

Audit and Standards Committee

Monday, 7 December 2015
2.00 pm
Oak Room, County Buildings, Stafford

John Tradewell
Director of Strategy, Governance and Change
27 November 2015

A G E N D A

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of the Meeting held on 14 September 2015** (Pages 1 - 6)
4. **Audit Committee Reporting**
Discussion lead by the Director of Finance and Resources
5. **Annual Report on Health, Safety and Wellbeing Performance** (Pages 7 - 20)
Report of the Health, Safety and Wellbeing Manager
6. **Risk Management - Development of the Corporate Risk Register** (Pages 21 - 30)
Presentation by the Director of Finance and Resources
7. **Annual Audit letter 2014/15** (Pages 31 - 40)
Report of PriceWaterhouseCoopers
8. **External Auditor - Introduction to the Ernst & Young Audit Paper** (Pages 41 - 60)
Overview from Senior Manager, Government and Public Sector, Ernst & Young LLP
9. **Internal Audit Plan 2015/16 Update** (Pages 61 - 66)

Report of the Director of Finance and Resources

10. **National Fraud Initiative (NFI) - 2014 update** (Pages 67 - 76)

Report of the Director of Finance and Resources

11. **All Age Disability and Independent Futures - Update** (Pages 77 - 80)

Report of the Accountable Lead, Independent Futures

12. **Work Programme for the Audit and Standards Committee/ Member Training Update** (Pages 81 - 84)

Report of the Director of Finance and Resources

13. **Exclusion of the Public**

The Chairman to move:-

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

PART TWO
(reports in this section are exempt)

Membership

Derek Davis, OBE	Robert Marshall
Mike Davies (Vice-Chairman)	David Smith
William Day	Alison Spicer
Brian Edwards	Martyn Tittley (Chairman)
Michael Greatorex	Diane Todd
Derrick Huckfield	Conor Wileman
Kevin Jackson	Caroline Wood
Philip Jones	

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Minutes of the Audit and Standards Committee Meeting held on 14 September 2015

Present: Martyn Tittley (Chairman)

Attendance

Mike Davies (Vice Chair)	Philip E Jones
William Day	Caroline Wood
Michael Greatorex	
Derrick Huckfield	

Apologies: Brian Edwards, David Smith and Alison Spicer

PART ONE

1. Declarations of Interest

There were no declarations of interest on this occasion.

2. Minutes of the Meeting held on 30 June 2015

RESOLVED - That the minutes of the meeting held on 30 June 2015 be confirmed and signed by the Chairman.

Updates given in respect of the minutes of the previous meeting included:

Minute 3 – nationally further clarification was still awaited in respect of the impact on employment terms and conditions of the new regulatory requirements regarding the discipline and dismissal of the Head of Paid Service, Monitoring Officer and Chief Finance Officer.

Minute 5 – all of the missing mobile devices/ phones had been located and either returned to storage or reallocated to other members of staff.

3. Annual Governance Statement

Members considered the Annual Governance Statement 2014-15 that sets out what the County Council is responsible for, its governance framework, how effective it is and any significant governance issues. The significant governance issues highlighted included the large scale transformations to address continuing financial pressures, the challenges presented by the devolution agenda and the creation of a commercial and contract management team.

Members sought assurances around the robustness of our governance arrangements including the Council's value for money arrangements so that the Committee could fulfil its role of giving assurance to full Council. A question was also asked as to the extent to

which value for money was subject to any form of external challenge and the ability for any member of staff to raise concerns or report matters such as fraud.

In terms of value for money the Council's external auditors encompass this within the scope of their work. The Audit and Standards Committee have an important role in ensuring the effectiveness of the Council's governance systems. Member oversight extends beyond the Audit and Standards Committee with the MTFs Working Group having a role in investigating progress towards delivering a good and balanced budget and Corporate Review and the other Select Committees a role in monitoring performance and outcomes. In response to a question as to whether there was an appropriate balance between value for money considerations and community impact such as protecting vulnerable groups it was stated that individual decisions were subject to community impact assessments but that the role of Audit and Standards was the appropriate focus on governance, value for money, expenditure and costs.

In terms of the ability of staff to report instances of fraud or flag up concerns then the Council did have an established whistleblowing policy that had been shared with staff and was accessible via the intranet. It is also included as part of the induction process for new employees.

In terms of progress around devolution then the Director of Finance and Resources highlighted that the Leader and Cabinet were in ongoing discussions with counterparts in Stoke on Trent, the Districts and Boroughs and Health colleagues to consider what offer may best meet the needs of Staffordshire and Stoke on Trent.

It was agreed that questions in regard to overspends in People would be picked up in the following agenda item.

RESOLVED – that the Committee approve the Annual Governance Statement.

4. Statement of Accounts

Members received a training session prior to consideration of the Statement of Accounts 2014-15. The Statement of Accounts had been signed off by the Director of Finance and Resources by the end of June and the audited accounts needed to be signed off by the 30 September. These timescales would become tighter in 2017-18 with the accounts being signed off by the end of May and audited and published by the 31 July, in line with other sectors. The accounts are prepared in line with the Code of Practice on Local Government Accounting. Members' attention was drawn to the comprehensive income and expenditure statement, balances and key aspects of the Pensions Fund.

In response to a question it was clarified that the Group Accounts incorporated the accounts relating directly to the County Council's interests in Entrust as a joint venture. Entrust were still required to produce separate accounts in their own right which would be lodged with Companies House.

Members sought clarification as to the underspend in the Place Highways budget. It was explained that this was as a consequence of a one off payment of £800,000 relating to the ability to charge for highway searches linked to individuals purchasing a house.

Given the timing of the payment it wasn't appropriate to assume that this additional income would automatically be assigned to highway repair works.

It was explained that in terms of the Revenue Budget planned spend was £505.3 million on providing services including a £9.1 million contribution from reserves. £30.4 million of savings were delivered over the period. Assets less liabilities were £293.4 million which was a decrease of £180.1 million. The decrease was in large part a consequence of an increase in liabilities associated with the Pension Fund. General Balances had decreased by £1.1 million to £14.8 million. It was clarified that there wasn't a national minimum figure for reserves but the Council did adhere to good practice principles and levels of reserves were reviewed annually as part of the MTFs process. As part of the MTFs there was a clear plan for retaining an appropriate level of reserves and replenishing them when there has been need to call on reserves in past years.

Members sought assurances around the shift in the balance between assets and liabilities over the past 3 years. Officers highlighted that the Council would utilise cash balances rather than taking on debts relating to short term investments. Given the current low interest rates it made sense to utilise the Council's cash reserves that may only be attracting 0.5% interest rather than take on debts that may attract 3% interest or higher. Overall resources would continue to reduce in the public sector and the challenges would continue in terms of living within our means. The Council had made a conscious decision to invest in Health and Care to deal with the extra pressures arising from changing demographics in Staffordshire and the knock on effects of service demand.

In response to a query as to whether we were getting value for money from our Pension Fund Managers it was highlighted that the performance of Fund Managers is under constant review. An exercise for the three year period ended 31 March 2014 had shown that Active Equity Fund Managers had added £48 million to the value of the Fund, net of their fees. The mix of Fund Managers was important to ensure money wasn't being invested in too few sectors. The Fund did need to consider the costs involved in changing Fund Managers and hence needed to be cautious of changing to quickly.

In terms of the Better Care Fund it was clarified that the risks around the Fund weren't relevant to the 2014-15 period covered by these accounts. Assumptions had been made as part of the MTFs and negotiations were continuing with health partners to ensure delivery against the Fund that had been agreed to.

RESOLVED- That the 2014-15 Statement of Accounts and letter of representation from the Director of Finance and Resources be approved.

5. Report to those Charged with Governance

Richard Bacon of PricewaterhouseCoopers introduced the findings of the audit undertaken by the County Council's external auditors as a consequence of a plan that had been agreed by the Committee in March 2015. The expectation was that it would be possible to issue an unqualified audit opinion once the last actions in the audit plan had been concluded.

It was highlighted that the County Council's MTFs and savings plans were better advanced than many other local authorities. The robustness of plans to address predicted shortfalls was also unusual when compared to many other local authorities. The Council had a strong track record of delivering savings which put it in a strong position going forward. The challenges of delivering savings at a time when demand for services such as Health and Care provision was also recognised.

This was the last audit that would be undertaken by PricewaterhouseCoopers prior to the change in external auditors. Mr Bacon highlighted that the support and responsiveness of officers of the Council and the seriousness with which Members have challenged the assumptions made are matters that the Council should take credit for. He pointed out that the clearance meetings in regard to the accounts were the earliest of any council in the Midlands, a matter the Council should take credit for in terms of co-operation and support to the process.

Member sought assurances around the changes in pension liabilities. It was explained that the balance sheet reflected how much the Fund was worth and what was being paid out. The gap would be addressed through pension contributions of Fund members. It was important to note that the figures were based on the Fund having to pay all pension contributions on the 31 March which is a theoretical measure. The Pension Fund is performing. The gap relates to the theoretical assumption of all Funds needing to be paid out on a single day. If interest rates were at their historic norm then the gap would be significantly reduced. The Fund remains sustainable over the medium term.

A question was asked as to whether the company with responsibility for the Waste PFI would or could make a claim as a consequence of the manipulation of national interest and currency rates by the large national banks and if so would the Council be entitled to a proportion of such a claim. Officers were unaware of any intention for such a claim to be made.

A Member also highlighted the importance for the Council's Select Committees and Audit and Standards in monitoring the impact of any unintended consequences of making savings in one area leading to pressures and increased costs elsewhere including with partners or the voluntary and community sector.

The Director of Finance and Resources thanked Mr Bacon and his team on behalf of Members and officers for the professional way they had undertaken their role over the previous 9 years. They had delivered robust challenge back to the Council that had ensured as an organisation the Council remained vigilant and on its toes. Importantly the team understood the business that they were auditing which made the process simpler and more constructive.

RESOLVED – that the Committee accept the findings of the external auditor as set out in the report.

6. Work Programme for the Audit and Standards Committee/ Member Training Update

The Chair of the Corporate Review Committee highlighted that there had been a referral from his Committee to Audit and Standards regarding the Penda partnership.

Member training updates would continue as part of Committee meetings.

RESOLVED – that the work programme be noted.

7. Internal Audit Draft Organogram

The Chairman thanked officers for presenting the draft organogram for the service. He highlighted an ongoing concern over the vacant posts and the capacity of the team to continue to ensure there was ongoing assurance of the governance and assurance systems of the County Council as the way in which services were commissioned and delivered became ever more complex. The shape of the audit function for 2018 and beyond needed to be thought about and planned for.

Assurances were given that the duties of the vacant posts were being covered and the posts would shortly be advertised.

RESOLVED –that the organogram be noted.

8. Proposed Changes to the Constitution – Authority to Appoint Directors and Shareholders of Companies

The report set out changes to the delegations of the Leader of the Council and Chief Executive in terms of the appointment of Board Members and Shareholders of companies which the County Council is to be involved with. This change gives authorisation to the Leader in consultation with the Chief Executive to appoint officers to such posts.

RESOLVED – That the changes to the Constitution be recommended to full Council for approval.

Chairman

Staffordshire County Council
Annual Report on Health, Safety and Wellbeing Performance 2014/15

1. Action Required**1.1 The County Council's Senior Managers need to: -**

- Review the findings and management information detailed in this report;
- Analyse this year's performance and identify action to ensure continuous improvement;
- Consider key actions identified for 2015/16 and decide if any further actions are required;
- Share and communicate the report to SLT, WLT and OMT; and
- Recognise the work that has been achieved to improve the council's management of health, safety and wellbeing risks.

2. Introduction

- 2.1 This report covers the period from 1st April 2014 to 31st March 2015. The aim is to provide the council's senior management, stakeholders, public of Staffordshire and others interested in health, safety and wellbeing with information about what the county council is doing to protect its employees, volunteers, contractors, service users, pupils and members of the public.
- 2.2 Health, safety and employee wellbeing in the county council are part of the overall risk management strategy, which aims to identify and manage risks to the county council and its services to the public. Health, safety and employee wellbeing focuses on the risks of injury and ill health that can arise from the wide range of activities necessary to deliver the services to the people of Staffordshire.
- 2.3 This report identifies progress against the key action points outlined in the action plan for 2014/15 and identifies key priorities for 2015/16.

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

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

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

4. Action taken during 2014/15 to improve Health, Safety and Wellbeing Management Arrangements

4.1 Key Successes

- a. Introduced innovative new approach to the management of psychological absence called ThinkWell. ThinkWell was launched on the 8th September to help manage increasing levels of psychological absence. ThinkWell uses a prevention and early intervention approach to support colleagues to take personal responsibility for their own mental wellbeing. The new initiative has seen significant engagement from colleagues and managers. It has also had an impact on psychological absence and created a productivity saving equivalent to £ 160,000 from September to March and delivered a 200% return on investment. The pilot has been extended for 2015/16 to allow the service to be further enhanced and embedded across the organisation.
- b. Successfully defended a public liability claim whereby a trespasser in the grounds of the school who suffered life threatening injuries was claiming they were owed a duty of care under the Occupiers Liability Act. The court dismissed the case against the council on the basis that no duty was owed to the claimant because he was a trespasser and the premises were not in a dangerous or unsafe state.
- c. Revised health and safety audit and evaluation arrangements were developed and launched in February 2015 to improve the councils monitoring arrangements and make them fit for a commissioning authority and the changing shape of services. The new arrangements make the monitoring simpler for managers to use and releases management time. The new arrangements have a risk based approach within the process. The new arrangements have been well received and completed effectively across the organisation with services now having an annual improvement plan in place for 2015/16.
- d. Completed 124 School and 33 Core Council audits of services to review their health and safety management arrangements and develop improvement plans.

- e. Completed 101 health and safety planning meetings with schools who purchased the Additional Service Level Agreement to allow them to identify key risk gaps and develop management plans to improve their health, safety and wellbeing performance.
- f. The council's musculoskeletal prevention and early intervention activities have continued to provide benefits to the organisation and the 23% reduction in musculoskeletal absence achieved over the previous two years have remained in place and has had national recognition this year.
- g. Over 60% of the workforce has now engaged with one or more of the council's wellbeing activities helping and supporting colleagues to improve their personal wellbeing. Over 600 colleagues participated in each of the 2 wellbeing days held during the year which had a focus on physical health and exercise. Over 2000 colleague have used the self-service wellbeing stations and taken part in the council "know your numbers" campaign which allows colleagues to understand their health risks and simple steps they can take to improve their health and wellbeing.
- h. The Health, Safety and Wellbeing Service has also responded to and managed several emergency situations and serious accidents during 2014/15.

4.2 Service Level Agreements (SLA).

- 4.2.1 97% of maintained schools purchased the health and safety service during 2014/15 with just 5 schools seeking other provision. 101 maintained schools purchased the additional service level agreement. The Headteacher briefings were well attended and feedback was excellent. Headteachers have indicated that these briefings help them to understand their accountabilities and develop further their learning and skills to manage health, safety and wellbeing effectively in school environments.
- 4.2.2 Positive feedback from schools has highlighted significant service improvements over the last two years.
- 4.2.3 Customer survey showed that 98% of customers were "very satisfied" and the rest "satisfied" with the service delivered by Health, Safety and Wellbeing.

4.3 Improving the Health of the Workforce

- 4.3.1 Absence at the county council is now at **7.79 days** per employee, which is an increase from last year. This level of absence in line with Public Sector organisations based on CIPD Absence Management Annual Survey 2014. Prevention and early intervention activities continue to help reduce absence levels. An improvement plan has been agreed for 2015/16 which will focus on improving local management of absence and further implementation of early intervention support.
- 4.3.2 Between 1st April 2014 – 31st March 2015 411 employees had been referred to the physiotherapy service resulting in the following achievements:-
 - 63% of corporate colleagues with a new musculoskeletal absence were referred by their manager.

- Maintained the 23% reduction in musculoskeletal absence achieved since implementation in 2012.
- 4.3.3 Musculoskeletal absence in schools has remained consistent with last years rates and schools have been actively imbedding new backcare awareness training to support postural awareness over the last 12 months.
- 4.3.4 The physiotherapy service will continue to be available in 2015/16 to support employees with musculoskeletal disorders to remain in work and return to work quickly. It will be further supported by the Let's Get Moving campaign launched in February 2015. This campaign launched effective preventative back care stretches and activities into both manual handling training and back care awareness training, along with a postural awareness campaign. Health and Safety Advisors will be further developing this campaign and embedding it into colleague behaviour during 2015/16.
- 4.3.5 In September 2014 the council launched ThinkWell to support colleague's mental wellbeing and to tackle psychological absence levels which had been increasing at an average of 24% prior to the launch of ThinkWell. ThinkWell supports colleagues using prevention activities and early intervention support. It uses multimedia and face to face support interventions designed to help individuals to understand how they can take personal responsibility to improve their mental health. This includes a ThinkWell Plan to ensure ongoing mental health support.
- 4.3.6 From April 2014 – end August 2014 101 employees accessed the staff counselling service for support. Following the launch of ThinkWell in September 2014 222 employees received support from the ThinkWell service and another 320 employees used the CALM which is an online multimedia health information and self-help package, available for all employees. Through interactive tools and personal multimedia programmes these easy to use tools are designed to let the individual take control when they feel they are not.
- 4.3.7 Colleagues supported by ThinkWell showed after treatment a 100% improvement/recovery. 100% of colleagues accessing service described the support as helpful of extremely helpful. 98% of Managers felt the service was good/outstanding. 95% of referrals were triaged by a mental health professional within 48 hours and 100% received their first session of support within 2 weeks and of those 58% were within 1 Week.
- 4.3.8 2014/15 has seen overall levels of psychological absence within schools increase 6% compared with those in 2013/14. ThinkWell and CALM have also been launched into schools.
- 4.3.9 Psychological absence has increased by 6% within the corporate workforce compared to 2013/14. For the 12 months prior to the launch of ThinkWell in September 2014 psychological absence had been increasing by an average of 24% within the corporate workforce. ThinkWell has impacted on these increases from November 2014 returning it to levels of 2013/14 in some months and reducing it below those of 2013/14 in other months. This impact has resulted in a productivity saving worth the equivalent of £160,000 and a 200% return on investment over the

pilot. The pilot has been extended for 2015/16 to support colleagues and help reduce these absences further.

4.3.10 Occupational Health received 1342 management referrals which remains consistent with last year's position. 75% of all long term cases are being referred by managers to Occupational Health for support but only 55% of these are referred in a timely manner. The HR team is working with managers to improve this as early advice and support can help maintain colleagues in work or support them to return to work quicker.

4.3.11 Preventative health promotion and wellbeing events and tools operated by Health, Safety and Wellbeing Service are being used by schools and they are finding these tools helpful and supportive in discharging their duties and supporting their staff groups.

4.4 Key Performance Indicators (KPI's)

4.4.1 The council has agreed a range of key performance indicators for health and safety against which the council can monitor progress and performance. The outcomes of these are detailed in Appendix 1, and are benchmarked against previous years. These key performance indicators demonstrate that the council is improving performance and key actions are being undertaken by managers in the workplace. It is important that the council continues to monitor these indicators to identify further scope for improvement and to maintain the gains already made.

4.4.2 The Health, Safety and Wellbeing Service are contacting all maintained schools who have not confirmed that they have reviewed their fire risk assessment to ensure that they understand the importance of having an effective and adequate fire risk assessment in place and to offer support where required.

5. Health and Safety Audit and Evaluation Process

Outcomes of Internal Health and Safety Audits

5.1.1 During 2014/15 157 health and safety audits were completed by the Health, Safety and Wellbeing Service.

5.1.2 The outcome of these audits identifies the operating maturity level of the service/establishment audited. There are five levels of maturity that can be achieved as a result of an audit, Level 5 (Continuous Improvement). The frequency at which the service/establishment will be re-audited is based on the level of maturity achieved; allowing investment of resources where most benefit may be achieved.

5.1.3 The table below outlines the present maturity results of all services.

Maturity Level	Schools	People	Place	Support Services
Level 1 - Emerging	6	0	0	0
Level 2 - Managing	71	11	3	3
Level 3 - Established	101	5	10	6
Level 4 - Performing	116	13	2	2
Level 5 – Continuous Improvement	35	3	6	2
Average Score	3.31	3.25	3.52	3

The Health, Safety and Wellbeing Service are working with all services that have achieved levels 1 & 2 to support them to make improvements. 76% of all schools are now achieving level 3 or above in their audit outcome which is a 5% improvement on last year. Corporately we no longer have any level 1 services and have seen a 20% increase in services that are now operating at level 3 and above.

6. Accident and Incident Data

6.1 Accidents and Violence Statistics

6.1.1 See Appendix 2 for detailed accident and violent incident statistical data. Trends show that accidents have decreased by 11% and violence to employees by 30%. Reportable incidents to the HSE have increased and this is mainly from school related incidents where children have been taken from school to hospital. We also expected there to be some fluctuation in RIDDOR reporting, as last year's data was our benchmark since the changes to RIDDOR reporting requirements and it will take a few years of data for accurate trend analysis.

The council's AIR (Accident Incident Rate) indicator remained consistent with last years which demonstrates sustained health and safety performance.

6.2 Costs of Accidents & Incidents

6.2.1 Each accident costs the council valuable resources in staff time, sickness absences, insurance claims and other hidden costs. The estimated total costs of all incidents, including accidents and violence is based on the Health and Safety Executive's costing guidance detailed in Appendix 1 items 9 and 10. Cost of accidents has fallen for 2014/15 to £3,016,250 compared with £3,372,500 in 2013/14 (saving of £356,250). Costs of violence for 2014/15 have fallen to £972,500 compared to £1,452,500 in 2013/14 (saving of £480,000).

7. Health and Safety Investigations

7.1 Internal Health and Safety Investigations

7.1.1 The Health and Safety Advisors have continued to investigate the more serious accidents and encourage Operational managers to investigate all accidents. Managers have been encouraged to establish both the immediate and root cause of accidents to manage the potential for reoccurrence.

7.2 Incidents during 2014/15

7.2.1 Two schools and a council pumping station on a physical regeneration site had incidents that polluted the environment. The schools incidents involved spillage of heating oil. Both of these sites have been rectified to the satisfaction of the Local Environmental Health teams and Environment Agency. The Environment Agency is still investigating the incident at the council pumping station and the Business and Enterprise Service have been working with the Environment Agency to ensure effective clear up. Schools have been reminded of the advice on maintenance and inspection of heating oil tanks and need to have overflow protection devices fitted.

7.2.2 Following a meeting with the Environment Agency regarding school disposal of hazardous waste, guidance has been developed and will be launched early in 2015/16.

7.2.3 There have been a number of near miss accidents/minor injuries in schools and core council activities which could have had more serious outcomes. The Health, Safety and Wellbeing Service have investigated these incidents and helped the services and schools implement improved control measures.

7.2.4 Thomas Alleyne's High School in Tamworth had an accidental release of asbestos fibres in a school changing area when a pupil fell into wall where the panelling contained asbestos. The incident was investigated by the Health, Safety and Wellbeing Service and a letter to parents developed with Public Health England. Remedial action has been taken to prevent any similar incident. The incident was reported to the HSE but they not undertaken any investigation.

7.2.5 Management of contractors and caretaking employees activities have resulted in several accidents and near miss incidents. As a result the Health, Safety and Wellbeing Service have been running a campaign to improve control of contractors. Caretaker training has been reviewed to reflect the lessons learned from these incidents and this information has been incorporated into Headteacher briefings.

7.2.6 In November 2014 the public liability claim, Thomas Buckett V Staffordshire County Council went to trial. Litigation friends of Thomas Buckett took a claim against the council due to the duty of care they considered the council owed him in relation to the life changing injuries he suffered from an accident that occurred in the grounds of Clayton Hall Business and Language College in Newcastle. Thomas Buckett had been trespassing in the grounds of the school on Whit Sunday May 2010. The events of that day resulted in Thomas falling through a skylight in one of the roofs of the buildings on the school premises. The case took 8 days in court and the judge passed down his judgement on the 13th April 2015. The judge dismissed the case

against the council on the basis that no duty was owed to the claimant because he was a trespasser and the premises (specifically the flat roof with glass skylights) were not in a dangerous or unsafe state. Whilst the council was successful in defending this legal action there were learning points to be taken forward. The Health, Safety and Wellbeing Service have been working with schools, premise managers, property advisors and Insurance Services to take the learning from this case into future practice.

7.3 Health and Safety Executive's (HSE) Involvement

- 7.3.1 The HSE have requested information and investigation reports on some of the RIDDOR reportable accidents, and no further action has been taken as they have been satisfied with our investigations.
- 7.3.2 The HSE investigated an incident at St Johns Catholic Primary in Gnosall when a member of staff fell and hit her head on a bench when helping pupils to move the bench from some staging. The member of staff suffered serious facial injuries which required several operations. The HSE interviewed members of staff the Headteacher and the Chair of Governors as the school is voluntary aided school making the governing body the employer. HSE agreed to take no action and left the Chair of Governors with some advice on improvements that could be made. The Health, Safety and Wellbeing Service have shared to learning points from this incident and HSE investigation with the Staffordshire family of schools.
- 7.3.3 The HSE issued prosecution proceedings in March 2014 against the county council for the fall from height accident that occurred at Chaseview Primary in May 2012. The council requested that the Magistrate's Court sent the case to Crown Court for trial in August 2014. Following the HSE seeking legal representation for the prosecution and the Council defence case and not guilty plea being reviewed; the HSE agreed in June 2014 to discontinue their prosecution.
- 7.3.4 In September 2014 the HSE formally inspected the council health and safety audit and evaluation process for schools. They reviewed documentation, the approach and interviewed key personnel. At the end of the formal inspection they confirmed to John Tradewell and Anna Halliday that they considered we had a clear well developed and implemented process which was thorough and tailored to meet the need of schools.
- 7.3.5 In April 2012 the HSE launched "Fee for Intervention". To date we have not been charged for any interventions.

8. Joint Consultation

- 8.1 The council has held health and safety committees and forums in accordance with the Health, Safety and Wellbeing Policy. Consultation forum meetings are planned for 2015/16. Union and staff views are sought on management tools and health, safety and wellbeing initiatives. The Unions supported the launch of ThinkWell and were part of the development team on the new audit and evaluation process. The Health, Safety and Wellbeing Service work with the Unions on campaigns and launching new initiatives.

9. Occupational Health Unit (OHU)

	2012/13	2013/14	2014/15
Ill Health Referrals	1568	1481	1342
Ill Health Retirement Requests	57	39	30
Ill Health Retirements Approved	19	16	14

- 9.1 Occupational Health management referrals have remained consistent with last year and whilst appear slightly lower this reflects workforce changes.
- 9.2 On average 75% of all absences over 21 days are being referred to Occupational Health for advice and support however only 55% of these are sent in a timely manner. Occupational Health has provided briefings to managers on the benefits of occupational health services and how to get the best from a management referral. Advice was given on how to improve the quality of documentation sent to ensure that advice can support employees and managers to identify actions that can be taken to remain in work/return to work.
- 9.3 Clinical staff have noticed an increase in the number of referrals relating to short term absence levels which would indicate managers dealing with this type of absence more robustly. Referrals by managers are now much quicker and this allows improved management of cases. We have had a 10% increase in psychological absence referrals which impacts on OH workload.
- 9.4 The ill-health retirement figures show a decrease in the number of ill health retirement requests. The number of ill-health retirements being granted (meeting the qualifying criteria) remains similar to the previous years.

10. Liability Claims

- 10.1 The number of claims occurring has remained fairly stable although claimant's have up to 3 years after the accident within which to claim. Therefore, the numbers may increase over time.

	2011/12	2012/13	2013/14	2014/15
No. of Claims Occurred	104	87	69	45
Estimated Cost of payments	£1,168,091	£883,077	£288,992	£376,129

10.2 Background Information on Claims / Legal Developments

- Estimated Cost of Payments includes reserves. This represents insurers "best estimate" of final settlement.
- While claimants generally have 3 years post incident to pursue a claim without an action becoming statute barred (3 years after 18th birthday in the case of minors) it is expected that the Jackson Reforms will speed up the notification process.

- The Jackson Reforms were fully implemented from August 2013 and while it is too early to comment it is hoped that savings will be seen given the limitations placed on third party cost recoverability.

11. New Legislation & HSE Key Topics for 2014/15

11.1 During 2015/16 the Government will review the role and function of the Health and Safety Executive to ensure it remains fit for purpose. The following pieces of legislation and Approved Codes of Practice are currently under consultation and likely to be amended in 2015/16. As these changes occur council policies and health and safety management arrangements will be amended as necessary.

- Construction, Design and Management Regulations
- Stress Management Guidance

11.2 The following health and safety issues will be the focus of the Health, Safety and Wellbeing Service during 2015/16.

- Stress in the Workplace
- Asbestos Management
- Water Hygiene Management
- Tackling occupational health diseases
- Management of musculoskeletal condition.

These topics when relevant will form part of the Health, Safety & Wellbeing Services 2015/16 audit programme.

12. Key Actions for 2015/16

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

Organisational Effectiveness

- Embed the revised health and safety audit and evaluation processes to support services to improve local management and develop effective improvement plans.
- Work with the wider risk management agenda to improve how health and safety governance and risk management work together.
- Support the organisation to ensure external contracts, joint ventures and partnership working is operating to best practice standards.

People Processes

- Use management information and insight to develop targeted solutions to maintain current impact that prevention and early intervention support is achieving and seek out opportunities for further improvement.
- Continue to develop a training portfolio to meet the needs of the council and schools and develop training provision for external contracts, joint ventures and partnership working.

Line Manager Capability

- Embed the new health, safety and wellbeing audit process to ensure it meets the changing needs of a commissioning authority whilst retaining effective governance standards.
- Provide managers with information and feedback on how they are managing health, safety and wellbeing issues.
- Inspire managers and leaders to develop effective leadership skills applied to health, safety and wellbeing development.

Colleague Wellbeing

- Undertake workforce wellbeing initiatives that promote employees to take personal responsibility for their health focussing on:-
 - Physical health
 - Psychological health
 - Health choices
- Build upon current foundations to create a healthy organisation.
- Further develop, embed and evaluate the ThinkWell to support improvement in colleague mental wellbeing.
- Improve access to health, safety and wellbeing information to allow greater self-service.
- Embed to use of the new My Discounts Wellbeing Offer to colleagues to help encourage healthy behaviours.

Standardisation

- Improve health, safety and wellbeing management procedures and guidance to make them more streamlined and efficient.
- Improve intranet sites with up to date and user friendly information/materials.
- Development of paperlite Occupational Health processes to make systems more efficient.
- Pilot investment in technology in health and safety to make processes more effective and to save resources and funding needs.

Consultancy Service Approach

- Further develop the health, safety and wellbeing function as a trusted and commercial partner that acts with professionalism and pride and aims to support the council's business plan and outcomes.
- Maintain a proactive consultancy ethos within the delivery of the service.
- Enhance skills within the service in order to provide additional flexibility in service.
- Provide support to external customers to encourage health, safety wellbeing within Staffordshire.

Enhance reputation of the council

- Managing health and safety incidents and accidents.
- Role modelling and supporting partner and providers to ensure effective health, safety and wellbeing practices.

13. Conclusion

- 13.1 This report provides an indication that health and safety performance has continued to improve in the last twelve months. However there remains room for growth and the council still has to manage reactively several incidents.
- 13.2 The development of the Health, Safety and Wellbeing Service is allowing the council to focus its competent health and safety advice proactively in services that present the greatest risk and/or where the health and safety management arrangements require development.
- 13.3 The key actions for 2015/16 are to further develop and embed:
- Maintain health, safety and wellbeing standards
 - Further embed the prevention and early intervention ThinkWell services and evaluate its ability to improve colleague mental wellbeing; and
 - Improve manager's capability to enable them to manage performance and apply health, safety and wellbeing policies and processes effectively.

14. Contacts

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Appendix 1 - Key Performance Indicators

	Indicator	How Measured	2011/12	2012/13	2013/14	2014/15
1.	Number of accidents	Quarterly SAP Report	3508	3068	2698	2413
2.	Number of violent incidents to employees	Quarterly SAP Report	1560	1363	962	653
3.	Number of RIDDOR reportable incidents	Quarterly SAP report	Excluding School Sports Incidents 267 Total 383	Excluding School Sports Incidents 117 Total 149	Excluding School Sports Incidents 81 Total 94	Excluding School Sports Incidents 112 Total 123
4.	Number of Civil Claims occurred (excluding highways claims)	Quarterly	104	87	69	45
5.	Cost of Liability Claims	Quarterly	£1,168,091	£883,077	£288,992	£376,129
6.	% of Premises with a Fire Risk Assessment completed/reviewed within last 12 months.	Annually	Schools 56% People 83% Place 74% Support Services 88%	Schools 69% People 84% Place 100% Support services 100%	Schools 79% People 85% Place 100% Support services 100%	Schools 83% People 100% Place 100% Support services 100%
7.	% of Management Standards surveys returned by corporate services and Self Audits completed by schools	Annually	Schools 71% People 63% Place 53% Support Services 72%	Schools 73% People 79% Place 82% Support Services 93%	Schools 72% People 85% Place 73% Support Services 89%	Schools 74% People 84% Place 100% Support Services 100%
8.	% of Internal Health and Safety Audits completed to programme	Annually	Schools 100% People 79% Place 92% Support Services 100%	Schools 98% People 96% Place 100% Support Services 90%	Schools 100% People 95% Place 100% Support Services 94%	Schools 100% People 92% Place 100% Support Services 100%
9.	Cost of accidents Number Accidents x HSE average cost of accidents £1,250 per incident	Annually	£4,385,000	£3,835,000	£3,372,500	£3,016,250
10.	Cost of violence Number incidents x HSE average cost of incidents £1,250 per incident	Annually	£2,313,750	£1,703,750	£1,452,500	£972,500

Appendix 2 * Data as of 20th June 2014

Table 1 Accident and Violent Incident data for 2014/15

	Employee Accidents	AIR Figure Employee Accidents**	Non Employee Accidents	Total Accidents	Violence Incidents towards employees	Total Violence	RIDDOR Reportable Accident & Incidents*
SCC Overall	573	29	1840	2413	653	778	123
Schools	302	21	1190	1492	168	184	82
People	210	158	595	805	471	578	33
Place	55	41	55	110	13	15	9
Support Services	16	13	0	6	1	1	0

Table 2 Break down of RIDDOR Reportable Accidents

Categories of Reportable RIDDOR	Death	Dangerous Occurrence	Major injuries to people not at work	Major Injury to a person at work	Non employee taken from site to hospital	Over 7 Day injuries
SCC Overall	0	0	0	4	60	59
Schools	0	0	0	2	51	29
People	0	0	0	2	7	25
Place	0	0	0	0	0	6
Support Services	0	0	0	0	0	0

* RIDDOR reportable accidents are those incidents that are reportable by employers to the Health and Safety Executive. They are generally the more serious incidents.

** AIR – Accident Injury Rate (the benchmark used by the Health & Safety Executive)

$\frac{\text{Number of employee accidents}}{\text{Average Number of Employees (Headcount)}} \times 1,000$

Average Number of Employees (Headcount)

Local Members Interest
N / A

Audit and Standards Committee – 7 December 2015

Risk Management – Development of the Corporate Risk Register

Recommendations

1. To note the updated position in relation to the Corporate Risk Register and the planned development areas.
2. To note the revised risk scoring methodology and the associated assessment criteria.
3. To identify any risk area(s) upon which Members of the Committee would like to receive further details at a future meeting.

Joint Report of the Director of Finance & Resources and Director of Strategy, Governance & Change

Background and Commentary

4. Work has commenced to refresh and review the risk management process used by the authority to manage its strategic risk profile as part of its transformation to a Commissioning Authority. Part of this work has involved revisiting the actual risk scoring methodology used to evaluate potential risks and determine whether they are considered to be high/medium/low. The information is provided at Appendix 1.
5. The risk categories used to assessed risk remain as follows:
 - 1 = Policy & Performance
 - 2 = Service Related
 - 3 = Corporate Governance & Information Security
 - 4 = Human Resources
 - 5 = Organisational Development
 - 6 = Health & Safety
 - 7 = Procurement
 - 8 = Legal
 - 9 & 10 = Finance
 - 11 = Change Management
 - 12 = ICT
 - 13 = Property
 - 14 = Customer Services
6. The refreshed corporate risk register reflects the key strategic risks facing the Authority (i.e. those that have been assessed as being scored >15) and is attached at Appendix 2.

Note: Detailed operational risks registers covering the medium and low level risks are managed locally.

7. The document has been agreed by Lead Officers in order to:
 - Confirm that the risks are scored correctly and in line with the new scoring criteria
 - Confirm the action to be taken to mitigate the risk including agreement of the timescale for delivery
 - Identify any new emerging high Service related risks that need to be included on the Register

8. From the updated Corporate Risk Register provided at Appendix 2, the top risks have been identified as follows:

- Health & Social Care Integration
- Stakeholder Engagement and Community Development
- Commercial Services Capacity
- Major Incident Response
- MTFS & Budgetary Control
- Information Security
- Independent Futures
- Education & School Improvement
- Digital Technology Developments
- Children's System Redesign
- Financial System Replacement

9. Work is currently being undertaken to:

- Develop the approach to risk management with external partners
- Consider how often the Corporate Risk Register should be produced / refreshed
- Consider how to present the split between current and emerging risks
- Develop and strengthen the linkage with the Strategic Plan/Business Plan
- Embed risk management into the culture of the organisation, to include the monitoring and reporting of progress against mitigating actions
- Develop the process for Elected Member engagement

Risk Profile

10. The County Council is developing its risk management process which will continue to evolve as the governance structures surrounding risk are confirmed. As a consequence, the format of the Corporate Risk Register will continue to be revised.

Equalities Implications

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

Legal Implications

12. Failure to comply with legislation or legal requirements (e.g. health and safety and data protection) can result in external censure, financial loss and damage to reputation.

Resource and Value for Money Implications

13. The mitigating actions shown in Appendix 1 and their resource implications should be managed by the Senior Leadership Team and reflected within their Service Plans. Any new significant costs arising that cannot be contained within existing budgets will need to be considered within the Medium Term Financial Strategy (MTFS).

Risk Implications

14. The completion of Mitigating Action Plans will reduce the County Council's Risk Profile and assist the delivery of objectives.

Climate Change Implications

15. There are no direct CO2 implications arising from this report.

Report author:

Author's Name: Lisa Andrews
Ext No: 276402

List of Background Papers:

Corporate Risk Register

Likelihood

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

Impact

Risk Rating Score	Impact Classification	Health, Safety and Welfare*1	Customer Service*2	Finance	Reputation	
Page 25	1	Moderate	Reportable dangerous occurrences (near misses)	Adverse impact on service between 1 day and 1 week.	Up to £250,000	Managed/reported to Business Unit Local media (short Term duration)
	2	Moderate	Reportable over-three-day injuries or reportable diseases	Adverse impact on service between 1 week and 1 month.	Up to £1m	Managed / reported to Departmental Management Team Local media (Medium / Long Term duration)
	3	Significant	Major reportable injury or injuries	Adverse impact on service between 1 and 3 months.	Up to £5m	Managed/reported to Corporate Management Team and Members Regional media (Short Term duration)
	4	Significant	Fatality or permanent disability	Adverse impact on service between 3 and 6 months.	Up to £10m	Managed / reported to Members and Cabinet Regional / National media (Medium/Long Term duration)
	5	Catastrophic	Multiple fatalities or permanent disabilities	Adverse impact on service over 6 months	Over £10m	Third Party intervention Public Interest Group National/International media (Medium/Long Term duration)

Risk Scoring Matrix

Impact/Likelihood		Moderate :	Moderate	Significant	Significant	Catastrophic
		1	2	3	4	5
Very Likely	5	5	10	15	20	25
Likely	4	4	8	12	16	20
Possible	3	3	6	9	12	15
Unlikely	2	2	4	6	8	10
Remote	1	1	2	3	4	5

Rating		
16	25	High Risk
11	15	Medium Risk
1	10	Low Risk

Figure 1

Risk Area	Risk Detail	Current Controls in Place	Risk Score	Specific Action to be Taken	Due Date	Revised Risk Score
3&8	Failure to better join up Health and Social Care (SSOPT, Care Act and Better Care Fund) into an integrated health and care system.	<ul style="list-style-type: none"> • Committees (Scrutiny/Standards/Audit), • Constitution, • Corporate Risk Register, • Transformation Unit/Process, • Officer/Member Relations, • Scheme of Delegation, • Record of Decisions, • Schedule of Meetings, • Section 151 Officer, • Monitoring Officer, • Whistle Blowing Policy, • Board to Board Governance, • Chair of Corporate Review attends SSOPT Trust Board mtgs as an observer with the ability to raise questions • Joint working with the Clinical Commissioning Congress (CCC) 	25	Four strands of action are being undertaken: <ul style="list-style-type: none"> - Transformation of the SSOPT contract - Support for the CCC - Exploration of wider Health Devolution within Staffordshire - Recommissioning of Community Health & Social Care in-conjunction with the Clinical Commissioning Groups (CCG's) 	Ongoing Ongoing By June 2016 TBC by April 2017	20
2&11	Failure to engage and communicate with all stakeholders (internal & external) effectively resulting in resistance to change, lack of buy in and support. Failure to undertake Community Development and reshaping of the voluntary sector in order for these sectors to respond to the changing financial environment facing the County Council.	<ul style="list-style-type: none"> • CVS contract currently under review & will be re-let wef June 2016. • New Communities Directorate responsible for Community Development. • SLT ownership of key stakeholder relationships • Member engagement • TSU processes and TPM creates visibility for SLT and accountable leads of key stakeholder issues • TSU staff are qualified and experienced strategy, project and change professionals. • TSU work with OD to manage change appropriately 	16	To embed the delivery of effective stakeholder analysis and targeted engagement planning within projects and business planning activity, evaluate and then revise as required. Work has commenced on this project and is being supported by the TSU and the Commercial Services Unit.	Ongoing Initially June 2016	16
7&9	Failure to develop the Commercial Services Capacity within the Council's Operating Model and to make the most of its procurement and contract management resource, to ensure: <ul style="list-style-type: none"> • Commissioning/contracting arrangements achieve Value for Money and create savings • Sufficient procurement expertise is available to support projects • Supplier re-engagement • "Right sourcing" • Commercial Contract Management through the lifetime of the contract • Market development • SCC being a Customer of Choice 	<ul style="list-style-type: none"> • Strategic Plan • Business Delivery Plan • Organisational Structure • Procurement Strategy • Procurement Regulations • Training and Development • Management Information • Performance Management 	15	To develop and fully implement the Commercial Service Unit to ensure that sufficient commercial oversight is exercised across all contracts/ procurement activity to deliver VFM for all commissioning activity. Revise Procurement Regulations. Revise Procurement Strategy.	March 2016 March 2016 March 2016	12
2	Failure to respond to and recover from a major incident within (or impacting upon) the County and including service provider failure.	<ul style="list-style-type: none"> • Civil Contingencies Unit – Pan Staffordshire approach • Business Continuity Plans • Critical Suppliers identified • Regular testing of Plans • Regular training of key staff 	15	Exercise Aurora	May 2016	15
7&9	Failure to undertake effective in year budget monitoring (i.e. income and expenditure is contained within budget and is correctly accounted for), ensuring the delivery of savings leading to a balanced budget. <ul style="list-style-type: none"> • Spending exceeding budgets and/or income falling short of budgets • Savings options identified and assumed in the MTFs not being achieved • Plans not being delivered and outcomes not achieved • The impact of the current economic climate, including increased inflationary pressures, interest rate changes, reduced levels of income from fees and charges for council services • Increased demand for council services above estimates, including the impact of welfare benefit changes • Impact of any cost shunting from other agencies to the County Council • Expected income from other agencies not materialising 	<ul style="list-style-type: none"> • Budget Monitoring and Financial Reporting • Financial Regulations and Associated Documents • Management Information System • Schools Financial Framework • Corporate Review Scrutiny • Accountability Arrangements including MPC process • Professionally qualified Finance function • External Audit view & Scrutiny Committee evaluations 	15	The general assessment is that the controls mitigate these risks as much as is reasonably possible so no significant improvement activity is highlighted at this stage albeit existing (internal) policies and procedures (in particular the performance and planning framework) will continue to be reviewed.	N/A	15
3&8	Failure to ensure effective information security is in place resulting in lost and/or corrupt data, reputation, external censure and significant financial penalties	<ul style="list-style-type: none"> • Corporate IT Security Policy, • Information Sharing Protocols, • Records Management Policy, • Information Governance Framework, • Freedom of Information Publication Scheme, • Protective Marking Scheme, • Whistle Blowing Policy, • Information Governance Unit • Encryption Software • Annual Information Governance report presented to Audit & Standards Committee 	15	Further work is needed to ensure information security, and particularly the need for confidentiality is embedded in the culture of the Council.	Ongoing	12

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2	Failure to address the service risks within the Independent Futures service	<ul style="list-style-type: none"> Regular reporting to SLT/Cabinet Oversight by TSU SLT leadership confirmed Families' First support to IF. 	15	Following the recent SLT restructure it has been confirmed that the Director for Families and Communities will retain responsibility for the service as part of the Communities agenda. In addition the Families First leadership team will provide day to day support to the service as it addresses its financial challenges.	On going	15
2	Failure to address and redefine the role of the County Council in relation to Education and School Improvement.	<ul style="list-style-type: none"> Regular reporting to SLT/Cabinet TSU support 	15	Work has commenced on this project and is being supported by the TSU	On going	12
2	Failure to exploit Digital technology developments as part of service redesign.	<ul style="list-style-type: none"> Working party led by Andy Burns 	15	The working party group is currently being set up to oversee the work in this area to ensure that the County Council fully exploits technology advances within its service offers. Initial stages at present. Service MTFS plans will need to reflect the potential service & financial benefits from	On going	12
2	Failure to complete the service redesign of the Children's System.	<ul style="list-style-type: none"> Part of the 2016/17 MTFS budget setting review to identify areas for cost reduction and seeking new ways of delivery/operation. TSU support 	15	System being used at present is currently being reviewed as part of the MTFS savings exercise. The proposed system will then be reported to SLT/Cabinet to gain approval for implementation.	On going	12
7&9	Failure to procure a replacement for the SAP system which provides effective financial management for the County Council as it continues on its transition to a Commissioning Authority, whilst demonstrating best value for money.	<ul style="list-style-type: none"> Core + Board SLT/Cabinet approval route Project Management Support including Project Manager Specialists VFM evaluation assessment Legal Services advice 	15	Define, procure and commence implementation of a new Financial Management Information & HR/Payroll System	June 2015 on-going	8
1	Failure to develop, implement and embed a performance/planning framework that establishes a commissioning culture. The TPM framework will ensure managers are accountable for their service areas planning and performance and that they focus on the delivery of priorities as set out in the Strategic Plan.	<ul style="list-style-type: none"> Performance and Planning Framework Evidence of actions taken as a result of the production of the Total Performance Management Reports and their presentation to SLT and Informal Cabinet Challenge sessions by DoF&R/CEO/Cabinet Members regarding content of Business Plans. Core Support Group and Well Run Council Delivery Board. 	15	TPM framework needs to evolve this year to include not only the impact on outcomes but also the impact of activity captured within the Business Plan and a clear link through to the resources being used to achieve that. Further work is required to clarify the process of performance management across the organisation from Operational Performance Management to Strategic Insight. This will form part of the review of the CDH and Procurement. The new performance management process has highlighted some duplication in performance monitoring and reporting. Work is being undertaken to identify areas of duplication and to put in place actions to resolve. There also needs to be a stronger link with the content and evaluation of My Performance Conversation.	June 2015 for new TPM reports	12
3&8	Failure to have an up to date and accurate Scheme of Delegation which ensures that Services take decisions in-accordance with its approved Governance Framework.	<ul style="list-style-type: none"> Corporate Governance Working Group annual review Annual Governance Statement compliance Internal Audit review 	15	<ul style="list-style-type: none"> Current Scheme of Delegation to be updated by Member & Democratic Services including sub schemes of delegation by April 2016. The updated documentation will be uploaded to The Constitution web page and communicated to all staff within the Authority. 	1 st April 2016	8
13	Failure to ensure that all landlord responsibilities relating to leases for academy schools properties have been identified and clearly communicated to the academy and enforced/monitored by SCC (i.e. The risk associated with potential litigation arising from a fatality associated with building neglect).	<ul style="list-style-type: none"> Academy Project Board Academy Working Group Staffordshire Learning & Infrastructure Board (SLIB) 	15	Legal advice has been sort and it is considered that the length of the lease obligates all H&S issues and H&S compliance to the Academies. This theory however as yet to be tested in court so precedent has yet to be set. SCC needs to determine what actions it will take to ensure that it has discharged its duties with regard to its landlord obligations once case law has been determined.	Ongoing ASAP	15
13	Failure to provide sufficient resources within the Strategic Property Unit/ increased complexity within the Entrust commissioning arrangements, to ensure that adequate levels of statutory monitoring and compliance are undertaken as required. This may lead to increased exposure to legal action and reputational damage. The main areas of concern are as follows: <ul style="list-style-type: none"> Condition Surveys and Backlog Maintenance Data Residual Commissioning and Landlord liabilities for Academy and Trust Schools Trespass Accessible Roofing Premise Management of County Council owned Carparks Regulatory Reform Fire Risk Assessments Equalities Act Legislation Fuel Storage Glazing Safety Roof Light Condition and Safety Working at Height Equipment None Highways Tree Safety Japanese Knotweed – identification & treatment 	<ul style="list-style-type: none"> Premise Manager Regime Partial Programme of Condition Surveys Capital Programme Property Maintenance 24 hr hotline Insurance Programme 	15	<ul style="list-style-type: none"> Corporate Review of Property Investment v Property Risk Review of Strategic Property Structure Review of scope - Entrust Commissions 	Annual Sept/Oct 2015 August 2015/On going	8
6	Failure by senior managers/headteachers to take a corporate approach to Health, Safety and Wellbeing and to ensure that they have the right level of understanding, knowledge and skills to meet H&S requirements and their personal accountabilities. Leading to accidents, incidents, financial and reputational risks and risk of legal HSE prosecution.	<ul style="list-style-type: none"> Health & Safety Welfare Policy and supporting Policies and Guidance Occupational Health Integrated Health and Safety Service Training and Education Programme 99% school buy back H&S Service & 25% buy back additional SLA on H&S. Occupational Health 75% buy back, D&T buy back 80%. 	15	New risk profile approach to audits of core council services launched February 2015 and to be embedded during 2016 Launch core, consider and complex application to H&S policies and management arrangements to make process clearer for managers to see which apply to their risk profile.	Ongoing 2015/16	10

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		<ul style="list-style-type: none"> • Termly Headteacher briefings and corporate H&S co-ordinators meetings • Corporate H&S audit process • Comprehensive risk assessment process and training • Annual Management standards survey • Single Intranet site for all health and information. • Health and Safety Newsletter • Control of Contractors arrangements • Input into partnership and large tendering of services. • H&S Forum and H&S Committee • Accident and Incident investigation process • Annual and Quarterly Health and Safety Performance Reporting • Inspection of High risk sites • Average H&S Audit maturity score of Level 3 – “Established” which is equivalent to minimum legal compliance. • Continue Health and Safety Audit Programme during 2015/16 to ensure each service has an improvement plan 		Complete targeting interventions with services that have persistent low maturity score (levels 1 & 2 less than minimum legal compliance) in H&S Audit process.		
6	Failure to have suitable fire precautions in SCC owned or controlled premises not in line with the Fire Order, resulting in fire, leading to property damage, injury or loss of life.	<ul style="list-style-type: none"> • Single Intranet site for all health and information. • Fire Safety Policy and Fire Risk Assessment Process • Personal Evacuation Plans Process • Fire Risk assessment Training • Access to Fire Safety Advice (HSW Service and Entrust Property) • HSW have advisors with BS PAS79 Fire Risk assessment Training and regular CPD • Corporate H&S audit process • Premise manager annual survey. • Fire Risk assessment KPI in annual report. • Insurance checklist - empty buildings management • Fire Warden training • Fire Compartmentation and Fire Precautions property assessment completed for high risk and sleeping accommodation. Funding ceased and limited funding available to complete program of work for Medium and Low risk SCC Premises 	15	HSW Service training update to Fire Risk Assessment Service BS PAS 79 Standards.	Dec 2015	12
12	Failure to plan/resource for potential single points of failure within the staff base arising from loss of key staff with specialist knowledge, which may lead to a compromised position in being able to support or develop existing services to the Business.	<ul style="list-style-type: none"> • Skills matrices • Knowledge Transfer • Training Budget 	15	<ul style="list-style-type: none"> • Reduce where practical the reliance on bespoke solutions. • Adherence to standards across all areas of ICT • 3rd party support contracts where practical • Addressing skill gaps through maintenance of skills matrices and alignment of training and mentoring to maintain sustainability of services. 	Ongoing	10
7&9	Failure to establish an appropriate investment policy for the County Council and thereby safeguard County Council cash.	<ul style="list-style-type: none"> • Prudential Code and Treasury Management Strategies • Treasury Management Practices • Performance Management • Internal Treasury Management Panel 	15	The general assessment is that the controls mitigate these risks as much as is reasonably possible so no significant improvement activity is highlighted.	N/A	15
7&9	Failure to maintain an effective Exchequer (Shared Service Centre) function to include: <ul style="list-style-type: none"> • Maintenance and security of records • Accurate and timely payments to employees and members • Accurate and timely payments to suppliers of works, goods and services • Accurate and timely collection of income due to the Council • Accurate and timely payments of taxation to the national exchequer (to include Income Tax / National Insurance / VAT • Use of a Management Information System appropriate to the needs of a Commissioning Council 	<ul style="list-style-type: none"> • Credit Management Strategy • Validation Checking and Reconciliation before release of payment • Duplicate Payments Checking • Defined Pay Dates • IT Security (excluding ICT responsibilities) • Performance Management • Management Information System (Payroll/Creditors/Income) 	15	The Shared Services Division will need to undergo significant structural change as a consequence of the planned loss of a large customer base (Entrust / Schools).	March 2016	12
7&9 & 11	Failure to set a Strategic Business Plan for the Council setting out the priorities for the organisation, which include the financial consequences of the decisions and assumptions included within it.	<ul style="list-style-type: none"> • 5 year strategic plan annually refreshed • Core Support Group • MTFS challenge sessions inc Members/SLT • Clear accountability for business planning process through SLT and Outcome Leads. • Annual business planning and MTFS process clear and in place including Member Scrutiny/approval. • TSU support to drive and challenge business planning process • Effective My Performance Conversations 	15	The general assessment is that the controls mitigate these risks as much as is reasonably possible so no significant improvement activity is highlighted at this stage albeit existing (internal) policies and procedures (in particular the performance and planning framework) will continue to be reviewed	N/A	15
7&9	Failure to produce a good and balanced budget over the period covered by the MTFS including the following vulnerabilities: <ul style="list-style-type: none"> • Failure to identify new options to deliver the required level of MTFS savings and/or strategic outcomes • Uncertainty about how much funding will be received from Government • Risks around social care including the Better Care Fund and the Care Act, plus the renegotiation of the contract with the Staffordshire and Stoke on Trent Partnership Trust • The income from Business Rates in the current economic climate • The potential impact of Borough and District Councils being unable to collect all council tax owed from those affected by the government’s decision to localise council tax benefit support 	<ul style="list-style-type: none"> • Medium Term Financial Strategy (MTFS) • Provisions, Reserves and Balances • Budget Monitoring and Financial Reporting • Financial Regulations and Associated Documents • Management Information System Schools Financial Framework • VFM Profiles • Challenge sessions including member attendance • Corporate Review Scrutiny • Accountability Arrangements • Professionally qualified support function • External Audit View & Scrutiny Committee evaluations 	15	<p>The financial environment facing Local Government is particular challenging and the Council awaits the outcome of the spending review outcomes which will be announced at the end of November 2015.</p> <p>The general assessment is that the controls mitigate these risks as much as is reasonably possible so no significant improvement activity is highlighted.</p>	N/A	15

Key: 1 = Policy & Performance (Kate Waterhouse – Head of Insight, Planning & Performance), 2 = Service Risks, 3 & 8 = Legal, Corporate Governance & Information Governance – (John Tradewell – Director for Strategy, Governance & Change), 4 = HR (Lisa Cartwright – Head of HR), 5 = OD (Sarah Getley – Head of OD), 6 = Health & Safety (Becky Lee – Health, Safety & Wellbeing Manager), 7 & 9 = Finance & Procurement (Jon Waller – Head of Financial Strategy & Support), 11= Change Management (Andy Felton- TSU), 12 = ICT (Vic Falcus – Joint Head of ICT), 13 = Property (Stuart Lane – Deputy Head of Property), 14 = Customer Services (Dionne Lowndes – Head of Customer Services).

7&9&11	Failure to review and monitor actual delivery and transformational requirements against the Strategic Business Plan including Business As Usual (BAU) projects. <ul style="list-style-type: none"> Failure to predict adequate specialist, operational and support service change capacity and capability requirements Failure to effectively lead / manage the necessary pace and scale of change to implement the Business Plan / Delivery Plan. 	<ul style="list-style-type: none"> Cabinet Leads, SLT Leads, Accountable Leads and TSU Leads are allocated to each project. Core Support Group TSU staff are qualified and experienced strategy, project and change professionals. TPM system and reporting 	15	To establish an effective delivery assurance process for the elements of the Business Plan which do not have allocated TSU project management resource.	Ongoing	10
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Staffordshire County Council

Annual Audit Letter

2014/15

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Agenda Item 7

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Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

In April 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and of audited bodies'. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement.

Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

Introduction

The purpose of this letter

This letter summarises the results of our 2014/15 audit work for members of the Council.

We have already reported the detailed findings from our audit work to the Audit and Standards Committee in the following reports:

- Audit opinion for the 2014/15 financial statements, incorporating opinion on the proper arrangements to secure economy, efficiency and effectiveness in its use of resources (September 2015); and
- Report to those charged with Governance (ISA (UK&I) 260) (September 2015).

We also issued the Economy, Efficiency and Effectiveness Report in September 2015 to the Director of Finance and Resources.

We will report separately to the Pension Fund Management Board in October 2015 the work which we have undertaken on the risks identified in our audit plan relating to the Staffordshire Pension Fund.

Scope of Work

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As an administering Authority of a pension fund, the Authority is also responsible for preparing and publishing Accounting Statements for the Staffordshire Pension Fund.

Our 2014/15 audit work has been undertaken in accordance with the Audit Plan that we issued in March 2015 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

We met the following responsibilities during the year:

Audit Responsibility

Perform an audit of the accounts and pension fund accounting statements in accordance with the Auditing Practice Board's International Standards on Auditing (ISAs (UK&I)).

Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.

Form a conclusion on the arrangements the Council has made for securing economy, efficiency and effectiveness in its use of resources.

Consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.

Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.

Audit Responsibility

Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.

Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

Issue a report noting whether or not the pension fund financial statements in the pension fund annual report and accounts are consistent with those in the authority's statement of accounts.

The next section of this report sets out how we have met our responsibilities during the course of the audit and what our key findings were.

Audit Findings

Accounts

We audited the Council's accounts in line with approved Auditing Standards and issued an unqualified audit opinion on the Council's Statement of Accounts which contained the Staffordshire Pension Fund accounts on 30 September 2015.

We noted significant issues arising from our audit within our Report to Those Charged with Governance (ISA (UK&I) 260). This report was presented to the Audit and Standards Committee on 14 September 2015 with an update letter issued to the Director of Finance and Resources on 30 September 2015. We wish to draw the following points, included in that report, to your attention in this letter:

- The draft accounts (including pension fund) were submitted to us ahead of the June deadline and were of a good quality.
- Supporting working papers were ready at the start of the audit and were of a good quality.
- Key members of staff were available from day one of the audit and responded promptly to our audit questions and requests for information.
- Our work on the Council's systems identified no material weaknesses.
- The most complex issues for 2014/15 have been the accounting for the single lump sum payment pension contributions and the accounting for schools non-current assets. We are satisfied that these were appropriately reflected and disclosed in the financial statements.

- We reviewed the reasonableness of the assumptions underlying the pension liability and concluded that we were comfortable with the assumptions adopted.
- We identified no material errors and there were no uncorrected misstatements. Two misstatements were corrected by management; these did not impact on the draft reported General Fund outturn or on the cash position of the Council.
- We identified no misstatements in the draft Pension Fund accounts.

Financial standing

Your cashflow forecasts did not include any material uncertainties related to events and conditions that may cast significant doubt on your ability to continue as a going concern, and indicated sufficient resources available to meet your commitments for at least a 12-month period after the date of our audit opinion. We concluded the use of the going concern assumption was appropriate.

Accounting systems and systems of internal control

The Council is responsible for developing and implementing systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. We review these arrangements for the purposes of our audit of the financial statements and our review of the Annual Governance Statement. Our work identified no significant deficiencies in internal control.

Annual Governance Statement

Local authorities are required to produce an Annual Governance Statement (AGS) that is consistent with guidance issued by CIPFA/SOLACE. The AGS accompanies the Statement of Accounts.

We reviewed the AGS to consider whether it complied with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

Use of Resources

We carried out sufficient, relevant work in line with the Audit Commission's guidance, so that we could conclude on whether you had in place, for 2014/15, proper arrangements to secure economy, efficiency and effectiveness in your use of the Authority's resources.

In line with Audit Commission requirements, our conclusion was based on two criteria:

- that the organization has proper arrangements in place for securing financial resilience; and
- that the organization has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

To reach our conclusion, we carried out a schedule of work that was based on our risk assessment. Our work focused on your medium term financial plans and savings targets over the next few years for detailed review. This risk was included to highlight that there is a significant risk in relation to our value for money responsibility.

The key points we noted from this work were:

Staffordshire County Council

- You have demonstrated in the past that you have programme management arrangements in place and that you substantially achieve the savings targets which you have set yourself.
- You have recognised that as demand for care for the elderly, for people with disabilities and for looked after children continues to grow that you need to invest to be able to provide this support, with £20m being invested in 2015/16.
- You have applied a number of assumptions in setting your MTFS. In some cases these were more prudent than in our benchmark average. However, we believe these are realistic assumptions which will help you to meet manage the financial risks which exist over the plan period.
- The Audit Commission value for money profile, whilst backwards looking, continues to show a number of key areas where the Authority is providing services which appear to demonstrate good value for money when compared with other County Councils. Spend on services is largely in line with the average for other authorities with the exception of sustainable economy and environmental services which are below the average.
- The assumptions you have used in setting your Medium Term Financial Strategy ("MTFS") are broadly in line with other similar authorities. Our work in this particular area has not identified any issues which would lead to a qualified value for money conclusion. We have identified that further work will need to be performed by the Council on the MTFS once you have factored in the impact of any further loss in revenue support grant from the government, once this becomes known, and that you will need to begin to replenish the level of reserves which

have been used in previous years to manage the overspends incurred or budget gaps.

- The majority of savings which are included in the MTFS are legacy savings which have a recurrent impact over the lifetime of the MTFS. Our testing of schemes over £1.0m did not identify any issues.

We identified no concerns in these areas that impacted on our value for money conclusion.

We therefore issued an unqualified conclusion on the ability of the organisation to secure proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Whole of Government Accounts

We undertook our work on the Whole of Government Accounts consolidation pack as prescribed by the Audit Commission. The audited pack was submitted on 1 October 2015 before the 2 October deadline. We found no areas of concern to report as part of this work and concluded that it was consistent with the financial statements.

Other responsibilities

We are required to determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act. This includes a requirement to consider whether, in the public interest, we should make a report on any matter coming to their notice in the course of the audit. There were no issues to report in this regard.

Audit Completion

We are required to issue a certificate when we have completed the audit in accordance with the requirements of

the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

We anticipate being able to issue our completion certificate once we have been able to review the Pension Fund Annual Report (which is being drafted in accordance with deadlines set by the Local Government Pension Scheme Regulations 2008). We expect to be able to conclude on this prior to 1 December 2015.

Final Fees

Final Fees for 2014/15

We reported our fee proposals in our audit plan to the Audit and Standards Committee in March 2015. We varied our fee because of the additional risk based work for the additional local risk based audit work on the migration of pension fund data from SAP to Altair.

Our actual fees (excluding VAT) charged were as follows:

	2014/15 outturn	2014/15 fee proposal
Audit work performed under the Code of Audit Practice	146,340	146,340
- Statement of Accounts		
- Conclusion on the ability of the organisation to secure proper arrangements for the economy, efficiency and effectiveness in its use of resources		
- Whole of Government Accounts		
Additional local risk based audit work	2,211	2,211
Pension Fund audit work	28,637	28,637
Sub-Total Audit Code Work	177,188	177,188
Non-audit work		
- Support requested by Staffordshire internal audit under a framework agreement let by Staffordshire covering 4 local authorities (Council Reviews £19,391 and Other Bodies' Reviews £13,300)	32,691	-
- Certification of claims and returns (Teachers Pensions') (Note 1)	6,000 6,500	-
TOTAL	215,879 – 216,379	177,188

Note 1: Our fee for certification of claims and returns is yet to be finalised for 2014/15.



In the event that, pursuant to a request which Staffordshire County Council has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. Staffordshire County Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and Staffordshire County Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, Staffordshire County Council discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for Staffordshire County Council and solely for the purpose and on the terms agreed through our contract with the Audit Commission. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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Staffordshire County Council

Year ending 31 March 2016

7 December 2015

Ernst & Young LLP



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

The Terms of Appointment for auditors are issued by Public Sector Audit Appointments under powers delegated by the Secretary of State for Communities and Local Government. The Terms set out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice issued by the National Audit Office.

1. Innovating your audit to drive quality and value

At the heart of the EY audit is a relentless focus on quality

The EY audit is focused on quality and is bound by a service approach that is connected, responsive and insightful.

- ▶ *Connected* – with the right people in the right locations, building trust and enriching relationships.
- ▶ *Responsive* – a desire and commitment to be proactive, visible and timely.
- ▶ *Insightful* – sharing EY experiences and a point of view tailored to our clients, thereby advancing their thinking.



Your EY audit will bring you the confidence, transparency and perspective critical in today's complex and challenging public sector environment.

Confidence

Feel confident in your financial reporting through a high quality audit that is tailored to the local government and sector and is focused on identifying risk.

- ▶ *Feel confident in your financial reporting:* deliver high-quality, reliable and relevant reporting enabled by EY Canvas, our state-of-the-art global on-line audit platform that supports our teams to focus on your risks.
- ▶ *Understand your business risks:* gain a clearer view and understanding of your risks, brought to you by our teams using EY Helix, our suite of data analytics discussed in the following page.
- ▶ *Increase your stakeholders' confidence:* safeguard your reputation and increase the confidence of stakeholders as you make decisions based on risk-focused information, provided by our consistent audit.

Transparency

Have visibility of the audit with our transparent audit approach.

- ▶ *Enhanced efficiency:* updates on the status of the audit and improved means of communication, delivered through one on-line platform, EY Canvas.
- ▶ *Manage audit risk:* a clearer view of the audit and identified risks, by teams using a consistent methodology and one on-line audit platform.
- ▶ *Prompt issue resolution:* deal with issues with a no surprises approach.

Perspective

We use our audit tools to deliver meaningful insights.

- ▶ *Anticipate and respond to market trends:* leverage the strength of EY's global networks through our Government and Public Sector insights.
- ▶ *Meaningful insights into your business* - delivered by our teams using EY Helix - our suite of data analytics.
- ▶ *Gain another perspective:* understand business improvement opportunities identified through our benchmarking capabilities, expertise and constructive challenge.

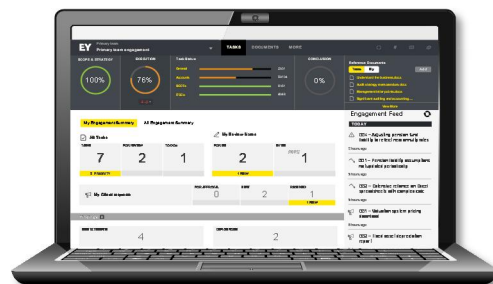
- ▶ *Evolve for the future*: receive insights and perspectives on matters such as culture, sustainability and corporate governance to help to shape your reporting and business for the future.

Making the audit even better and more relevant

EY Canvas

EY Canvas links all team members through one global methodology and one global audit platform to deliver one seamless audit. In addition, EY Canvas enables us to deliver you a high quality audit by:

- ▶ Allowing us to better identify your risks, appropriately respond to those risks so we can report findings back to you promptly.
- ▶ Supporting centralised planning and monitoring of the audit.
- ▶ Quickly customising our audit approach to support the ever-evolving regulatory environment.
- ▶ Providing us with the ability to show you a dashboard of the audit status in real-time.
- ▶ Allowing us to capture, flag and share audit findings as they arise.



EY Helix - our global suite of data analytics

EY Helix, our suite of analytics, enables us to deliver you a high quality audit by:

- ▶ Providing you with *greater confidence in your financial reporting* as we identify business insights, hidden patterns and trends in your financial data.
- ▶ Allowing us *a deeper understanding of your business* by analysing larger populations of audit relevant data, to present a fuller picture of what happened and identify the risks that matter.
- ▶ Identifying *trends and anomalies* in your processes and controls helping direct our investigative effort in the right areas.
- ▶ Delivering *relevant feedback and insights* during the audit, so you can optimise your business processes and controls.
- ▶ Saving your team *valuable time and effort through* our integrated data capture and extraction tools.



2. About the audit approach

2.1 Context for the audit

Our Audit Plan will cover the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of Staffordshire County Council (the Council) give a true and fair view of the financial position as at 31 March 2016 and of the income and expenditure for the year then ended; and
- ▶ A statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness (the Value for Money conclusion).

When planning the audit we take into account several key inputs:

- ▶ The Council's objectives and strategies and the related business and financial risks relevant to the financial statements.
- ▶ Developments in financial reporting, auditing and corporate governance standards.
- ▶ The quality of systems and processes.
- ▶ Changes in the Council's operating and the wider regulatory environment.
- ▶ Matters that management or the Audit and Standards Committee consider to be significant in relation to the financial statements and that they have requested we pay particular attention to.

By considering these inputs, our audit is focused on the areas that matter and by focusing on the areas that matter, our feedback is more likely to be relevant to the business.

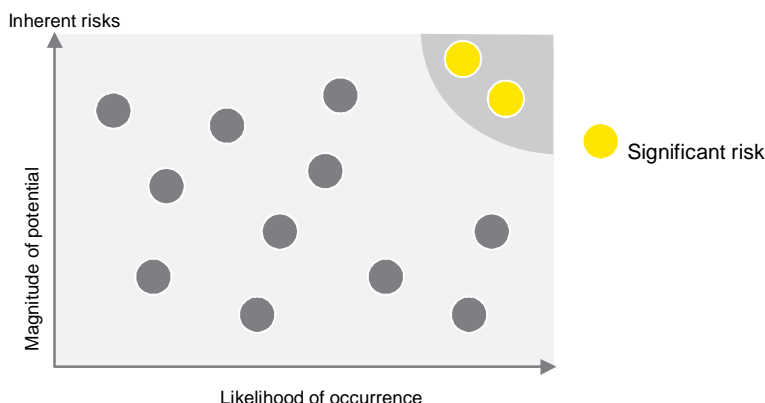
Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

2.2 Financial Statement Risks

We analyse the risks inherent in your external influences, operational activities and financial risks for the Council and our knowledge of other factors that may impact the Council's financial statements.

These outputs are compared with the risks identified through your own risk management process and mapped to the financial statements where applicable. This risk assessment process will help inform the focus our audit work for the year ending 31 March 2016.

Of the financial statement risks identified, we are required by Auditing Standards to consider whether any of the risks identified are 'significant' risks to our Council audit. Auditing standards define significant risks as those with a high likelihood of occurrence and, if they were to occur, could result in a material misstatement of the consolidated financial statements, as set out graphically below:



There are two presumed risks present in every audit:

- ▶ Fraud and management override risk*
- ▶ Risk of fraud in revenue recognition*

** As defined by auditing standards*

In addition to the significant risks, there may be other financial statements risks that require attention. Our Audit Plan will set out our approach to addressing all these risks.

2.3 Economy, efficiency and effectiveness

The Local Audit and Accountability Act 2014 provided the Comptroller and Auditor General with the power to issue guidance to auditors which may explain or supplement the provisions of the Code of Audit Practice. This was a role previously undertaken by the Audit Commission.

This guidance is issued in the form of Auditor Guidance Notes and the 2014 Act requires auditors to comply with this guidance.

The National Audit Office (NAO) ran a consultation exercise regarding auditors' work on value for money arrangements and issued new guidance on 9 November 2015 to apply to audits from 2015/16 onwards.

New criteria

The Value for Money Conclusion is now based on the following criteria:

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

There are three sub-criteria that are intended to guide auditors in reaching our overall judgement:

- ▶ Informed decision making.
- ▶ Sustainable resource deployment.
- ▶ Working with partners and other third parties.

The full guidance note is available to view at: <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

Impact

We will discuss the impact of this new guidance on our audit approach and fees with the Council and provide a full briefing to the Audit and Standards Committee as part of our Audit Plan due February / March 2016.

2.4 Your audit team

The engagement team is led by Steve Clark a Partner who has significant experience of local authority audits. Steve is supported by Mark Surrridge, a Senior Manager who will be responsible for the day-to-day direction of our audit and the key point of contact for the finance team.

Our audit team also includes a number of specialists to assist us with our procedures, including specialists in pensions, tax and IT. Where appropriate we will also leverage wider expertise from within the firm. For example: we have a firm wide local government audit network to share best practice, identify common issues and to develop a consistent audit approach.

2.5 Timetable of communication and deliverables

We have set out below a timetable showing the key stages of the audit, including the VFM work and the Whole of Government Accounts. The timetable includes the deliverables we

have agreed to provide to the Council through the Audit and Standards Committee's cycle in 2015/16.

From time to time matters may arise that require immediate communication with the Audit and Standards Committee and we will discuss them with the Committee Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.

Audit phase	Timetable	Audit and Standards Committee timetable	Deliverables
High level planning	November	November 2015	Audit Strategy
Risk assessment and interim testing of routine processes and controls	February 2016	March 2016	Audit Plan
Year-end audit	July 2016		
Completion of audit	July / August 2016	September 2016	Report to those charged with governance via the Audit Results Report Audit report (including our opinion on the financial statements; and overall value for money conclusion). Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	October 2016	October 2016	Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

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ey.com

Local government audit committee briefing

Contents at a glance

Government and economic news

Accounting, auditing and governance

Regulation news

Key questions for the audit committee

Find out more

This sector briefing is one of the ways that we hope to continue to support you and your organisation in an environment that is constantly changing and evolving.

It covers issues which may have an impact on your organisation, the Local government sector and the audits that we undertake.

The public sector audit specialists who transferred from the Audit Commission form part of EY's national Government and Public Sector (GPS) team. Their extensive public sector knowledge is now supported by the rich resource of wider expertise across EY's UK and international

business. This briefing reflects this, bringing together not only technical issues relevant to the local government sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing, as well as some examples of areas where EY can provide support to Local Authority bodies.

We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please do contact your local audit team.



Government and economic news

EY Item Club Autumn Forecast

The latest EY Item Club forecast (Autumn 2015) predicts tougher times for the UK economy as what it describes as the 'consumer sugar rush' begins to fade.

GDP is forecast to grow by 2.5% this year (compared to 2.9% in 2014) and slow further to 2.4% in 2016 and 2.3% the year after. Consumer Price Inflation is expected to remain below target until 2018. Prospects for exports remain poor, and domestic consumption is likely to be affected by rising inflation and tighter fiscal policy from early 2016. Progress is seen to depend upon productivity gains rather than coming from the commodity price falls that are supporting demand this year. Businesses will need to work hard on overseas markets as opposed to relying on consumer-led domestic markets.

The forecast highlights that the last decade has seen a strong increase in the supply of labour which has depressed real wages and, arguably, productivity, but that we are now seeing a more normal recovery. This is characterised by an increase in the demand for labour, which boosts real wages and productivity. Wage inflation is highlighted as being strong. This is expected to be boosted further in April 2016 by the National Living Wage, the effects of which could be very significant for some sectors and regions.

Provided that increased productivity matches wage inflation, the expectation is that the Monetary Policy Committee will keep base rates on hold until next autumn.

For details of the EY Item Club's latest forecast, see <http://www.ey.com/UK/en/Issues/Business-environment/Financial-markets-and-economy/ITEM---Forecast-headlines-and-projections>

Housing Associations Right to Buy

The Chartered Institute of Public Financial Accountants (CIPFA) has produced a briefing following the Government's announcement in October that it intends to extend its Right to Buy scheme to Housing Associations. The briefing seeks to explore the potential impact of these plans on Local Authorities.

Local authority housing is intended to be self-financing, based on 30 year business plans established in 2012 with the HRA self-financing regime, with Council housing for each council financed from its own rental income. This principle was reflected in the 30 year business plans, but CIPFA suggests that these business plans do not reflect recent changes contained within the budget. These changes include amendments to the rent policies as well as the proposed sale of high value local authority housing stock in order to compensate housing associations for the shortfall in income caused by the new Right to Buy scheme.

According to CIPFA, research has shown properties sold under the existing Right to Buy scheme have in many instances returned to the rental market at a higher level of rent than council levels. They have cited the example of Barking and Dagenham where it is said that 41% of properties purchased under the Right to Buy scheme are now let privately.

CIPFA warns 'Any legislation that leads to a negative impact on the housing business plan models of local authorities could seriously undermine the very basis of self-financing which promised autonomy for local authorities in the delivery of housing in their areas.'



Government and economic news

However, Communities Secretary Greg Clark said:

“We’re determined to ensure that home ownership is seen as a reasonable aspiration for working people.

Right to Buy is a key part of this, offering a helping hand to millions of people who would have no hope of buying their own home without it.

Today’s historic agreement with housing associations and the National Housing Federation will extend that offer even more widely, whilst at the same time delivering thousands of new affordable homes across the country.”

The Government agreement with housing associations and the National Housing Federation will see housing association tenants able to buy their homes from 2016.

CIPFA’s briefing document can be downloaded from <http://www.cipfa.org/cipfa-thinks/briefings>, and further information from the government is available at <https://www.gov.uk/government/news/historic-agreement-will-extend-right-to-buy-to-13-million-more-tenants>

Consultation: improving efficiency on Council Tax Collection

Council tax collection rates have been relatively high in recent years: 97% across England in both 2014/15 and 2013/14. However, the Government is looking at ways to enable local authorities to further improve collection rates.

To this end, the Government has issued a consultation on its proposals to improve the collection and enforcement process for council tax. The government’s stated intention is to help local authorities to keep council tax rates low, and so the proposals are aimed at ensuring that everyone contributes fairly.

The consultation follows a trial by Manchester City Council, Salford City Council, HMRC and the Cabinet office under the ‘Better Business Compliance Cabinet programme’, and reflects consideration of the findings from this trial.

An example of this is the Government’s proposal to extend the data-sharing gateway which currently exists between HMRC and local authorities. This would enable HMRC to share employment information with councils where council tax debtors have not voluntarily shared the information within 14 days of receiving a liability order. Manchester estimates, based on its pilot with HMRC, that this would recover £2.5mn of debt in its area alone.

The consultation also asks for other suggestions to improve council tax collection.

Responses are requested by 18 November 2015.

For more information on the consultation and details on how to respond, please see https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/466386/150930_Improving_Efficiency_of_Council_Tax_collection_Consultation_Doc.pdf



Government and economic news

Local Plans for New Homes

In October, the Government announced that councils will be required to produce local plans for new homes by 2017. Where councils fail to do so, the Government will consult with local people to ensure that plans are produced for them.

In 2012, the National Planning Policy Framework was introduced to provide guidance for local planning authorities and decision-takers, both in drawing up plans and making decisions about planning applications. This framework reinforced the role of local plans. It required the plans to include an annual trajectory over a period of around 15 years of how many homes they plan to build in their area, and it required local authorities to review this plan approximately every 5 years. Councils were also encouraged to give local people more say on where new developments would be located and what they would look like.

The Government have said that the response to this has been mixed:

- ▶ 82% of councils have published local plans which state how many homes they intend to build over a given period
- ▶ 65% have fully adopted these plans
- ▶ Nearly 20% of councils do not have an up to date plan

If councils fail to produce and bring into force an up to date plan for new homes by 2017, the Government intends to work with local people to ensure one is created.

Read the government press release at <https://www.gov.uk/government/news/prime-minister-councils-must-deliver-local-plans-for-new-homes-by-2017>



Accounting, auditing and governance

Proposals for further emergency services collaboration announced

The Government has launched a consultation which is looking into how the three core emergency services of Police, Fire and Rescue and the Ambulance service could potentially work together in a more efficient and effective manner. Key features of the consultation include:

- ▶ Enabling Police and Crime Commissioners (PCCs) to take on the duties and responsibilities of Fire and Rescue Authorities where a local case was made for this to happen
- ▶ Where a case is made by a local PCC to take on such a role, there would also be the possibility for them to take on the role of a single employer and in doing so enable the sharing of back office support functions
- ▶ Improving joint working between PCCs and local NHS Ambulance Foundation Trusts by encouraging them to allow PCCs to sit on their Council of Governors

The Government also intends to introduce a new statutory duty for the three emergency services to collaborate with one another; and sees this as not being a burden, but is about seeking efficiencies.

However, a key legal distinction would remain under the new proposals, in that a member of a police force will not be permitted under law to become a firefighter, and firefighters will not be given the power of arrest. In order to maintain transparency for local taxpayers, funding from central government will remain separate for police and fire organisations, as will council tax precepts.

<https://www.gov.uk/government/news/proposals-for-further-emergency-services-collaboration-announced>

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/459986/Consultation_-_Enabling_closer_working_between_the_Emergency_Services__w__2_.pdf

Finance in the Cloud?

Cloud computing allows users to rent access to a variety of virtual computing options, conveniently, ranging from network-accessible data storage and software development environments to fully featured applications. As such, the data and applications are not required to be stored on local servers or 'on-premise'; rather, they are hosted and managed by third-party cloud service providers (CSPs).

Enterprises essentially outsource varying levels of IT functionality to CSPs, and users only need an internet connection to access the data and applications via virtual servers. By moving into the cloud, organisations have the potential to reduce greatly, or even eliminate, the total cost of ownership (TCO) of the IT function, thereby forever altering their business model.

The benefits of cloud adoption are highly touted. However, over a decade ago, on-premise enterprise resource planning (ERP) solutions made similar promises. Although the trigger for rushed ERP implementations in the 1990s was the much-fretted Year 2000 (or Y2K) calamity, Y2K concerns turned out to be largely unfounded, and many finance executives would now argue that they have yet to reap genuine, tangible benefits from investing in costly ERP systems.



Accounting, auditing and governance

Although a company's financial management system is critical to success, EY is finding that many organisations have systems averaging from 10 to 15 years old, with upgrade cycles ranging from 5 to 10 years. Despite aging legacy systems, many finance decision-makers are hazy on how cloud solutions are really any different from the ERP solutions hyped in the previous decade.

Organisations that truly understand cloud technology, as well as the associated challenges and risks, are better placed to manage the impact of cloud computing on the finance function. Moreover, they must engage an agile innovation strategy focused on deploying the right operating model in order to realize fully the benefits of cloud computing.

In EY's experience, organisations that fail to make a robust cloud risk assessment often need to make subsequent, costly changes to the cloud model, thereby negating any savings gained from cloud migration. EY recommends that organisations develop a clear, attainable cloud strategy, including an appropriate operating model accompanied with a cloud risk management approach to mitigate risks and avoid a premature move to the cloud.

EY has a proven framework for cloud models, along with risk assessments and broad-based diagnostics to evaluate and optimise a cloud strategy that enables minimal disruption whilst accelerating an organisation's evolution. For more information on this, please talk to a member of your engagement team or read the EY publication at http://performance.ey.com/wp-content/uploads/downloads/2015/10/EY-Performance-Finance-in-the-cloud_Final.pdf

Value for Money Conclusion guidance

The NAO have recently released a consultation document (<http://www.nao.org.uk/keep-in-touch/wp-content/uploads/sites/11/2015/08/Vfm-arrangements-auditor-guidance-consultation-document.pdf>) a consultation document for auditors on their review of arrangements to secure economy, efficiency and effectiveness in their use of resources. This is also referred to as the three E's or the Value for Money (VfM) conclusion. The guidance covers the VfM work for 2015/16.

Based on the responses received to a similar consultation in 2014 the new draft guidance seeks to:

- ▶ Take forward existing guidance and reflect changing circumstance for public sector organisations such as finding savings and maintain financial stability over the medium and long term
- ▶ Update the definition of 'proper arrangements'
- ▶ Strengthen guidance on the identification and work around significant risks whilst maintaining a risk based approach
- ▶ Update and clarify the range of reporting opinions available to auditors and expectations at key stages of the audit
- ▶ Maintain sector specific guidance that will sit outside of the statutory guidance but can provide up-to-date information on sector specific risks

The consultation closed on 30 September and the NAO will communicate a summary of the responses once they have reviewed them. Further information can be found at <https://www.nao.org.uk/keep-in-touch/our-surveys/consultation-auditors-work-on-value-for-money-arrangements/>.



Regulation news

Consultation on 2016/17 proposed fee scales

Public Sector Audit Appointments (PSAA) is currently consulting on both the work programme and scale of fees for 2016/17 audits. The consultation describes the work that auditors will undertake at principal audited bodies for 2016/17 and their associated scales of fees.

There are no planned changes to the overall work programme for 2016/17 and their proposal is to set scale audit fees at the same level as the scale fees for 2015/16 which already reflect a reduction of 25% in addition to the reduction of up to 40% made from 2012/13.

A change in accounting requirements in 2016/17 relating to highways infrastructure assets will require additional audit work at some authorities. As the amount will differ between authorities, the fee variation process will apply in 2016/17 for this additional work.

The consultation closes on Friday 15th January 2016, and the final work programme will be published following this in March 2016.

For details of the consultation, please refer to the PSAA website at <http://www.psaa.co.uk/audit-and-certification-fees/consultation-on-201617-proposed-fee-scales/>

NAO Case Study: managing reductions in local authority government funding

The National Audit Office (NAO) has made available more than 30 case studies which give examples of how organisations have used their recommendations or analysis to support the achievement of financial savings.

One of these case studies follows the production of its 2014 report 'Financial Sustainability of Local Services'

The NAO case study states that following their report, the Department for Communities and Local Government (DCLG) has acknowledged that its processes for estimating local authority spending requirements and assessment the potential impacts of spending reductions need to be improved.

They also note use of their report in the sector, citing the following examples:

- ▶ Leeds City Council and Birmingham City Council have drawn on the work in their debates with central government over devolution
- ▶ Wolverhampton City Council and Oldham Council have used the work to inform discussion and decision-making in cabinet meetings and audit and scrutiny meetings
- ▶ The Local Government Association and treasurers' societies have used the analysis from the report to inform their thinking

Find out more about the impact made by NAO reports in their interactive pdf at <https://www.nao.org.uk/wp-content/uploads/2015/10/Impacts-case-studies-2014.pdf>



Key questions for the audit committee

What questions should the Audit Committee ask itself?

Have we considered the impact of the extension of Right to Buy and reflected our consideration in our Medium Term financial plans and/or Local Plan?

How successful are we in systematically improving our collection rates for Council Tax? Is there best practice that we could share via the Government's consultation?

What is our mid to long term IT strategy? Are we considering cloud-based IT and if so how robust are our risk assessments supporting the shift?

Have we formulated a response to the PSAA consultation on the work programme and scale of fees for 2016/17?



Find out more

EY Item Club Autumn Forecast

For details of the EY Item Club's latest forecast, see <http://www.ey.com/UK/en/Issues/Business-environment/Financial-markets-and-economy/ITEM---Forecast-headlines-and-projections>

Housing Associations Right to Buy

For further information, please see the government press release at <https://www.gov.uk/government/news/historic-agreement-will-extend-right-to-buy-to-13-million-more-tenants> and access the CIPFA report at <http://www.cipfa.org/cipfa-thinks/briefings>

Consultation: Improving Efficiency on Council Tax Collection

For more information on the consultation and details on how to respond, please see https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/466386/150930_Improving_Efficiency_of_Council_Tax_collection_Consultation_Doc.pdf

Local Plans for New Homes

Read the government press release at <https://www.gov.uk/government/news/prime-minister-councils-must-deliver-local-plans-for-new-homes-by-2017>

Proposals for further emergency services collaboration announced

For more information on the Government's proposals, please see <https://www.gov.uk/government/news/proposals-for-further-emergency-services-collaboration-announced>, and for a copy of the consultation document please see https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/459986/Consultation_-_Enabling_closer_working_between_the_Emergency_Services__w__2_.pdf

Finance in the Cloud?

To find out more about Cloud Computing and how EY can support you, please ask a member of your engagement team or read the EY publication at http://performance.ey.com/wp-content/uploads/downloads/2015/10/EY-Performance-Finance-in-the-cloud_Final.pdf

Value for Money Conclusion guidance

Further information can be found at <https://www.nao.org.uk/keep-in-touch/our-surveys/consultation-auditors-work-on-value-for-money-arrangements/>, and a copy of the NAO's consultation document is available at <http://www.nao.org.uk/keep-in-touch/wp-content/uploads/sites/11/2015/08/Vfm-arrangements-auditor-guidance-consultation-document.pdf>

Consultation on 2016/17 proposed fee scales

For further details on the consultation and how to respond to it, please visit:

<http://www.psa.co.uk/audit-and-certification-fees/consultation-on-201617-proposed-fee-scales/>

NAO Case Study: Managing reductions in local authority government funding

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Local Members Interest
N/A

Audit and Standards Committee – 7 December 2015

Internal Audit Plan Update 2015/16

Recommendations

1. To note progress against the 2015/16 Internal Audit Plan and those new audits which have been undertaken since the plan was approved in July 2015.
2. To note progress on the implementation of high level recommendations.

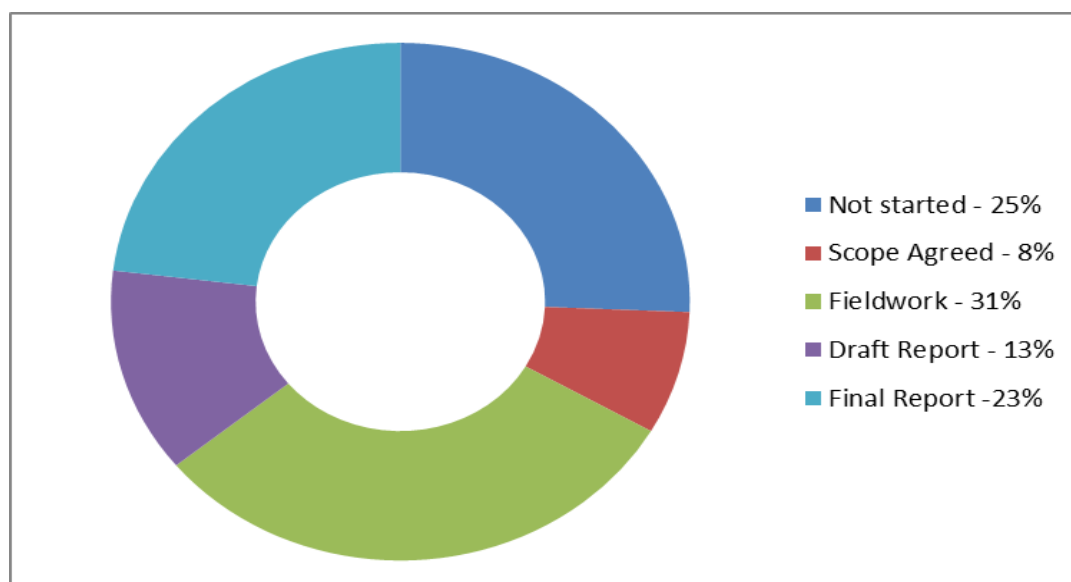
Report of the Director of Finance and Resources

3. Given the changing operating module of the County Council the annual plan approved by the Committee in July 2015 continues to be reviewed to ensure that areas originally included remain relevant and reflect the risk profile of the organisation. Internal Audit is currently undertaking a number of additional audits within new risk areas which have arisen since July; namely additional Care Provider checks, Contract Options – pensions admin system and Core + review. At this stage in the year the section remains on schedule to meet its key performance targets.
4. Overall, delivery against the 2015/16 audit plan is summarised below. Previously the Audit & Standards Committee agreed that only the reports of the high risk reviews (Top 10), limited assurance audits and major special investigations would be considered as part of the agenda, where relevant other reports would be emailed to Members for information.

Area	Plan	Not Started	Terms of Reference Agreed	Fieldwork Ongoing	Draft Report Issued	Final Report Issued	Cancelled	Total
Systems Audits								
Planned Audits	111	27	22	31	6	13	(12)	99
Additional Work	6	1	0	5	0	0	0	6
Total	117	28	22	36	6	13	(12)	105
Compliance Audits								
Schools	42	23	0	0	0	19	0	42
Other compliance – Children’s	5	5	0	0	0	0	0	5
Other compliance – Adults	29	0	0	0	0	28	(1)	28
Other compliance – Registrars Offices	4	4	0	0	0	0	0	4
Educational Endowment Funds	5	0	0	0	0	5	0	5

Total Compliance	85	32	0	0	0	52	(1)	84
Pro-active Counter fraud Work	17	11	1	4	1	0	0	17
Special Investigations/ Exercises	4	0	0	0	4	0	0	4
Overall Totals	223	71	23	40	11	65	(13)	210

- Since the last meeting of the Audit & Standards Committee, two limited assurance opinion reports have been issued to Officers for discussion and agreement. The final reports for these areas will be circulated to Members once they have been concluded.
- Delivery of the work for the External Clients is important in ensuring that the section meets its income targets for the year. Performance to date is detailed below and each audit plan is on course to be fully delivered by the end of the audit year. The results of these exercises are reported to the individual bodies' Audit Committee.



- During 2014/15 the Team successfully bid for the contract to deliver the Internal Audit function, including the management of the existing in-house team, for South Staffordshire District Council. This equates to an additional 100 days per annum and is on track to be fully delivered by the end of the financial year. The total value to the section for this work is £32,000.
- Internal Audit continues to monitor the implementation of all high level recommendations. Previously those recommendations which have not been actioned by the target implementation date together with an explanation of the delay by the appropriate officer have been reported to the Audit & Standards Committee. The number remaining outstanding has reduced significantly over time when compared to previous years, due in part to the involvement of the Audit & Standards Committee. Progress in implementing those outstanding agreed high level recommendations has been monitored and of the 36 high level recommendations

made since the last committee report, 28 have been fully implemented. This year there are a small number of recommendations that have not been fully implemented by their due date. The details are attached as appendix 1 to the report and include a commentary regarding action taken to date by the respective manager. Internal Audit will continue to monitor their implementation and will include the results of this exercise within the annual outturn report.

Equalities Implications

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

Legal Implications

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

Resource and Value for Money Implications

11. The net budget of the Internal Audit Section is estimated at £575,200 of which £64,400 relates to payments to external providers.

Risk Implications

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

Climate Change implications:

13. There are no direct CO2 implications arising from this report.

Report Author

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List of Background Papers:

2015/16 Internal Audit Strategy & Plan
2015/16 Internal Audit Charter

HIGH LEVEL AUDIT RECOMMENDATIONS NOT IMPLEMENTED BY THE AGREED DUE DATE

APPENDIX 1

No.	Audit Subject	Recommendations	Target Date for Implementation	Current Status
1	Mental Health Trust – Section 75 Agreement	A new s75 Agreement should be approved as soon as possible. Lessons learned from the outgoing arrangement should be formalised in a risk assessment so that arrangements going forward remain, in the short term at least, on the radar of senior management.	30.04.15 Revised to 31.03.16	Discussions around integrated commissioning have overtaken the Section 75 discussion therefore alternative contracting options are currently being considered. This has been delayed however plans are now being developed to move forward for 2016/17.
2	Mental Health Trust – Section 75 Agreement	The development of a new performance management framework, and underlying indicators, should be timetabled in as soon as possible. A small number of output oriented/qualitative indicators, together with key financial indicators, should be aligned to the aims and objectives set out in the s75 Agreement and reported to the Council.	30.04.15 Revised to 31.03.16	Previously it was reported to the Audit and Standards Committee that a new, revised and robust performance framework had been developed. The County Commissioner, Mental Health has confirmed that the performance framework will be included within the alternative contracting model once this has been agreed. In the interim, the Trust are providing some performance data to support the County Council in understanding the key issues. These will be built into future contracting arrangements.
3.	Accounts Receivable – Debt recovery	As previously recommended, it is recommended that debt recovery action is instigated promptly by Income Staff within Finance for those debts which have reached dunning level 3 and that debt recovery action continues to be carried out on a timely basis until such time as the debt is referred to Legal Services.	On-Going during 2014/15 and 2015/16 Revised to 31.3.16	The team was centralised in July 2015. Due to continuing issues arising from the changes to the banking contract and data information requirements from Entrust / Capita re Accounts Receivable data migration for 1 st April 2016, implementation was delayed. The Income Manager has confirmed that the recommendation will now be addressed by the end of March 2016. This has been included in the 'My Performance Conversations' with the Income Officers.
4.	E-Payments	The task of ensuring that SCC is in compliance with the PCI-DSS requirements should be completed as soon as possible.	30.04.15 Revised to 30.06.16	The planned upgrade did not take place as originally envisaged. The e-payments contract has since been re-tendered and awarded which addresses this recommendation. The project to implement the wholly hosted and managed service commenced in November 2015, with an implementation date of May – June 2016. It should be noted that currently the on-line internet payments and automated telephone payments system is 100% compliant. ParentPay as used in schools is likewise 100% PCI Compliant and local chip and pin handheld devices are all currently assessed as being fully PCI compliant.
5.	Procurement (outside of Staffordshire procurement)	a) Staffordshire Procurement should consider how the requirement to apply Procurement Regulations can be enforced when the procurement activity is undertaken by staff other than those within the Team. b) Staffordshire Procurement should consider whether a more proactive approach should be taken to identifying contracts organised by	31.12.14 Revised to 01.04.16 31.12.14 Revised to 01.04.16	The actions of (a) and (b) are ongoing and form part of the work programme for the new Commercial Unit. Procurement Regulations are to be updated by the Head of Commercial Services and approved via the Audit Committee.

		<p>service managers. Consideration should be given to a periodical review of SAP supplier spending to identify large spends which are not covered by contracts let with the involvement of Staffordshire Procurement.</p> <p>c) That Internal Audit is advised of the outcome of the review of the Scientific Analysis Labs Ltd contract by Staffordshire Procurement and Legal Services.</p>	<p>30.12.14 Revised to 30.06.15 31.03.16</p>	<p>c) It has been confirmed that there have been various discussions between Staffordshire Procurement, Legal Services and Internal Audit since the issue of the final audit report in July 2014. Staffordshire Procurement has also tried to establish whether Scientific Analysis Ltd (SAL) was the only laboratory in the country to provide scientific services. The situation was not conclusive and it was agreed that Staffordshire Procurement would undertake a soft market testing exercise with other potential providers of scientific services to ascertain whether they are able to deliver the same services as (SAL). The outcome of this will then determine the next course of action to be taken.</p> <p>Legal Services has reviewed the contract that the Authority has with the LB of Hillingdon and SAL and considered that the terms of the existing agreement exposed the Authority to a number of significant risks (mainly in relation to liability terms) which had been accepted due to Legal not being involved in the original contract discussions.</p>
6.	I54 Bus Lane Enforcement	It is recommended that once Cabinet Approval has been granted, Legal Services be requested to draft the agreement with Stoke on Trent City Council.	<p>31.12.14 Revised 31.12.15</p>	The Regulation and Governance Manager confirmed that Cabinet approval has been granted and the agreement with Stoke on Trent City Council has been formulated, although not yet signed due to TUPE issues that are being dealt with by Legal Services. It is anticipated that the agreement will be signed before end of December 2015 subject to any further changes being required.
7.	Deputyships	<p>A revised internal control process should be adopted which incorporates additional checks over the following areas:</p> <ul style="list-style-type: none"> • Beneficiaries • Transaction Spot Checks • Management of the Umbrella Account 	<p>30.09.15 Revised to 31.01.16</p>	Work on this recommendation had not commenced due to the long term sickness of two supervisory staff and the significant increase in the 'Deprivation of Liberties' work which the Senior Deputyship Officer has had to undertake. However work to implement the recommendation has now been rescheduled for December 2015/January 2016.
8.	Suppressed Debts	The Income Manager should review the monitoring regime in relation to dunning blocks with a view to ensuring that Budget Holders and Income Officers actively and proactively manage the level of suppressed debts. The issue of relevant management reports to Income Officers should recommence with immediate effect.	<p>30.09.15 Revised to 31.12.15</p>	The team was centralised in July 2015. Due to continuing issues arising from the changes to the banking contract and data information requirements from Entrust / Capita re Accounts Receivable data migration for 1 st April 2016, implementation was delayed. The Income Manager has confirmed that this recommendation would be completed by end of December 2015..

Local Members Interest

N/A

Audit & Standards Committee – 7th December 2015

Cabinet Office - National Fraud Initiative 2014 Update

Recommendation

1. To note the progress made to date on investigating the potential data matches received from the Cabinet Office (previously the Audit Commission) in February 2015 as part of the 2014 National Fraud Initiative (NFI) exercise.

Report of the Director of Finance & Resources

Background

2. The National Fraud Initiative is a data matching exercise, designed to help participating bodies to detect fraudulent and erroneous payments from the public purse. It began in 1996, and is run every two years. It compares information held by and between around 1,300 organization's including councils, the police, hospitals and 77 private companies. The core of the National Fraud Initiative is the matching of data to help reduce levels of housing benefit fraud, occupational pension fraud and tenancy fraud. Thus far, the Cabinet Office has deemed the Initiative a great success, and the most recently completed exercise (National Fraud Initiative 2012) resulted in the detection (nationally) of £203 million of fraud and overpayment, bringing a total to date over two decades of £1.17 billion.
3. In April 2015, the Cabinet Office became responsible for the NFI following the closure of the Audit Commission on 31st March 2015. The NFI data matching exercise involves the Authority submitting payroll data (including pension payroll data) and other relevant data to the Cabinet Office who then match it against data sets from other Local Authorities and the Department of Works and Pensions (DWP). The data collection period for the 2014 exercise was 1st April 2014 to 30th September 2014 which was extracted in October 2014 and forwarded to the then Audit Commission. Potential matches were then identified and referred back to the Authority for investigation in February 2015.
4. It should be noted that prior to the commencement of the 2014 exercise and to conform with the NFI data protection protocols (as agreed with the Information Commissioner) the following steps were taken:-
 - Informing employees and Elected Members, employee associations and other representative bodies that payroll data would be used; and

- The notification to individual pensioners that the exercise was to be carried out.

A notification message was included in all employee payslips to inform all Staffordshire County Council employees and Elected Members of the 2014 exercise. Pensioners were informed via an article in their annual pension magazine produced in Spring 2014.

5. Further details of the types of data matches carried out as part of the 2014 exercise and the number of potential data matches returned from the then Audit Commission together with the progress made to date in investigating these are included at Appendix 1.
6. The exercise to date has identified potential total overpayments, across all types of matches, of £96,393, further detail is provided in Appendix 1. Approximately £46,359 has been identified and action to recover the overpayments has commenced, in relation to payments for adults accommodated in private residential care/nursing homes whose placements are funded by the Authority but whose death had not been notified to the Authority.
7. In addition to the above, work has commenced to identify and recover overpayments relating to the following other matches:
 - an occupational pension has continued to be paid to an individual after they have died. Our investigations so far have identified 8 overpayments totalling £3,294;
 - a personal budget had continued to be paid after the client had died resulting in an overpayment of £6,124; and
 - possible duplicate payment matches processed in 2012/13 are being investigated which could lead to the recovery of £40,616.
8. At the time of writing this report, £32,243 of the total overpayments of £96,393 has been recovered:-

Match Type	£value of Overpayment	No. of Cases	Recovered to date	No. of Cases
Private Residential Care Homes to DWP deceased pensioners	£46,359	6	£10,311	1
Pension Payroll to Dept of Works & Pensions (DWP) deceased pensioners	£3,294	8	£1,100	4
Personal Budgets	£6,124	1	0	0
Trade creditors data	£40,616	8	£20,832	5
Total	£96,393	23	£32,243	10

All outstanding overpayments continue to be actively pursued by the Authority.

9. The final results of the Initiative must be sent to the Cabinet Office by 31st March 2016.
10. The final results of the 2014 Initiative will be reported to a future meeting of the Audit and Standards Committee.

Equalities Implications

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

Legal Implications

12. Participation in the 2014 data matching exercise was mandatory under Section 6 of the Audit Commission Act 1998. With the closure of the Audit Commission on 31st March 2015, all future data matching exercises will be undertaken under Part 6 of the Local Audit and Accountability Act 2014.

Resource and Value for Money Implications

13. The Cabinet Office fee for participating in the exercise is £3,750 excluding VAT. With the NFI exercise running over a period of two financial years, the Authority is invoiced in two equal annual instalments. Internal Audit has also allocated 40 days within the internal audit plan 2015/16 to carry out the investigations in relation to the potential data matches.

Risk Implications

14. Work supports the strategic risks identified by the Authority.

Climate Change Implications

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

Report Authors

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List of Background Papers

National Fraud Initiative Guidance Handbook.
National Fraud Initiative Protocol.

Appendix 1.

NATIONAL FRAUD INITIATIVE 2014 - SUMMARY OF MATCHES BY GROUP TYPE

Group Heading	Search category	Total potential matches	Sample selected so far from "Total Data Matches"	Matches which are clear	Matches which are still outstanding	Matches closed requiring data amendment only	Matches closed leading to financial recovery	Value of financial recovery
Pension Payroll to Dept of Works & Pensions (DWP) deceased pensioners	A	180	180	165	7	0	8	£3,294
Private Residential Care Homes to DWP deceased pensioners	A	200	200	194	0	0	6	£46,359
UK Visa data to Payroll	A	1	1	1	0	0	0	0
Deferred pensioners to DWP deceased records.	A	91	91	68	23	0	0	0
Insurance claimants	A	6	6	6	0	0	0	0
Personal Budgets	A	727	695	472	214	8	1	£6,124
Payroll to Creditors	B	409	409	199	210	0	0	0
Payroll to Housing Benefit	B	0	0	0	0	0	0	0
Payroll to Payroll	B	167	101	80	15	6	0	0
Payroll to Pensions Payroll (re-employment outside SCC)	B	390	117	100	17	0	0	0
Pensions Payroll to Payroll (re-employment within SCC)	B	410	72	60	12	0	0	0
Trade creditors data	C	13951	714	520	164	22	8	£40,616
Blue badge scheme	C	3117	57	31	8	18	0	0
Concessionary Travel Passes to DWP deceased	C	5062	5062	5062	0	0	0	0
	Total	24711	7705	6958	670	54	23	£96,393

National Fraud Initiative matches are generally dependent on accurate National Insurance numbers. However, National Insurance numbers are not always available or sometimes recorded incorrectly, so the Initiative uses a range of alternate matching criteria as follow:-

- Name / date of birth. (Surname, forename, date of birth);
- Name / date of birth (Match any 2 of 3 of above); and
- Address.

Not all potential matches shown on the reports may be genuine matches (Smith J matched to

Smith John), or similar name but different date of birth.

The Cabinet Office provides suggested approaches to dealing with the match types and for certain match types provides recommended filter values. The Authority has in many instances sought to expand the sample sizes beyond the recommended filter value where it is considered desirable. The method of selecting matches to investigate falls into 3 categories: -

- (A) Full check – where risk of erroneous payment is high or previous problems identified;
- (B) By Tranche – Volume of matches necessitates filtering by value of individual match. Where problems encountered a lower filter level is then used; and
- (C) By category of match – some types of matches have unique elements which make them a specialist search.

Further detailed information relating to the types of data matches along with progress to date on investigating potential matches arising from the 2014 NFI exercise is given below:

Pension Payroll to Deceased persons.

The Pension Payroll to Deceased Persons match identifies instances where an occupational pensioner has died, but the pension is still being paid as a result of the Pensions Section not being informed of their death. Data is matched between pension records maintained by the Authority and those held by the Department for Work and Pensions (DWP).

Of the 180 potential matches, it was found that in 165 cases, either the data match was flawed or notification of the pensioner's death had been received by the Authority after submission of the data to the then Audit Commission. Of the remaining 15 cases, 7 matches remain to be investigated to determine whether a recovery of payment is required. The value of overpayments identified relating to the 8 matches closed stands at £3,294 of which £976 has been recovered and £124 will be written off as irrecoverable.

Private Residential Care homes to DWP deceased

The above data match identified 200 cases where individuals were shown on the Social Care and Health Database as having their accommodation funded by the Authority but were shown as deceased on the DWP records.

Following investigation of the 200 cases, 6 matches relating to 4 different care home providers were identified where an overpayment had arisen as a result of the Authority not being notified of the resident's death. As at the time of preparing this report £10,311 has been recovered and £36,048 is being actively pursued by the authority.

In respect of the above, it was noted that in each case the care home provider had failed to notify the Authority that the service user had died. It was unclear whether in each case, an annual review had been carried out by the social worker which would have identified the death sooner. Going forward, it has been recommended that for all new contracts with home

providers it is a contract requirement to inform the Authority of a death on a timely basis to avoid overpayments.

Home Office UK visa data to payroll

The aim of the above match is to identify any instances of overseas persons working in this country where the UK visa has expired or does not permit them to be in employment.

Investigations have been conducted on the one potential match identified and documentation is held to support the employment with the authority, which meets Home Office Regulations.

Deferred Pensioners to DWP Deceased records

This match identifies where members of the Local Government Pension Scheme have left employment prior to reaching pensionable age, have passed away but payment of any widow or dependant entitlement has not commenced due to the Authority not being notified by the family.

The Pensions Team is responsible for tracing family members based on the last known address for the member of the pension scheme. Of the 91 potential data matches, 68 of these have been cleared with no further action required. The remaining 23 potential data matches are still to be investigated. Work is currently on-going in this area, but tracing ex-members of the Scheme is difficult, with some individuals leaving as far back as the 1970's.

Insurance claimants

The above data match, matches insurance claimant details held by Local Authorities to identify serial claimants between and within Local Authorities. The 6 potential matches have been examined and not found to be of a fraudulent nature.

Payroll to Creditors

The payroll to creditors match highlights those employees whose home address or bank account is also the bank account of a company used by the Authority. The results have so far produced a list of 409 matches. Work on these matches has commenced and so far no issues have arisen from the 199 matches cleared. Work is on going to investigate the remaining 210 matches, the outcome of which will be reported to a future meeting of the Committee.

Payroll and Pensions Payroll to Housing Benefit.

This match seeks to identify instances where employees / pensioners are claiming Housing Benefit. In this exercise no such matches have been identified.

Payroll to Payroll

The payroll to payroll matches identify:-

- i) Individuals who may be contravening their conditions of service by taking a second paid post; and / or
- ii) Staff who are failing to work their contracted hours because they are employed elsewhere.

Past cases have been recorded nationally where an employee has (a) “worked full-time for two public sector bodies concurrently and (b) had multiple part-time jobs, using different National Insurance numbers. The criteria for a match is one employee showing one full-time post plus at least one other post elsewhere within the same employer, or more than two part-time posts with different employers.

A filter based on gross pay has been used to identify individuals who have a substantial post with the Authority. The Cabinet Office provides a recommended filter level of payments greater than £10,000 on both contracts within the 6 month period covered (April 2014 – September 2014). Such a filter level produces no matches for the authority.

Internal Audit filtered the 167 potential matches for payroll to payroll matches involving an outside body using a filter level based on gross pay for the six month period greater than £3,000 on both contracts. This provided a sample of 101 matches. 80 of these potential matches have so far been cleared. A further 6 matches have been closed leading to a data amendment and the remaining 15 matches are still to be investigated.

The number of matches finally examined will include any enquiries initiated by the matching bodies.

Pensions Payroll to Payroll

The pension’s payroll to payroll data match identifies pensioners who may have gone back into employment, either with the Authority or with another local government body, which could result in an abatement of their pension. These investigations have to take account of the changes to the pension regulations affecting abatement agreed by the Pensions Committee in September 2006. These matches also include employees who take flexible retirement and therefore can receive a salary and pension benefits.

The first tranche of matches relating to re-employment either outside the Authority matches (117) or within the Authority (72 matches)) is currently being investigated by the Pensions Team based on the recommended Cabinet Office filter level of gross pay / pension greater than £3,000 (for the 6 month period, April 2014 to September 2014). The majority of the matches have now been cleared with no further action required (160 matches). There are 29 matches where investigations are still currently ongoing, the results of which will be reported at a future meeting of the Committee.

Trade Creditors Reports

The 2014 NFI exercise uses a series of 10 reports to identify from the Authority’s creditors records any potential duplicate payments, duplicate creditor details, invalid VAT numbers, and VAT overpayments.

Previous data matching exercises for this match type have resulted in poor quality matches being returned to the Authority. This has been due to the fact that SAP uses a variety of transaction types to record payments, reversals and credit entries. Also the data collected covers a 3 year period so will include any instalment or annual contract payments.

As a result of the above, limited sample testing of the potential 13,951 matches has been carried out. Our sample testing has targeted high value payments i.e. over £20,000, with lower values selected as results are analysed. At present there are 8 duplicate payments being chased for repayment. The results of the recovery work so far has resulted in 5 payments totalling £20,832 being recovered with the remaining 3 duplicates still being pursued, totalling £23,204.

In respect of the above, it was noted that duplicate vendors existed which allowed both an original and a copy invoice to be paid against two different vendor numbers, one correctly against an order and the other incorrectly processed as a non-order payment. To counter such mistakes the Central Payments Team are currently in the process of reviewing the vendor database and blocking duplicate vendor records. Checks by spending departments also require to be tightened to prevent such incidents from occurring as inbuilt SAP payment checks can only look for duplicate payments against the same vendor number.

Blue Badge Permits

The aim of the above data match is to match the Authority's Blue Badge Permit records against the DWP deceased records. This has identified 3,117 instances where the permit holder of the Blue Badge Parking Permit has potentially died in the majority of cases after the badge has been issued, but where the Authority has not been notified or where the permit holder has moved into another local authority area and is therefore shown as a duplicate permit holder. The badge is valid for 3 years. An initial sample of 57 matches has been selected for further investigation. 31 of these matches have been cleared with no further action required. A further 18 matches have been closed but flagged to obtain the permit holder's correct National Insurance Number when they re-apply for a new permit. 8 cases remain outstanding and are currently in the process of being investigated.

Concessionary Travel Passes.

This was a new match to be undertaken by the County Council for the NFI 2014 exercise. The aim is to match the authority's database of Travel Passes against the DWP deceased records. The number of matches returned was 5,062 and the work compared the Council's database to the matches to identify if the death of the service user has been recorded and the badge returned. In all cases, where the death has not been notified, the database has been flagged to show that the death has been reported and to investigate should a further application be received.

Direct Payments

This is also a new type of data match. This covers payments to service users receiving Personal Budget payments matched against various criteria. In total there are 727 data

matches.

The breakdown of matches against the different criteria is as follows; Death Records (18), receipt of Housing Benefit (567), receipt of Pensions (139) and in receipt of more than one Direct Payment entry (3).

These data matches are investigated to ensure that Service Users have included in their applications evidence of both income and benefits received, with further checks that payments have not been made in error to service users who may have passed away or duplicate payments.

So far 472 data matches have been cleared with no further action required. There has been one death identified which has resulted in an overpayment of £6,124. In respect of this case, neither the family, Angel Homecare, who visited the Service User or the Rowan Organisation who received the payments and managed the account failed to notify the Authority of the death. Further investigation into this case highlighted that it was not clear from the paperwork held whether the Social Worker had carried out an annual assessment. It is important that Social Workers annually assess service users needs and for the Care Director System to be updated promptly. It was also noted that as the Authority does not have a contract with the Rowan Organisation (because the contract is between the service user and the Rowan organisation), there is actually no requirement for the Rowan Organisation to inform the Authority of a death. In respect of this point, liaison with the Rowan Organisation need to also be reviewed.

In a further 8 cases, incorrect National Insurance numbers have accounted for matches between authorities where a match has occurred but not on name or address. All remaining matches (214) will be investigated and reported to a later meeting of the Audit and Standards Committee.

**Audit and Select Committee
December 2015
All Age Disability & Independent Futures Update**

Background:

1. The Committee reviewed Independent Futures (IF) on 24 March 2015 and asked for a progress report in six months or sooner if necessary.
2. The All Age Disability Strategy “Living My Life My Way” is to ensure that all disabled children, young people and adults are able to live healthy, full and fulfilling lives. It means mobilising all partners to work together to ensure that disabled people and their families are able to access the wide ranging opportunities that are available to all within their communities.
3. This brief document provides a summary of progress made in the delivery of the IF change programme.
4. Significant progress has been made over the past six months in all aspects of the business. However, it is recognised that there is still a long way to go before IF reaches its full potential.

Structure:

5. 2015/2016 has been a year in which, so far to date, IF have stabilised in terms of structure, workforce, performance and finance.
6. As part of IF review of staffing and management structure, detailed demand analysis was undertaken between Jan and Mar 2015.
7. Following this review the service is now operating a 4 x dual district model and each district has a mix of qualified and un qualified staff, advanced practitioners, locality manager and operational manager.
8. As at 19/11/2015 teams are fully staffed and have no agency workers across the service.
9. Average caseloads for an Adult SW is 34 and a Children’s SW is 22. Whilst still high, a forensic analysis of cases is currently ongoing in the teams to identify cases that can be closed or transferred to a reviewing officer.
10. There is confidence within the service that capacity is now sufficient to meet demand however there remains ongoing dialogue with other stakeholders to ensure everyone takes their fair share of responsibility, particularly around safeguarding, MH and PD.
11. For the first time in 4 years the OT service had a dedicated professional lead, a fully staffed workforce and no agency or temporary staff and a challenging OT plan.

Early Intervention and Prevention:

12. We have introduced a Supporting Independence Service (SIS) within IF which focuses on prevention and early intervention which has released capacity on our operational teams.
13. Since its introduction in July it has received 143 new referrals of which only 18 have gone into operational teams for full assessment.
14. The early success of SIS has led to further development of the service to support transition, assistive technology and current users who have enablement potential.

Workforce:

15. All IF managers are taking part in a Future Foundations Leadership programme and a robust workforce development plan has been established.
16. Sickness absence has reduced month on month since April (from 19.04 to 14.29 average days lost) and turnover of staff has also reduced in 2015.
17. All vacant posts have been recruited to and all vacancies since April have attracted good quality candidates from both within the County and out of County.
18. Staff engagement is a high priority and the Head of Service conducts regular business briefings with all teams.
19. A staff survey was carried out in September and analysis of results fed into IF planning processes.

Planning and Performance:

20. The service have refreshed the vision and key objectives, has a business plan, risk plan and workforce development plan and the governance arrangements are rigorously applied.
21. As part of the governance framework operational challenge is being applied to operational managers through accountability meetings, outcomes of which include a robust action plan and report.
22. There are weekly operational, finance and contracts meetings held which include representation from one council partners, monthly senior management team meetings and quarterly site visits by Head of Service who delivers a business briefing which includes question and answer session.
23. IF have faced significant challenge since April from external factors including changes to EU procurement regs, withdrawal of supporting people funding, cessation of ILF and an aggressive approach from our

health partners regarding discharging complex patients from hospital settings into the community.

24. The key risks identified from these pressures were around performance and finance, both of which have been mitigated through excellent planning and a positive, can do approach from operational teams.
25. Financially, IF began the year with a forecasted overspend of £3.5m. Latest budget statement presents the current forecasted overspend to be £2.625m which represents a significant achievement against a backdrop of constant external pressure.
26. Performance against IF KPI's has been maintained at 2014/15 levels and in some cases slightly above. This again represents a positive step forward for IF as the majority of qualified staff have been consumed by the external pressures and priorities.

Quality:

27. The introduction of advanced practitioners has enabled IF to embed the quality assurance framework and in particular, concentrate the focus on reflective practice and peer observation and supervision.
28. A revised version of the practice audit toolkit has encouraged a more qualitative approach to carrying out audits and quality circles are now routinely used to address trends identified through analysis of results.
29. A customer survey has been introduced and early results are encouraging with customers reporting a high level of satisfaction around choice and control, health and wellbeing, contact and quality of life.
30. Whilst there is still more work to do around fully demonstrating a commitment to continual quality improvement the next stages in IF's development and maturity will be around self-assessment.
31. IF now has a suite of internal processes, procedures and protocols which are stored on the intranet and monitored through audit as part of the accountability meetings

Local Members' Interest
N/A

Audit and Standards Committee – 7 December 2015

Work Programme for the Audit and Standards Committee / Member Training Update

Recommendations

1. To note that the indicative agenda for the meeting on 21 March 2016 will be confirmed following consultation with the Chairman.
2. To consider the need for a programme of awareness training having regard to the rolling work programme.

Report of the Director of Finance and Resources

3. The rolling work programme is attached at Appendix 1.

Training Update

4. The following session(s) have been provided to Members of the Audit and Standards Committee subsequent to the County Council elections in May 2013.
 - The role of the Audit and Standards Committee
 - Understanding the Statement of Accounts

Equalities, Climate Change, Legal and Resource and Value for Money Implications

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

Risk Implications

6. Good corporate governance requires independent, effective assurance about the adequacy of financial management and reporting. These functions are best delivered by an audit committee, independent from the executive and scrutiny functions. Effective audit committees raise the profile of internal control, risk management and financial reporting issues within an organisation, as well as providing a forum for the discussion of issues raised by internal and external auditors. In addition, they enhance public trust and confidence in the financial governance of an authority. In order to discharge their responsibilities, it is vital that audit committee members receive full and regular training.

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List of Background Documents

None Specific

APPENDIX 1

ROLLING WORK PROGRAMME OF THE AUDIT AND STANDARDS COMMITTEE

30 June 2015 –Agenda

External Audit – Progress Report
Internal Audit Outturn Report 2014/15
Internal Audit Charter
Internal Audit Strategy and Plan 2015/16
Code of Corporate Governance
Work Programme for the Audit and Standards Committee / Member Training Update
Internal Audit Outturn Report 2014/15 – Appendix 1

15 September 2015 –Agenda

Annual Governance Statement
Training Session - Understanding the Statement of Accounts
2014/15 Statement of Accounts including the Pension Fund
Report to those Charged with Governance
Work Programme for the Audit and Standards Committee / Member Training Update
Internal Audit Draft Organogram

7 December 2015 –Agenda

Audit Committee Reporting
Annual Report on Health, Safety and Wellbeing Performance
Risk Management – Development of the Corporate Risk Register
Annual Audit Letter 2014/15
External Auditor – Introduction to the Ernst and Young Audit Paper
Internal Audit Plan 2015/16 Update
National Fraud Initiative (NFI) – 2014 - Update
Work Programme for the Audit and Standards Committee / Member Training Update
Internal Audit Reports – High Risk Reviews plus Limited Assurance Reviews plus Special Investigations

January 2016 – Indicative Agenda

Meeting Cancelled

21 March 2016 –Indicative Agenda

Annual Report on Information Governance
External Audit Plan 2015/16
Staffordshire Pension Fund – External Audit Plan 2015/16
Fraud Awareness Training
Work Programme for the Audit and Standards Committee / Member Training Update
Internal Audit Reports – High Risk Reviews plus Limited Assurance Reviews plus Special Investigations

Future Agendas

- * Format of the External Assessment of Internal Audit
- * Update on Staffordshire Health Economy (SSOTP / Better Care Fund / Care Act)
- * Procurement Regulations and Financial Regulations
- * Local Public Audit
- * The Future of Internal Audit - Organogram

