list-style-type: none"> <li>Assurance Reports</li> <li>Compliance Reports</li> </ul>	90% 90%

### **Service Plan Priorities/Challenges 2024/25**

- To support the Council throughout the year in providing valuable insights into key processes operating within Children's Services and SEND Services to ensure that service improvements are operating as intended following revisions to processes and policy.
- To assist the Council with the delivery of its strategic priorities by carrying out high quality audit reviews and project support work which are aligned to the new Corporate Improvement Programme 2024/25.
- To continue to contribute to the development of the digital transformation strategy across the Council. In addition, to explore the possibilities of using Robotic Process Automation and Artificial Intelligence within our Internal Audit Service to create efficiencies as well as to use data to further drive greater assurance and insights.
- To effectively apply and implement the new Global Internal Audit Standards by 9<sup>th</sup> January 2025, once further guidance has been published by CIPFA.
- Following our successful bid to provide IA services to Newcastle Under Lyme Borough Council, to effectively embed the new contract, providing a high-quality audit service which gives management real time assurance on things that matter to them.
- To ensure that the Internal Audit Service continues to enhance and develop its operations to maintain its status within the Council and with its external clients as a competent, professional and respected Service which embraces agility, delivers insights and anticipates emerging risks.
- To secure and retain at the right levels and time, the required qualified, skilled and experienced audit resources (both in-house and contractor staff) to effectively deliver our Internal Audit Plans for the County Council and our external clients.
- To foster a co-operative and professional working relationship with the Council's External Auditor KPMG to minimise duplication of effort and to share information effectively.
- To successfully procure and implement a new integrated Audit Management system into our IA service's day to day operations to maximise audit efficiency.
- To continue to keep under review the control environment for the County's maintained Schools via our planned schools compliance visits; continuous controls monitoring (CCM) programme and targeted communications to continue to raise awareness of

fraud risks and mitigating controls along with best practice covering key school governance and financial administrative processes.

## Appendix A – Planning Risk Assessment Methodology

### 1. **Materiality X 2**

- a) *Financial value (income/expenditure), materiality, size of budget*  
Score between 1 (up to £100,000) 2 (up to £250,000) 3 (up to £1m)  
4 (up to £5m) and 5 (above £5m)
- b) *No of transactions*  
Score between 1 (a small number of transactions per year) and 5  
(significant numbers of daily transactions)

### 2. **Impact/Sensitivity X2**

- a) *Links to Strategic Plan 2022-2026/Political sensitivity*  
1=No links to Strategic Plan/ and/or no political sensitivity  
2 =No links to Strategic Plan / and/or minimal political sensitivity  
3=Indirect links with Strategic Plan/ and/or low level of political sensitivity  
4=Direct links with Strategic Plan/ and/or medium level of political sensitiv  
5=Direct links with Strategic Plan/ and/or high level of political sensitivity
- b) *Non-financial impact e.g. reputation*  
1= Managed /reported to Business Unit -Local Media (short term duration)  
2= Managed /reported to Heads of Service. Local media (Medium/Long Term  
duration)  
3= Managed /reported to Senior Leadership Team and Members Regional  
media (short term)  
4= Managed /reported to Members and Cabinet Regional/National media  
(Medium/ Long Term duration)  
5= Third Party intervention Public Interest Group, National/International  
media(Medium/Long Term duration)
- c) *Contained in the Corporate Risk Register*  
1 = No  
5 = Yes
- d) *Key Partnership* - This considers how important the partnership is to the  
achievement  
of the Council's Outcomes. Failure to deliver the objectives of the partnership  
poses a significant risk to the Organisation.  
1 = No  
5 = Yes

### 3. **Audit View - Previous Assurance Category**

- 1.=Substantial Assurance  
2 = Adequate Assurance  
3 = No Opinion has previously been given  
4 = Consultancy – system under development  
5 = Limited Assurance

### 4. **Time since previous audit**

- 1=Audit carried out last year  
2=Audit carried out 2 years ago  
3 =Audit carried out 3 years ago  
4 =Audit carried out 4 years ago  
5 =Audit carried out 5 years ago or more or where there has been no previous  
audit coverage

### 5. **Linkage to Risk Management - Controls Assurance**

- 1 = External Assessment reports available – positive assurance provided  
2.= Internal Controls assurance statement available – positive assurance  
provided.  
3.= Internal Controls assurance statement available – significant risks  
identified.  
4.= External Assessment reports available – control weaknesses identified  
5.= Nothing available

### 6. **Fraud**

- a) *Past experience or occurrence of fraud/irregularity*  
Score between 1 (no knowledge/experience of fraudulent  
activity/irregularity) and 5 (repeated occurrence of fraud/irregularity or  
experience of fraud/irregularity with significant financial value)
- b) *Inherent risk of fraud within the system.*  
Score between 1 (little known scope for intentional manipulation) and 5  
(significant scope for intentional manipulation.)

### 7. **Stability of the System**

- 1.= Stable system, nothing has changed.  
2.= Stable system, changes proposed in year/ short term  
3.= New System in operation  
4.= System under development – limited to a specific service area  
5.= System under development – complex area affecting the whole of the  
County Council.

**Appendix B – Draft Internal Audit Plan 2024/25**

Area	No of Days	Indicative Scope
<b>Children &amp; Families – Neelam Bhardwaja</b>		
SEND - Enhanced Access-Plan-Do-Review (EAPDR) Pathway	25	<p>In September 2023, the SEND Accelerated Progress Plan; Enhanced Access-Plan-Do-Review (EAPDR) Pathway, Strategy for Special Provision and the Staffordshire Children and Young People's Framework was presented to Cabinet. The new approach focuses on supporting mainstream schools to effectively help children who may have SEND and putting appropriate support in place earlier.</p> <p>Two pieces of IA work are required in 2024/25:-</p> <p>(i) Management have requested audit time 2024/25 to undertake a review of the EAPDR pathway early in the implementation process (Q1), to include governance arrangements, infrastructure to support delivery including establishment of the Framework, management of demand, and progress/delivery to date, to include activity to address remaining actions from the 2022 SEND Ofsted report. (10 days)</p> <p>(ii) Management have requested audit time in 4 2024/25 to provide assurance that the EAPDR pathway has embedded and delivering as anticipated, this review will include impact of the new ways of working, including the new Staffordshire Enhanced District Support Team (SEDIS) (15 days)</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (CH2).</p>
SEND - Transport	15	<p>A review of the SEND Transport Policy was undertaken to consider alternative options for the provision of SEND Transport going forward. The revised SEND Transport Policy was launched in Autumn 2023.</p> <p>Audit time has been requested in Q3 2024/25 to provide assurance that revised processes and practice to support the implementation of the revised policy have been fully embedded, are operating effectively and delivering anticipated outcomes.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (CH3).</p>

Area	No of Days	Indicative Scope
Children & Families Delivery Model	15	<p>Children &amp; Families Systems Transformation is a whole system approach underpinned by a Restorative Practice Model which aims to ensure children with social care needs remain with or return to their family or extended family network where it is safe to do so. The new operating model became operational in October 2021. A review of the new operating model was undertaken by the senior management in 2022 and further revisions were identified. Additional funding of £5.75m per annual was allocated as part of the MTFS from 2023/24 onwards to facilitate changes to the current structure and workflows within areas across the Children and Families Directorate.</p> <p>Management has requested audit time in the second half of 2024/25 to review the embeddedness, impact and effectiveness of the central and district model.</p> <p>*scope may be refined in-year following agreement of the Ofsted Improvement plan to ensure IA adds value to this area.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (CH1) and the Corporate Improvement programme.</p>
SEND Governance	10	<p>Management have requested audit time in 2024/25 to review governance and operation of the County Decision Making Group for SEND provisions. To include process for decision making, delegation, data and MI to inform decision making process, capacity &amp; workload - speed of decisions, recording &amp; capture of decisions &amp; rationale, outcomes, actions and follow up.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (CH2)</p>
SEND - Ofsted Self Assessment	10	<p>Management have requested audit time in Q1 2024/25 to review and provide independent assurance of completion of self assessment against the Ofsted Framework for SEND. To include progress and actions undertaken to address two actions remaining from Ofsted inspection report October 2022.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (CH2)</p>

Area	No of Days	Indicative Scope
Sufficiency Strategy	10	<p>In 2022/23, a Sufficiency Strategy and Delivery Plan were developed to ensure delivery against one of the corporate priority to develop sufficient provision in Staffordshire, so that where possible children in our care have access to local places to stay that are affordable.</p> <p>Management have requested audit time in 2024/25 to provide assurance in relation to the governance in place to ensure implementation of the Sufficiency Strategy and progress against actions within the supporting delivery plan.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (CH1).</p>
ePEP Application Review	10	<p>Electronic Personal Education Plan (ePEP) is a cloud-based system the manages the Council's statutory requirement for maintain an education plan for all children in its care. The system holds highly confidential and sensitive data on the education of children in care and is not only accessed by the Council (the Virtual School), but by a host of external agencies such as schools, social workers and carers.</p> <p>This audit will provide an evaluation of not only the security of the system but also contract provisions, resilience against loss of data and operating continuity as well as compliance with the Data Protection Act.</p>
Futures Matter - Youth Offending Service (YOS)	10	<p>HM Inspectorate of Probation (HMIP) completed an inspection of youth offending services in Staffordshire and subsequently published its report in December 2023. The report outlined a number of areas for improvement, resulting in an overall rating of Requires Improvement.</p> <p>Management have requested audit time in 2024/25 to provide assurance that progress has been made to deliver the improvement plan, to address the areas identified in the report, is and that appropriate management and oversight arrangements are in place.</p>

Area	No of Days	Indicative Scope
Staffordshire Children's Advice & Support Service (Front Door)	12	<p>The front door process is provided via the Staffordshire Children's Advice and Support (SCAS). All contacts and referrals are received and triaged by the SCAS team, which consists of experienced consultant social workers (CSWs) to allow restorative conversations to occur at a much earlier stage in the process, reducing both the amount of paper referrals received and the number of assessment requests to the social services teams.</p> <p>The recent Ofsted report published in January 2024, identified areas for improvement relating to the quality and effectiveness of management oversight of contacts, referrals and assessments completed via the front door.</p> <p>Audit time is required in 2024/25 to review key controls and processes for the front door arrangements, including management oversight of cases and activities, to ensure they are working effectively and areas for improvement identified as part of the Ofsted inspection are addressed adequately.</p> <p>*scope may be refined in-year following agreement of the Ofsted Improvement plan to ensure IA adds value to this area.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (CH1) and the Corporate Improvement programme.</p>
Early Years Entitlement Extension	10	<p>Entitlement to early years support is being extended from 2024, to include children. of eligible working parents, from nine months to two years. In addition to the current provision of 15 hours for disadvantaged two year olds, and up to 30 hours for three and four year olds (15hrs for all plus 15hrs for eligible working parents), in 2024 the Local Authority will be required to fund childcare providers to deliver 15 hours of entitlement for two year olds with eligible working parents from 1st April 2024, and 9 month olds from 1st September 2024.</p> <p>Management have requested audit time in Q4 to review provision of Early Years support, subsequent to the extension of eligibility, to include actions undertaken to support market development and demand management to provided assurance that statutory requirements are continuing to be met.</p>
Futures Matter - Child Exploitation	10	<p>Management have requested audit time in 2024/25 to provide assurance that key controls and processes for the prevention of child exploitation are operating effectively, including actions of the Child Exploitation Team and MACE (Multi Agency Child Exploitation).</p>



Area	No of Days	Indicative Scope
Futures Matter – Front Door LADO Service	5	<p>A Staffordshire LADO is specifically involved in cases where there is a concern or allegation that someone working or volunteering with children:</p> <ul style="list-style-type: none"> <li>- Has or may have harmed a child.</li> <li>- May have committed a criminal offence related to a child.</li> <li>- Has behaved towards a child or children in a way that indicates they may pose a risk of harm to children. (5 days)</li> </ul> <p>A recent Ofsted inspection report (published January 2024) identified areas for improvement within the LADO service.</p> <p>Management have requested audit time in 2024/25 to review the arrangements in place to ensure that key objectives of the LADO service are achieved, including workload management and resourcing, and reporting to provide oversight of activities to senior management.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council’s priority activities (CH1) and the Corporate Improvement programme.</p>
Children in Our Care - Joint Funding & Complex Needs	12	<p>Internal Audit time has been requested in 2024/25 to review processes in place for the capture of health needs in Children in Care Plans and joint funding arrangements with partners, such as the NHS, in accordance with CIC Policy.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council’s priority activities (CH1).</p>
Educational Welfare	10	<p>Internal Audit time is required in 2024/25 to provide assurance that processes for the management and operation of the Educational Welfare service are operating effectively to ensure the on-going support for children/young people and parents, in order to minimise potential disruption to a child/young persons education.</p>
Quality Assurance Framework	15	<p>Management have requested a review in 2024/25 to provide assurance that the Quality Assurance Framework has been embedded in full and is applied across the directorate, to include impact on services and completion of Practice Audits.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council’s priority activities (CH1) and the Corporate Improvement programme.</p>

Area	No of Days	Indicative Scope
Management and Oversight of Case Files	15	<p>In November 2023, a full inspection by Ofsted for Children &amp; Families was completed. The subsequent report, published in January 2024, highlighted areas for improvement relating to management oversight and supervision.</p> <p>As a result, Internal Audit time is required in 2024/25 to review arrangements for the management and oversight of case files, to ensure that areas identified within the Ofsted report have been addressed effectively. This will include review of a sample of supervision records and outcomes.</p> <p>*scope may be refined in-year following agreement of the Ofsted Improvement plan to ensure IA adds value to this area.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (CH1) and the Corporate Improvement programme 2024/25.</p>
Use of Adoption Agency - Together 4 Children	10	<p>Together4Children is a regional adoption agency for four neighbouring councils. The service is a partnership between Staffordshire County Council; Shropshire Council; Stoke-on-Trent City Council and Telford &amp; Wrekin Council.</p> <p>Management have request time in 2024/25 to provide assurance that T4C is being utilised effectively and is delivering anticipated outcomes for Staffordshire County Council.</p> <p>**nb this work is in addition to the work outlined within the Partnership Audit Protocol, which for 2024/25 will be a review of Performance Management arrangements in place for the partnership to be undertaken by Shropshire County Council in Q1 2024/25.</p>
Section 17 Transactions	10	<p>Internal Audit time is required in 2024/25 to review transactions to verify use of Section 17 funding, including verification of expenditure and identification of purchasing routes utilised.</p> <p>**See also the Counter fraud plan 2024/25 for data analytical work in this area which will inform the audit testing undertaken</p>
Children & Families - Multi Agency Safeguarding Hub (MASH)	10	<p>Management have requested internal audit time to provide assurance that the Multi Agency Safeguarding Hub (MASH) working arrangements are operating effectively, including links to other agencies.</p> <p>Scope of work to include data sharing arrangements and systems in place to process data.</p>

Area	No of Days	Indicative Scope
School Enquiries and Programme Development 2024/25	10	Time allocated for maintaining and managing schools compliance audit programme and dealing with ad-hoc queries from Schools in year
<b>Sub- Total No. of Days</b>	<b>234</b>	
<b>Schools &amp; Other Educational Establishment Compliance</b>		
Primary/Middle/Special/High Schools & Pupil Referral Units Compliance Audits 2024/25	175	<p>A sample of 25 Compliance visits will be undertaken assessing compliance with approved policies and procedures including Financial Regulations and Procurement Regulations for key risk areas.</p> <p>Areas include governance, budgetary and financial controls, procurement activity and payroll</p>
<b>Sub- Total No. of Days</b>	<b>175</b>	
<b>Total No. of Days</b>	<b>409</b>	
<b>Economy, Infrastructure &amp; Skills – Darryl Eyers</b>		
Highways Transformation Programme - Project Support	15	<p>The Highways Transformation Programme commenced in 2021/22 to review and reconsider the current and future arrangements for delivery of the Council highways services. The programme has three key elements:</p> <ol style="list-style-type: none"> <li>1) Future Highways Delivery Model;</li> <li>2) Transforming the current offer in preparation for the future; and</li> <li>3) Highways Investment Strategy.</li> </ol> <p>The timeframe for delivery of the transformation is October 2024 and audit time has been requested in 2024/25 to continue to provide support to the Highways Transformation Programme as required, including attendance at the Programme Board.</p> <p>Work to be determined and agreed via liaison with Senior Management and the Change team.</p> <p>This work directly supports the supports the 2024/25 Delivery Plan and the Council’s priority activities (RT1) and Corporate Improvement Programme for 2024/25.</p>

Area	No of Days	Indicative Scope
Asset Management & Inspection Services (including the Highways Insurance Claim Process)	15	<p>As part of the wider Highways Transformation Programme the Asset Management and Inspection Service transferred back in house from Amey from the end of March 2022.</p> <p>Senior management have requested audit time in 2024/25 to provide assurance that the services are embedded and are operating effectively. The audit review will consider the end to end process in place, including the administration of insurance claims made against the Council.</p> <p>This work directly supports the supports the 2024/25 Delivery Plan and the Council's priority activities (RT1).</p>
Infrastructure + Contract - Verification of Maintenance Works	15	<p>In 2024/25, to provide on-going assurance over the Infrastructure+ Contract focusing on the verification of a sample of maintenance works expenditure incurred during 2024/25, specifically to ensure:</p> <ul style="list-style-type: none"> <li>(i) Expenditure is supported by appropriate supporting documentation.</li> <li>(ii) Payments are made for works which are actually completed and completed to the required specification.</li> </ul> <p>This work directly supports the supports the 2024/25 Delivery Plan and the Council's priority activities (RT1).</p>
Staffordshire Jobs & Careers Service	20	<p>The Staffordshire Jobs &amp; Careers Brokerage Service launched in October 2022 to provide advice and support to both businesses and people looking for employment opportunities, matching vacancies with candidates looking for jobs in certain sectors and with appropriate skills.</p> <p>In addition, to providing support and advice across the County, the Service is also providing recruitment services for the West Midlands Freight Interchange which is the largest rail-served logistics development in the UK and is expected to generate 8,500 new jobs over the next 10 years. Delivery of this, is to be facilitated by the Staffordshire Job &amp; Career Service via a 15 year arrangement, specified within an Employment, Skills and Training Plan Framework, which has been agreed between Four Ashes Limited, South Staffordshire District Council and Staffordshire County Council.</p> <p>Management has requested internal audit time in 2024/25 to review the operation and delivery of the Staffordshire Job &amp; Careers Service, to include governance and programme management, specifically relating to the West Midlands Freight Interchange programme. (15 days).</p> <p>Time may also be required in 2024/25 to provide advice and support in to the Employment Fund Steering Group, as required by the West Midlands Freight Interchange Employment Framework. (5 days)</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (EC2).</p>

Area	No of Days	Indicative Scope
A50 Corridor Development Programme	10	<p>The A50 corridor is one of the most important locations for economic activity within the county and is vital in connecting residents to jobs. A programme of investment in the A50 corridor is in development to support achievement of key priorities outlined in the Economic Strategy 2023 - 2030.</p> <p>Management have requested audit time in 2024/25 to provide assurance in relation to the Governance and Financial arrangements for the proposed development programme.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (EC2).</p>
Countryside Estate - Project Support	12	<p>£18m has been allocated to support redevelopment of the Council's Countryside Estate. The programme of works to be undertaken includes three projects, to commence within 2024 to mid 2025. The three projects are;</p> <p>Phase 1 - Chasewater Innovation Centre Redevelopment (£7m)            Phase 2 - Improvements to The Staffordshire Way (£1m)            Phase 2 - Construction of the new Cannock Chase Visitors Centre (£10m)</p> <p>Planning for Phase 1 of the programme has commenced and a feasibility study has been undertaken.</p> <p>Two pieces of Advisory work have been requested for inclusion in the audit plan for 2024/25</p> <p>I) A feasibility study has been undertaken to support the redevelopment of the Chasewater Innovation Centre to increase facilities and improve on the current visitor offer. Audit time has been requested in Q1/Q2 to provide independent assurance in relation to the feasibility study outcomes, and to provide support and advice as the project progresses, as required, including project management arrangements (10 days)</p> <p>ii) Management have requested audit time in 2024/25 to provide support and advice as required, during planning and preparation for the commencement of the Phase 2 projects. (2 days)</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (CC3).</p>

Area	No of Days	Indicative Scope
Countryside Estate - Country Parks	10	<p>Audit time required in 2024/25 to provide assurance that procedures for the management and operation of Country Parks in Staffordshire are operating effectively.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (CC3).</p>
We are Staffordshire - Economic Growth	20	<p>Staffordshire County Council have a number of schemes in place to support and develop the economy across the County, these schemes are financed via a number of income streams. The District and Borough Councils across Staffordshire have received core UK Shared Prosperity Fund (UKSPF) allocations totalling £29,220,431 for the period 2022/23 to 2024/25, to improve prosperity across the County. Seven of the eight District &amp; Borough Councils have allocated UKSPF with a total value of £1,503,340 to support a selection of these schemes within 2023/24 and 2024/25.</p> <p>1) Late Q1/Early Q2 - Management have requested audit time to review the governance and reporting arrangements in place for the programme. (5 days)</p> <p>2) Q4 - Audit time has been requested to provide assurance that key controls and processes for governance of the programme of schemes, delivery and financial management are operating effectively. (15 days).</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (EC3).</p>
Green Solutions	12	<p>Green Solutions in affiliation with the Business Energy Advice Service is a programme that offers support to businesses in Staffordshire to take action to reduce greenhouse gas emissions. The programme includes the provision of free energy audits for businesses and, support and advice to improve energy use and be greener. In addition to funding offered by Staffordshire County Council, additional funding of £4.3m was received from the West Midlands Combined Authority in 2023/24 to invest in expanding the existing offer. Shared Prosperity Funding has also been received from four Districts and Boroughs to extend the offer in their areas, totally £663,000 in 2023/24.</p> <p>Internal Audit time is required in 2024/25 to review management and delivery of the Green Solutions programme, including utilisation of third party funding.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (CC1).</p>

Area	No of Days	Indicative Scope
Local Enterprise Partnership	8	<p>The Stoke on Trent &amp; Staffordshire Local Enterprise Partnership (SSLEP) is being terminated on 31st March 2024. Residual schemes and funding are to be transferred and administered directly by Staffordshire County Council, as the previous Accountable Body for the SSLEP.</p> <p>Audit time is required in 2024/25 to provide assurance that the closure and transfer of the SSLEP operations to the County Council, have been completed appropriately and are being managed effectively, including a review of the new Governance and decision making arrangements.</p>
Town Centre & High Street Regeneration	15	<p>Regeneration programmes are in place for town centres and high streets across the County. The Council works with District and Borough Council partners in developing plans for how SCC can support these programmes, as and when appropriate.</p> <p>Management have requested audit time in 2024/25 to provide assurance that governance and decision making arrangements for the identification and monitoring of projects and programmes, which impact on County Council assets and/or are in receipt of financial investment from the Council. This work will provide assurance that impacts are managed effectively and benefits from investments realised, via effective delivery of the projects/programmes.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (EC1).</p>
Waste Management - Arrangements for Incineration of Waste	5	<p>Options for future arrangements for the incineration of waste, subsequent to the end of the current arrangement with Stoke on Trent City Council, are currently under consideration, with a decision to be made spring/summer 2024.</p> <p>Management have requested audit time in 2024/25 to provide advice and support with the project subsequent to the decision, scope of work to be determined and agreed with the Assistant Director - Connected and Sustainable County, dependent on the option to be taken forward.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (CC2).</p>

Area	No of Days	Indicative Scope
Coroners - Joint Service	10	<p>Coroners' services for the North and South of the County merged to form a joint service from October 2023. The joint service budget for 2023/24 was £2.169m, with Staffordshire County Council's (SCC) contribution totalling £1.401m.</p> <p>Back office functions for the joint service are hosted and administered by Stoke on Trent City Council (SOTCC), previously hosted by SCC for the South of the County. As part of the new arrangements, records are to be retained within the IT system currently in use by SOTCC and as such all records relating to cases in the South of the County are currently being migrated to this system. A Legal Framework and Financial Protocol for the joint Coroners service has been developed and agreed by both SCC and SOTCC.</p> <p>Management have requested audit time in Q2 2024/25 to provide assurance that the joint services is being delivered in accordance with the Legal Framework and Financial Protocol in place. Our work will include a review of the governance and management arrangements, policies and procedures, contracting and procurements and IT migration/data integrity. Agreement to the review to be obtained from Stoke City Council.</p>
Flood Risk Management	10	Senior management have requested time in 2024/25 to provide assurance that Flood Risk Management is operating effectively to ensure delivery of the Local Flood Risk Management Strategy.
Development Control - Planning Applications and Regulations	10	<p>The highways development control team carries out duties on planning applications that have an impact on transport, responding to planning application consultations from the County, District and Borough Councils. The team also have input into local plan reviews, development and design briefs.</p> <p>Management have requested audit time in 2024/25 to provide assurance that key controls and processes are in place and operating effectively to ensure that highways impacts and requirements are appropriately considered and reflected in development planning.</p>
County Farms	10	Audit time requested in 2024/25 to provide assurance that key controls and processes for the management and operation of the County Farm portfolio are operating effectively.
<b>Total No. of Days</b>	<b>197</b>	



Area	No of Days	Indicative Scope
<b>Corporate Services – John Tradewell</b>		
Artificial Intelligence (AI)	15	<p>As part of the Council’s Digital Innovation, revised Digital Strategy and Corporate Improvement Plan, the use of Artificial Intelligence (AI) is being piloted in a number of areas.</p> <p>Artificial Intelligence has the potential to provide the Council with numerous opportunities, but this also comes with challenges that need careful consideration and control.</p> <p>Internal Audit will review the Council’s approach and management of AI related risks, as well as an assessment of the controls and governance for AI solutions already in place.</p> <p>Finally, we will provide advisory support to the Digital Team for the roll out of new AI pilots in the Council, such as Microsoft Co-pilot.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council’s priority activities (DT1) and the Corporate Improvement programme 2024/25.</p>
Digital Programme Board	3	<p>Digital Programme Board Continued Attendance at the Digital Programme Board to provide Audit input where necessary but also to become aware of new digital initiatives that might require further Internal Audit Input.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council’s priority activities (DT1) and the Corporate Improvement programme 2024/25.</p>
Corporate File Plan - Attendance at Project Board	10	<p>Council data held on shared filing will be migrated to the Council's M365 SharePoint Environment. It is important that the SharePoint Corporate File Plan is implemented with sufficient controls from Go-live to prevent poor practices from becoming embedded.</p> <p>The ICT Audit Manager has been significantly involved in this project since 2022 and will continue to provide advice and guidance where needed on this critical project during 2024/25 which will include attendance at the Project Board and sampling of service areas migrating to the new Corporate File Plan to ensure processes are being followed.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council’s priority activities (DT1) and the Corporate Improvement programme 2024/25.</p>

Area	No of Days	Indicative Scope
Corporate File Plan - Compliance with Policies	10	<p>A review will also be carried out the current use of the Corporate File Plan by service areas that have already migrated, to assess whether it is being used in compliance with new policies to prevent a move back to old working practices.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (DT1) and the Corporate Improvement programme 2024/25.</p>
Commercial Services (Procurement)	15	<p>In 2024/25, to provide assurance that the Council is complying with the requirements of the Procurement Act 2023 and the Council's Procurement Regulations.</p> <p>In addition, to provide assurance that Social Value and sustainability is embedded in Council contracts and procurement practices including:</p> <ul style="list-style-type: none"> <li>• Governance framework for social value and sustainability in procurement;</li> <li>• Roles, Responsibilities and Resources for Social Value and Sustainability in procurement;</li> <li>• Social Value &amp; Sustainability Measurement and Monitoring including IT systems to capture social value &amp; Sustainability;</li> <li>• Contract Management arrangements to deliver Social Value and Sustainability;</li> </ul>
New Procurement Act 2023	5	<p>In addition to the above, to provide internal audit advice and guidance on revised processes following the enactment of the New Procurement Act 2023 which comes into force in October 2024.</p>
End to End We Recruitment Process - Core	6	<p>On 31st January 2024, the Council launched a new digital ID checking process that enables hiring managers to verify candidates identity including right to work via a Government Approved Scheme. App based technology provided by Trust ID is used, a certified Identity Service Provider (IDSP).</p> <p>During 2024/25, Internal Audit will review a sample of new starters to ensure that their right to work and DBS checks have been carried out in accordance with the guidance. Assurance will also be provided that there has been no disruption to the on-boarding process.</p>

Area	No of Days	Indicative Scope
<p>Agency Staffing contracts including appointment and payment of consultants and other self employed individuals</p>	<p>10</p>	<p>The current Comensura Contract ended on 31/03/2024 and as a result was retendered during 2023/24. On 17th January 2024, cabinet approved a 3+1 year call off contract with Comensura for the period 1st April 2024 to 31st March 2028.</p> <p>This audit will review the arrangements in place for the procurement and use of agency staff (via Comensura) and other consultants and other self-employed individuals.</p> <p>The scope of the work will consider the effectiveness of controls over:</p> <ul style="list-style-type: none"> <li>• the procurement arrangements in place and compliance with procurement regulations including the achievement of best value; Contracts and agreements are in place that protect the interests of the Council;</li> <li>• All appointments comply with the Council’s policies and statutory duties including HMRC requirements;</li> <li>• where appropriate IR 35 legislation is complied with;</li> <li>• Management information is produced and utilised effectively;</li> <li>• Payment processing controls are effective; and</li> <li>• The retendering of the Comensura contract for compliance with the Council’s Procurement Regulations.</li> </ul> <p>The previous audit recommendations made as part of the 2021/22 IA review will also be followed up.</p>

Area	No of Days	Indicative Scope
Communities Strategy - Governance and Delivery	10	<p>A new Communities Strategy is being developed which is to be approved by Cabinet in July 2024.</p> <p>Internal audit has been requested to provide assurance that the new communities strategy has been embedded and that the communities delivery plan that sits beneath that is being effectively delivered.</p> <p>Scope of work to include:</p> <ul style="list-style-type: none"> <li>• Governance arrangements for the Communities Strategy;</li> <li>• Communication and application of the Communities Strategy;</li> <li>• Monitoring and reporting of delivery of the actions which support the delivery of the Communities Strategy</li> <li>• The extent to which the themes arising from the Communities Strategy are integrated into other Council Policies such as the People Strategy and the Digital Strategy</li> </ul> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (CO1)</p>
Modern Day Slavery	5	Time is required in 2024/25 to produce a risk assessment for consideration as part of future procurement exercises, assist in training material and provide advice around on-site visits to the Council's supply chain.

Area	No of Days	Indicative Scope
VivUp Platform: Health Care Cash Plans	5	<p>Vivup is the Council's new employee benefits platform and a one-stop-shop for all of the health and wellbeing support the offer. There are three main sections on the platform:</p> <ol style="list-style-type: none"> <li>1. Payroll Pay® – all Council benefits that are deducted from employee's salary, such as annual leave purchase and cycle to work. Plus a brand new financial wellbeing benefit, Salary Finance.</li> <li>2. Lifestyle savings – a range of discounts across major retailers and places to eat and drink, including Tesco, Marks &amp; Spencer, Morrisons, Argos, Primark, Boots, Pizza Express and Costa Coffee.</li> <li>3. Support and wellbeing – all the health and wellbeing support we offer, including MindKind, ThinkWell, physiotherapy, menopause support and much more.</li> </ol> <p>Management has requested Internal Audit support for the following area during 2024/25:</p> <p>(i) Health Care Cash Plans - Development of a salary sacrifice Scheme for employees whereby employees pay monthly into the scheme. IA will provide project support to ensure that the controls and checks are in-built into the new offering.</p>
Site Health & Safety Files - Compliance with CDM	12	<p>The purpose of the CDM Health and Safety File is to ensure that those who may carry out future works on a Council structure or on a Council site (such as cleaning, repairs, maintenance, construction or demolition), are made aware of the significant health and safety risks which may be encountered. The Health and Safety file is a critical source of information to keep everyone involved in working on a structure or site is kept safe.</p> <p>In 2024/25, Internal Audit will review a sample of capital property works (Schools and Non-Schools) to ensure that the health and safety file is being properly maintained in accordance with the Construction (Design and Management) Regulations.</p> <p>The audit review will also include a review of the process in place when handing over the Health and Safety file to another organisation i.e when a structure/Site (such as an Academy) is transferred to other ownership.</p>

Area	No of Days	Indicative Scope
People Strategy - Projects Support/Attendance at Assurance Groups	10	<p>Time to be included in the 2024/25 IA plan to act as the audit representative on the People Strategy Programme Board and to provide the necessary IA support on People projects in year (as required) which support the People Strategy.</p> <p>This time will also be used to support the development of the new Apprenticeship Strategy and Operating Model during 2024-25. Other projects may include the refresh of the WeTalk Performance conversation process.</p> <p>Also time for attendance at the People Strategy Assurance Board (as appropriate).</p> <p>This time supports the Corporate Improvement Programme.</p>
Entrust Future Contract Arrangements	15	<p>The Council needs to review Entrust during 2024/25 as there is a SDA break clause in March 2025.</p> <p>Time will be set aside to input into this review. Scope to be determined in consultation with the Assistant Director - Commercial &amp; Assets during the first quarter of 2024/25.</p>
Property Lease Management	5	<p>In 2024/25, Internal Audit time will be required to undertake a follow-up review of the Council's property lease management arrangements in place to ensure that all the necessary improvements following the 2021/22 IA review have been made.</p>
Civica Legal Case Management System - Application Security	10	<p>During 2024, Staffordshire Legal Services will procure a new Legal Case Management System.</p> <p>Internal Audit will provide advice to the implementation team, specifically around user acceptance testing, migration of data to the new system and system security.</p>
Consistent Application of HR policies	10	<p>At the request of the Chief Executive, to undertake a review of a sample of HR policies to ensure that the HR policies are being applied on a consistent basis across the organisation.</p>

Area	No of Days	Indicative Scope
Staffordshire Centre for Data Analytics	15	<p>The Staffordshire Centre for Data Analytics was established as a proof of concept in October 2021 to deliver actionable insight to be used across the public sector to improve outcomes for our Staffordshire residents. During 2024, the centre seeks to increase its use of data and will deliver a business case to the Executive Board, outlining the future operating model and benefits for Staffordshire.</p> <p>As the centre moves in to a new operating model, Internal Audit will review the data governance arrangement in place to ensure that Staffordshire resident’s data is held securely and used in compliance with the Data Protection Act, as well as reviewing the data protection procedures in place and the delivery of the proof of concepts aims and objectives.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council’s priority activities (DT1) and supports the Corporate Improvement programme 2024/25.</p>
New Business Continuity Planning Approach	10	<p>A new Business Continuity Planning approach is currently in development and management have requested Internal Audit review the new processes before they are rolled out across the Council to ensure they are fit for purpose and to identify any further possible areas for improvement.</p>
Payroll Control Function (Core Payroll & Schools Payroll Providers)	10	<p>In 2024/25, to provide internal Audit support as the Council begins to review options relating to the future retendering of the Council's Core Payroll Contract. Scope of work is yet to be determined but may include representation on Project Teams. Scope of work may also include:</p> <ul style="list-style-type: none"> <li>• Contract monitoring and management arrangements in place for Liberata (Core payroll)</li> <li>• Checks in place to provide assurance over the accuracy and completeness of payroll data (core payroll and schools payroll)</li> <li>• Performance monitoring and reporting arrangements in place for schools payroll providers</li> </ul>

Area	No of Days	Indicative Scope
Third Party Access	12	<p>Third party access to the corporate network is essential not only for support of systems by vendors, but to also allow access to the network by key partners. However, this type of access exposes the network, and importantly Council data, at a greater level of risk.</p> <p>Following a Limited Assurance opinion awarded in 2020 and also linked to the September 2023 Cyber Incident, this review will look at third party access to ensure that there are adequate policies and procedures in place to protect the Council's network and data and that these are adhered to at all times.</p>
Privileged Access Management	12	<p>Complimenting the Third Party Access Review and also linked to the September 2023 Cyber Incident, this audit, with a specific focus on third parties with privileged access, will provide management with assurance that there is a valid business reasons for users with such access, access is based on the principles of least privilege, access is removed when no longer required, is monitored and logged.</p>
MyHealth & Safety - Digital Enhancements	5	<p>In 2024/25, Internal Audit to provide continued project support on the three digital enhancements to the My Health and Safety System in-year:</p> <ul style="list-style-type: none"> <li>• Self-Assessment auditing module within the MyHealth &amp; Safety System;</li> <li>• DSE module - amendments required due to hybrid/homeworking arrangements; and</li> <li>• Risk Assessment module to be used across business operations.</li> </ul>
Externalisation of Legal Services - Governance Arrangements	10	<p>Management has requested Internal Audit to review the governance arrangements in place to control, monitor and report upon the externalisation of legal services to ensure that legal services work is not being externalised outside of the formalised process.</p> <p>Scope of Work to include:</p> <ul style="list-style-type: none"> <li>• Use of the Legal Services Framework (EM LawShare) - procurement of and suitability of works being externalised;</li> <li>• Consultation and approval process relating to the use the Legal services Framework;</li> <li>• Payment Processes; and</li> <li>• Monitoring and Reporting arrangements.</li> </ul>
<b>Total No. of Days</b>	<b>230</b>	



Area	No of Days	Indicative Scope
<b>Health &amp; Care – Richard Harling</b>		
New Care System	10	<p>During 2024, a project will be initiated to procure and implement a new children's and adult's care system. Whilst the project will focus on initialisation and procurement during 2023, Internal Audit will ensure that time is available to support project management in relation to the completion of the system specification and any other matters that might be requested by management, such as data migration and system testing.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (LM2)</p>
CQC - Self Assessment	10	<p>Management have requested audit time in 2024/25 to review and provide independent assurance that the self assessment has been completed appropriately and accurately; including review and confirmation of evidence retained to support the self assessment.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (HW2) and supports the Corporate Improvement Programme for 2024-25</p>
Workforce Recruitment and Retention	12	<p>The Staffordshire Social Care Workforce Strategy was launched in 2022/23. The key objective of the strategy is to develop a more resilient care sector that enables more effective recruitment and retention in adults and children's social care. The strategy reflects the cross-sector partnership approach and has been developed in conjunction with key stakeholders, including the NHS, the independent sector and education providers. The strategy includes an action plan and key workstreams to progress / delivery the strategy over the next two years, including consideration of the establishment of a Care Academy to provide training for new and existing workers across the care sector.</p> <p>Audit time is required in 2024/25 to review the governance and decision making for the cross-sector partnership, and provide assurance that delivery of the Strategy is progressing as anticipated. Scope of the audit work to be agreed with the Assistant Director - Care Commissioning.</p>

Area	No of Days	Indicative Scope
Good Mental Health Strategy - Delivery	10	<p>Good mental health is one of the priorities of Staffordshire’s Health and Well-being Strategy. The Good Mental Health Strategy 2023 - 2028 aims to help to achieve the Council’s ambition to build strong and resilient communities and individuals who are in control of their own physical and mental well-being. To support delivery of the Strategy, an Action Plan is in place, which defines measure, actions, responsible officers and deadlines against each of the outcomes, specified within the strategy.</p> <p>Management have requested audit time to provide assurance that the Good Mental Health Strategy is being embedded and delivered in accordance with the action plan in place.</p>
Deprivation of Liberty Safeguards (DoLS)	10	<p>New arrangements are in place for the provision of Liberty Protection Safeguarding and as such management have requested a review of the new arrangements to ensure they are operating effectively, to include both the administration and operation of the safeguards. Review to also consider integrity of statutory reporting data.</p>
Supported Living	15	<p>The delivery model for Supported Living has been redesigned in 2023/24 and services are to be recommissioned.</p> <p>Management have requested two areas of work in 2024/25:-</p> <ul style="list-style-type: none"> <li>• To provide support and advice during the recommissioning process, to be carried out in Q1 (5 days).</li> <li>• To provide assurance that the new arrangements are embedded and are operating effectively, to be undertaken late Q4. (10 days)**</li> </ul> <p>** The second part of the audit work may be required to be moved to early 25/26 depending on the timing and delivery of the revised tender process.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council’s priority activities (HW3)</p>

Area	No of Days	Indicative Scope
Brokerage	15	<p>The Brokerage Service has been subject to change and a new provider system implemented.</p> <p>Audit time is required in 2024/25 to provide assurance that key controls and processes are operating effectively, including utilisation of the new provider system, including review and management of out of time packages. Our work in 2024/25 will also consider management information and data streams.</p>
Multi Agency Safeguarding Hub (MASH) - Adults	10	<p>A new Multi Agency Safeguarding Hub (MASH) working model is to be introduced in 2024/25. Management have requested audit time to provide assurance that the new model is operating effectively, including links to other agencies. The review will also incorporate the Staffordshire Adult Safeguarding Team (SAST) operations under the new model.</p> <p>Scope of work to include data sharing arrangements and systems for processing data.</p>
Residential and Nursing Care	10	<p>Management have requested an audit review in 2024/25 to provide assurance that blocked booked beds are being utilised effectively; are delivering best value and are delivered in accordance with the contracts in place.</p>
Technology & Innovation Programme	12	<p>The Technology and Innovation Programme includes a number of workstreams to identify and trail technology enabled care and practices, such as remote medication management and dispenser systems, reminiscence interactive therapy activities and potential use of innovations such as Artificial Intelligence.</p> <p>Audit time is required in 2024/25 to review the management of the programme, including governance and decision making, the evaluation and criteria for inclusion in the programme, and monitoring &amp; reporting of delivery and outcomes.</p>
Section 75 Agreements	15	<p>Internal Audit time is required in 2024/25 to review the Section 75 agreements in place within the Council, including commissioning, decision making and delivery of outcomes.</p>
Independence at Home	10	<p>Management have requested a review of the Independence at Home service to ensure that processes are aligned to Council policies and procedures, and are operating effectively.</p>

Area	No of Days	Indicative Scope
Deputyships	10	<p>Management have requested an audit review of Deputyships to provide assurance that processes and controls are robust and operating effectively to ensure that deputyships are managed and administered properly and effectively to ensure that payments are in accordance with Citizen's wishes and priorities.</p>
Quality Improvement Framework - Practice Audits	15	<p>Quality Improvement Framework - The practice audit tool uses a standardised approach to provide assurance that statutory requirements, processes and practice guidance are complied with. As part of the process assessments and plans from recent episodes of contact are reviewed to provide evidence to support understanding of the quality of practice and to identify any areas for development and learning.</p> <p>Management have requested a review of practice audits, to confirm that these are being undertaken in accordance with the agreed process and guidance, including use of the practice audit tool in place. The review will also consider consistency, and evidencing of challenge where appropriate, recording and monitoring of outcomes and actions, including provision of training and guidance, as required. A sample of practice audits across teams and Auditors will be reviewed.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (HW2) and supports the Corporate Improvement Programme for 2024-25</p>
Quality Assurance - Assessments	10	<p>A new Assessment and Support Planning practice guidance for Adult Social Care was issued in October 2023.</p> <p>Management have requested audit time in 2024/25 to provide assurance that the assessments and support plans are being undertaken in accordance with the new ASC Practice Guidance documents, My Assessment, and My Support Plan.</p> <p>The audit will review compliance with the process only. Practice audits are undertaken by the service as part of the Quality Improvement Framework, which is to be reviewed as part of a separate audit within 2024/25.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (HW2) and supports the Corporate Improvement Programme for 2024-25</p>

Area	No of Days	Indicative Scope
One to One Support	10	<p>1-2-1 support may be necessary where a care home resident requires constant supervision and support to prevent them from coming to harm and/or harming others, for example, those that are prone to falls or individuals with dementia who may become confused and/ or have violent outbursts.</p> <p>Prior to 1-2-1 support being put into place, a clinical assessment should be undertaken by an appropriate professional and agreement obtained from the Council and/or the NHS for the additional care and associated cost. Although in some instances 1-2-1 support is the best option available to safeguard individuals, this should only be a temporary arrangement whilst alternative mitigations are identified.</p> <p>A new process for the agreement of 1-2-1 support is being implemented, this includes the consideration of alternative actions/equipment to potentially mitigate the need for 1-2-1 support to be put into place, alleviating resource pressures.</p> <p>Management have requested audit time in Q3 2024/25 to review the impact of the new arrangements and provide assurance that the new processes are being applied effectively.</p>
Public Health Commissioning	10	<p>Management have requested audit time in Q4 to provide assurance that key controls and processes are in place to ensure that key Public Health contracts are deliver and are managed effectively.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (HW4)</p>

Area	No of Days	Indicative Scope
Verification of Statutory Return Data	10	Two pieces of work to be undertaken in 2024/25: <ul style="list-style-type: none"> <li>• Management have requested audit time to verify and provide assurance over the accuracy and integrity of data used to populate the ASC FR report, considering processes for data collection, impacts of pathway changes, links interfaces and data flows. To be completed June/July 2024 to align to reporting submission deadlines (Submission 3rd July 2024, Refresh Submission 14th August 2024) (5 Days)</li> <li>• Management have requested audit time to verify and provide assurance over the accuracy and integrity of data used to populate the Safeguarding Adults Collection return, considering processes for data collection, impacts of pathway changes, links interfaces and data flows. To be completed Q4 2024/25. (5 Days)</li> </ul>
COMPLIANCE: Complex Needs Units:	10	There are six complex needs units operated by the Council to provide day opportunities. Internal Audit will review a sample of three units on a rolling programme for compliance with Financial Regulations across the following areas: purchase cards, payments, inventories and income.
COMPLIANCE: Residential Homes for Learning Disabilities	4	Internal Audit will review compliance with Financial Regulations including; imprests from cash only purchase cards, payments, inventories, residents property, cash income.  The three homes are reviewed on a rolling basis, so each home is visited in alternate years. Douglas road will be visited in 2024/25.
<b>Total No. of Days</b>	<b>218</b>	
<b>Finance – Rob Salmon</b>		
Sales 2 Cash including Debt Recovery and Debt Management	15	In 2024/25, our audit time will continue to focus on debt management as past audit work has identified a number of issues. Although various improvements have been identified and various working groups have been set up to deal with issues in this area, further audit coverage will be required in Q3 of 2024/25 to ensure that debt recovery and management processes continue to improve and are operating as expected.  Our audit will review debts across each directorate of the Council and to look at impact of the move from net to gross care provider payments and the collection of client contributions.

Area	No of Days	Indicative Scope
New BACs System	10	During 2024, a new BACS system contract will be procured. Internal audit will have input into the project to ensure that effective security and BACS processing procedures are put in place should a contract be awarded to a new system supplier.
Core Payroll - Liberata	20	This area is classified as a key financial system review in 2024/25 as per our Cyclical Review timetable for Key Financial Systems and on-going assurance will be required in 2024/25 that processes and controls operated by Liberata and the Retained Control Function continue to operate as expected.
Paperless Direct Debits	10	<p>A project is currently underway to introduce a new process between Care Director and My Finance that will enable citizens to create a direct debit for their care needs at the point of completing a financial assessment, to encourage the use of direct debits.</p> <p>A review will be undertaken during 2024/25 to ensure that the new process is fit for purpose and that key risks associated with this new process are understood and mitigated where possible.</p>
ACFS - Financial Assessments	15	Requested by management as a result of changes due to be implemented in this area during 2024/25, this audit will review the financial assessment process to provide assurance that assessments are in accordance with the contributions policy and procedures, including the application of mitigation.

Area	No of Days	Indicative Scope
Treasury Management & Banking	12	<p>Internal Audit time will be required in 2024/25 to provide assurance that processes and controls are continuing to operate effectively for the Council's treasury management system and Lloyds link payment system. The objective for the audit is to review the treasury management arrangements in place (covering short and long term investments and borrowings) and the Lloyds link system</p> <p>The review will consider the following processes:</p> <ul style="list-style-type: none"> <li>• Investment and borrowing transactions and related policy.</li> <li>• Accounting, bank and local records.</li> <li>• Reporting of investment and debt positions.</li> <li>• Supervision and management structures and arrangements.</li> <li>• Compliance with the Prudential code/CIPFA code of practice on TM</li> <li>• Lloydslink access, transaction and back up controls, and reporting.</li> </ul> <p>This is a cyclical financial review and frequency of review is in accordance with this cycle.</p>
Corporate Delivery Plan - Savings	10	<p>Audit time will be spent in 24/25 to look at a number of savings in the Corporate Delivery Plan to ensure that they are being managed and monitored effectively and reported accurately.</p> <p>See also the audit review on Corporate Delivery Plan - Governance, Monitoring and Reporting for more specific work on the governance of the Corporate Delivery Plan.</p>
Fidelity Guarantee and Crime Proposal Insurance renewal Self-Assessment	2	<p>Internal Audit will continue to input into both the fidelity guarantee and the crime proposal insurance renewal documents in relation to the Council's control environment.</p>



Area	No of Days	Indicative Scope
Insurance Cover & Insurance Claims Handling Arrangements	8	<p>In 2024/25, to review the systems in place for managing insurance cover as well as the arrangements in place for insurance claims handling, management and reporting.</p> <p>Scope of work to include:</p> <ul style="list-style-type: none"> <li>• procurement of insurance cover;</li> <li>• payment of insurance premiums;</li> <li>• Arrangements for insurance claims handling and claim payments; and</li> <li>• Insurance claims monitoring and reporting,</li> </ul> <p>See also the EIS IA Plan for the Internal Audi review on Highways Asset Management and inspections which will also incorporate a review of the Highways insurance claims processes</p>
Midlands Engine	10	<p>The Midlands Engine is a partnership which brings together public, private and third sector partners to complement and enhance the activity of local and combined authorities, Local Enterprise Partnerships (LEPs), universities, businesses and others.</p> <p>From 1st October 2020, Staffordshire County Council became the accountable body for the Midlands Engine (previously Nottingham City Council).</p> <p>Annual Internal Audit time is required to provide assurance that the Midlands Engine is operating in accordance with the National and Local Growth Assurance Framework (NLGAF). This annual work will feed in to the s151 statement. A review of financial processes may also be undertaken and the scope of any additional work will be agreed with the Assistant Director of Finance in year.</p>

Area	No of Days	Indicative Scope
Budgetary Control Arrangements	15	<p>The audit will examine key controls relating to the Council's revenue budgetary control system of the County Council to allow budgets to be appropriately set, approved, monitored and reported upon.</p> <p>This area is classified as a key financial system review in 2024/25 as per our Cyclical Review timetable for Key Financial Systems.</p>
Main Accounting (Nominal Ledger)	10	<p>This area is classified as a key financial system review and is scheduled to be reviewed in 2024/25 as per our Cyclical Review timetable for Key Financial systems.</p> <p>The scope of the audit will include a review of the following areas:</p> <ul style="list-style-type: none"> <li>• Feeder systems to the General Ledger;</li> <li>• Balancing of the financial system including opening balances;</li> <li>• Amendments to General Ledger Master Data;</li> <li>• Bank reconciliations</li> <li>• Ledger Inputs; and</li> <li>• Control &amp; Suspense Accounts.</li> </ul>
<b>Total No. of Days</b>	<b>137</b>	
<b>ICT – John Tradewell</b>		
Cyber Assurance: Cyber Security & Assurance	12	<p>Following a cyber incident that affected the Council in 2023, Internal Audit will undertake an independent review to provide management with an assessment of the Council's detection, response, and recovery of the incident.</p> <p>The review will also assess compliance with incident plans and other relevant procedures as well as progress against the cyber security programme of works to further strengthen security controls.</p>

Area	No of Days	Indicative Scope
Cyber Assurance: Server Configuration Management	10	The configuration of servers to meet benchmark standards is an important step not only to eliminate or mitigate security vulnerabilities, but it is also vital for compliance and business continuity.  This audit will ensure that a 'gold standard' image, based on best practice, has been established and that all servers are built from this image. It will also ensure that appropriate governance controls are in place for the ongoing management server configurations, such as: <ul style="list-style-type: none"> <li>• Vulnerability management/Follow-up assessments</li> <li>• change control</li> <li>• avoidance of Configuration drift</li> <li>• continuous monitoring of configuration changes</li> </ul>
Cloud Programme	20	SICT is currently undertaking a large programme of works to move all services from the on-premise data centre located at Eastgate Street, to an Infrastructure as a Service provision within Microsoft Azure. This must be done by the end of 2026 as key infrastructure equipment is due to go end-of-life by this date and will no longer be supported, putting the Council's PSN connection at risk without further significant financial investment.  This audit review will provide management with assurance that the Cloud Programme is managed effectively, risks are managed appropriately, and the programme's objectives are achieved. Specifically, the scope will assess the effectiveness of the following areas: <ul style="list-style-type: none"> <li>• Governance and Oversight</li> <li>• Finance</li> <li>• Risk Management</li> <li>• Performance Monitoring</li> <li>• Stakeholder Engagement and Communication</li> </ul>
Azure	15	With the SICT Cloud Programme moving all infrastructure to a Microsoft Azure IaaS provision, this audit will assess some of the key technical and governance controls related to such environments. Whilst the specific scope of the review will be determined with management at the time of the audit, it is likely to include areas such as measure and monitoring core activities such as security, availability, capacity, resilience, and ongoing costs.
<b>Total No. of Days</b>	<b>57</b>	

Area	No of Days	Indicative Scope
<b>Grant Verification Work</b>		
Earned Autonomy/Building Resilient Families & Communities (BRFC)	16	<p>The audit aims to provide information on the achievement of family level outcomes by examination of a sample of cases closed by the service provider to ensure the process is in line with the Outcomes Plan, case closure, management sign off, verification of evidence of outcomes, and quality assurance verification processes.</p> <p>As agreed within the DfE, the audit will examine a minimum 5% sample of cases for verification, with the sample being proportional across the range of cases and providers. Audit time to be allocated across the year to provide assurance prior to quarterly submissions.</p>
Levelling Up Fund	10	<p>Central Government have committed £4b for a Levelling up fund for England. The Levelling Up Fund will invest in local infrastructure that has a visible impact on people and their communities. The scheme has a number of local priorities, including local transport, urban regeneration and cultural assets. District Councils eligible to enter one bid per MP consistency that sits within their boundary. In January 2023, it was confirmed that Staffordshire County Council's bid 'Investing in Mid-Staffordshire's Major Road Network' had been successful, resulting in Levelling Up Funding of £19,836,184 being allocated to the Council. The bid confirmed that the funding is to be used to kickstart major road works in Staffordshire, including the A38 and A511, to unlock housing and improve bus lanes and journey times.</p> <p>As part of the funding Memorandum of Understanding requires the Chief Executive, Section 151 Officer and Chief Internal Auditor of the Council to sign and return to DfT a declaration, to be received no later than six months after the physical completion of the project(s), in the following terms: "To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the LUF Grant Determination have been complied with."</p> <p>The programmes are to run over three years and therefore the formal declaration will be required to be included in the Internal Audit Plan for 2026/27. However, an annual review is to be undertaken to ensure compliance with the conditions throughout the lifespan of the schemes.</p> <p>Audit time will be required in 2024/25 to provide assurance that funding is being utilised in accordance with the terms and conditions of the Levelling Up Funding and schemes are being managed effectively.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (RT1)</p>

Area	No of Days	Indicative Scope
Bus Service Improvement Plan (BSIP)	12	<p>A BSIP is a public document published on the LTA's website, intended to set out clearly the vision and plan for improving bus services and growing bus patronage in the local area, in line with the National Bus Strategy.</p> <p>In 2023/24, SCC received funding totalling £1.327,673 to support delivery of the Council's Bus Service Improvement Plan (BSIP). A further £1,327,673 has been allocated for 2024/25, with a further indicative allocation of £4.98m to potentially be received in 2024/25, dependent on the submission of a 2024 BSIP to the Department for Transport by 12 June 2024.</p> <p>Audit time is required in 2024/25 to provide assurance that the BSIP funding received in 2023/2024 has been utilised in accordance with the requirements of the Determination Letter and Memorandum of Understanding.</p>
Turnaround Grant Verification	10	<p>The Turnaround Programme is a voluntary youth early intervention programme led by the Council. The Programme is a three-year programme which aims to improve outcomes and prevent offending for children who are on the cusp of the youth justice system and who do not meet the threshold for statutory support.</p> <p>In 2022/23 Staffordshire County Council were awarded grant funding of £647,946 from the Ministry of Justice to support the programme. Funding to be received in three payments for financial years 2022/23, 2023/24 &amp; 2024/25. Within 6 months of the end of each Financial Year the Grant Recipient the Authority is required to provide independent assurance that the Grant has been used for delivery of the Funded Activities.</p> <p>Audit time will be required in 2024/25 to complete verification of the financial statement as required by the agreement.</p>
Disabled Facilities Grant Verification	10	<p>The Disability Facilities Grant is passported by the County Council to District and Borough Councils for the completion of home improvements to increase accessibility to allow an individual to remain in their own home. As part of the funding agreement the District &amp; Borough Councils are required to provide the Council with an annual assurance statement and a supporting Audit Report to confirm the level of DFG expenditure incurred in year and that this expenditure has been incurred in accordance with the Terms and Conditions of the Disability Facilities funding.</p> <p>Time will be required in 2024/25 to undertake verification exercise to provide assurance that expenditure has been correctly recorded and utilised in accordance with the conditions of the funding, to inform the return to central government by the Council, due 30th October 2024.</p>

Area	No of Days	Indicative Scope
Local Transport Capital Funding - Grant Verification	20	<p>£28.516m has been received by SCC in 2023/24 to provide support in financing the capital costs of integrated transport measures and capital highway maintenance schemes. To include the following funding:</p> <ul style="list-style-type: none"> <li>- Integrated Transport Block £3.449m</li> <li>- Highways Maintenance Block - Needs £11.141m</li> <li>- Highways Maintenance Block - Incentive 2.785m</li> <li>- Pothole Fund £11.141m</li> </ul> <p>A further £3.188m Local Highways Capital Maintenance funding for 2023/24 was allocated to SCC. This was confirmed by the DfT in November 2023.</p> <p>Internal Audit verification of grant expenditure is required to comply with the conditions of the funding (due 30th September 2024 and to be signed by the Chief Executive and the Chief Internal Auditor).</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (RT1)</p>
Multiply Programme	15	<p>In 2022, Staffordshire County Council were allocated £4.2m over three years to fund the Multiply programme. The purpose of the grant is to support the Government's Multiply programme and deliver targeted interventions that support improvements in adult (19+) numeracy. Funding must only be used to deliver Multiply interventions agreed with local areas in accordance with approved investment plans.</p> <p>Audit time is required in 2024/25 to include programme support and verification activity to provide assurance that the expenditure incurred and delivery of the programme is undertaken in accordance with the funding conditions.</p> <p>Funding conditions require a statement of expenditure to be completed and signed by the Chief Executive of the Authority on an annual basis.</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (EC2)</p>
Winter Rapid Response Grant	8	<p>In 2023/24 Staffordshire County Council received Winter Rapid Response Grant funding of £600k-£700k to assist with the alleviation of winter pressure and hospital avoidance.</p> <p>Management have requested audit time in Q1/Q2 of 2024/25 to provide assurance that processes in place for the utilisation and monitoring of funding and outcomes been applied effectively, and funding utilised appropriate.</p>

Area	No of Days	Indicative Scope
Growth Hub	10	<p>The Growth Hub was established by the Stoke-on-Trent and Staffordshire LEP to play a major role in the drive for strong, sustainable business growth across the LEP area. It acts as the focal point for businesses that wish to grow, providing co-ordinated and cohesive growth programmes, business networks, growth groups and links to specialist information, advice and services. In 2023/24 the LEP is being dissolved and accountability for the delivery of the Growth Hub and ongoing schemes has transferred to the County Council.</p> <p>In addition to the core Growth Hub, SPF of £167,900 has been invested in the Growth Hub by four of the Tier 2 Authorities. This is recorded and accounted for separately to the core Growth Hub funding transferred from the LEP.</p> <p>Audit time is required in 2024/25 to provide assurance that controls and processes put in place for the management and operation of the Growth Hub, subsequent to the transfer to SCC from the LEP, are operating effectively.</p>
Warmer Homes - Home Upgrade Grant Phase 2 (HUG2) Verification	10	<p>In 2023/24, Staffordshire County Council (SCC) was awarded capital funding from the Home Upgrade Grant (HUG) Phase 2 of £4,199,800 (Capital £3,818,000 + Admin £381,800) The grant was allocated to the Council by the Midlands Net Zero Hub (MNZH) administered by Nottingham City Council. £40,000 mobilisation funding was also received in 2022/23, this funding was not however utilised and it is to be repaid.</p> <p>Audit time has been requested in in April/May 2024 to provide assurance that funding has been utilised in accordance with conditions of the grant funding, including arrangements for the £40,000 mobilisation funding. Formal sign off arrangements are to be confirmed.</p>
SEND S256 Grant Verification	5	<p>A SEND S256 agreement is in place between Staffordshire County Council and the 5 CCG's within Staffordshire to provide SEND Information, Advice and Support Services (IASS). The agreement runs for three years from 1st April 2021 to 31st March 2024.</p> <p>Annual funding under the S256 agreement is £364,130, split between the Council (£321,431 per annum) and the CCG's (£42,699 per annum). The Council administer the pooled funding as part of the S256 agreement and annual voucher.</p> <p>As part of the S256 agreement in place, the Council are required to provide a detailed financial statement which has been audited by the Council to each of the CCGs Director of Finance (or equivalent officer, or duly designated officer) by no later than 30 June immediately following the expiry of the financial year in question.</p> <p>Audit time will be required in 2024/25 to complete verification of the financial statement as required by the agreement.</p>

Area	No of Days	Indicative Scope
Holiday Activity and Food (HAF) Programme Grant Verification	10	<p>Families can experience significant pressure points during school holidays with reduced income and increased financial pressures because of the costs of food, childcare and enriching activities. Disadvantaged families are likely to experience "unhealthy holidays" in terms of nutrition and physical health along with exacerbated inequalities relating to social isolation and loneliness. To address this, the Department for Education has expanded the Holiday Activities &amp; Food (HAF) Programme across all Local Authorities.</p> <p>Management have requested a review of key controls and processes for delivery of the Holiday Activity Fund programme, including the measurement and management of performance, and delivery of outcomes. Collection of evidence and payments to providers, will also be reviewed.</p>
Growth Hub Grant	8	<p>The Department for Business, Innovation &amp; Skills (BIS) has awarded Staffordshire County Council new growth hub monies of £298,000 to support the growth hub investment programme.</p> <p>Internal Audit is required as part of the grant conditions to verify grant spend for the year and therefore time will be required in April / May 2024 to verify the 2023/24 grant. (Deadline for signed verification letter from the Chief Internal Auditor by 31st May 2024).</p>
Bus Service Operators Grant (BSOG)	12	<p>The Department For Transport has awarded SCC £700k in 2023/24 in relation to Bus Transport Services. Within the grant conditions, there is a requirement for Internal Audit to provide assurance over grant expenditure and confirmation that grant conditions have been complied with.</p> <p>This verification is require to be signed by the Chief Executive and the Chief Internal Auditor and submitted to the DfT by 30th September 2024. Time is therefore required in the audit plan to undertake this grant verification exercise.</p>
Local Enterprise Partnership - Core Funding Grant	5	<p>From 1st April 2019, Staffordshire County Council will become the accountable body for the core funding grant (previously Stoke On Trent City Council). The grant funding is £0.5m p.a. with match funding of £0.25m from both local authorities.</p> <p>A grant verification audit will be required to provide confirmation that funding has been spent in accordance with funding conditions. To be completed by 30th June 2024.</p>
<b>Total No. of Days</b>	<b>161</b>	



Area	No of Days	Indicative Scope
<b>Cross Cutting Audit Activity</b>		
Culture, Values & Behaviours Governance Review	20	<p>To continue with the Culture, Values and Behaviours Governance Review which commenced in 2023/24.</p> <p>The scope of the audit review is to evaluate the extent to which the Council works with a culture that promotes good ethical values and behaviours. Our work will focus on (I) compliance with Principle A of the CIPFA/SOLACE good governance framework - Integrity &amp; Values as well as (ii) the CFGS' governance risk &amp; Resilience framework.</p> <p>5 key strands that support an effective culture and ethical framework will be evaluated:            Leadership &amp; management;            People;            Processes &amp; Procedures;            Culture, Values &amp; Consistency; and            Assurance and Accountability.</p> <p>This review supports the Corporate Improvement Programme for 2024-25.</p>
<b>Corporate Improvement Programme</b> - Quality Performance & Improvement Board - Governance & Effectiveness	5	<p>To review the governance arrangements supporting the Quality Performance &amp; Improvement Board to ensure that is operating as intended and that it is delivering the outcomes and therefore delivering on performance and improvements.</p> <p>This work supports the Corporate Improvement Programme for 2024-25.</p>
<b>Corporate Improvement Programme</b> - Project Support	10	<p>The corporate improvement programme 2024/25 will commission, oversee, and ensure the satisfactory implementation of a suite of projects, all aimed at driving operational improvement, organisational and financial efficiency and customer satisfaction.</p> <p>Time is included for Internal Audit to support/advise on these projects as appropriate should there be process redesign or the implementation of new systems and procedures. This will ensure that a robust and effective control environment continues to be in place and is operating as expected.</p> <p>This work supports the Corporate Improvement Programme for 2024-25.</p>

Area	No of Days	Indicative Scope
Risk Management - New Enterprise Risk Management Module	5	<p>It is intended that the Council procure a new ERM system during 2024/25 to assist with and facilitate risk management across the Council as well as to support the new risk management framework which is due to be rolled out during 2024/25.</p> <p>As such, audit time will be required in 2024/25 to assist with the procurement of a new system including the tender specification for the IT system.</p>
Corporate Governance Health check	15	<p>As part of the Corporate Improvement Programme, a Corporate Governance Health check has been introduced to provide a level of assurance that governance mechanisms and processes are in place and are adhered to.</p> <p>To provide independent assurance that the controls supporting the KLOEs which make up the Corporate Governance Health check are in place and operating as intended.</p> <p>A sample of PODs will be selected for review and within this sample of PODs, a sample of controls that support the KLOEs will be reviewed to ensure that they (i) in place; (ii) embedded; and (iii) operating as expected.</p> <p>Scope of work will also provide assurance that the new governance health check process has been appropriately designed to deliver the expected deliverables and outcomes.</p> <p>This review supports the Corporate Improvement Programme for 2024-25.</p>
Local Authority Trading Companies (LATCOs)	10	<p>In 2022/23, Internal Audit carried out a financial assurance review of Nexxus Care (SCC's LATCO) and made 16 recommendations to improve the governance and oversight of the LATCO's operations and finances. As a result, a number of improvements have been made including the development of a new shareholders agreement, reporting arrangements and changes to board directors to mitigate the risk of conflicts of interests.</p> <p>Consequently, management has requested a further review of Nexxus care to ensure that the governance improvements have been embedded and are operating as expected.</p> <p>The audit review will revisit the governance, risk management and financial accounting, reporting and scrutiny arrangements in place for the company to ensure that all the improvements previously recommended have been implemented and are embedded</p>

Area	No of Days	Indicative Scope
Corporate Delivery Plan - Governance, Monitoring and reporting Framework	11	<p>As part of the corporate improvement programme, a streamlined SMART Corporate Delivery Plan has been developed.</p> <p>Management has requested that Internal Audit provide independent assurance over the development of the Corporate Delivery plan along with the governance, monitoring and reporting framework in place. (High Level review)</p> <p>This review supports the Corporate Improvement Programme for 2024-25.</p>
Climate Change Action Plan -Delivery and Management	5	<p>Tackling Climate Change continues to be one of the Council's Priorities included in the Strategic Plan for 2022-26 and the delivery plan for 2024-25. The 2024-25 revenue budget for Climate Change is £582,604 which is linked to the CCAP.</p> <p>As climate change continues to be a key priority for the Council, Internal Audit will carry out a follow-up audit review to ensure that previous audit recommendations made in the 2023/24 have been implemented.</p> <p>See also Commercial Services - Procurement (covering social value and sustainability in procurement)</p> <p>This work directly supports the 2024/25 Delivery Plan and the Council's priority activities (CC1)</p>
Delivering Good Governance - Corporate Decision Making Arrangements	15	<p>The purpose of the audit is to review compliance with the Council's corporate decision-making arrangements.</p> <p>The audit will review key decisions taken by Cabinet, Property Sub-Committee as well as delegated decisions taken by Cabinet Members and Executive Officers and officers as well as officer and member relations in connection with decision-making</p> <p>See also our work on Culture, Values and Behaviours and the Corporate Governance Health Check review</p>
Developers Contributions - Education, Highways and Transport Infrastructure	15	<p>To provide assurance that there are sound systems, processes and controls in place relating to the identification, calculation, recording, monitoring, payment (including debt collection where appropriate) and the transparency of accounting for developers contributions (financial and non-financial) in relation to the County's education, highways and transport infrastructure.</p> <p>Particular attention will be given to the mechanisms for monitoring ""triggers"" and timely enforcement should developers default on a contribution.</p>

Area	No of Days	Indicative Scope
Tree Management	15	<p>In 2024/25, Internal Audit will keep under review the management of trees across all areas of the business i.e. highways, country parks, schools and other non school sites etc to give on-going assurances that the recommended improvements have been made to the processes for tree management across the Council.</p> <p>Assurance will be given over the following areas:</p> <p>Awareness of policy and procedures;            Compliance with the Council's tree management policy and procedures;            Asset data management;            Inspection Programme; and            Remedial actions taken</p> <p>Assurance will also be given that all the necessary improvements required following the HSE report have now been actioned.</p>
Corporate Controls Assurance Mapping	15	To undertake an assurance mapping exercise across Corporate systems using the three lines of defence model framework and to evaluate whether such an exercise should be extended to Council directorates in future years.

Area	No of Days	Indicative Scope
Protect Duty (Martyn's Law)	10	<p>On 19 December 2022, the Government announced details for the Protect Duty, now to be known as 'Martyn's Law' in tribute of Martyn Hett, who was killed alongside 21 others in the Manchester Arena terrorist attack in 2017.</p> <p>Legislation imposes a duty on the owners and operators of certain locations to increase their preparedness for and protection from a terrorist attack by requiring them to take proportionate steps, depending on the size and nature of the activities that take place there. Such locations include entertainment and leisure, retail, food and drink, museums and galleries, sports grounds, public areas of Local and central Government buildings (e.g., town halls), visitor attractions, temporary events, Places of Worship, health, and education. Response and delivery of the requirements of the Protect Duty will require partnership working with multiple agencies and stakeholders, including the tier 1 and tier 2 local authorities and Staffordshire Police.</p> <p>The Protect Duty sits along side the Prevent Duty that is already in place.</p> <p>Internal Audit time is required in 2024/25 to ensure that the appropriate governance arrangements are in place along with appropriate systems and processes to ensure compliance with Government Legislation to fulfil the requirements of the protect duty. **the exact scope of our work will be determined following publication of the legislation (which was referenced in the King's speech on 7th November 2023 and has since gone out for a further 6 week public consultation commencing 5th February 2024).</p>

Area	No of Days	Indicative Scope
Corporate Fees and Charges	10	<p>Management has requested a review of the Council's arrangements in place for the setting, managing and reviewing its current fees and charges.</p> <p>Scope of work to include a review of:</p> <p>The Council's setting charging policies in place; The charging methodologies applied including the need to ensure full cost recovery; The arrangements in place to approve and review charges.</p> <p>See also joint funding and billing and Complex needs audit reviews in children's and families in 2024/25</p>
<b>Total No. of Days</b>	<b>161</b>	
Management of the Service	120	Time required to manage the Internal Audit Service in-year including participation in the Finance Directorate Key Performance Indicators monitoring and reporting regime.
Innovating audit	10	<p>To feed into the controls assurance mapping exercise included in the IA plan 2024/25 in the most effective way.</p> <p>To explore the possibilities of using Robotic Process Automation and Artificial Intelligence within Internal Audit to create efficiency within the audit process and use data to further drive greater assurance, valuable information and enhanced business insights.</p>
Recommendation Tracking	15	Time to monitor and track audit recommendations in-year and report to the Audit & Standards Committee.
Contingency 2024/25	10	A provision to respond to new and emerging risks throughout 2024/25.
<b>Total No. of Days</b>	<b>155</b>	
<b>Grand Total No. of Days for SCC Plan</b>	<b>1,725</b>	

**Appendix C – SCC Counter Fraud Plan 2024/25**

<b>Area</b>	<b>Number of Days</b>
<b>Strategic Development</b>	
To keep under review key Fraud Policies to ensure they are up to date, and reflect current best practice, and latest legislation. Policies to be reviewed include the Fraud, Bribery and the Anti-Money Laundering Policy and development of a risk assessment.	5
To continue to keep under review SCC's response to the new Fighting Fraud & Corruption Locally - The Local Government Counter Fraud & Corruption Strategy 2020 by CIPFA and the Participation in CIPFA anti-Fraud Surveys.	2
To update the strategic fraud risk register for the County Council, and the schools' fraud risk register. In addition, these will also consider theft related risks to ensure those areas that have been susceptible to theft previously have been identified.	10
Provide input to HR's programme of Policy Updates as appropriate.	5
Representation at the MCCIAG Fraud Sub-Group; SCAG working group (as required) and the Staffordshire Counter Fraud Partnership.	5
Management Reporting and Liaison with the Director of Finance (& Section 151 Officer) and the Deputy Chief Executive & Director of Corporate Services (& Monitoring Officer) as and when issues arise.	3
Audit & Standards Committee Fraud Reporting in year.	5
<b>Total Days</b>	<b>35</b>
<b>Development of an Anti-Fraud Culture</b>	
Fraud E learning – Communications and monitoring of roll out and development of updates/completion monitoring process as required	5
Fraud Training Offer: Corporate - Fraud Presentations/ Programme of Training	5
Fraud Training Offer: Schools - Fraud Presentations/ Programme of Training	5
Staff Survey - Survey 2024 and development of Intranet as survey platform. Publish results.	5
Corporate - Intranet/Web pages - further development of intranet pages: news, guides to key fraud risks, publishing of CCM findings and relaunch of fraudwatch.	5
School Intranet Pages and Communications – development of material for publication on the SSLN	5
<b>Total Days</b>	<b>30</b>
<b>Prevent and Deter</b>	
<u>Continuous Controls Monitoring (CCM) - Corporate</u>	
<ul style="list-style-type: none"> <li>CCM Development - implementation of CCM over additional areas such as: CCTV, HWRC and Section 17 Payment data (10 days)</li> </ul>	100

<ul style="list-style-type: none"> <li>CCM continuation of testing developed already including purchase card cash withdrawals. (80 days)</li> <li>CCM Dashboard Development - update completion monitoring document to provide a dashboard to be used in quarterly reporting and intranet reporting. (10 days)</li> </ul>	
<u>Continuous Controls Monitoring (CCM) - Schools</u>  Continued CCM Development, testing and reporting during 2024/25 relating to schools compliance.	25
<b>Total Days</b>	<b>125</b>
<b>Detection</b>	
(1) <u>Proactive Counter Fraud Exercise: Taxi Contractors (schools transport and other)</u> - As in previous years, a series of School Transport providers will be visited and checks undertaken to ensure that taxi contractors are complying with Council contractual requirements. The focus will be on the appointment, engagement and payment of drivers and Passengers Assistants and DBS checks	10
(2) <u>Proactive Counter Fraud Exercise: Appointeeship Account Transactions - Probity Check</u> - A sample of transactions made from appointeeship bank accounts will be sample tested to confirm their validity.	5
(3) <u>Proactive Counter Fraud Exercise: Foster Care &amp; Special Guardianship Payments</u> - To review a sample of Foster Care/Special Guardianship Payments and confirm they have been made in accordance with policy and can be supported by documentation	10
(4) <u>Proactive Counter Fraud Exercise: Section 17 Payments</u> - To review a sample of S17 payments, using a combination of risk based sampling using analytics where feasible, and random sampling and confirm the appropriateness and validity of payments	10
(5) <u>National Fraud Initiative</u> - NFI Phase 1 (NFI 2024) - Preparation of Data and Processing notices for expected October 2024 upload.	10
(6) <u>Proactive Counter Fraud Exercise: Cash Purchases Care Home Residents</u> - Review of new processes and transaction testing regarding cash purchases for Care Home Residents by Council employees.	10
(7) <u>Proactive Counter Fraud Exercise: Weighbridge Data</u> - Review of processes around Weighbridge data in order to maximise opportunities for detecting, preventing and deterring fraud.	5
(8) <u>Proactive Counter Fraud Exercise: Sale of items at HWRC sites</u> - Review of processes around sale of items from HWRC sites, including security of goods and payments..	5
(9) <u>Proactive Counter Fraud Exercise: Send Personal Budgets - Prepaid Cards</u> - Following the implementation of revised processes relating to SEND Personal Budgets, opportunities will be sought to support verification of payments made, with scope to repeat throughout the year.	10
(10) <u>Proactive Counter Fraud Exercise: Analysis of Supplier Data</u> - To establish the feasibility and opportunities for using supplier data to identify potential areas where VFM can be improved, and/or errors identified, running pilot exercises were appropriate.	5
(11) <u>Proactive Counter Fraud Exercise: Area Service Offices - Purchase Card Cash Handling Spot Checks</u> - A series of visits will be conducted to ASO sites to spot check cash handling processes, and validate a series of receipts.	10



(12) <u>Proactive Counter Fraud Exercise: - 1-2-1 Care Verification Checks</u> - To undertake spot checks at locations to ensure that where SCC is paying for 1-2-1 care that citizens are receiving this care	10
(13) <u>Proactive Counter Fraud Exercise: Divisional Highways Programme</u> - Time has been set aside to look at the processes in place around works completed under the divisional highways programme, including a sample check of works completed, focussing on the decision making processes prior to works being carried out.	10
(14) <u>Proactive Counter Fraud Exercise: Register Offices – Management of Certificates</u> - Management of Certificates at a sample of Register Offices across the County including the security, accounting for and reconciliation of certificates	5
<b>Total Days</b>	<b>115</b>
<b>Investigation</b>	
Continue to undertake reactive investigative work when issues of concern are identified through routine audit, reported by management or via the whistleblowing processes in place during 2024/25	170
<b>Total Days</b>	<b>170</b>
<b>Grand Total (Days)</b>	<b>475</b>

**Appendix D – Staffordshire Pension Fund Internal Audit Plan – 2024/25**

<b>Staffordshire Pension Fund</b>		
Local Government Pension Scheme (LGPS) Asset Pooling	10	<p>Time will be required in 2024/25 to maintain the Pensions Assurance Framework (SCC act as the lead authority for this) and to attend Internal Audit Working Group (IAWG) meetings throughout the year as well as the Governance Working Group (GWG).</p> <p>Attendance will also be required at the Joint Committee also.</p>
Pension Fund - Cyber Security Framework	6	<p>In September 2023, the Pensions Committee approved the New Staffordshire Pension Fund - Cyber Security Strategy.</p> <p>The scope of this review will focus on the governance and progress on deliverables set out in the strategy including:</p> <ul style="list-style-type: none"> <li>• Strategy Development and Suitability including the identification of cyber risks;</li> <li>• Strategy Governance including roles and responsibilities, strategy approval and strategy review</li> <li>• Documented action plans to support delivery of the Strategy</li> <li>• Strategy Monitoring and reporting Frameworks</li> </ul>
Strategic Asset Allocation - Governance, Monitoring & Reporting	10	<p>In 2024/25, Internal Audit will review the Strategic Asset Allocation process.</p> <p>Scope of work to include:</p> <ul style="list-style-type: none"> <li>• Governance arrangements including the review process for the Strategic Asset Allocation and approval process;</li> <li>• Strategic Asset Allocation Implementation</li> <li>• Strategic Asset Allocation Monitoring and Reporting</li> </ul>
Pension Fund - <u>Pensions Administration</u>	25	<p>To keep under review the arrangements in place for administering SCC's pension scheme. This will include a review of payments due to and payments made from the pensions fund as well as the operation of the I-Connects system, the My pensions portal and compliance with GDPR.</p> <p>In addition to the above, to include a review of "Enhanced Administration to Pay" when implemented and the planning for the implementation of the UK Pensions Dashboard programme Regulations and Requirements (assurance that all is in hand with the appointment of an Integrated Service Provider (ISP) for go-live in October 2024).</p>
MyPensions Portal	4	To provide on going project support when the service look to widen the use of the MyPensions Portal in year (2024-25)
<b>Total No of Days</b>	<b>55</b>	

## Appendix E – Quality Assurance Programme

### Quality Assurance

Quality outcomes/process designed to deliver a consistently high-quality audit service to our clients – fit for purpose/ meets client expectations/conforms to PSIAS.

### Quality Improvement Plan

CIA reporting to the Audit & Standards Committee on the outcome of quality assurance review, together with the improvement action plan and any significant areas of non-conformance to PSIAS included in the Annual Report/Annual Governance Statement.

### Ongoing Monitoring

Quality checks and oversight are undertaken throughout the audit review, ensuring that processes and practice are consistently applied and working well.

### Role of the CIA

- To develop and maintain the Quality Assurance Improvement (QAIP) and resultant action plan.
- Focus on evaluating conformance with the Internal Audit Charter.
- Arrange an External Assessment in-conjunction with the Audit & Standards Committee.

### Role of the Audit Managers


- Obtain on-going assurance that the audit planning, fieldwork conduct and reporting/communication results adhere to audit standard practice (as defined in the audit manual).
- Undertake audit supervision and review. The extent of supervision needed will depend on the proficiency and experience of the internal auditors and the complexity of the review.

### Role of Individual Auditors

- Conduct all audit reviews in accordance with the requirements contained in the audit manual and PSIAS.
- Behave at all times in accordance with the PSIAS Code of Ethics and Code of Conduct.
- Promote the standards and their use throughout the Internal Audit Activity.
- Actively seek feedback for all reviews undertaken.
- Demonstrable commitment to delivering quality services.

In January 2023, the Service's latest External Quality Assessment (EQA) of the Team was performed by the Chartered Institute of Public Finance & Accountancy (CIPFA). Whilst no recommendations were made, there is one advisory action for management to consider which relates to keeping a watching brief on the developments to the global IA standards which were published on 9<sup>th</sup> January 2024.





# Annual Audit Planning Process

## Proposed Internal Audit Plan & Counter Fraud Plan 2024/25

### Audit & Standards Committee

### 23<sup>rd</sup> April 2024

## Aims of Today's Presentation

1. To **demonstrate** to the Committee that a robust methodology has been adopted in formulating the Plan for 2024/25.
2. To provide **comfort** that the Plan focuses on the key risks facing the Council.
3. To confirm that the Plan achieves a **balance** between setting out the planned work for the year and retaining **flexibility** to changing risks and priorities during the year.
4. To provide assurance that there are **sufficient resources** within Internal Audit to deliver the Plan for 2024/25.

# The Internal Audit Strategy

- IA Strategy is a key governance document
- Produced annually and formally endorsed by the Audit & Standards Committee
- Sets out:-
  - The risk assessment process;
  - Key principles applied; and
  - Resources needed to deliver the plan

# Top Risk Audits/Reviews 2024/25

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1	<b><u>New Care System</u></b> – Initialisation, Procurement & Project Support	6	<b><u>Delivering Good Governance: Culture, Values &amp; Behaviours Governance Review.</u></b>
2	<b><u>Highways Transformation Programme</u></b> including Asset Management & Inspection Services.	7	<b><u>Corporate File Plan</u></b> – Attendance at Project Board and Compliance with Policies.
3	<b><u>SEND</u></b> including Enhanced Access-Plan-Do-Review (EAPDR); SEND Transport; SEND Governance & SEND Ofsted Framework	8	<b><u>Corporate Improvements-</u></b> Quality Performance & Improvement Board (QPIB) and Programme.
4	<b><u>Cyber Assurance</u></b> – Cyber Security & Assurance; Third Party Access; Server Configuration Management & Privileged Access Management.	9	<b><u>Children’s &amp; Families New Operating Model and &amp; Response to Children’s Services Ofsted Inspection</u></b> including the Delivery Model; Staffordshire Children’s Advice & Support Service (Front Door); Quality Assurance Framework; and Management & Oversight of Case Files.
5	<b><u>Digital Strategy &amp; Transformation</u></b> including the Artificial Intelligence and the Digital Programme Board	10	<b>10. <u>Commercial Services (Procurement)</u></b> – Compliance with the Procurement Act 2023.



# Direct Linkage to the Corporate Improvement Programme 2024/25

Several of the top risk reviews are directly to the 2024-25 Delivery Plan, Corporate Improvement Commissions and pipeline activities (collectively Corporate Improvement Programme 2024/25) i.e. (i) Childrens Services Improvement; (ii) SEND Improvement; (iii) Highways Transformation; (iv) Digital Innovation; (v) the new Social Care Case Management System.

There are other reviews which also directly correlate to the Corporate Improvement Programme including:

<b>Economic Growth &amp; Skills – Levelling Up Fund; A50 Corridor/ Staffordshire Careers &amp; Job service &amp; Town Centre</b>	<b>Waste Management – Hanford Incinerator</b>	<b>Supported Living</b>
<b>We Are Staffordshire</b>	<b>Countryside Estate and Country Parks</b>	<b>Public Health Commissioning – Drug &amp; Alcohol Treatment Services</b>
<b>Climate Change – Follow-up review; Green solutions Scheme &amp; Flood RM</b>	<b>ASC - CQC – Self Assessment/QA- Assessments and Quality Improvement Framework – Practice Audits</b>	<b>Staffordshire Communities Strategy – Governance, Monitoring and reporting</b>

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# Key Financial Audits 2024/25

- The key financial audits in 2024/25 included in the Internal Audit Plan are:
  - a. Liberata - Payroll System;
  - b. Budgetary Control (Revenue);
  - c. Sales to Cash – Debt Recovery Function & Debt Management;
  - d. Main Accounting (Nominal Ledger).

Plus:

New BACS system

Corporate Delivery Plan – Savings

# Governance Audits 2024/25

## SCC Delivering Good Governance

- Corporate Governance Health check
- Culture, Values & Behaviours
- Corporate Decision-Making Arrangements
- Corporate Controls Assurance Mapping
- Local Authority Trading Companies (LATCOs) - Nexxus Care

## Partnership Governance

- Midland Engine – National & Local Growth Assurance Framework
- LEP closure and transition arrangements to SCC

# Schools Compliance Audits 2024/25

- Continued significant increase in the number of Limited assurance opinions awarded in 2023/24 – similar to 2021/22 & 2022/23 .

## In 2024/25:

- Continued focus on school governance and financial controls (including Income, payroll and procurement).
- More Schools to be audited in 2024/25. Increase from 20 school visits to 25 school visits
- Supplement schools' compliance audits with a programme of continuous controls monitoring to give greater assurance over financial transactions.
- Continue with additional Internal Audit communications to schools to increase awareness of fraud risks and controls and best practice.
- Continue to raise the profile of Internal Audit within the schools environment – through bursar forum sessions and other school sessions.

# Counter Fraud Plan 2024/25

- The Counter Fraud Plan for 2024/25 is based, as in previous years on the CIPFA's Counter Fraud Code of Practice.

- Increase in Counter Fraud Resources in 2024/25

- Audit time is allocated across the following headings:

Strategic Development (35 days)

Creating an anti fraud Culture (30 days)

Prevent & Deter (125 days)

Detection (115 days)

Investigations (170 days)



**475  
days**

# Proactive Counter Fraud Exercises 2024/25

The Counter Fraud Plan is influenced by past occurrences of fraud. In 2024/25, there will be continued audit coverage in the following areas:

- a. Purchasing cards – ASO Purchase Card Cash Handling/withdrawals;
- b. Taxi Operators - greater transparency over financial processes and compliance with contractual conditions particularly when hiring taxi drivers and passenger assistants;
- c. SEND Personal Budgets – Prepaid cards;
- d. Section 17 Payments;
- e. Household Waste Recycling Centres;
- f. Divisional Highways programme;
- g. Appointeeship Bank Account Transactions

# Summary of Key Headlines

- Emphasis on strong financial management and controls.
- Continued focus on key digital projects including the Corporate File Plan, Artificial Intelligence and other digital enhancements:
- Time allocated to provide valuable insights into key processes operating within Children Services to assist the Council in its response to its latest Childrens Services Ofsted Inspection.
- Delivering Good Governance – continued work to give assurance over the Council’s prevailing culture and values and transparency of Decision Making.
- Several audits which are directly aligned to the 2024-25 Delivery Plan, Corporate Improvement Commissions and pipeline activities which make up the new Corporate Improvement Programme
- Continued focus on the Council’s procurement and contract management activities including Compliance with the New Procurement Act
- Attention given to key partnerships including Entrust, Amey, S75 Agreements and Midland Engine
- Full Programme of ICT audit reviews and regular Liaison between ICT and IA to discuss ICT control related matters.

# Achievement of the key Aims Today

- Have I satisfied you that there is a robust methodology adopted in formulating the Plan for 2024/25?
- Have I provided you with comfort/assurance that the Plan focuses on the key risks facing the Council?
- Have I demonstrated to you that the Plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year?
- Have I provided assurance to you that there are sufficient resources within Internal Audit to deliver the Plan for 2024/25?





# Appendices

Supplementary Information to support the Plan 2024-25

# How the Plan is Formulated

- Fundamental to a good plan is consultation with the organisation at all levels.
- Consultation/discussions with key officers (OMT/WLT/SLT)  
**60 + Officers;**
- Liaison with the Assistant Director – Internal Audit & Financial Services & the Director of Finance .

**IMPORTANT: We all need to contribute to the Plan to ensure it is aligned to the Council's priorities and to ensure it adds value to the organisation**

# Key Principles Applied

- Assurance reviews with a high risk (i.e. >60%) ranking are completed.
- Identification of 'Top Risk' Audits/Reviews.
- Key Financial systems are conducted.
- A Schools' audit programme is developed based upon a risk assessment & specific fraud risk assessment.
- An initial allocation of days to conduct Special Investigations is made – variable year on year.
- An initial contingency allocation – variable year on year is included in the Internal Audit Plan.
- Time is included to undertake pro-active counter fraud work.
- Compliance reviews are also included in the Internal Audit Plan.

## Resource Requirement 2024/25

- Continue to focus on the County Council in 2024/25.
- Provide IA services to South Staffordshire Council (225 days & Newcastle –Under-Lyme Borough Council (341 days).
- Sufficient resources are available to deliver the Plan including the ability to procure the required level of support from the Private Sector under existing frameworks available to us and access to the investment resource funding being made available to the Service..

# Continuous Controls Monitoring (CCM)

- What is CCM - Regular monitoring of the Council's data for 'Red Flags' that may indicate Fraud.
- Use data analytical and file interrogation software, IDEA
- Typical areas to review: expenses claims; purchasing cards; creditor payments; mileage claims, additional hours claimed.
- Corporate Programme of CCM
- Schools Programme of CCM

## Other Time Allocations Worthy of Note

- Contingency Time Allocation (10 days)
- Recommendation Tracking (15 days)
- Innovating Audit - Time to explore RPA and AI within Internal Audit (10 days)

## How is the Plan Delivered

- In House Team
- Commitment to ‘grow our own’ with use of Apprenticeship Levy – 3 Members of staff in 2024/25 offered training.
- Use of External Staff via existing available frameworks
- ‘Mixed’ economy allows flexibility/ability to respond to urgent requests & access to specialist skills.
- Generate Income – Circa £230k per annum through external client work.





# Audit and Standards Committee Forward Plan 2024/2025

*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>23 April 2024</b>				
External Audit – Verbal Update. <ul style="list-style-type: none"> <li>• Financial Year 2021/22</li> <li>• Financial Year 2022/23</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				
Staffordshire County Council & Pension Fund - External Audit Plan 2023/24 Report of KPMG				
Internal Audit Plan 2024/25 Report of the Director of Finance Lead Officer: Debbie Harris				

Agenda Item 8

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Forward Plan for the Audit and Standards Committee Lead Officer: Lisa Andrews				
<b>PART TWO EXEMPT</b> Internal Audit Special Investigation/limited/ Top Risk Areas reports ( <i>Part 2 items</i> ).				
Children & Families – ChildView System (Limited Assurance)				
Children & Families – EHCP Hub System Security Review (Limited Assurance)				
<b>9 July 2024</b>				
Internal Audit Outturn Report 2023/24 Report of the Director of Finance Lead Officer: Debbie Harris				
Strategic Risk Management - Risk Management Policy Statement & Strategy. Report of the Director for Corporate Services Lead Officer: Lisa Andrews				
Annual Report on Information Governance Report of the Director for Corporate Services Lead Officer: Tracy Thorley/ Natalie Morrisey				
External Audit – Verbal Update. <ul style="list-style-type: none"> <li>• Financial Year 2021/22</li> <li>• Financial Year 2022/23</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: Chris Ebberley				
Code of Corporate Governance –2024 Update Report of the Director for Corporate Services Lead Officer: Lisa Andrews				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Appointment of Members to Standards Panel 2024/25. Lead Officer: Chris Ebberley				
FRC Annual Report on the Quality of External Audit – for information Lead Officer: Lisa Andrews				
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	As required		
Appendix 2 – Counter Fraud Outturn Report 2023/24 Lead Officers: Debbie Harris				
<b>24 September 2024</b>				
Civil Contingencies Governance Annual Report – 2023/24 Report of the Director for Corporate Services Lead: Tracy Thorley				
Training on Statement of Accounts Lead Officer: Rachel Spain				
Draft Statement of Accounts 2022/23 Presentation and Report of Director of Finance Lead Officer: Rachel Spain				
Proposed changes to the Constitution –. Lead Officer – Kate Loader	As required. (KL 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
<b>PART TWO EXEMPT</b> Internal Audit Special Investigation/limited/ Top Risk Areas reports ( <i>Part 2 items</i> ).	As required			
<b>5 November 2024</b>				
Health, Safety and Wellbeing Performance Annual Report Report of Director for Corporate Services Lead Officer: Becky Lee				
National Fraud Initiative - Update Report of the Director of Finance Lead Officer: Debbie Harris				
Proposed changes to the Constitution	As required. (KL to advise)			
Standard Matters	As required. (CE to advise)	None this time		
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			
<b>10 December 2024</b>				
Annual Governance Statement 2023/24 Report of the Deputy Chief Executive and Director for Corporate Services				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Lead Officer: Lisa Andrews				
Training on Statement of Accounts Lead Officer: Rachel Spain				
Draft Statement of Accounts 2023/24 Presentation and Report of Director of Finance Lead Officer: Rachel Spain				
Internal Audit Plan 2024 – 2025 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> ).				
<b>25 February 2025</b>				
Internal Audit Charter 2025 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> ).				

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Infrastructure+ Asset Data Management – Progress report on implementation of Internal Audit recommendations.  Lead Officers: David Walters/Scott Denny				
<b>25 March 2025</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 a) Staffordshire County Council Report of Ernst & Young	Moved from December 2022			
Report to those charged with Governance (ISA 260) 2021/22 b) 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	Defer until after the 20/21 &			

Item and lead officer	Date of meeting	Links with Council strategic commissioning priorities	Detail	Action/Outcome
Lead Officer: Rachel Spain	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 Report of Ernst & Young (EY)				
Review of the Effectiveness of the Audit & Standards Committee – 2024 training Schedule results . Report of the Deputy Chief Executive and Director for Corporate Services Lead Officer: Lisa Andrews				
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> ).		See email		
<b>22 April 2025</b>				
Annual Report of the work of the Audit & Standards Committee				

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: Lisa Andrews				
Strategic Risk Management - Risk Management Policy Statement & Strategy Update. Report of the Director for Corporate Services Lead Officer: Lisa Andrews				
Annual Report on Information Governance Report of the Director for Corporate Services Lead Officer: Tracy Thorley/ Natalie Morrissey				
Internal Audit Plan 2025/26 Report of the Director of Finance Lead Officer: Debbie Harris				
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				
<b>PART TWO EXEMPT</b> Internal Audit Special Investigation/limited/ Top Risk Areas reports (Part 2 items).				

**Membership**

Mike Worthington Bernard Peters  
(Chair) James Salisbury  
Carolyn Trowbridge Janice Silvester-Hill  
(Vice Chair) Richard Cox

**Calendar of Future Committee Meetings**

**(All meetings at 10.00 a.m. unless otherwise stated)**  
**23 April 2024**  
09 July 2024  
24 September 2024  
05 November 2024



Arshad Afsar Keith Flunder Ross Ward Bernard Williams Philippa Haden Phil Hewitt	Ian Wilkes Graham Hutton Ann Edgeller	10 December 2024 25 February 2025 25 March 2025 22 April 2025  Meetings usually take place at County Buildings, Martin Street, Stafford ST16 2LH
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