

Minutes of the Audit and Standards Committee Meeting held on 3 December 2018

Present: Martyn Tittley (Chairman)

Attendance	
David Brookes	Jeremy Oates
Mike Davies	Carolyn Trowbridge
Michael Greateorex	Ross Ward
David Brookes	Bernard Williams
Colin Greateorex	Victoria Wilson
Ian Lawson	Jill Hood
Jeremy Oates	Paul Northcott
Carolyn Trowbridge (Vice-Chairman)	Susan Woodward

Also in attendance: Jason Burgess, Ernst & Young (External Auditors)

Apologies: Derek Davis, OBE

PART ONE

53. Declarations of Interest

The following Member declared an interest in accordance with Standing Order 16.5:-

Member	Minute Nos.	Interest	Reason
Mike Davies	56	Personal	In receipt of a Special Responsibility Allowance as an APMG chair

54. Minutes of the Meeting held on 30 October 2018

RESOLVED - That the minutes of the meeting held on 30 October 2018 be confirmed and signed by the Chairman.

55. Health, Safety and Wellbeing Performance Annual Report 2017/18

The Council's Health, Safety and Wellbeing Manager provided the Committee with an overview and insight into the Health, Safety and Wellbeing performance of the County Council during 2017/18 together with the work plan to improve performance and develop further the Council's approach and culture towards health, safety and wellbeing management.

Members noted that the key successes during 2017/18 included:

- The development and launch of the new My Health and Safety system to schools and Core County in March 2018.

- The support provided in respect of the health and safety aspects of the workforce move into Castle House, Newcastle and Stafford Civic Centre.
- The development of a report for SLT regarding possible actions to maintain and strengthen fire safety within Staffordshire County Council's property portfolio. (Following this report H&S advisors completed fire safety inspections at all residential properties, properties accessed by vulnerable individuals and all premises with 3 or more storeys).
- The Health, Safety and Wellbeing Service had maintained its diverse training programme to meet the organisation's statutory training needs.
- Completed two wellbeing events.
- Developed and launched Stay Safe Terrorism guidance incorporating government best practise guidance into working arrangements.
- Completed 70 School and 14 Core Council audits of services to review their health and safety management arrangements and develop improvement plans.
- Completed 92 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.
- Completed audit reviews at construction sites of Staffordshire County council framework contractors regarding their health and safety standards.
- Implemented changes to the management of ionizing radiation following changes to the statutory requirement which came into effect from January 2018.
- Responded to and managed several emergency situations and serious incidents during 2017/18.

With regard to Service Level Agreements, the Committee were informed that 99% of maintained schools purchased the health and safety service during 2017/18 with just 2 schools seeking other provision.

The Committee were also informed that absence within the core county council was now at 10.8 days per employee which was an increase of 12% from last year. This level of absence was higher than the national average for the public sector which was benchmarked in 2017 at 8.5 days. Increases were seen across all main categories of absence with psychological reasons remaining the leading cause of absence for the organisation. The national trend was for increasing psychological absences across the public sector. The proportion of long term absence had increased slightly. Managers continued to use referrals to wellbeing service to assist in the prevention and management of absence.

Between 1st April 2017 – 31st March 2018, 418 employees had been referred to the physiotherapy service in order to prevent absence and, where they were absent, to support early return to work; and 332 employees had been referred to ThinkWell. Colleagues supported by ThinkWell showed after treatment a 98% improvement/recovery, 94% of colleagues accessing the service described the support as helpful or extremely helpful and 95% of Managers felt the service helped them support employees.

In response to a question from Mr C. Greatorrex concerning whether any particular service area(s) had higher levels of sickness absence, the Health, Safety and Wellbeing

Manager indicated that frontline services in Health and Social Care and in Families and Communities tended to exhibit higher sickness absence levels. She added that the Health and Safety team was working with Managers in those service areas and was also providing targeted training.

Flu vaccination was offered to colleagues where agreed with their manager to support continued delivery of services and the NHS flu vaccination campaign. 219 vouchers were supplied to frontline workers in core council and over 400 to school colleagues.

In response to increasing levels of psychological absence, the Health, Safety and Wellbeing Service researched and designed a proposed workforce mental health strategy to support the organisation to better understand and manage the impact of mental health in the workforce. The 3-year strategy was approved in April 2018 and implemented in October 2018. The aim of the strategy was to make the whole workforce mental health aware, improve manager's knowledge and skills, improve the culture and reduce stigma in workplace. This should lead to employees becoming more self-aware, preventatively looking after their own mental health and seeking help early to reduce the level of psychological absence experienced.

During 2017/18 84 health and safety audits were completed by the Health, Safety and Wellbeing Service. With regard to accidents and violence, recent data had shown that accidents and violence to employees had decreased. Reportable incidents to the HSE had also decreased. The council's AIR (Accident Incident Rate) indicator also showed a decrease compared with last year. As schools converted to academies the profile of incidents was changing; however, the AIR rate indicated an improvement in performance. In response to a question from Mrs Woodward as to what constituted a "violent" incident, the Health, Safety and Wellbeing Manager indicated that this ranged from verbal abuse through to assault and also included stalking and challenging behaviour. The Chairman referred to the decrease in the number of accidents and indicated that this could, in some part, be due to the downsizing of the Council's workforce and the externalisation of services. In response, the Health, Safety and Wellbeing Manager indicated that the reduction in the size of the workforce had led to a reduction in the number of accidents, but data had also shown that the rates were showing a downward trend.

The Committee were also informed that the Health and Safety Advisors had continued to investigate the more serious accidents and encourage Operational Managers to investigate all accidents. There had been several accidents and incidents in schools and core council activities which could have had more serious outcomes. The Health, Safety and Wellbeing Service had investigated these incidents and helped the services and schools implement improved control measures. There had also been a couple of incidents of significant nature in our supply chain of providers and the Health and Safety Team had been involved in investigations and in sharing and taking the learning outcomes forward. Input into these incidents would remain ongoing into 2018/19. The HSE has requested information and investigation reports on some of the RIDDOR reportable accidents, and no further action had been taken as they were satisfied with the team's investigations. In response to a question from Mr Ward in relation to the reduction in RIDDOR reportable accidents, the Health, Safety and Wellbeing Manager indicated that the Health and Safety Team had recently focussed activity on working with schools to reduce the number of accidents from sporting activities.

With regard to liability claims, there had been no significant developments in terms of claim numbers, although early indications were that claim frequency for policy year 2017 was declining (although claimants had up to 3 years after the accident within which to claim).

It was noted that health and safety performance had continued to improve in the last twelve months. The development of the Health, Safety and Wellbeing Service was allowing the council to focus its competent health and safety advice proactively in services that presented the greatest risk and/or where the health and safety management arrangements required development. The 2018/19 action plan would assist the council to make further improvements and further develop its positive health and safety culture.

In response to a question from Mr Williams concerning asbestos in schools, the Health, Safety and Wellbeing Manager indicated that asbestos probably existed in around 80% of Staffordshire schools and that the appropriate registration and monitoring mechanisms were in place.

RESOLVED – (a) That the report be received.

(b) That the 2018/19 Work Plan be agreed.

56. Proposed Changes to the Constitution

The Committee considered a report of the Director of Strategy, Governance and Change concerning proposed changes to the Constitution in relation to the All Party Working Groups (APWGs), (previously 4 All Party Member Groups). The Committee noted that the APWG would continue to be tasked with providing a forum to drive the debate and overview around the medium to long term issues that affect the communities of Staffordshire and how public services, working with the private and voluntary and community sector, could plan for and address these issues. It was the intention that there would be 2 All Party Working Groups, taking an even more rigorous focus on developing new ideas and solutions to key challenges. The investigations would be driven by community and digital first thinking, drawing further on community perspectives and Elected Member's key role to help shape policy and reform of public services. It was also proposed that there would be APWG Cabinet Support Members (4 in total) who would jointly chair and lead the 2 All Party Working Groups, taking joint leading roles and responsibilities. It was also intended that they would each take 50% of the Cabinet Support Member Special Responsibility Allowance.

Mrs Woodward indicated that she was not in support of the proposals as they had not been discussed with the opposition group on the Council and that they failed to take into account the concerns expressed by the Independent Remuneration Panel that in excess of 50% of the Members of the Council were in receipt of a Special Responsibility Allowance. In response, the Director of Strategy Governance and Change indicated that the proposals had been put forward in order to make the APMGs more effective in bringing about improvements in service provision etc. Mr C. Greatorrex added that it was not a matter for the Committee to consider the merits of the proposal, only to consider what changes were required to the Council's Constitution.

RESOLVED – (a) That the Council be recommended to make the proposed amendments to the Constitution, as outlined in the report:

- (i) To reflect the changes to the All Party Member Groups and to give authority to the Political Group Leaders to agree Membership (to a maximum size of 10 Members per Group); and
- (ii) To reflect changes to the Cabinet Support Titles with detailed responsibilities being determined by the Leader of the Council.

(b) That the Director for Strategy, Governance and Change be granted authority to make the necessary changes to the Constitution to give effect to the changes set out in the report.

Note by Clerk: Mrs Woodward requested that her name be recorded as not supporting the above recommendations.

57. CIPFA's Fighting Fraud and Corruption Locally Checklist - Update

The Interim Chief Internal Auditor provided the Committee with an update on the Council's progress against implementing CIPFA's Fighting Fraud and Corruption Locally Strategy 2016-2019 (FFCL).

The Committee noted that the self-assessment against the FFCL checklist had found the Council to be compliant with 31 of 35 standards detailed within the checklist with additional work identified as being required in respect of:

- Enhancing our processes for identifying new processes where an anti-fraud-based review of policies and procedures should be conducted;
- Implementation of e-learning (expected in December 2018);
- Formal review of the whistleblowing arrangements against best practice; and
- Continued development of the Council's programme of Continuous Controls Monitoring and the production and finalisation of the Internal Audit Team's Data Enabled Audit Strategy.

It was anticipated that each of the above steps should be completed before the end of 2019.

The Committee also noted that the Council was not compliant with one item on the checklist, which recommended that the Council's standard contract required suppliers to sign up to its whistleblowing policy. The standard contracts stipulated a requirement to not commit fraud against the Council but did not require the adoption of the whistleblowing policy. The Council did, however, provide details of how to report a fraud on its website, which was easily located by suppliers and allowed them to report fraud and corruption directly and anonymously. The Interim Chief Internal Auditor also indicated that the Internal Audit Service were also in discussions with the Council's Head of Commercial on this matter

RESOLVED – (a) That the self-assessment by Staffordshire County Council's Internal Audit service against CIPFA's Fighting Fraud and Corruption Locally 2016-2019 strategy be noted.

(b) That the Council's zero tolerance approach to combatting fraud be endorsed.

58. Internal Audit Plan 2018/19 - Update

The Interim Chief Internal Auditor informed the Committee that the annual audit plan approved by the Committee in June 2018 continued to be reviewed to ensure that areas originally included remained relevant and reflected the risk profile of the organisation. Internal Audit had continued to focus its work on key corporate transformation projects providing a project assurance role for the Office 365 project and the Kingston Data Centre move as well as the Adult & Children's Financial Services Transformation Review Programme. The Internal Audit Service also continued to provide on-going audit support for the My Finance and My HR systems following the implementation of these systems in 2017/18 including work on the My Finance Upgrade. Other additional work had also been requested in year relating to a grant verification exercise and project support for the proposal of the implementation of an early payment discount arrangement with suppliers. As a direct result of the additional work, two other reviews (Mental Health S75 Agreement and Capital Receipting Transformation) had been cancelled.

At this stage in the year the section remained on schedule to meet its key performance targets. The response rates from the Customer Satisfaction Surveys had continued to rise during the year, together with the number of positive comments. In addition, the Internal Audit Service continue to use the Internal Audit Support Contract which was operational with effect from 1st November 2017. Several audits had been allocated to providers which had commenced already with the remaining reviews planned to commence in quarter 4 of 2018/19.

The Committee noted that the number of high level recommendations which had not been implemented by the target implementation date had reduced significantly over time when compared to previous years, due in part to the involvement of the Audit and Standards Committee. Progress in implementing those outstanding agreed recommendations had been monitored and it was pleasing to note that there were only the undermentioned four high level recommendations that had not been fully implemented by their due date:

- My Finance System Security
- All Age Disability - Supported Living
- Brokerage Performance Management Q4
- Deprivation of Liberty Safeguards

The Interim Chief Internal Auditor indicated that since the report to the Committee had been prepared, the high-level recommendations in respect of Deprivation of Liberty Safeguards had been actioned.

In response to a question from Mrs Woodward concerning what the Committee could do to assist the Internal Audit Team Service in putting pressure on the relevant service

leads to implement the outstanding high-level recommendations, the Chairman indicated that he would write to the relevant Cabinet Member(s).

RESOLVED – (a) That the progress against the 2018/19 Internal Audit Plan and the amendments to the original plan, including those audits which have been cancelled since its approval in June 2018, be noted.

(b) That the progress on the implementation of high level recommendations made since the implementation of the Audit Management System including electronic recommendation tracking in May 2016, be noted.

59. Review of Audit and Standards Committee Terms of Reference

The Interim Chief Internal Auditor informed the Committee that CIPFA's Publication - Practical Guidance for Local Authorities and Police 2018 Edition, detailed its guidance on the function and operation of Audit Committees in local authorities and police bodies and represented CIPFA's view of best practice for audit committees in local authorities throughout the UK and for police audit committees in England and Wales. Suggested terms of reference for Audit Committees was also included within the guidance.

A paper was presented at the Committee at their meeting in October 2018 setting out the key changes contained within CIPFA's latest guidance which included some additions to the suggested terms of reference for Audit Committees covering the following areas:

- reviewing the governance and assurance arrangements for significant partnerships or collaborations;
- considering any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit and to approve and periodically review safeguards to limit such impairments;
- providing free and unfettered access to the Audit Committee chair for the Head of Internal Audit, including the opportunity for a private meeting with the Committee;
- supporting the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate; and
- publishing an annual report on the work of the Committee.

In addition to the above, following the Committee's last self-assessment against the key requirements of the CIPFA checklist (included within the guidance) undertaken in March 2018, there was an action to explicitly refer to the Committee's role in relation to Counter Fraud within the terms of reference.

The current terms of reference also originally included those functions which came under the remit of the former Standards Committee. The opportunity was being taken as part of this review exercise to consider those functions and to revise the terms of reference for the 'Standards' functions being undertaken by the Committee.

RESOLVED – (a) That the proposed revisions to the terms of reference for the Audit and Standard's Committee, following publication of CIPFA's latest guidance - Practical Guidance for Local Authorities and Police 2018 Edition, be approved.

(b) That it be recommended to full Council that the proposed revised terms of reference for the Audit and Standard's Committee be included within the Council's Constitution.

60. Amendments to the Risk Register

The Committee considered a joint report of the Director of Strategy, Governance and Change and the Director of Finance and Resources in relation to the review of the Corporate Risk Register.

They were informed that the Corporate Risk Register has been reviewed by Members of the Corporate Governance Working Group pending review by SLT. The refreshed corporate risk register reflected the key risks facing the Authority (i.e. those that had been assessed as being scored >15) as follows:

- MTFS & pressures on service delivery/maintaining legality/legal risks whilst undergoing change.
- Children's Social Care System – transformation of service
- Cyber related risks to the business
- Key Supplier Failure – Failure of critical suppliers who have been commissioned to deliver services on behalf of the County Council E.g. Allied HealthCare and the provision of Home Care.
- Single points of failure within the Business i.e. critical systems/services operated by a single individual/source which terminates suddenly.
- GDPR and Information Assurance – failure to meet the new requirements.
- HR related risks including capacity/workforce strategy to deliver the transformation programme. Human Resources capacity is currently identified as particularly high risk.
- Capacity and Capability - failure to have the required capacity and capability within the Council to deliver the change programme which is required to deliver to MTFS savings plan.
- Digital Technology Developments- failure to embrace and fully exploit digital solutions when redesigning services/processes to ensure the most cost-effective solution is adopted.
- Brexit – implications for local government from leaving the EU.
- Partnerships – joint working arrangements to deliver a common vision for Staffordshire.

In response to a question from Mr C. Greatorex in relation to whether there were any risks around complying with the number of requests which may be received under GDPR, the Interim Head of Audit and Financial Services indicated that she would make enquiries with the relevant County Council Officer.

The Committee also noted that Mid-Tier Risks included:

- Delayed Transfer of Care and Health & Social Care Integration (incl. the STP) – potential to lose the BCF funding.
- Business Continuity and Emergency Planning arrangements - failure to make adequate plans to restore the Business across the full spectrum of services undertaken by the Council, together with robust arrangements operating within Partner bodies who perform services on behalf of the County Council.
- Stakeholder Engagement and Community Development - Failure to undertake effective communication with Stakeholders and Communities to ensure that the aims of the 'People helping People' strategy can be achieved.
- Home & Community Care Contract – inherent risks exist because of the payment process adopted within Care Director which makes payments as per the provider invoice without reference to the commissioned hours contained in the care plan. May result in potential under/over payments.
- Section 53 requirements (Rights of Way) – backlog of applications for modification orders to the definitive map of public rights of way under Section 53 of the Wildlife and Countryside Act 1981.

It was noted that, since the last update to the Audit and Standards Committee in July 2018 the following risk has been removed:

Peer Review – visit undertaken, and a positive report received. Any specific risks highlighted by the review have been incorporated into the risk register where appropriate.

Following on from the July report, work continues to be undertaken within the following areas:

- Development of the approach to risk management with external partners.
- Regular refresh of the Corporate Risk Register and the format/content required.
- Consideration of the proposal of 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
- Embed the process for Elected Member engagement through regular updates to the Audit & Standards Committee of the key risk areas, including any additions/deletions.

The Committee also noted that the County Council was developing its risk management process which would continue to evolve as the governance structures surrounding risk were confirmed. Consequently, the format of the Corporate Risk Register would continue to be revised.

In response to concerns expressed by Mrs Woodward in relation to the potential impact on the voluntary sectors' ability to deliver services should the proposal to reduce their funding from the County Council be implemented, the Deputy Director of Finance indicated that each of the proposals within the MTFS, to be submitted to Cabinet in January, would include a full Community Impact Assessment.

The Chairman enquired whether there was any information available to the Committee in respect of the proposed EU ePrivacy Regulations, the Interim Head of Audit and Financial Services indicated that she would ask the Head of Information Governance to respond to Members.

RESOLVED – That the updated position in relation to the Corporate Risks be noted.

61. Local Government Sector Update Report

The Committee received a briefing paper from Jason Burgess of Ernst & Young which provided an overview on issues which may have an impact on the Council, the Local Government sector, and the audits that Ernst Young undertake. The briefing paper include sections on Government and economic news; accounting, auditing and governance; and other news. It also included the following key questions for the Audit Committee to consider:

- **Brexit** - Has your authority considered the implications of Brexit? What plans does your authority have in plan to mitigate potential risks associated with Brexit?
- **CIPFA Financial Resilience Index** - Does the proposed CIPFA financial resilience index provide your authority with the support needed to achieve a balanced budget?
- Consultation on the adoption of IFRS 16 - How prepared is your Fire Authority for the changes in processes, systems and data collection as a result of CIPFA implementation of IFRS 16?
- **Consultation on proposed statutory overrides for IFRS 9** - Has your authority assessed the impact of the new accounting standard IFRS 9 Financial Instruments and the potential statutory overrides on your budgets?
- **LEP Governance** - Is your local authority part of a LEP? If so, what arrangements are in place to ensure that the authority has sufficient assurance over the governance of the LEP?
- **Social Care** - Given the spending pressures on social care and the sustainability of funding sources, what is the authority's strategy to ensure the sustainability of social care? How does the authority ensure that it maximises value for money from its social care services and ensures that the quality of care provided is appropriate?
- **Social Housing** - What plans does your local authority have to ensure that there is sufficient social housing in the area? Has your authority responded to the Government's green paper consultation?
- **Transformation** - Is your local authority considering or does your local authority have plans to transform its business? If so, how will the audit committee exercise good governance over these arrangements? Have you used the NAO transformational guidance?
- **EY cybersecurity strategies** - Is your organisation still thinking about cybersecurity as a defensive approach or a source of transformation and distinct advantage?

Mr C Greatorrex enquired as to whether the above-mentioned questions were generic to all Council's as the County Council did not have any responsibilities to provide social housing. In response, Mr Burgess confirmed that the questions were generic to all Councils.

In response to a question from Mrs Woodward in relation to the oversight of Local Enterprise Partnerships, Mr Burgess indicated that Ernst & Young had undertaken an audit of the governance arrangements of the Stoke-on-Trent and Staffordshire LEP and had given “positive assurance”. He added that the audit report could be provided to Members of the Committee upon request.

RESOLVED – That the report be received.

62. Forward Plan

The Chairman referred to Members to the list of items coming to the next meeting of the Committee on 29 January 2019

RESOLVED – That the Forward Plan be received.

63. Exclusion of the Public

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

PART TWO

64. Exempt minutes of the meeting held on 30 October 2018

(Exemption paragraph 3)

RESOLVED - That the exempt minutes of the meeting held on 30 October 2018 be confirmed and signed by the Chairman.

Chairman