

Minutes of the Audit and Standards Committee Meeting held on 7 December 2015

Present: Martyn Tittley (Chairman)

Attendance

Derek Davis, OBE	Philip Jones
Mike Davies (Vice-Chairman)	Robert Marshall
Michael Greatorex	David Smith
Derrick Huckfield	Alison Spicer
Kevin Jackson	Caroline Wood

Also in attendance:

Apologies: William Day, Brian Edwards, Diane Todd and Conor Wileman

PART ONE

1. Declarations of Interest

The Chairman recorded his employment with IWS Water Hygiene Management Company

2. Minutes of the Meeting held on 14 September 2015

RESOLVED That the minutes of the meeting held on 14 September 2015 be confirmed and signed by the Chairman

3. Audit Committee Reporting

Members debated the methods of disseminating information and reports to the Audit and Standards Committee. The Chairman was in favour of trialling an agenda with briefing/summary papers giving an overview and identifying links to background information. Some reports on Audit and Standards would need to be despatched in their entirety, where the committee has a statutory responsibility to consider them. Members were aware of the need to reduce the printing and postage costs but some felt they needed training on the Mod.Gov electronic agenda and reports in order to annotate and so properly debate items. Members would be supported through the Member Services Development Panel to become familiar with electronic media.

RESOLVED That the agenda for the next meeting of the Audit and Standards Committee (21 March 2015) trial an agenda with summary/overview reports which identify links to background information notwithstanding that reports on matters for which the committee has a statutory responsibility will continue to be included in full.

4. Annual Report on Health, Safety and Wellbeing Performance

Ms Annette Allen, Senior Health and Safety Advisor delivered a presentation on the Annual Health and Safety Performance Report 2014-15. The report identified what the county council is doing to protect its employees and those for which it has a responsibility. The report identified progress against key action points. Achievements in this period included the introduction of an innovative approach to the management of psychological absence – Thinkwell. Furthermore, the County Council had successfully defended a public liability claim issued by a trespasser on a Staffordshire school and over 60% of employees had engaged in wellbeing activities. The presentation outlined incidents which had instigated Health and Safety investigations and their outcomes.

In terms of improving the health of employees, Ms Allen reported that the average days lost per employee in sickness absence had increased from 7.08 days to 7.79 days. This level was in line with public sector organisations and prevention and early intervention activity continued to help reduce it.

Key actions for 2015-16 included organisational effectiveness – embedding the revised health and safety audit and evaluation processes; working with the wider risk management agenda and supporting the organisation to ensure external contracts, joint ventures and partnership working was operating to best practice standards.

A member reported that sickness absence in Independent Futures was well above the national average resulting in a reliance on costly agency staff and he urged the Health Safety and Wellbeing officer to engage in more robust intervention.

Members asked how the health and safety of schools who did not buy into the County Council's health and safety service was audited. Ms Allen confirmed that the County Council were still required to conduct health and safety audits and investigations as required.

Members noted that the approach to the management of psychological absence – Thinkwell – had already produced productivity savings of approximately double the implementation cost and the scheme had since been extended to the whole county council.

RESOLVED That the Annual Health and Safety Performance Report 2014-15 be received and that clarification on the costs of accidents and of violence referred to in Appendix 1 of the report (Key Performance Indicators) be made available to members.

5. Risk Management - Development of the Corporate Risk Register

Members received a presentation on Development of the Corporate Risk Register. A review and refresh of the risk management process used by the county council to manage its strategic risk profile as part of its transformation to a commissioning authority was underway.

The Chief Internal Auditor outlined the risk categories used to assess risk and the revised risk scoring methodology. Lead Officers had agreed the refreshed Risk Register

and action to be taken to mitigate the risk including agreement of the timescale for delivery. From the Corporate Risk Register the following top risks were identified:

- 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

Work was underway to develop the approach to risk management with external partners and consideration was being given on how to present the split between current and emerging risk. Links with the county's Strategic Plan and Business Plan were being developed and strengthened and work was underway to comprehensively embed risk management into the culture of the organisation and to develop the process for member engagement.

Members asked to what extent the Risk Register was embedded in the culture of the county council. The Head of Financial Strategy and Support acknowledged that there was work to be done but said that progress was being made for example within My Performance Conversations which address risk around service delivery.

Members agreed that failure by the county council to properly integrate Health and Social Care presented a serious risk. The Corporate Governance Group had embraced this challenge and were drilling down into control mechanisms.

RESOLVED That the position in relation to the Corporate Risk Register and planned development areas and the revised risk scoring methodology and associated assessment criteria be noted.

6. Annual Audit letter 2014/15

Members received the Annual Audit Letter 2014-15 from Price Waterhouse Coopers (PWC). The Letter summarised the results of work from the 2014-15 audit.

Ms Shaw reported that she had shared information with Ernst & Young, who would provide the external audit function for the county council for 2015-16.

The Chairman expressed his thanks to PWC for the high quality of work undertaken during their period of as External Auditor to the Council.

RESOLVED That the Annual Audit Letter 2014-15 be received.

7. External Auditor - Introduction to the Ernst & Young Audit Paper

Members received an introductory report from Ernst & Young, External Auditors. Audit Manager, Mark Sturridge confirmed he had completed transition arrangements presented an Introduction to Ernst & Young (EY) and a Local Government Audit Committee Briefing. He outlined the approach of Ernst & Young to conducting the audit function. The Value for Money Conclusion would be 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 tax payers and local people.

Three sub-criteria were intended to guide auditors in reaching their overall judgement:

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

EY had identified questions for local authority Audit Committee's to address, which included IT Strategy - where a move to cloud-based IT was being considered, how robust were risk assessments supporting the move? Members agreed that in the first instance, Corporate Review Committee should include any proposal to change the county councils IT Strategy in their work programme.

RESOLVED That the introductory report from Ernst & Young, External Auditors be noted and a dashboard of relevant information be provided to the Audit and Standards Committee as part of their regular reporting.

8. Internal Audit Plan 2015/16 Update

Members received an update on the Internal Audit Plan 2015-16 to ensure those audited areas originally included remained relevant and reflected the risk profile of the organisation. The report identified new audits which had been undertaken since the plan was approved in July 2015: namely, additional Care provider checks, Contract Options – pensions admin system and Core + Review.

Since the last Audit and Standard's Committee, two limited assurance opinion reports had been issued to officers for discussion and agreement. The resulting reports would be shared with members.

Performance in undertaking work for external clients was reported and each audit plan was on course to be fully delivered by the end of the year. During 2014-15, the Audit team had won the contract to deliver the Internal Audit function to South Staffordshire District Council representing a value of £32,000 to the County Council. The Team were on course to deliver this in full.

RESOLVED That the update on the Internal Audit Plan 2015-16 be received and where outstanding agreed high level recommendations (set out in Appendix 1 to the report) have not been implemented by the target date, responsible officers be asked to report to the Audit and Standards Committee in March 2016.

9. National Fraud Initiative (NFI) - 2014 update

Members received the Cabinet Office – National Fraud Initiative 2014 Update.

The National Fraud Initiative was a data matching exercise, designed to help participating bodies to detect fraudulent and erroneous payments from the public purse.

The exercise to date had identified potential total overpayments, across all types of matches, of £96,393. Overpayments of approximately £46,359 had been identified and action to recover the overpayments had commenced, in relation to payments for adults accommodated in private residential care/nursing homes whose placements were funded by the Authority but whose death had not been notified to the Authority.

Currently, £32,243 of the total overpayments of £96,393 had been recovered and all outstanding overpayments continued to be actively pursued by the Authority:-

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	£32,243.00	10

RESOLVED That progress made to date on investigating the potential data matches received from Cabinet Office in February 2015 as part of the National Fraud Initiative exercise be welcomed.

10. All Age Disability and Independent Futures - Update

Members received an update on implementing the All Age Disability and Independent Futures change programme following the committee's review of Independent Futures (IF) in March 2015.

The Service Delivery Lead and the Resource Manager for IF reported that significant progress had been made over the past six months in all aspects of the business. However, it was recognised that there was still a long way to go before IF reaches its full potential. The update focussed on aspects of IF Structure; Early Intervention and Prevention; Workforce; Planning and Performance and Quality.

The Service Delivery Lead believed IF had a much better understanding of the demand for service. There had been an emphasis on caseloads which had highlighted the

service was understaffed. The service had responded and she reported a more static staff group and confirmed that no agency staff were employed in OT.

Members were concerned by the reported likely overspend on IF of £2.625m and noted that the MTFS Budget report to Cabinet (to be published on 8 December 2015) would highlight current pressures and make reference to IF. The Service Delivery Lead said that the service continued to work hard to reduce the overspend.

RESOLVED That the update on All Age Disability and Independent Futures be received.

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

RESOLVED That the Work Programme for the Audit and Standards Committee be noted.

The Head of Financial Strategy and Support reported that the Chairman of Audit and Standards Committee had responded to a letter from East Staffordshire Borough Council regarding the time frame around external audit of the Pension Fund.

Chairman