

Agenda

Audit and governance committee

Date: **Wednesday 29 November 2017**

Time: **2.00 pm**

Place: **Committee Room 1, Shire Hall, St. Peter's Square,
Hereford, HR1 2HX**

Notes: Please note the time, date and venue of the meeting.

For any further information please contact:

Caroline Marshall

Tel: 01432 260249

Email: caroline.marshall3@herefordshire.gov.uk

If you would like help to understand this document, or would like it in another format, please call Caroline Marshall on 01432 260249 or e-mail caroline.marshall3@herefordshire.gov.uk in advance of the meeting.

Agenda for the meeting of the Audit and governance committee

Membership

Chairman **Councillor PD Newman OBE**
Vice-Chairman **Councillor ACR Chappell**

Councillor CR Butler
Councillor EPJ Harvey
Councillor RJ Phillips
Councillor J Stone
Councillor LC Tawn

Agenda

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1.	<p>APOLOGIES FOR ABSENCE</p> <p>To receive apologies for absence.</p>	
2.	<p>NAMED SUBSTITUTES (IF ANY)</p> <p>To receive details any details of members nominated to attend the meeting in place of a member of the committee.</p>	
3.	<p>DECLARATIONS OF INTEREST</p> <p>To receive any declarations of interest by Members in respect of items on the agenda.</p>	
4.	<p>MINUTES</p> <p>To approve and sign the minutes of the meeting held on 20 September 2017.</p>	9 - 20
5.	<p>QUESTIONS FROM MEMBERS OF THE PUBLIC</p> <p>To receive questions from members of the public.</p> <p><i>Deadline for receipt of questions is 5.00 pm on 24 November 2017. Accepted questions will be published as a supplement prior to the meeting. Please submit questions to: councillorservices@herefordshire.gov.uk</i></p>	
6.	<p>QUESTIONS FROM COUNCILLORS</p> <p>To receive any questions from councillors.</p> <p><i>Deadline for receipt of questions is 5.00 pm on 24 November 2017. Accepted questions will be published as a supplement prior to the meeting. Please submit questions to: councillorservices@herefordshire.gov.uk</i></p>	
7.	<p>POTENTIAL DATA BREACH - RECORD OF OFFICER DECISION</p> <p>To provide the audit and governance committee with a requested briefing on a recent potential data breach following publication of a record of officer decision and of the controls in place to manage publication of records of officer decisions in future.</p>	21 - 24
8.	<p>INFORMATION ACCESS</p> <p>To inform the committee of performance in the council's information access and information governance which includes areas of complaints, data breaches and requests for information made to the council over the municipal year 2016/17, so that the committee can be assured that high standards of openness and transparency are adhered to and that high standards of conduct are promoted.</p>	25 - 32
9.	<p>PROGRESS REPORT ON 2017/18 INTERNAL AUDIT PLAN</p> <p>To update members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed.</p>	33 - 62

10. TRACKING OF INTERNAL AUDIT RECOMMENDATIONS	63 - 76
To review progress in implementation of audit recommendations.	
11. CORPORATE RISK REGISTER	77 - 86
To consider the status of the council's corporate risk register in order to monitor the effectiveness of the performance, risk and opportunity management framework. Since the risk register was last reported to committee, three new risks have been added and two removed.	
12. COUNCIL CONSTITUTION	87 - 92
To consider how to undertake the 2018 annual review of the constitution.	
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To agree the process and timetable for undertaking the scheduled biennial review of the confidential reporting (whistleblowing) code .	
14. CODE OF CONDUCT QUESTIONS	97 - 100
To consider questions raised at Council on 13 October 2017. The two questions raised relate to this committee's function to promote and maintain high standards of conduct by members and co-opted members of the Council.	
15. INTERNAL CONTROL WORKING GROUP UPDATE	101 - 104
To update the committee on the progress of the internal control working group.	
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To review the external auditor's progress report and update.	
17. EXTERNAL AUDIT ANNUAL AUDIT LETTER - 2016/17	127 - 146
To receive the external auditor's annual audit letter for 2016/17 and determine whether further action or inclusion in the committee's work programme is appropriate.	
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To provide an update on the committee's work programme for 2017/18.	

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- Inspect agenda and public reports at least five clear days before the date of the meeting.
- Inspect minutes of the council and all committees and sub-committees and written statements of decisions taken by the cabinet or individual cabinet members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public register stating the names, addresses and wards of all councillors with details of the membership of cabinet and of all committees and sub-committees.
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- Have access to a list specifying those powers on which the council have delegated decision making to their officers identifying the officers concerned by title.
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Guide to Audit and Governance Committee

The Audit and Governance Committee is a non executive committee of the council. The committee consists of 7 non executive councillors and may include an independent person who is not a councillor.

Councillor PD Newman OBE (Chairman)	Conservative
Councillor ACR Chappell (Vice Chairman)	Herefordshire Independents
Councillor CR Butler	Conservative
Councillor EJP Harvey	It's Our County
Councillor RJ Phillips	Conservative
Councillor J Stone	Conservative
Councillor LC Tawn	It's Our County

The purpose of the audit and governance committee is to provide independent assurance on the adequacy of the risk management framework together with the internal control of the financial reporting and annual governance processes. The committee do this by

- (a) ensuring the effective and fully compliant governance of the council and in particular to ensure that all aspects of the financial affairs of the council are properly and efficiently conducted;
- (b) reviewing and approve the council's annual governance statement, annual statements of account, the contract procedure rules and financial procedure rules;
- (c) scrutinise the effectiveness of, and management compliance with, the systems identified in the annual governance statement framework;
- (d) monitor the progress made by management in implementing improvements to elements of that framework identified by external or internal audit review; and.
- (e) reviewing the constitution and recommending any necessary amendments to Council as appropriate.

Who attends audit and governance committee meetings?

Coloured nameplates are used which indicate their role at the committee:

Pale pink	Members of the committee, including the chairman and vice chairman.
Orange	Officers of the council – attend to present reports and give technical advice to the committee
Green	External advisors - attend to present reports and give technical advice to the committee
White	Other councillors may also attend as observers but are not only entitled to speak at the discretion of the chairman.

Minutes of the meeting of Audit and governance committee held at Council Chamber, Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Wednesday 20 September 2017 at 2.00 pm

Present: Councillor PD Newman OBE (Chairman)
Councillor ACR Chappell (Vice-Chairman)

Councillors: CR Butler, EPJ Harvey, RJ Phillips, AJW Powers and J Stone

In attendance: Councillors WLS Bowen, J Hardwick, MD Lloyd-Hayes and DB Wilcox

Officers: Annie Brookes, Andrew Lovegrove, Alistair Neill and Claire Ward

223. APOLOGIES FOR ABSENCE

Apologies were received from Councillor LC Tawn.

224. NAMED SUBSTITUTES (IF ANY)

In accordance with paragraph 4.1.171 of the council's constitution, Councillor AJW Powers attended the meeting as a substitute member for Councillor LC Tawn.

225. DECLARATIONS OF INTEREST

None.

226. MINUTES

RESOLVED:

That the minutes of the meeting held on 4 July 2017 be confirmed as a correct record and signed by the chairman.

227. QUESTIONS FROM MEMBERS OF THE PUBLIC (Pages 11 - 12)

Questions were received from members of the public. Details of the questions and the answers given are attached as appendix 1 to the minutes.

228. QUESTIONS FROM COUNCILLORS

No questions were received.

229. AUDIT FINDINGS REPORT 2016/17

The external auditor introduced the audit findings report and highlighted the following issues.

It was explained that the external auditor was not yet able to issue a final opinion as there were outstanding issues in relation to Hoople pensions liabilities and the valuation of the Energy from Waste plant which was to be provided by Worcestershire County Council. These were technical accounting issues and it was hoped that these would be resolved within a week of the meeting. A third issue, around property plant and equipment valuation, had now been resolved.

The audit had been more challenging this year and there had been more errors than in previous years, partly because of changes and absences in senior staff. Lessons identified included a need for a better quality review of the accounts when first produced to correct obvious errors and omissions. Responses to audit questions had not been as forthcoming or rigorous as expected. Issues had to be escalated to be resolved. With tighter deadlines for completion of the audit of the 2017/18 accounts, these issues would need to be addressed.

Adjustments to the accounts were listed at the back of the report. One significant change was the adjustment in the recorded net expenditure.

The external auditors were satisfied that the council had proper arrangements to secure value for money in its use of resources and no issues had been identified in that area.

In the opinion of the external auditor the council needed to be more challenging of its own accounts and provide more of an overview to users of the accounts.

The chairman noted that the audit findings report acknowledged the 'fantastic achievement' in incorporating planned savings of around £10m while still remaining financial sustainable for the foreseeable future.

The committee expressed their concern at the issues highlighted in the report and questioned whether the council would be able to meet the tighter deadlines for audit of the 2017/18 accounts. The committee queried whether the council had adequate procedures in place and sufficient staffing capacity.

Under questioning from the committee it was stated that:

- an unqualified accounting opinion was expected to be issued within the following two weeks
- in making the value for money conclusion the external auditors had considered whether the volume of errors and queries warranted issuing a qualified opinion but as these issues were able to be corrected they decided not to do so on this occasion
- after discussion between officers and the auditors it had been agreed to use the valuation of the smallholdings based on their position at year end 16/17 when the disposal had not yet begun, the notes to the accounts set out the sale position of those assets
- the valuation of assets recorded in the accounts did not impact the return achieved at disposal
- the valuation of land assets at the enterprise zone was produced by external valuers, the chief finance officer undertook to examine the assumptions made in the valuation process and report back on this

- terms of reference had been agreed for the internal control improvement board which had been established. The board would ensure actions already in progress as part of the annual governance statement action plan approved by the committee in May were sufficient to address concerns raised by the external auditor regarding the robustness and employee awareness of council policies and procedures.

The chief finance officer (S151 officer) accepted the comments from the external audit about the close down process and recognised the need to make significant changes for the following year. He confirmed that the council would be working with the external auditor in planning the account close down for 2017/18 and that he would be happy to report back to the committee on progress.

The chief finance officer also confirmed that he had received written questions from a member of the committee and would make a response in due course, liaising with the external auditor as necessary.

It was agreed that the chief finance officer would bring a report to a future meeting of the committee to cover:

- the final audited accounts for 2016/17;
- a clear statement of management actions to address the weaknesses identified, progress on those actions and planning for 2017/18 close down;
- the approach to the valuation of assets and cycle of revaluation.

A councillor who was not a member of the committee asked to speak. The chairman chose not to use his discretion to allow participation by non-members and declined the request.

RESOLVED

That:

- (a) the report of the external auditor attached at appendix A be considered; and**
- (b) the report requested by the committee on the issues identified for further consideration be added to the committee's future workplan.**

230. SIGNING OF 2016/17 STATEMENT OF ACCOUNTS

It was noted that due to the outstanding issues of the Hoople pension liabilities and the valuation of the energy from waste plant the accounts could not be signed off at the meeting. As the deadline for signing off the accounts was imminent, members of the committee proposed that delegated authority be granted to the chief finance officer to sign off the accounts once these issues were resolved to the satisfaction of the external auditor.

Members of the committee expressed concern that Worcestershire County Council had not yet supplied the valuation of the energy from waste plant and that this could not be allowed to happen in future years. The committee queried whether Worcestershire County Council was in breach of the partnership arrangements.

The committee requested that information on the final accounts be given to the members of the committee before they were signed off by the chief finance officer.

On the vote it being 6 in favour, 1 against, 0 abstentions it was

RESOLVED

that

- (a) the committee delegates to the chief finance officer the approval of the statement of accounts to encompass the remaining asset valuation of the energy from waste plant and Hoople pension liabilities, following consultation with the members of the committee; and**
- (b) the letter of representation (at appendix b) be signed by the chairman of the committee and the chief finance officer.**

231. UPDATE ON DEBT COLLECTION

The chief finance officer introduced the report. The report outlined the delegations in place with regard to the writing off of debts. Some of those delegations were with Hoople staff in line with the council's relationship with Hoople. The chief finance officer did not recommend any changes in the arrangements.

RESOLVED

that

- (a) the committee was satisfied that the delegations to Hoople Ltd regarding write off of uncollectable debt, as specified at paragraph 4.7.31 of the financial procedures rules remained appropriate.**

232. ACCOUNTING POLICY UPDATE

The chairman reminded the committee that changes to the accounting policy had been discussed at the meeting of 4 July 2017. The committee had raised concerns on the proposed approach to the presentation of the Local Government Pension Scheme (LGPS) liability of Hoople Ltd. Subsequent to that meeting the council had sought further external advice on this matter and the chief finance officer was now not proposing any change to the policy.

The external auditor clarified that they had not provided advice on this matter.

RESOLVED

that

- (a) the accounting policy in relation to pension deficit valuation for Herefordshire Council and Hoople Ltd, is not changed.**

233. APPOINTMENT OF COUNCIL'S EXTERNAL AUDITORS

The representatives of the council's current external auditor, Grant Thornton (UK) Ltd, left the room during consideration of this item.

The form of appointment of external auditors from 2018/19 had been agreed at a previous meeting as being via the Public Sector Audit Appointments Limited procurement process. Following completion of the procurement process it was proposed to appoint Grant Thornton (UK) LLP as the external auditor to the council.

The committee supported the proposed appointment and noted their appreciation for the support given by the current engagement lead.

Councillor Harvey proposed that the committee exercise its ability to request a private meeting with Grant Thornton for discussion of any issues and to ensure an effective handover. This was seconded by Councillor Chappell.

RESOLVED

that

- (a) it be recommended to full council that Grant Thornton be appointed as external auditor for a period of 5 years from April 2018 at fees determined by PSAA.**

234. PROGRESS REPORT ON 2017/18 INTERNAL AUDIT PLAN

The assistant director of South West Audit Partnership (SWAP) presented the report. She highlighted that progress against the internal audit plan had not been as expected due to additional exceptional reviews that had been requested. Two special reviews had been completed and identified a number of issues. The outcome of the review into the refurbishment of Blueschool House was dealt with separately on the agenda.

RESOLVED

that

- (a) performance against the approved plan was reviewed with no areas for improvement identified; and**
- (b) the robustness of the management response to recommendations was reviewed and no recommendations for strengthening the response were identified.**

235. INTERNAL AUDIT ANNUAL REPORT AND OPINION 2016/17

The assistant director, SWAP, introduced the report which gave an overall opinion reached in light of work undertaken in 2016/17. She highlighted that 58 reviews had been completed during the period, of which 38 had an assurance opinion.

One corporate risk had been identified in relation to the security of personal and sensitive data managed by a pre-paid card provider for the council. It was reported that the service had taken action to ensure that relevant data security had been put in place.

Although the number of partial assurance reviews had increased this was reflective of the way the council ensured internal audit focus on higher risk areas, particularly adults and children's directorates where risk was inherently higher. The assistant director stated that she was encouraged by management response and readiness to accept

recommendations and address the matters raised in audit reports.

Reviews set as partial, or no assurance or with priority 4 or 5 recommendations will be subject to follow up review in the following financial year. The assistant director stated that the council had introduced a monitoring system for recommendations and that the committee would receive 6 monthly updates on progress.

Following a suggestion from a member of the committee the chief finance officer agreed that consideration be given when planning work for next year to a more in depth look at the ECC directorate.

A member of the committee queried whether the committee could view the detailed audit reports. It was confirmed that significant findings were reported to the committee and that detailed reports could be made available but would have to be redacted as necessary on a case by case basis.

RESOLVED

that

- (a) having regard to the assurance provided by the annual report the committee did not determine any potential items for inclusion in its future work programme.**

236. ANNUAL REPORT ON CODE OF CONDUCT COMPLAINTS

The monitoring officer introduced the report. The majority of complaints received during the municipal year 2016/17 were related to lack of respect and concerns on declarations of interest where parishes were preparing Neighbourhood Development Plans (NDPs). The monitoring officer noted the retirement of one of the independent persons and thanked him for his time.

In response to a query from a member of the committee it was confirmed that as the council had only one independent person at the present time, it would not be possible for that person to give support to a member who was the subject of a complaint. Giving such support could prejudice that independent person and prevent them from chairing the standards panel if it was needed.

The monitoring officer sought the views of the committee on the process for referring matters to the police where the monitoring officer deemed it necessary. Members of the committee felt that the standards policy should make clear that any issue could be referred on to the police if it was felt that illegal activity had taken place. However it should be done in such a way as to not discourage individuals from participating in local democracy for fear of being reported.

The monitoring officer reported that training was being given to parish clerks and that adoption of the new code of conduct by the council had given the opportunity to refresh the training. The council's training package for councillors and induction package for new councillors was being refreshed and would include training on the code of conduct. This would be discussed with the member development group.

RESOLVED

that

- (a) the annual report on code of conduct complaints was reviewed and no areas for further work were identified for inclusion in the work programme; and**
- (b) the monitoring officer be authorised to agree a protocol for handling disclosable pecuniary interest (DPI) complaints with West Mercia Police.**

The meeting adjourned 15:40 and resumed at 15:53.

237. WORK PROGRAMME UPDATE

The committee's work programme for 2017/18 was reviewed.

The following changes were proposed:

- the report on the potential data breach previously scheduled for this meeting be brought to the November meeting;
- a report be provided by the chief finance officer as discussed on the final audited accounts for 2016/17, the approach to the valuation of assets and cycle of revaluation and a clear statement of management actions to address the weaknesses identified, progress on those actions and planning for 2017/18 close down.

RESOLVED

That subject to the amendments noted, the updated work programme be agreed.

238. INTERNAL AUDIT REPORT RE PROJECT MANAGEMENT OF THE JOINT CUSTOMER SERVICES HUB (BLUESCHOOL HOUSE) CAPITAL PROJECT.

The chief finance officer introduced the report. The internal audit report had confirmed that officers had not followed set procedures and that consequently the council could not be certain that value for money had been achieved in the project to refurbish Blueschool House. The chief finance officer apologised for the failings that had been exposed.

The report made 13 recommendations. The management team had fully accepted the findings of the report and the recommendations made. The chief finance officer ran through each of the recommendations and noted that action planned in response to each action including the development of new policies and procedures, updating existing policies and procedures or reinforce policies and procedures through training.

The committee thanked the internal auditor for their work and noted that the report was clear and easy to follow. The committee expressed concern and disappointment at the conclusions. In summary the committee queried:

- whether the culture of the organisation was a contributory factor;
- where pressure had come from to deliver the project to a particular timescale;
- whether this was a one-off or whether other projects could be relied upon to deliver good value;
- how to restore trust and confidence in officers and the council as a whole;
- what oversight was in place for decisions delegated to officers;
- how and why the accommodation programme board was dissolved without a replacement project board for the Blueschool House project being put in place; and

- whether a peer review process might be beneficial

It was noted that an independently led HR investigation was ongoing and that an internal control improvement board had been established to oversee the implementation of the recommendations in the audit report.

The chief executive made a statement in which he:

- apologised unreservedly for what had taken place
- accepted all the recommendations made by the auditors
- noted the importance of having confidence and trust in officers and emphasised that the council's 1200 employees should not all be cast in the same light following the report which had found a very small number of employees had breached council policy and procedure
- asserted that the majority of projects were delivered on time and on budget
- stated that there had been some pressure on timescales for the project but this was not unusual and not an excuse for failure to follow procedures
- stated that the decision as to whether disciplinary action should be taken against any officers involved would be taken once the HR investigation was completed, and in compliance with the council's HR policies.

The chief finance officer confirmed that where bespoke delegations were made to named officers or posts these were not subject to further delegation. Other delegations which related to operational or proper officer responsibilities attached to senior posts were subject to delegation according to the published schemes of delegation.

The chairman of the committee noted that the audit report was very clear and that the recommendations had been accepted in full by the management board. Following the implementation of the recommendations the internal auditor would carry out a further review and a report would be brought to the audit and governance committee in January 2018 setting out the progress made. The chairman requested that the chief executive attend this meeting to provide further reassurance and feedback. The option for a peer review of the directorate was acknowledged. The audit and governance committee would consider the findings of this report when reviewing the constitution of the council and consider any recommendations on strengthening the contract procedure rules.

In response to a question from a member of the committee the chief finance officer confirmed that he had been made aware of concerns about the Blueschool House project shortly after his arrival at the council in the middle of March 2017. A report had been brought to the committee in May 2017 with a recommendation to commission a full investigation. Action had been taken immediately that the seriousness of the issues had been identified.

In response to a query the chief executive stated that the report had not identified inadequate capacity within the council but had identified that there was a skills requirement to be addressed. The council had made external appointments to leadership roles in the property team and was now also fully staffed in the finance team.

It was proposed that a working group of the audit and governance committee be established to work alongside the internal control improvement board. The membership of the group was agreed as being councillors Newman, Chappell and Harvey and the terms of reference were agreed as:

1. to act as a reference group for the internal control improvement board
2. to gain assurance that actions were appropriate and in proportion to the risk, and were being implemented in a timely fashion.

RESOLVED

that

- (a) the committee identified further recommendations it wished to make to strengthen capital project management and control specifically:
 - (i) that the management board consider a peer review of the economy, communities and corporate directorate with a specific focus on the issues raised by the audit report;**
 - (ii) a working group be established with membership and terms of reference as set out in the meeting;****
- (b) a further report be provided in January 2018 on progress re agreed actions; and**
- (c) when the project board has implemented the recommendations SWAP be invited to carry out a further review to report back to the committee.**

The meeting ended at 5.00 pm

Chairman

PUBLIC QUESTIONS TO AUDIT AND GOVERNANCE COMMITTEE
20 September 2017

Question 1

Mr R Stow, Rowleston

Why is Ledbury Town Council not mentioned at all in the Annual Report of Code of Conduct complaints, when there is a large amount of information about long-running conduct issues at this Council in the public domain, with detailed coverage in local media (for instance in the Ledbury Reporter) and in other online sources?

Response

As already set out in the report this committees working groups for standards have previously discussed naming of councillors and parishes/town councils involved in complaints and deemed it appropriate for such details to only be published when a standards panel is convened.

Question 2

Mr R Palgrave, How Caple

The Blueschool House renovation project was part of a SCAPE framework agreement with Kier as lead contractor. The framework is promoted as helping to minimise delivery- and cost-risk and ensuring value for money. In reviewing the overspend on Blueschool, has the Council considered if the framework was appropriate for this project, and whether officers were sufficiently trained in its use? Does the Council have an ongoing SCAPE agreement with Kier?

Response

The SCAPE framework is designed to enable the delivery of building projects for public sector bodies. As the report from SWAP identifies a number of mistakes were made in the procurement and management of the project to refurbish Blueschool House. The Council is using the SCAPE framework agreement for the building of the new school at Colwall and is confident that relevant staff are able to use it appropriately. In addition the SCAPE framework has been used to carry out the initial feasibility work for Marlbrook School. However, the SCAPE framework is a single supplier framework so following the recently amended contract procedure rules we would not be able to use the SCAPE framework to award new contracts.



Meeting:	Audit and governance committee
Meeting date:	Wednesday 29 November 2017
Title of report:	Potential data breach – record of officer decision
Report by:	Assistant director communities

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To provide the audit and governance committee with a requested briefing on a recent potential data breach following publication of a record of officer decision and of the controls in place to manage publication of records of officer decisions in future.

Recommendation(s)

That:

- (a) **the committee determine any recommendations they wish to make to improve robustness of internal systems and controls.**

Alternative options

1. None.

Key considerations

2. The council has agreed a set of guiding principles which anyone taking a decision on behalf of the council is expected to follow. These principles are that decision makers will:

- a) be clear about what the council wants to happen, how it will be achieved, who is accountable for the decision and who is accountable for implementing it and monitoring implementation;
 - b) consult properly and have regard to the professional advice from the council's officers;
 - c) have regard to the public sector equality duty and respect for natural justice and human rights;
 - d) make the decision public unless there are good reasons for it not to be;
 - e) give due weight to all material considerations, only take relevant matters into account, and make sure the action is proportionate to what the council wants to happen;
 - f) explain what options were considered and give the reasons for the decision; and
 - g) follow proper procedures
3. Regulations introduced in 2014 require that a record of certain decisions taken by officers under delegation should be published; this requirement is reflected in the council's recently adopted [constitution](#) (part 3 section 7). Included in the types of decision to be recorded are those decisions whose effect will be to affect the rights of an individual. The published record must state the date the decision was taken, the decision and reasons for reaching it, and the alternative options considered. In accordance with the wider access to information regulations (part 4 section 2 in the constitution) certain information may be exempt from publication. Following adoption of the new constitution a new process was introduced to ensure that the requirements of the 2014 regulations are being met and that records of officer decisions are available to the public in a consistent format on the council's website.
4. On 30 June a record of an officer decision was published that related to a legal injunction being taken against a county resident for their failure to comply with previous enforcement action; such action could result in possible imprisonment. The record of the decision was in the public domain (council's website) for no more than three minutes before concerns were raised that the resident was inappropriately identified in the published record which was immediately unpublished. The system produced an automated email summarising the record of decision which was also sent to all 53 members and 9 libraries generic email accounts.
5. This incident has been investigated fully and has found that there was no breach as legal proceedings are a matter of public record. However the investigation did identify some process improvements that could be made to the new system to ensure that the decision-maker identifies potentially exempt information within the record and seeks advice before publication. As a consequence the following actions have been implemented:
- a. Lead officers will ensure that they clearly state in their requests to publishing officers the nature of the information contained within the officer decision. Any exempt/confidential information needs to be clearly highlighted and any areas for redaction clearly indicated in decision notices.
 - b. In the event that officers feel unsure as to whether or not the information in the notice should be exempt, seek advice from monitoring officer.

- c. Information governance advice is issued alongside training for officers on new constitutional arrangements to ensure all officers are aware of their role and responsibility in maintaining good information governance practice
 - d. Publishing officers should always provide a 'safety net' review of the decision notice and flag up any concerns they have with the decision taking officers. In the event of any concerns arising, the publishing officer will publish the decision on the intranet only and seek clearance from the decision taking officer to review and agree full publication to the internet and circulation to members and others.
 - e. Once any suspected data/legal breach has taken place urgent mitigating steps need to be taken immediately, notifying managers of the breach with a clear timescale of when the breach took place and the type of data/legal breach that has occurred. The incident should also be reported immediately to the council's data security team who will advise on the action to be taken. In accordance with [council procedure](#) all "identified breaches must be reported to the Council's Information Governance Team as soon as they are detected. Even where there is some difference of opinion regarding breach, err on the side of caution and report it". Notwithstanding the action taken to 'unpublish' the decision, governance support staff have been reminded of the need to follow council procedures and report incidents to managers.
6. Annual mandatory training reinforces the risks and dangers of data protection breaches. Despite council procedures not being applied as soon as the incident happened, the staff concerned were quick to respond by un-publishing the data from the public domain and seeking clarification. However, further action should have been taken earlier in response to the information that had been distributed by automated email. This incident has brought to the forefront the problems that can occur with publication to the public domain. The need to be wary and provide attention to detail is recognised and has been reinforced to all officers concerned.

Community impact

- 7. None

Equality duty

- 8. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
A public authority must, in the exercise of its functions, have due regard to the need to -
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 9. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the

delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

10. None.

Legal implications

11. The requirements of the Openness of Local Government Bodies Regulations 2014, as set out above required the publication of this decision notice. However because the notice identified an individual, section 100I of the Local Government Act 1972 provides the ability to exempt information that reveals the identify of an individual where so long, as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The decision to exempt information is in accordance with our constitution a decision of the monitoring officer. The monitoring officer's view is that the name of this individual should have been provided in an exempt appendix.
12. Not exempting the name of this individual will not affect the court case because the general principle is that, save in exceptional circumstances, court proceedings should be conducted in public.

Risk management

13. With ongoing training and the application of council procedures, the likelihood of another incident occurring is extremely low; it is accepted that this incident was caused by human error. The risk of data breach is already identified and mitigated for within the council's risk register.

Consultees

14. None.

Appendices

15. None

Background papers

16. None identified.



Meeting:	Audit and governance committee
Meeting date:	Wednesday 29 November 2017
Title of report:	Information Access and Governance
Report by:	Information Access and Records Manager

Classification

Open

Decision type

This is not an executive decision

Wards affected

Countywide

Purpose and summary

To inform the committee of performance in the council's information access and information governance which includes areas of complaints, data breaches and requests for information made to the council over the municipal year 2016/17, so that the committee can be assured that high standards of openness and transparency are adhered to and that high standards of conduct are promoted.

Recommendation(s)

That:

- (a) **the information set out in this report regarding requests for information and complaints over the past year be reviewed and the committee determine any recommendations they wish to make to strengthen compliance with the council's arrangements for corporate governance.**

Alternative options

1. There are no alternative options as the report provides a factual summary of performance.

Key considerations

- 1 **Requests for information:** The council receives requests for information under a range of legislation, this report covers requests under the Freedom of Information Act 2000, the Environmental Information Regulations 2004 (for requests for environmental information), and Section 7 of the Data Protection Act 1998 (for requests by individuals to see personal data held on them). From May 2016 to April 2017 the council dealt with 1,217 requests under the Freedom of Information Act, 81 requests under the Environmental Information Regulations, and 75 requests under the Data Protection Act. The number of requests has remained relatively stable over the past year compared with the last 2 years, though there has been an increase in “subject access requests” under the Data Protection Act 1998.
- 2 Information requests are administered by the information access team (IAT), who ask service areas to provide information in response to the requests received. Service areas within the council respond to requests within the statutory time limit, with compliance remaining at a high level of 95%. This is well within the acceptable rate recognised by the Information Commissioner’s Office. Those requests that are responded to late are due to one off problems or staff capacity issues. Most of the late responses are only slightly over the deadline.
- 3 Response rates, trends and amount of redaction are monitored monthly by the council’s information governance steering group with reports and recommendations from the information access team.
- 4 There is currently no requirement for public authorities to publish their figures on the number of information requests received, however informal benchmarking with other authorities shows that the council compares very well with other authorities.
- 5 Trends and themes over what has been requested over the past year including to present have been discretionary housing payments, domiciliary care services and costs, social care funding and costs, spend on domestic abuse services, sexual health budgets and expenditure, school funding allocations and budgets, looked after children data, alternative school provision, public health funerals, the Velo Birmingham cycle ride, animal licensing, premises licences, parking fines, Prevent, housing cladding / towers / fire assessments, the link roads, housing benefits, street works, pothole compensation claims, and flood management.
- 6 Over the past year, 97 requests were refused in their entirety for exemptions including personal data, information already publically available and commercial sensitivity. One hundred and fifty further requests had exemptions applied to part of the response for exemptions including personal data, commercial sensitivity, information publically available and prevention /detection of crime.
- 7 Publishing more information helps the council to be more open and transparent, particularly when anticipating what information requests are likely to be made. As an example, the business rates team have, since September 2015, been publishing their datasets, and as a consequence have experienced a reduction in the amount of requests received under the Freedom of Information Act, and those that are received are now quick and easy to respond to (just giving the link to the area that they are published on the council website). The IAT is exploring other areas that could benefit from this approach.
- 8 The information governance team deals with requests made by the police in relation to criminal investigations to view council information, and requests from other public sector

organisations in relation to such matters of investigation of fraud and child protection matters concerning closed social care cases. The volumes of such requests have again remained stable over the past year compared with the last 2 years.

- 9 **Complaints:** Complaints data is held by the information access team, including for complaints investigated by the Local Government and Social Care Ombudsman (LGO). For findings by the LGO of maladministration and injustice (where the council has been found to be “at fault”) a decision notice will give recommendations that may include compensation payments. There are also clearly reputational issues for the council if there are such findings.
- 10 To avoid being at fault, generally the council needs to maintain standards of good communication, quick responses, good record keeping, sound decision-making and excellent customer service. Whilst complaints over the past year have covered a wide range of issues, generally themes of poor recording, not getting back to people when we said we would, and taking too long to provide a service have been found. Quarterly reports to directors highlight these areas and recommend action to be taken, so that complaints trend data is actively used to inform improvement; for example, complaints data was used by adults and wellbeing for their annual strategic planning across the directorate.
- 11 The LGO themselves publish statistics by financial year. The LGO annual review of complaints covering April 2016 to March 2017 figures for comparative authorities are as follows:

Council	Not upheld	Upheld	Uphold rate
Bath and North East Somerset	14	9	38%
Bedford Borough	12	2	14%
Central Bedfordshire	7	8	53%
Cheshire East	17	12	41%
Cheshire West and Chester	6	7	54%
Cornwall	31	37	54%
East Riding of Yorkshire	10	10	50%
Herefordshire	12	10	45%
Isle of Wight	6	13	68%
North Somerset	11	10	48%
Northumberland	12	13	52%
Rutland	2	0	0
Shropshire	12	11	48%
Solihull	3	8	73%

Wiltshire	12	12	50%
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12 Herefordshire Council again is performing well amongst comparable councils. The LGO writes each year to the council with the statistics of cases dealt with and in this year's letter wrote that, "It is pleasing to note that, during the year, your Council has responded to our enquiries without delay and in one case acted proactively to agree a remedy to a complaint we were investigating. I welcome this positive response and commitment to resolving complaints promptly." The LGO annual review letter is available at: <http://www.lgo.org.uk/documents/councilperformance/2017/herefordshire%20council.pdf>

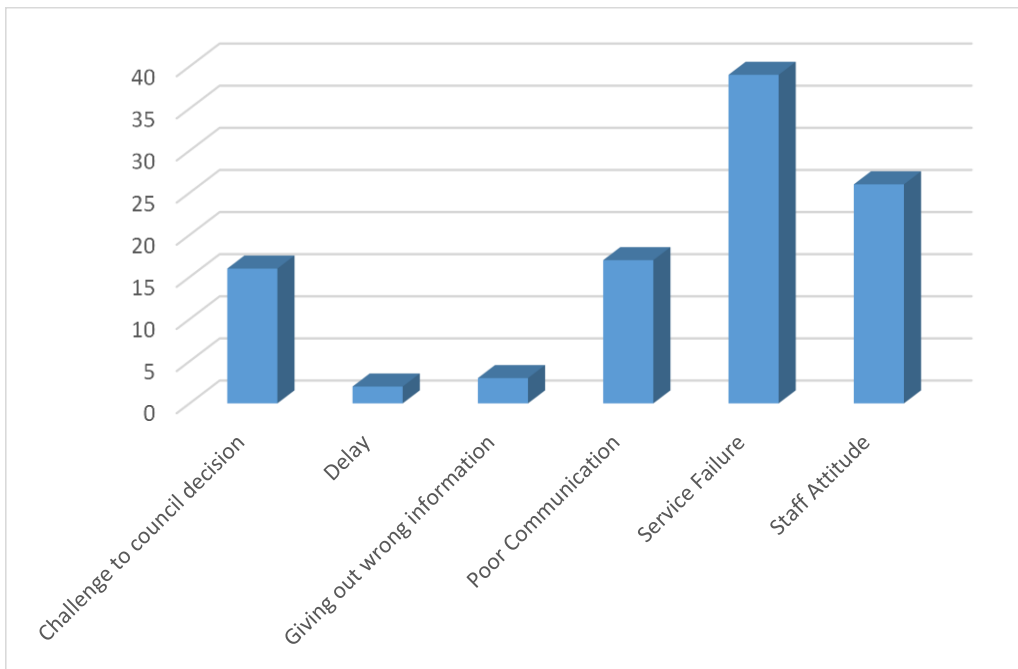
13 The LGO cases that were upheld are summarised as follows:

- lack of education for a child for a period of 2 months whilst decisions over educational provision were made
- not carrying out 'child in need' meetings every three months as required for a particular service user and not keeping proper records of those meetings that did take place. There was also insufficient oversight of the service user's case by team managers.
- failure to follow council procedure for investigating noise complaints in a particular case.
- fault in how the council communicated with a service user of adult social care with assessing their care needs.
- the council's poor workload management and communication resulted in a service user losing his place at a care home. Because of this, he was residing in a care home which was unsuitable for his needs.
- failure to consider highway safety concerns when reviewing the visibility of yellow lines for parking enforcement purposes.
- fault by the council in the support it provided to a carer, along with poor communication and lack of explanations over funding.
- the council was unable to demonstrate that it had posted a site notice for an amended planning application and properly followed its policy for publicising planning applications.
- delay by the council in obtaining an occupational therapy assessment for a kitchen adaptation for a disabled person.
- the council did not consider the service users' blindness when deciding the work that they had requested regarding cutting back overhanging vegetation from a pathway was not safety critical.

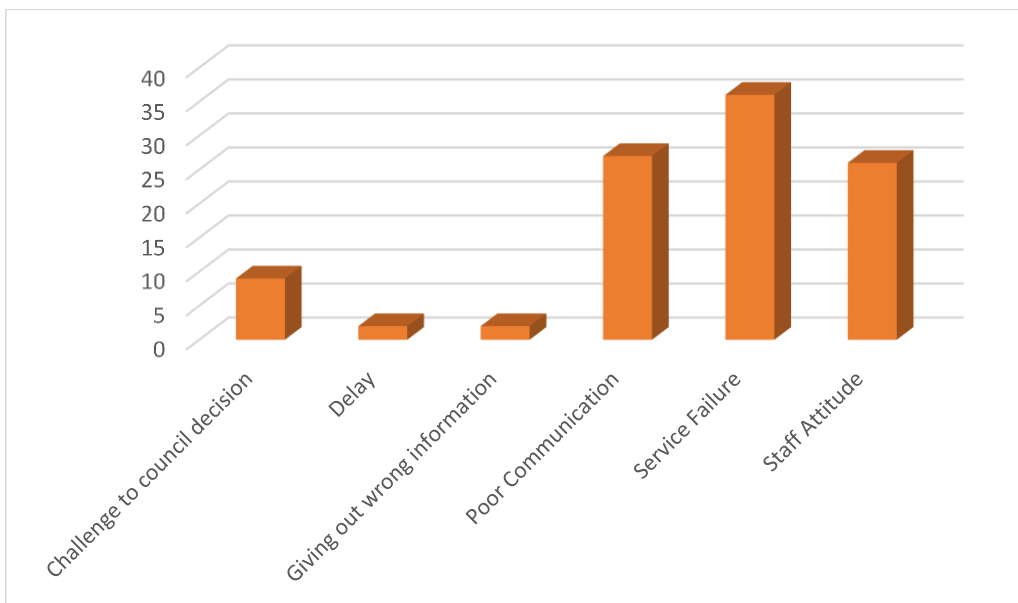
In all cases the council has complied with the recommendations made by the LGO to resolve the case. In some cases compensation was recommended. The council paid out a total sum of £5,450 in the year 2016/17.

14 The council dealt internally with 692 complaints, of which the council upheld or partially upheld 18%. The graphs below show the volume of complaints received by each directorate of the council over the municipal year by category, plus overall complaints by month:

Adults and Wellbeing

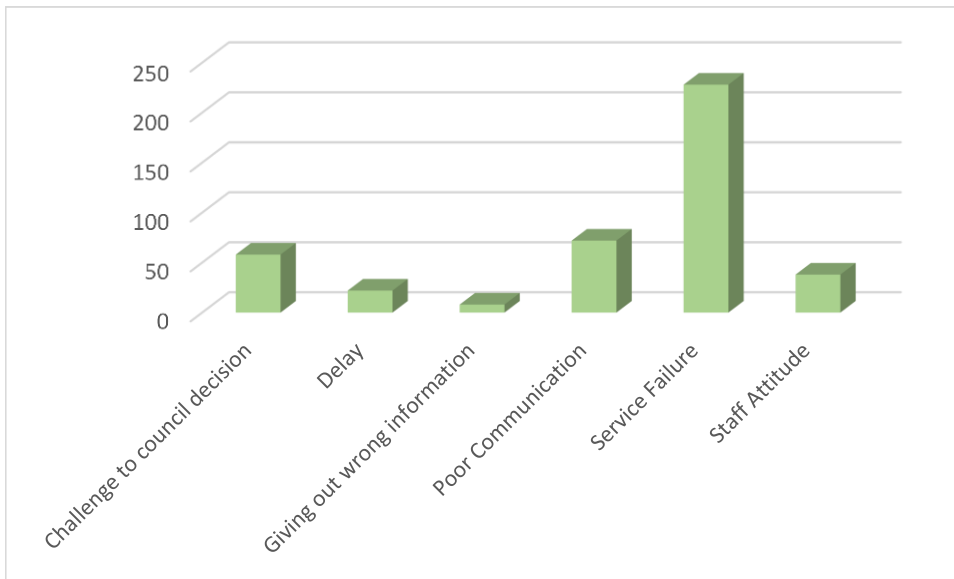


Children's Wellbeing

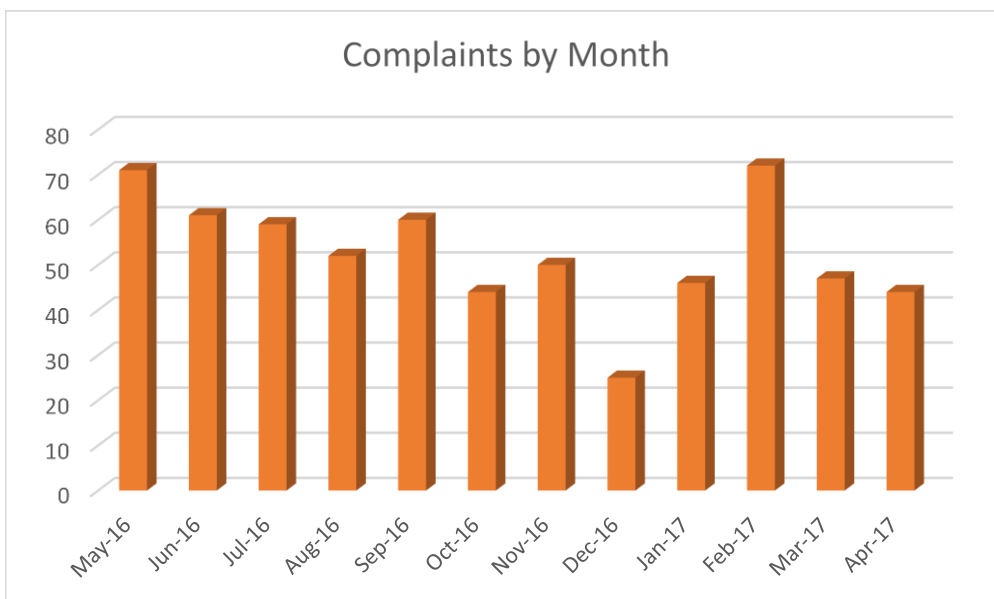


NB: There is a separate complaints team in children's wellbeing for certain types of complaint to children's social care; this graph reflects only complaints handled through the Information Access Team as categorisation differs for children's social complaints. For these complaints, poor quality of service and poor communication were the highest categories of complaint.

Economy Communities and Corporate



NB: This includes complaints relating to services provided on behalf of the council by Hoople, Balfour Beatty Living Places and FCC Environment.



- 15 **Data breaches:** There have been no data breaches over the past municipal year that have been reported to the Information Commissioner's Office. The council's information governance team monitors low-level data security incidents, near misses, and allegations of breaches of the Data Protection Act 1998, of which 71 such cases were reported and dealt with over the past municipal year.
- 16 **New data protection legislation:** The council's information governance team has prepared an action plan for compliance with the Data Protection Bill currently progressing through Parliament that incorporates the European General Data Protection Regulations. The action plan includes information audits being conducted with teams across council services, as well as training and awareness for members of staff and councillors, and updating of policies and procedures.
- 17 **RIPA:** The Regulation of Investigatory Powers Act 2000 (RIPA) restricts the circumstances in which local authorities may authorise directed (covert) surveillance. In summary, it can only be applied if it is for the prevention or detection of criminal offences if: the maximum term is of at least 6 months imprisonment; it is related to underage sale of tobacco or alcohol; serious criminal damage; dangerous waste dumping; or, benefit fraud. All applications for RIPA must have judicial approval.
- 18 **Community trigger:** The community trigger gives individuals and communities the right to review their case of anti-social behaviour or hate crime, if they are not happy with the response given by the relevant authorities. A community trigger can be applied for if an individual has reported three or more incidents of anti-social behaviour to the council, the police, or their housing association within the past 6 months, or if an individual and four or more individuals have complained separately about similar incidents of anti-social behaviour to the council, the police, or their housing association within the past 6 months. There has been a very low number of such instances over the past year.

Community impact

- 19 This report provides information about the council's performance in handling complaints and requests for information from members of the public. This should provide reassurance that the council handles requests and complaints effectively and derives learning from them to improve experiences for those who receive services from the council, in accordance with the principles of the council's code of corporate governance.

Equality duty

- 20 Section 149 of the Equality Act imposes a duty on 'public authorities' and other bodies when exercising public functions to have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 21 This report is for information only and therefore there are no equality duty implications arising directly from this report.

Resource implications

- 22 There are no financial implications arising directly from this report, which is for information. As outlined above however, there are risks of fines from the Information Commissioner's Office for breaches of data protection legislation, and compensation payments if the council has acted in a way that results in maladministration and injustice. The council has sufficiently protected the personal data it holds to not incur fines so far, it has however had to make some compensation payments following complaints and hence learning from complaints is being fed back into strategic planning.

Legal implications

- 23 There are no legal implications arising directly from this report, which is for information

Risk management

- 24 Effective operational and governance processes mitigate the risk of non-compliance with information legislation and standards, and maintaining high standards of conduct mitigates risks to the reputation of the council

Consultees

- 25 Not applicable.

Appendices

- 26 None.

Background papers

- 27 None identified.



Meeting:	Audit and governance committee
Meeting date:	Wednesday 29 November 2017
Title of report:	Progress report on 2017/18 internal audit plan
Report by:	Chief finance officer / internal audit

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To update members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed.

To enable the committee to monitor performance of the internal audit team against the approved plan.

To assure the committee that action is being taken on risk related issues identified by internal audit. This is monitored by acceptance by management of audit recommendations and progress updates in implementing the agreed action plans. In addition, audit recommendations not accepted by management are reviewed and progress to an appropriate recommendation to cabinet if it is considered that the course of action proposed by management presents a risk in terms of the effectiveness of or compliance with the council's control environment.

Recommendation(s)

That:

- (a) **performance against the approved plan be reviewed and any areas for improvement identified; and**
- (b) **the robustness of the management response to recommendations be reviewed and any recommendations for strengthening the response to further mitigate risk be**

Further information on the subject of this report is available from Andrew Lovegrove,

email: andrew.lovegrove@herefordshire.gov.uk

identified.

Alternative options

1. There are no alternative recommendations; it is a requirement of the council's adopted audit and governance code that the committee considers these matters in fulfilling its assurance role.

Key considerations

2. The internal audit progress report is attached at appendix A. In the period covered by the report, eight priority 4 recommendation were made...A summary of the significant findings are provided in Appendix D.
3. The annual plan summary is provided at appendix C, and a glossary of terms provided at appendix A.

Community impact

4. The council's code of corporate governance commits the council to managing risks and performance through robust internal control and strong public financial management. and to implementing good practices in transparency, reporting, and audit to deliver effective accountability. By ensuring robust management responses to identified risks, the council will be better able to meet its corporate plan priority to secure better services, quality of life and value for money.

Equality duty

5. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
6. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

7. None arising from the recommendations; any additional recommendations made by the committee will be considered by the relevant manager or cabinet member and the financial implications of accepting those recommendations will be considered then.

Further information on the subject of this report is available from Andrew Lovegrove,

email: andrew.lovegrove@herefordshire.gov.uk

Legal implications

8. None.

Risk management

9. There is a risk that the level of work required to give an opinion on the council's systems of internal control is not achieved. This is mitigated by the regular active management and monitoring of progress against the agreed internal audit plan.
10. Risks identified by internal audit are mitigated by actions proposed by management in response. Progress on implementation of agreed actions is reported to this committee every six months.

Consultees

11. None.

Appendices

Background papers

12. None identified.

Herefordshire Council

Report of Internal Audit Activity

Plan Progress 2017/18 Quarter 2

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Contents

The contacts at SWAP in connection with this report are:

Gerry Cox

Chief Executive

Tel: 01935 385906

gerry.cox@southwestaudit.co.uk

Ian Baker

Director of Quality

Tel: 07917628774

ian.baker@southwestaudit.co.uk

Jacqui Gooding

Assistant Director

Tel: 07872500675

jacqui.gooding@southwestaudit.co.uk

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Our audit activity is split between:

- **Operational Audit**
- **School Themes**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **Other Reviews**



Role of Internal Audit

The Internal Audit service for Herefordshire Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting on 21 March 2017.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Review

Internal Audit Plan Progress 2017/2018

Outturn to Date:

We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action



Internal Audit Work Programme

The schedule provided at Appendix B contains a list of all audits as agreed in the Annual Audit Plan 2017/18. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed on pages 9 and 10 of this document.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings (Priority 4 and 5) that have resulted in them receiving a ‘Partial Assurance Opinion’ have been summarised in Appendix C.

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Internal Audit Plan Progress 2017/2018

Outturn to Date:

We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action



Internal Audit Work Programme

This is the quarter 2 update for 2017-18. Twelve audits have been completed since my last update and there are five audits at Draft report waiting for management response.

The following audits have been completed:

- Business Support Function – Adults Wellbeing – Reasonable
- Data Sharing Protocols – Partial
- Domain Management - Reasonable
- Local Transport Block Funding - Grant Certification
- Bus Subsidy – Grant Certification
- Protection from Malicious Code - Follow Up
- Client Finances – Follow Up
- Brokerage – Follow Up
- Car Parking and Enforcement - Follow Up
- PSN Compliance – Substantial
- Online choice based letting scheme – Home Point – Partial
- Development & Regeneration Programme (DRP) - Advisory

Two audits Data Sharing Protocols and Online choice based letting scheme – Home Point were assessed as Partial assurance and eight significant findings were identified across the two audits.

Data Sharing Protocols

The objective of the audit was to provide assurance that data sharing and exchange agreements exist where data sharing takes place, and that data is shared appropriately and proportionately in line with those agreements.

Although we found that there were data sharing and exchange agreements in place the ones reviewed required reviewing and updating. Risks were also identified during our review relating to the exchange and sharing of data and in some cases formal agreements were not always documented where information was shared.

Outturn to Date:

We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action



Internal Audit Work Programme

The Council faces a challenge to implement the EU General Data Protection Regulations (GDPR) to ensure that it is compliant by May 2018. A cultural shift in process will be needed to ensure that consent to share data is managed at citizen level and that consent can be evidenced.

The Information Governance team are currently undertaking information audits to identify all areas where a citizen's personal data is exchanged or shared. Privacy Impact Assessments (PIA), data exchange and sharing agreements need review and update by the Service Areas to ensure accuracy; Service Areas also need to provide the Information Access and Records Manager with up-to-date, signed copies of those agreements once they are formally in place.

Improvements are needed to signpost and streamline existing policy and guidance documentation. Systems are needed within each Service Area to ensure that the consent from citizens to share data can be evidenced and controlled, and that guidance is given to all staff on the impending GDPR requirements.

Online choice based letting scheme – Home Point

The objective of the audit was to provide assurance that an effective and efficient system is in place to manage the housing register and allocations in turn ensuring the Council meets its statutory obligations.

The key finding identified from the review is that reporting and monitoring using Abris needs to be improved to give assurance that housing need can be accurately assessed and that the housing Allocation Policy is being complied with.

Also of significance is the fact that the current agreement between Herefordshire Council and the Housing Associations is no longer fit for purpose, this had been identified prior to the commencement of this review and the partnership agreement was suspended whilst a new arrangement was designed.

Outturn to Date:

We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action



Internal Audit Work Programme

There is currently no requirement for the Council to monitor and progress those applicants that are not active on the system and it was identified that at 23 August 2017 there were 584 applications that were not active (due to not fully completing their application or supplying supporting evidence), which means they had not been assessed and it is not known if they would be eligible for social housing. It should be noted it is the responsibility of the applicant to complete their application and provide the supporting evidence. The application will not be active until this action is completed the application.

The service has difficulties with the reporting functions in Abris which need to be investigated further to ensure that the Council are taking full advantage of the system. It is recognised however that the Council do report regularly to the Department for Communities and Local Government (DCLG) via the P1E and submission of Local Authority Housing Statistics.

A net effect of the findings is that a proportion of registered applicants are inactive because they are possibly not seeking housing and/or have no current housing need and these applications need review. The significant findings are detailed in Appendix D below.

Follow Up Audits

Follow Up audits are completed where the auditor could only provide partial assurance. The follow-up audit is to provide assurance to the Director, Senior Management and the Audit and Governance Committee that the key risks have been mitigated to an acceptable level of risk. Evidence is obtained to demonstrate implementation and progress made in relation to all priority 4 and 5 recommendations. For the priority 3 recommendations progress reported is based on self-assessment by relevant officers. The following table demonstrates progress against agreed actions at the time of the follow up audits.

Priority	Complete	In progress	Not complete	Not yet due	Superseded
3	29	4	0	0	0
4	4	2	0	0	1
5	0	0	0	0	0

Added Value

Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.



Added Value

Primarily, Internal Audit is an assurance function and will remain as such. However, as we complete our audit reviews and through our governance audit programmes across SWAP we seek to bring information and best practice to managers to help support their systems of risk management and control. The SWAP definition of "added value" is "it refers to extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something "more" while adding little or nothing to its cost".

The followings audits have provided a cross comparison survey at the request of the client.

Choice Based lettings – the survey requested information on the system used, reporting, performance indicators and how application stages are recorded.

Serious and Organised Crime – A survey was completed to establish which roles within a Council required a DBS check.



Special Reviews

Unplanned work, special reviews or projects carried out on a responsive basis are requested through the Chief Finance Officer (Section 151 Officer).

There have been no requests since my last update.

Internal Audit Plan Progress 2017/2018

SWAP Performance - Summary of Audit Opinions

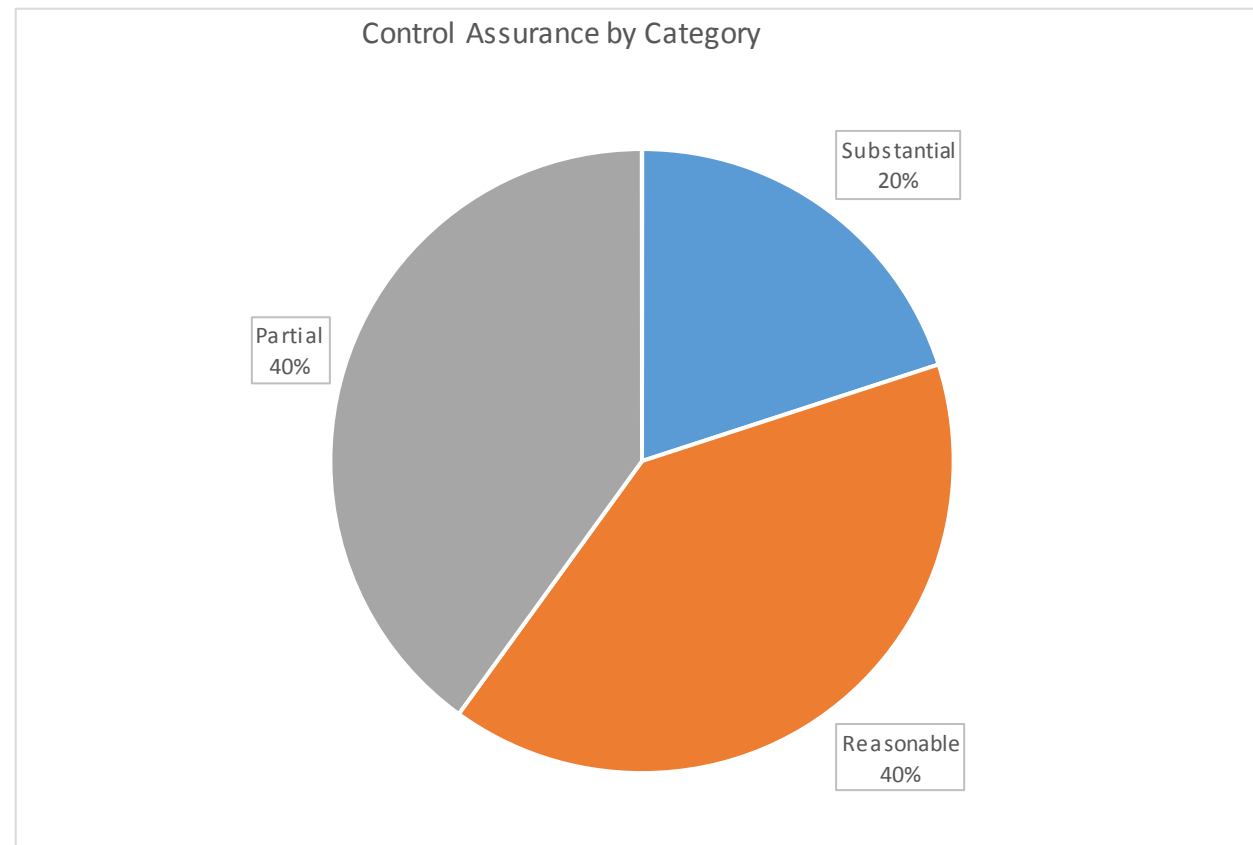
At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- Substantial
- Reasonable
- Partial
- None



Summary of Control Assurance

Of the reviews with an audit opinion that have a final report, the opinions offered are summarised below.



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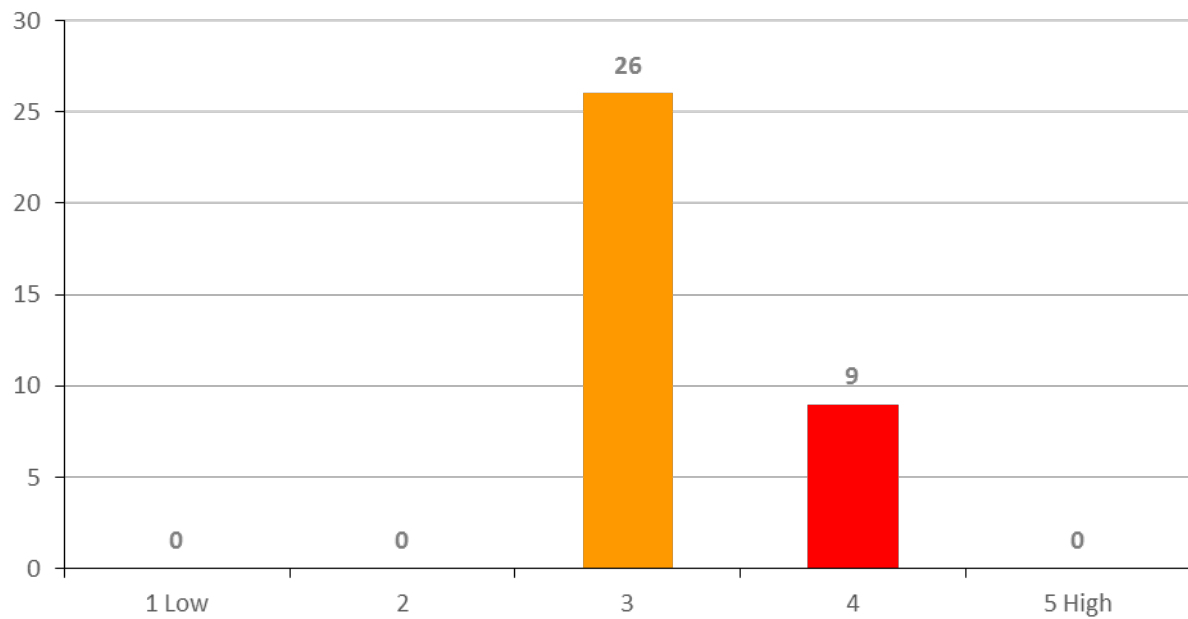
Summary of Audit Recommendations by Priority



Summary of Recommendations

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Audit Recommendations by Priority



We keep our audit plans under regular review so as to ensure that we are auditing the right things at the right time.



Approved Changes to the Audit Plan

As new and emerging risks are identified, any changes to the plan will be subject to the agreement of the Chief Finance Officer (Section 151 Officer) and reported to this Committee.

One additional review has been requested:

Bus Subsidy – Grant Certification

The days for the review has come from the plan contingency days.

The Director of Quality is required to provide an opinion to support the Annual Governance Statement.



Conclusion

As reported in my last update the number of additional reviews requested in quarter 1 did impact on the progress against audits planned for quarter 1. Good progress has now been made in quarter 2 with completing the audits scheduled in the annual plan.

Fifteen audits have been completed and five audits are at Draft report waiting for management responses. Of the fifteen audits completed one has been assessed as substantial, two as reasonable and two as partial assurance; four are follow up audits, two Grant Certification, one an Advisory review and two Special Reviews.

Overall delivery of the plan is satisfactory and is on target for completion by the end of the year.

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- Substantial
- Reasonable
- Partial
- None



Audit Framework Definitions

Control Assurance Definitions

Substantial	▲ ★ ★ ★	I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	▲ ★ ★ ★	I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	▲ ★ ★ ★	I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	▲ ★ ★ ★	I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.




Audit Framework Definitions

- Priority 5: Findings that are fundamental to the integrity of the unit's business processes and require the immediate attention of management.
- Priority 4: Important findings that need to be resolved by management.
- Priority 3: The accuracy of records is at risk and requires attention.
- Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
- Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of senior management.
Very High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = M				
						Recommendation				
						1	2	3	4	5
Governance, Fraud & Corruption	Small Holdings Phase 1	1	Draft Report							
Governance, Fraud & Corruption	Small Holdings Phase 2	1	In Progress							
Governance, Fraud & Corruption	Project assurance - (Q1 to Q4) Procurement of a Wide Area Network contract	1	In Progress	Ongoing during 2017-18						
Governance, Fraud & Corruption	Project assurance - (Q1 to Q4) - Mosaic Board Governance	1	In Progress	Ongoing during 2017-18						
ICT	Firewall Security management	1	Completed	Reasonable	4	0	0	4	0	0
Operational	Annual Care Assessment Process – Adults Wellbeing	1	Draft Report							
Operational	Areas - Business Support Function – Adults Wellbeing	1	Completed	Advisory	3	0	0	3	0	0
Operational	Help 2 Live @ Home (H2L@H) - Market Intelligence	1	In Progress							
Operational	Safeguarding – Adults Wellbeing	1	Draft Report							
Operational	Data Sharing Protocols	1	Completed	Partial	8	0	0	5	3	0
Operational	Land in public ownership	1	Completed	Advisory	2	0	0	2	0	0
Schools	Schools - prevention of fraud	1	Draft Report							
Special Investigation	Blueschool Refurbishment	1	Completed	Special Investigation	13					
Special Review	Data Sharing Breach	1	Completed	Special Review	2	0	0	1	1	0
ICT	Protection from Malicious Code	2	Completed	Follow Up	–	–	–	–	–	–

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor  5 = M				
						Recommendation				
						1	2	3	4	5
Governance, Fraud & Corruption	Serious and Organised Crime Audit Checklist	2	Draft Report							
Grant Certification	Local Transport Block Funding	2	Completed	Grant Certification	1	0	0	1	0	0
ICT	Domain Management	2	Completed	Reasonable	3	0	0	3	0	0
Operational	Residential and Nursing Care	2	In Progress							
Operational	Integrated Short Term Support and Care Pathway - review of each pathway and advisory	2	Moved to quarter 4							
Operational	Integration – Clinical Commissioning Group (Adults and Children's)	2	Moved to quarter 4							
Schools	Children, young people and families - Part time timetables	2	In Progress							
Operational	On-line choice based letting scheme - Homepoint (Home Hunt)	2	Completed	Partial	12	0	0	7	5	0
Operational	New Communications Strategy	2	Dropped							
Operational	Emergency Planning - Public Health	2	In Progress							
Operational	Public Health Contracts	2	In Progress							
Operational	Electronic Signatures	2	Discussion Document							
Grant Certification	Bus Subsidy Grant	2	Completed	Grant Certification	0	0	0	0	0	0
Follow up	SVFS – Schools Follow Up	3	In Progress							
Follow up	Brokerage Follow up	3	Completed	Follow Up	–	–	–	–	–	–
Follow up	Client Finances Follow up	3	Completed	Follow Up	–	–	–	–	–	–

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor  5 = M				
						Recommendation				
						1	2	3	4	5
Follow up	Car parking Income and Enforcement Follow up	3	Completed	Follow Up						
Grant Certification	Troubled Families	3	Moved to quarter 4							
ICT	PSN Submission	3	Completed	Substantial	0	0	0	0	0	0
Operational	EziTracker – Adults Wellbeing	3	In Progress							
Key Control	Accounts Payable	3	Not Started							
Key Control	Accounts Receivable	3	Not Started							
Key Control	Capital Accounting	3	Not Started							
Key Control	Main Accounting	3	In Progress							
Key Control	Council Tax	3	Not Started							
Key Control	NNDR - Business Rates Avoidance	3	In Progress							
Key Control	Payroll - Review of IR35	3	Not Started							
Operational	Short breaks -	3	Not Started							
Operational	Disabled Facilities Grants	3	Not Started							
Governance, Fraud & Corruption	EU General Data Protection Regulation readiness	3	Not Started							
Governance, Fraud & Corruption	Healthy Organisation	3	Not Started							
Follow Up	Property Services - Accounts Payable Follow Up	4	Not Started							

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ← → 5 = M				
						Recommendation				
						1	2	3	4	5
Follow Up	Hardware & Software Asset Management	4	Not Started							
Follow Up	Catering Contract Follow up	4	Not Started							
Follow Up	Recruitment Contracts Follow up	4	Not Started							
Follow up	Housing and Council Tax Benefits	4	Not Started							
Operational	Carers (Support for) inc WISH – Adults Wellbeing	4	Not Started							
Operational	Maintenance of property including School Property Maintenance	4	Not Started							
Operational	Mandatory Training	4	Not Started							
Operational	Fastershire BDUK	4	Not Started							
ICT	ICT client management	4	Not Started							
Governance, Fraud & Corruption	Data Quality	4	Not Started							

Name of Audit	Weaknesses Found	Risk Identified	Recommendation Action	Managers Agreed Action	Agreed Date of Action and Responsible Officer
Data Sharing Protocols	<p>Data Sharing Agreements (DSA), Data Exchange Agreements (DEA) and PIAs require reviewing and updating.</p> <p>There was no formal process for review.</p>	<p>There is a risk that data sharing agreements that have been forwarded to IG are not valid, as they are out of date or incomplete, and non-compliance with the DPA 1998 legislation, which may consequently lead to fines from the ICO which could impact on the Council's financial resources.</p> <p>There is a risk that if agreements to share data are not reviewed and resolved promptly, enforcement may not be upheld which may lead to a citizen suffering, and consequential damage to the Council's reputation.</p>	<p>We recommend that during the period between the Information Audits being completed and introduction of the GDPR in May 2018, the Equality and Compliance Manager will schedule time with the Directorate service teams to ensure that Data Sharing and Data Exchange Agreements and Privacy Impact Assessments are in place and that officers are made aware of the new GDPR requirements prior to the legislation changes.</p>	<p>This will inform the development of the GDPR plan and will be carried out as part of the work following the information audits where work on data sharing agreements has been identified. By May 2018 there will be an action plan for further work which will include ongoing work on data sharing agreements. The privacy impact assessment (PIA) process is being reviewed for compliance with the new data protection legislation and any changes to systems that may impact on privacy will require a PIA to be carried out.</p>	<p>Equality and Compliance Manager May 2018</p>

Name of Audit	Weaknesses Found	Risk Identified	Recommendation Action	Managers Agreed Action	Agreed Date of Action and Responsible Officer
Data Sharing Protocols	There is an urgent requirement for Directorate teams to confirm to IG those internal Directorate teams and external organisations that they share and exchange information with, and to request support and advice from IG team where it is needed.	<p>If IG resource is not scheduled with Directorate service teams to ensure that data sharing agreements, data exchange agreements and PIAs are reviewed, created or amended, and officers are not made aware of the GDPR requirements prior to the legislation changes, there is a risk that the Council may be non-compliant with GDPR in May 2018, which may lead to fines from the ICO.</p> <p>This is in part mitigated by the Information Audits that the IG team are currently carrying out in each Service Area across the three Directorates.</p>	We recommend that the Information Access and Records Manager creates a procedure for the review and follow-up of draft, incomplete, or unsigned Data Sharing Agreements, Data Exchange Agreements and Privacy Impact Assessments to ensure all outstanding agreements and assessments are resolved.	This is agreed, and the procedure will be reviewed and updated.	Information Access and Records Manager October 2017

Name of Audit	Weaknesses Found	Risk Identified	Recommendation Action	Managers Agreed Action	Agreed Date of Action and Responsible Officer
Data Sharing Protocols	Through our interviews with a sample of officers, we were not able to readily evidence examples of sharing through consent, or evidence that data was shared proportionately, and that decisions to share data without consent, such as instances of risk of harm or suspected criminal activity are recorded.	There is a risk that if guidance is not provided to the Directorate teams to enable them to set up systems to verify and manage consent, ensure that data is shared proportionately, and decisions to share data without consent are recorded, data breaches may occur, and the Council may be subject to fines which will impact on the Council's budget and damage its reputation.	We recommend that the Information Access and Records Manager provides guidance to service areas so that systems can be put in place to ensure that evidence of consent is readily available, data is shared proportionately, and that decisions to share data without consent are recorded, and that these records are controlled and refreshed.	This is will be done through awareness and training, as well as guidance on the Intranet. System owners will be responsible for putting this advice in place.	Information Access and Records Manager March 2018
Online choice based	There are currently	There is a risk that the	We recommend that the		Home Point

Name of Audit	Weaknesses Found	Risk Identified	Recommendation Action	Managers Agreed Action	Agreed Date of Action and Responsible Officer
letting scheme – Home Point	526 (as at 31/07/2017) inactive applications (online complete and online incomplete).	Council does not have an accurate reflection of the housing need as the housing need of these applicants has not yet been assessed, due to the applicant not fully completing their application or providing their evidence.	Home Point Team Lead ensures a process is put in place to review and clear down the historic dormant online complete applications. This process then needs to be formally implemented for all new applications and reflected in the Allocations Policy. We recommend that the Housing Solutions and Home Point Team Leader investigate how the online incomplete cases can be managed/closed in the system	<p>Online complete applications. Historic dormant online complete applications will be reviewed and cleared down by 31 March 2018. A process will be put in place by which dormant online complete applications will be reviewed and cleared down on a quarterly basis.</p> <p>Reflecting this within the Allocations Policy will be considered by Housing Strategy.</p> <p>Online incomplete applications. The Home Point Team Lead will enquire by end November 2017 with Abris as to whether there is a system option to send automatic prompts and updates to applicants to inform them of the need to complete their application or provide supporting documentation. If</p>	Team Lead 31 March 2018

Name of Audit	Weaknesses Found	Risk Identified	Recommendation Action	Managers Agreed Action	Agreed Date of Action and Responsible Officer
	<p>Annual reviews of active applicants have not been completed since 2014.</p> <p>Internal key performance measures have not been identified for the service area and there is no regular operational performance reporting taking place.</p>	<p>There is a risk that the Council does not have an accurate reflection of the housing need as the housing need of these applicants has not yet been reviewed.</p> <p>There is reduced assurance that the Council is aware of how the service area is performing which increases the risk that improvements needed are not be identified.</p>	<p>We recommend that the Home Point Team Lead implements a plan to tackle historic applications with no 'waiting list review date' and those with a data error</p> <p>We recommend that The Community Capacity and Wellbeing Manager in liaison with the Head of Prevention and Support ensures that key measures of performance for the service are identified, then from this SMART KPI's can be identified. Further to this, regular operational reporting needs to be in place with data that is useful to the service. If</p>	<p>there is no ability for automatic prompts to applicants the Home Point Team Lead will investigate whether this could be done using the 'Next Review Date'.</p> <p>Active applications will be audited to identify those with no 'waiting list review date'.</p> <p>Head of Prevention and Support: Key measures of performance for the service will be identified along with SMART KPIs. Performance and Operational Reporting of these indicators will be put in place at the introduction of the new allocations policy and the process that will supersede the current choice based lettings system.</p>	<p>Home Point Team Lead 31 December 2017</p> <p>Head of Prevention and Support and Community Capacity and Wellbeing Manager 1 April 2018</p>

Name of Audit	Weaknesses Found	Risk Identified	Recommendation Action	Managers Agreed Action	Agreed Date of Action and Responsible Officer
	The agreement with Housing Associations is not working as intended.	There is a risk that the Council cannot meet its statutory obligations if the agreements with Housing Associations are not up to date and reflective of all requirements and expectations.	<p>possible, the operational reporting could make use of scheduled reporting functions within the software.</p> <p>We recommend that The Community Capacity and Wellbeing Manager ensures that any new agreements with Housing Associations are updated following discussions with them. Agreements should include the expectations of all parties involved, including:</p> <ul style="list-style-type: none"> the requirement to update an applicant's application as set to housed when their offer is accepted. the requirement for allocations policies to be in line with the Councils allocation policy 	<p>Community Capacity and Wellbeing Manager: The performance monitoring of housing issues generally across the council is being reviewed currently and this will be brought to AWB DLT for early January.</p> <p>This cannot be undertaken until the nature of the detailed solution for the future management of allocations is agreed and finalised. It may be that the concept of an application being "set to housed" may not exist in a future arrangement.</p>	Community Capacity and Wellbeing Manager 31 July 2018

Name of Audit	Weaknesses Found	Risk Identified	Recommendation Action	Managers Agreed Action	Agreed Date of Action and Responsible Officer
	Instances where applicants are 'skipped' are not monitored.	There is reduced assurance that the Housing Associations are treating applicants consistently and in line with housing policy and regulations.	We recommend that the Home Point Team Lead ensures instances of skipping are monitored centrally to be able to identify patterns and instances of skipping that occur that are not reasonable or in line with the Allocations Policies	Depending on the attributes of the technology available, Registered Providers will be requested or required to complete a drop-down menu setting out reasons for skipping. Reports will be built and scheduled and shared with Registered Providers, thereby enabling central monitoring.	Home Point Team Lead 31 March 2017



Meeting:	Audit and governance committee
Meeting date:	Wednesday 29 November 2017
Title of report:	Tracking of internal audit recommendations
Report by:	Directorate service team leader

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To review progress in implementation of audit recommendations.

Recommendation(s)

That:

- (a) **the status of the current audit recommendations, detailed at appendices 1 and 2, be reviewed and the committee determine any recommendations it wishes to make in order to provide further assurance that risks identified by audit activity are being actively managed.**

Alternative options

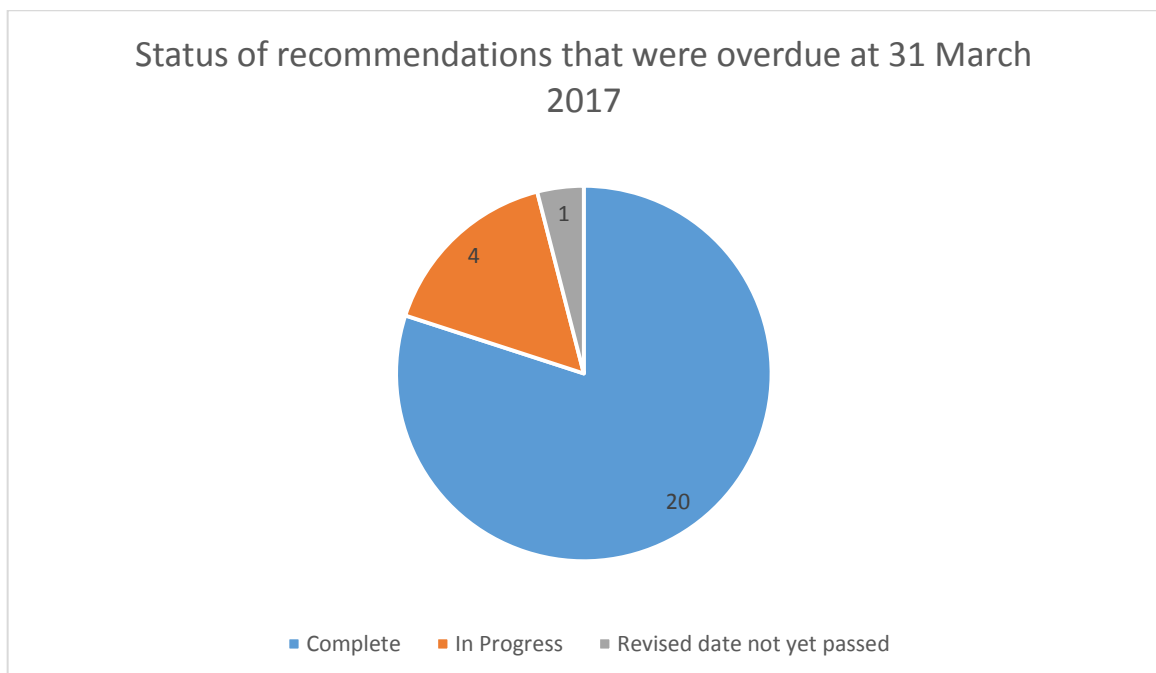
1. The committee could choose to 'not monitor'; this would not be recommended as this would not provide assurance that actions arising from internal audits were being implemented.
2. Should further assurance on issues relating to the remit of the committee be required, it is open to the committee to call the responsible officer to account in order to gain that further assurance.

Key considerations

3. South West Audit Partnership (SWAP) provides the internal audit service for Herefordshire Council. SWAP is required to deliver an annual audit plan of work, which is scoped using a risk-based assessment of council activities. Additional audits are added to the plan as necessary to address any emerging risks and issues identified during the year.
4. Upon completion of each audit review, a formal report is drafted for discussion with service managers. These detail the main conclusions of the review, including the opinion, individual findings, as well as the potential risk exposure and an action plan for addressing the risk.
5. Management responses to each audit recommendation are obtained and recorded, along with details of the person responsible and the target date for implementation that has been agreed by management.
6. A report was presented to Audit and Governance Committee (A&GC) in May, providing an update on progress against the highest priority recommendations (4s and 5s) that were due for completion, along with all priority 3 recommendations made since April 2016.
7. All managers within the council directorates, responsible for audit recommendations, have been contacted to review progress on the implementation of these recommendations. Managers were asked to 'self-certify' the action which had been taken in respect of Internal Audit's recommendations.

Recommendations prior to 31 March 2017

8. At the end of March 2017, there were 25 recommendations that were overdue, as reported to A&GC in May. Currently five of these recommendations have still to be completed, 4 of which had revised completion dates that fell between 1 April – 30 September (appendix 1).



Total			
	Complete	In Progress	Revised date not yet passed
Priority 3	7	1	-
Priority 4	11	3	1
Priority 5	2	-	-

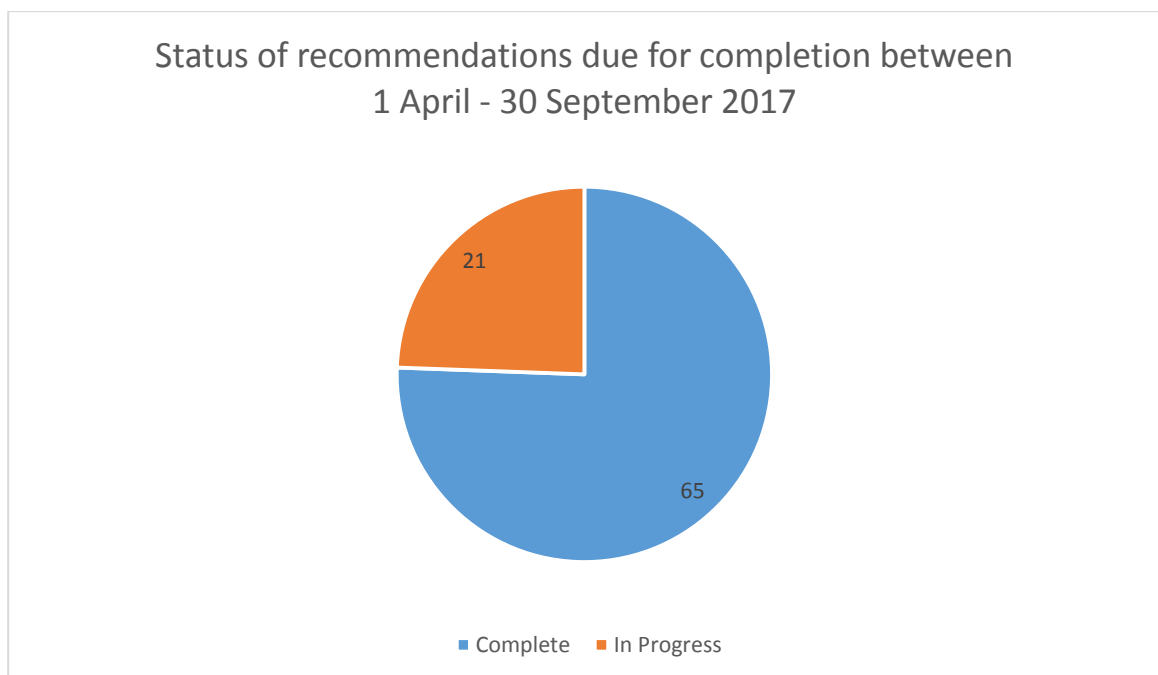
AWB			
	Complete	In Progress	Revised date not yet passed
Priority 3	-	-	-
Priority 4	7	3	1
Priority 5	2	-	-

ECC			
	Complete	In Progress	Revised date not yet passed
Priority 3	7	1	-
Priority 4	4	-	-
Priority 5	-	-	-

There were no overdue recommendations for Children's Wellbeing.

Recommendations due between 1 April – 30 September 2017

9. The following chart and table provides an update as to the current status of priority 3, 4 and 5 recommendations that were due to be completed between 1 April – 30 September 2017. Further details of each of the outstanding recommendations are in appendix 2.



Total		
	Complete	In Progress
Priority 3	56	17
Priority 4	9	4
Priority 5	-	-

AWB		
	Complete	In Progress
Priority 3	5	4
Priority 4	1	3
Priority 5	-	-

CWB		
	Complete	In Progress
Priority 3	6	-
Priority 4	-	-
Priority 5	-	-

Progress of school audits is not included in this report; it's the responsibility of the particular school's governing body.

ECC		
	Complete	In Progress
Priority 3	45	13
Priority 4	8	1
Priority 5	-	-

Community impact

10. By monitoring the implementation of audit recommendations, assurance is given that risks are being managed effectively, and that the council is taking action to meet its corporate plan priority to secure better services, quality of life and value for money.
11. In accordance with the council's adopted code of corporate governance, the council must ensure that those making decisions and delivering services are accountable for them. To support effective accountability the council is committed to reporting on actions completed and outcomes achieved; internal audit contributes to effective accountability

Equality duty

12. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
13. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

14. There are no specific financial implications associated with the recommendations.

Legal implications

15. There are no specific legal implications associated with the recommendations.

Risk management

16. If internal audit recommendations are not implemented, the council will be exposed to the risks set out in the relevant detailed internal audit reports. Internal audit recommendations are raised as a result of control gaps or deficiencies identified during reviews therefore overdue items inherently impact upon compliance and governance.

Consultees

17. None.

Appendices

Appendix 1 Recommendations that were due to have been completed by 31 March 2017 (previously reported to A&GC on 10 May 2017)

Appendix 2 Recommendations that were due to have been completed between April – September 2017

Background papers

None identified.

Audit	Recommendation	Priority	Target Date	Latest Update	Status
AWB					
Deprivation of Liberty (DOLs) – HC	The Assistant Director - Operations has agreed to consider the option of proof reading of Form 5s being carried out as part of the administration function, if changes in the team's establishment make this possible.	4	31/01/2017 Revised to: 01/07/2017 2 nd revision to 31/01/2018	Phase one of BSO Change model has been delayed, but planning meeting to take this forwards to be held in early October 2017 Phase 2 will commence in Oct/Nov 2017 and should include a review of the DoLS Admin function.	In Progress
Deprivation of Liberty (DOLs) - HC	The Assistant Director - Operations has agreed to review the resource level with regard to the administrative function within the DoLS team to assess whether it is adequate.	4	31/01/2017 Revised to: 01/07/2017 2 nd revision to 31/01/2018	Phase one of BSO Change model has been delayed, but planning meeting to take this forwards to be held in early October 2017 Phase 2 will commence in Oct/Nov 2017 and should include a review of the DoLS Admin function.	In Progress
Direct Payments	I recommend that the Joint Team Leader develops and implements documented procedures to set out the timescales and procedures for recovering surplus funds. These must be in accordance with the Financial Procedures Rules requirements to bill for necessary income promptly, ensure service users are treated consistently, and ensure that the Council central finance team have correct oversight of funds owed to the Council.	4	30/09/2016 Revised to: 31/05/2017 2 nd revision to 01/12/2018	Practise development session held on 13 November 2017. System should go live on 15 November 2017.	In Progress
ECC					
Car Parking Income/Enforcement - HC	The Parking Services Manager has agreed to ensure the Persistent Evaders policy is reviewed; approved and implemented promptly.	3	01/01/2017 Revised to: 30/09/2017 2 nd revision to 31/12/2017	Rather than have separate procedures, Persistent Evaders will be included in one single document that includes such things as appeals and enforcement. A paper has been drafted and will be presented to Cabinet in December.	In Progress

Audit	Recommendation	Priority	Target date	Latest update	Status
AWB					
Continuing Healthcare Funding	The Head of Safeguarding and Principal Social Worker has agreed to carry out a matching exercise from the data that has been requested from HCCG to ensure that financial information is correct on the Council's Mosaic system, and the HCCG database.	4	01/09/2017 Revised to: 31/03/2018	Data has been received and checks are in progress. We are working with partners to develop system solutions in order to identify all cases.	In Progress
Continuing Healthcare Funding	The Head of Safeguarding and Principal Social Worker has agreed to review and update the Consideration of Joint Packages of Care – Form E, and where appropriate place all documents that do not contain a version number, date, or owner under document control.	3	31/07/2017 Revised to: 31/03/2018	An external review has been undertaken and we are awaiting final recommendations in order to take this forward.	In Progress
Continuing Healthcare Funding	In the absence of a signed copy of the Data Exchange Agreement Continuing Health Care, the Head of Safeguarding and Principal Social Worker has agreed to re-review the draft agreement, seeking guidance from the Information Access and Records Manager, and to ensure that there is sign-off from the HCCG.	3	31/08/2017 Revised to: 30/11/2017	We are awaiting final sign off of the agreement which is due end of November 2017	In Progress
Continuing Healthcare Funding	The Head of Safeguarding and Principal Social Worker has agreed to ensure that the new terms of reference are agreed with the HCCG, and to remind officers of the Council to ensure that the agreed Joint Funding Panel decision (individual decision record) is recorded in Mosaic.	3	31/08/2017 Revised to: 31/03/2018	We are awaiting final sign off, pending formal governance arrangement for HCCG, HC, and relevant partners.	In Progress
Better Care Fund Follow Up 2016/17	The Better Care Fund and Integration Manager has agreed to ensure that Draft documents are issued and updated through version control, and once agreements are formalised that copies of documents, containing signatures of both parties, are used rather than unsigned copies.	3	31/07/2017 Revised to: 31/12/2017	The revised s.75 agreement is scheduled for Cabinet and will address this recommendation.	In Progress
Deferred Payments	The Head of Safeguarding and Principal Social Worker, in liaison with the Head of Management Accounting and the Welfare and Financial Assessments Team Manager has agreed to	4	31/07/2017 Revised to 31/10/2017	Meeting arranged for 19 October to progress this recommendation.	In Progress

Audit	Recommendation	Priority	Target date	Latest update	Status
	implement a consistent approach to ensure service users with a power of attorney or a deputyship are treated equitably.				
Deferred Payments	The Welfare and Financial Assessments Team Manager has agreed to implement a process of checking insurance policies for reasonableness e.g. property value is covered etc., and ensures policy are renewed annually.	4	30/07/2017 Revised to 30/11/2017	We are in the process of sending updated statements to all DPA clients and are requesting up to date insurance documents and property valuations as part of this process. This work was due to commence in October but has been delayed due to capacity issues.	In Progress
ECC					
Licensing	The Team Manager – Licensing reviews licensing procedures and associated forms on a periodic basis, in addition to when national changes are made, with clear document control features.	3	30-Jun-17 Revised to 31-Jul-18	The service area were looking at a bespoke Licensing software system, however the complexity and resource required to transfer information from Civica would be difficult. Subsequently, it was decided that the utilisation of Civica and its functions would be improved. The Team Manager confirmed that priority was placed on working on the higher risk licences, then medium risk etc. The lead responsible officer for managing this task is the Senior Enforcement Officer. It has been estimated that this task will approximately take 18 months before completion. It has been acknowledged that most of the forms, letters and guidance are set by Government, where this information is available on the Gov website, therefore the Licensing Team can only use these forms.	In progress
Accounts Payable	The Accounts Payable Team Leader, in liaison with the ICT Application Specialist (Agresso Support), has agreed to confirm with the Payments team that new supplier request forms and required checks are always completed and clear evidence is attached to Agresso.	3	31-May-17 Revised to 31-Dec-17	The new Off Payroll legislation came into force in April which pushed the end date of the requirement. System developed and at test stage. Building in additional IR35 process which is due to go live.	In progress
Council Tax 2016/17	The Revenues and Development Operational Manager has agreed to ensure that the suspense	3	31-Jul-17	Monthly reconciliation of suspense are carried out and signed off by a team leader. All the DSS	In progress

Audit	Recommendation	Priority	Target date	Latest update	Status
	account clearing spreadsheet is subject to a monthly review to monitor the reduction of historic items within the suspense account, including the payments from the Department for Work and Pensions.		Revised to 31-Mar-18	queries have been resolved. As previously advised the historic transactions are very difficult as we had no involvement in these previously and therefore take a lot of time to look at the audit trail of each transaction. We are still working on historic transactions for 15/16 and 16/17 but transaction prior to that are very difficult to follow. As the total outstanding balances are low and only leave the nigh on impossible ones to trace, I will be having a discussion with Josie Rushgrove on next course of action to take. In the meantime, I have moved the revised date to the end of the financial year	
Recruitment - Contracts	It was agreed that the Senior HR Policy Officer in liaison with the Head of HR and Organisational Development will ensure that relocation expenses are properly reviewed prior to payment, and that any returnable deposits for accommodation rental are retrieved from the employee, when they change address, or leave the organisation. It was also agreed by the Head of HR and Organisational Development that this will be made clear in the HR Policy, and this requirement communicated to Managers.	3	31-May-17 Revised to 31-Mar-18	HR policies are currently being reviewed and the re-draft now includes explicit reference to repaying rental deposits. These are expected (subject to member approval) to be implemented in January 2018. We are amending the form to make it clear that employees should repay the returnable deposit.	In progress
Section 106 Agreements	The Planning Obligations Manager has agreed to ensure the master database is updated for annual spend, and unspent balances are reported against repayable dates for review by senior management and members, to ensure necessary actions are being taken by the Council.	3	31-May-17 Revised to 31-Mar-18	Proposal to centralise the monies into a reserve to be carried forward each year with the services required to request and demonstrate where the monies are to be spent. Capital Accountant needs to liaise with service areas on feasibility of this proposal.	In progress
Housing & Council Tax Benefits 2016/17	I recommend that the Benefits Operational Manager ensures that monthly reconciliations are checked for accuracy, authorised and signed off accordingly by a senior or independent officer.	3	30-Sep-17 Revised to 31-Jan-18	Due to a new restructure, the process has been taken over by a different team and they are now in the process of being trained and dealing with these. Therefore the date has been revised.	In progress

Audit	Recommendation	Priority	Target date	Latest update	Status
Housing & Council Tax Benefits 2016/17	I recommend that the Benefits Operational Manager ensures investigations are made as to whether it is beneficial for the Council to invest in the ability to run duplicate reports from Academy to identify duplicate payments.	3	30-Apr-17 Revised to 31-Dec-17	Due to a new restructure, the process has been taken over by a different team and they are now in the process of being trained and dealing with these. Therefore the date has been revised.	In progress
Housing & Council Tax Benefits 2016/17	I recommend that the Benefits Operational Manager ensures that evidence of the checks made on high value payments are retained to maintain a clear audit trail.	3	30-Jun-17 Revised to 31-Dec-17	Due to a new restructure, the process has been taken over by a different team and they are now in the process of being trained and dealing with these. Therefore the date has been revised.	In progress
Capital Accounting 2014/15	The Head of Corporate Accountancy ensures all procedure documents that exist within the Accountancy section governing the rules around capital expenditure are updated to reflect current practice. Alongside this it is important that all officers with potential responsibility for capital expenditure are aware of where to find guidance on the Intranet, and ask them to confirm whether any training needs exists. Training should be provided where identified.	3	30-Sep-17 Revised to 31-Mar-18	S151 officer has appointed a consultant for a 12 week period to review capital finance and ensure the governance around this. As a result of this piece of work we anticipate doing further training and revise the process.	In Progress
Capital Accounting 2015/16	The Head of Corporate Finance reminds all staff responsible for purchasing, in writing, of the de minimis levels to capitalise an asset, once scheduled training has been provided.	3	30-Sep-17 Revised to 31-Mar-18	S151 officer has appointed a consultant for a 12 week period to review capital finance and ensure the governance around this. As a result of this piece of work we anticipate doing further training and revise the process.	In Progress
Payroll	The Head of HR and Organisational Development has agreed to arrange for the update of the Exit Form, "Managing People, Change, and Leaving the Organisation Policy" and Career Break Notification Form in order to make the requirement for managers to notify HR as soon as a member of their staff tenders their resignation or obtains authorisation for a career break more prominent. This should be supplemented by a quarterly communication to all managers reminding them: (i) of this requirement to complete the form;	4	31-May-17 Revised to 31-Mar-18	HR policies are being revised and forms suitable for electronic input being developed.	In Progress

Audit	Recommendation	Priority	Target date	Latest update	Status
	(ii) that the form must include all relevant information that will impact on the employee's final pay, such as annual leave details; and (iii) the impact of not completing the form i.e., the additional work involved in recovering overpayments, and the impact on the manager's budget.				
Accounts Receivable	The Chief Financial Officer, in liaison with Service Managers, has agreed to ensure that invoices are raised for the correct value i.e. as per schedule of fees and charges, tenancy agreements etc. and are raised in a timely manner. Guidance documents may require updating or drafting to support the new process whereby service managers are raising their own invoices.	3	30-Aug-17 Revised to 31-Dec-17	Revised guidance notes are being produced.	In Progress
Business Continuity and Disaster Recovery Planning	The Emergencies and Resilience Officer has agreed to develop a Communications Plan in conjunction with the ERT and Communications Team, as recommended in the November 2016 test exercise Debrief Report, with oversight from the Equality, Resilience and Information Compliance Manager.	3	30-Sep-17 Revised to 31-Dec-17	Critical contact numbers reporting tool completed in Business World, awaiting rollout to EPDOs. Work on-going with Communications Team to develop website for communicating in emergencies.	In Progress
Business Continuity and Disaster Recovery Planning	The Infrastructure Team Leader (Hoople Ltd) in liaison with the Emergency and Resilience Officer, has agreed to include a section in the Disaster Recovery Plan listing information that is required during a walkthrough exercise.	3	30-Jun-17 Revised to 31-Dec-17	Action to be completed as part of audit action 1.6a which is being led by the Architects team, and is due for completion by 31/12/2017.	In Progress



Meeting:	Audit and governance committee
Meeting date:	Wednesday 29 November 2017
Title of report:	Corporate risk register
Report by:	Directorate services team leader

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To consider the status of the council's corporate risk register in order to monitor the effectiveness of the performance, risk and opportunity management framework. Since the risk register was last reported to committee, three new risks have been added and two removed.

Recommendation(s)

That:

- (a) **The committee determine any recommendations it wishes to make to improve effective risk management.**

Alternative options

1. The committee could choose not to monitor the risk register; this would not be recommended as this would not provide assurance that risk was being managed effectively within the council.

Key considerations

2. The corporate risk register is compiled from risks identified at directorate level, which have been escalated in accordance with the performance, risk and opportunity management framework (PROM), along with high-level generic risks, which require strategic management. Entries within the corporate risk register reflect those risks identified by management board and endorsed by cabinet, thereby strengthening their strategic perspective, management response and controls.
3. The inclusion of risks within any level of risk register does not necessarily mean there is a problem; it reflects the fact that officers are aware of potential risks and have devised strategies for the implementation of mitigating controls.
4. Each entry within the register is scored to provide an assessment of the level of risk. All risks are scored based on an assessment of their impact and likelihood, adopting the scoring criteria within the PROM. These assessments are made at two points: before any actions are in place (inherent risk); and after identified controls are in place (residual risk).
5. Whatever level of residual risk remains, it is essential that the controls identified are appropriate, working effectively and kept under review.
6. Two risks have been removed from the corporate risk register since the register was last published as part of the end of May corporate budget and performance report. The risks have been deemed by the children's wellbeing directorate management team as either being risks that can now be managed within the directorate; or are no longer seen as a risk to the council and have therefore been removed completely. The latest risk register is at appendix A.
7. Three new risks have been added to the register at appendix A. These are:
 - CR037 – Cyber Attack
 - CR038 – Failure of Council employees to adhere to standing orders and policy
 - CR039 – Safeguarding work to support the service during police investigation
8. At its meeting of 4 July the committee asked to see how the issue of flood alleviation was being addressed at a service level. An extract from the service risk register is attached as appendix B.

Community impact

9. In accordance with the principles of the council's adopted code of corporate governance, the council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. Effective risk management is an important component of this performance management system.

Equality duty

10. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

11. There are no equality duty implications arising from this report.

Resource implications

12. There are no financial implications associated with the recommendation.

Legal implications

13. There are no legal implications associated with the recommendation.

Risk management

14. There are no risks arising directly from the report. By reviewing the corporate risk register greater assurance is given that the council is managing its risks appropriately.

Consultees

15. None.

Appendices

Appendix A Corporate risk register

Appendix B Service level risk

Background papers

None identified.

Risk Reference	Risk Description	Opened	Risk score before controls	Existing Controls in Place	Risk score after controls	Change since last reported	Risk Owner (Name & Title)
CR.001	Emergency events IF: Significant events happen (e.g. severe weather, major flooding, terrorism and/or influenza pandemic risks) THEN: there could be a significant cost implication to the Council and it may be necessitate staff redeployment to backfill and maintain critical services. Failing to respond effectively to major emergencies/incidents could result in a loss of public confidence through adverse publicity, loss of life to public or council employees, loss of service, economic damage or environmental impacts. Lack of trained staff (deployed or other) means we may not respond as quickly/effectively as we should.	Apr 11	16	Council and multi-agency plans reviewed as part of wider WM Local Resilience Forum objectives. Resilience Direct (cabinet officer system) to progress information sharing, planning and response mechanisms and data. Council Business Continuity Management System in place. Rest Centre training and provision for 200 people at Three Elms Unit. Gold and Silver officer training sessions and programme under development linked to LRF Task and Finish group. Programme to be completed by October 2017. Comms: BBLP are testing new emergency road closure software, which will update the website automatically within the road closure map. We expect this will now work to report of both planned and emergency road closures and team workflows have been implemented.	12	◀	Equality, Resilience, Information and Records Manager.
CR.002	Health & Safety IF: Herefordshire Council doesn't comply with Health and Safety legislation THEN there is an increased risk of: employees injured through work activity; council prosecuted by HSE for breaches of legislation; increased insurance claims and insurance premiums; member of public, contractor or employee killed at work, possible corporate manslaughter, loss of reputation and financial costs to the council; sickness rates increase because of lack of compliance with good health, safety and wellbeing practice; increased employer/employee litigation through inconsistent approach to managing health and safety in the workplace; unable to defend H&S claims or disputes; and, fire damage and financial and reputational costs to the council through fire at a council owned building.	May 11	16	Strategy – Strategy/project plan in place to achieve full compliance with H&S legislation, prioritised by high risk activities; H&S policy current and reviewed each year. Cultural – Sharepoint H&S tool box available via front page of intranet; H&S and Fire Safety part of existing mandatory training; some improvement has been made in last period with wider engagement from employees with H&S systems (when things have gone wrong); employees consulted about H&S issues through 'house' meetings. Systems – Accident reporting/investigation and work based ill health in place; mandatory training; first aid/fire warden training in place; some systems updated (focused on high risk areas); employers liability insurance; Directorate H&S reps kept up to date with current risks and good practice control measures;	12	▶	Health and Safety Advisor
CR.003	Medium Term Financial Strategy IF: we do not have a sustainable Medium Term Financial Plan THEN: we will not achieve a balanced budget, risk serious service failure	Aug 12	20	· MTF5 to 19/20 approved by Council in Feb. All savings RAG rated and reviewed. Majority green for 17/18 * MTF5 linked to Corporate Priorities * MTF5 to 19/20 published, update going to Cabinet in January	3	▶	Chief Finance Officer
CR.007	Litigation IF: Litigation claims against Herefordshire Council are successful THEN: this may expose the Council to significant unbudgeted costs and reputational damage	Jun 13	20	Effective legal case management is in place to increase the council's likelihood of defending claims. Additionally, the s151 officer is made aware of pending financial claims against the council at the earliest opportunity. Current litigation and mediation in response to legal claims is ongoing and managed through Project Boards.	8	▶	Director, ECC Assistant Director, Communities
CR.008	Information governance IF: Staff do not treat the information they access appropriately THEN: this may lead to the risk of referral to the Information Commissioner and/or legal challenge with resultant unbudgeted costs and reputational damage for the Council.	Feb 14	16	A series of mandatory online training modules have been introduced (including Data Protection, Environmental Information Regulations, Freedom of Information, Information Security). All employees must also complete a staff confidentiality agreement in order to acknowledge that they agree to abide by the council's information governance policies. Audits are being carried out across the organisation with actions being recorded in an action plan. A review of mandatory training is being carried out for a new 2018 module.	4	▶	Assistant Director, Communities
CR.011	ICT Platforms IF: The technology ICT systems/platforms are not appropriate or used to their full effect THEN: We fail to transform our services and cost the organisation more money	Apr 14	16	Programme Boards for major systems improvements, FWI, Adult Care. Measures are in place to ensure that access to systems/technology is in place and will be progressed through a number of initiatives.	6	▶	Chief Finance Officer
CR.015	Deprivation of Liberty The authority does not meet the statutory requirements for Deprivation of Liberty and individuals are unlawfully deprived of their liberty An increasing number of cases already subject to DoLS are being taken to the Court of protection, increasing the risk of Costs and Financial penalties for the Local Authority	Oct-14	20	Additional investment into DoLS has been made, and weekly performance management of waiting list is in place. Regular reporting and review up to Director Level and to Safeguarding Adults Executive Group. Working with external Best Interest Assessors. DoLS team are checking all referrals for DoLS against list of open safeguarding referrals to ensure these cases are prioritised in terms of implementing DoLS. Other triage criteria are also followed to identify cases where there is a high risk to the individual and a high risk to the Council of litigation. Two full time BIA posts have been created and filled on a one year secondment basis. Further awareness training with staff and providers, additional legal support and constant review and prioritisation of cases waiting for assessment. Programme to train staff as BIAs in place. Independent BIA engagement plan ongoing two additional full time seconded posts created and filled. Multi agency MCA and DoLS policies completed.	12	▶	Assistant Director of Operations AWB

Risk Reference	Risk Description	Opened	Risk score before controls	Existing Controls in Place	Risk score after controls	Change since last reported	Risk Owner (Name & Title)
CR.016	Safeguarding Individuals at risk of abuse are not protected	Oct-14	16	A Safeguarding Improvement Programme has implemented a new process to embed the principles of Making Safeguarding Personal. This has included changes to the current processes, an improved performance framework and a new audit tool. Progress will continue to be monitored going forward and be fed into DLT, AD Operations and monthly report to DASS and HSAB. Peer challenge including independent auditing has taken place, recommended system and practice actions are included in the MSP review. Processes for identifying learning from AWB case audits and audits undertaken through HSAB PAQA as well as SAR are now in place and monitored through single agency board (DLT) and HSAB.	12	◀	Assistant Director of Operations AWB
CR.017	Demographic Pressures Continued demographic pressures require significant savings to be made or reductions in levels of dependency to manage rising levels of demand across council services. Increasing demand for SC services is creating pressure on the social care workforce.	Oct-14	25	Working with providers to support their business development. Further consideration required.	16	◀	Director Adults & Wellbeing
CR.020	Economic Resilience IF: The Herefordshire economic position does not improve THEN the county will continue to underperform economically and suffer from low wage levels, low educational attainment, low number of skilled jobs, and a general low market attractiveness.	Jun 15	16	Implementation of the Economic Development Strategy. Economic Masterplan developed. Delivery of the Fastershire project. Delivering and promoting the Local Development Framework. Implementing the delivery of the Enterprise Zone. Securing external funding. Delivery of European Union funded business support schemes; the creation of the Hereford University; construction of Hereford Western Relief Road; construction of the Shell Store Incubation Centre.	12	◀	Assistant Director, Growth
CR.021	Welfare Reform Impact of further welfare reform is currently not able to be quantified in terms of financial impact on Herefordshire residents with subsequent reduction in payment of council tax, other financial liabilities to the council and increasing pressure for local support to be met by the council	Jun-15	20	Welfare Rights service in place, IAS service will support individuals into community capacity that gives specialist advice on welfare issues	12	◀	Director Adults & Wellbeing
CR.022	Integration The scale and pace of integration work required internally to the council and across health and social care proves to be undeliverable and a new model for integrated and financially viable health and social care pathways does not emerge	Jun-15	25	Transformation Board and Joint Commissioning Board in place underpinned by refreshed Health and Well Being strategy	16	◀	Director Adults & Wellbeing
CR.023	Council Redesign/Resources Reducing resources in the form of grant, uncertainty and the requirement to deliver transformation at speed combine to increase risk of failure to meet statutory and/or legal duties and powers	Jun-15	25	Transformation programme within each director, corporate plan, refreshed governance and constitution, quarterly performance management reporting and director performance management through appraisal system	12	◀	Chief Executive
CR.024	System resilience and urgent care The role and responsibility of adult social care alongside system and process is not clearly set out in relation to system resilience and urgent care	Oct-15	16	Social care pathway for prevention of hospital admission and discharge is aligned with WVT. Joint post funded through SRG to manage interface is in place, number of schemes funded through BCF to support urgent care - however this post has now ceased. On call arrangements in place and AMPH/EDT rota is in place. Senior Management attend operational and strategic SRG. IUCS in place. Recently appointed a complex care pathway lead, to lead on EDT OOH provision.	16	◀	Assistant Director of Operations
CR.028	Accommodation Strategy IF: the Programme is not managed to time and budget THEN: there will be significant risks to service delivery and savings plans	Mar 16	12	Accommodation Board. Board and new process of using board to best effect require development. The end of December 17 has been targeted to produce a new, updated iteration of the estate/accommodation strategy.	4	◀	Head of Corporate Asset Management
CR.036	Good decision-making IF: officers and members do not uphold the principles of good decision-making THEN: the Council may make poor decisions which either result in lost opportunities or increased costs.	Apr-17	12	Decision reports are subject to a quality assurance process which includes review by risk, legal, finance, governance and the lead director.	2	▼	Solicitor to the Council
NEW CR.037	Cyber attack IF we do not protect against a potential cyber attack THEN we could be at risk of losing data in breach of principle 7 of the Data Protection Act which would lead to potential fines from the Information Commissioner Office and reputational damage	Apr-17	15	Information Security eLearning training (upon user induction) Information Security Refresher eLearning training (conducted annually) Spoof phishing campaign conducted to raise user awareness. Hoople T&T apply technical measures to detect users clicking on malicious links and/or attachments	12	NEW	Assistant Director, Communities
NEW CR.038	Failure of council employees to adhere to standing orders and policy IF: officers fail to adhere to standing orders (e.g. contract and finance procedure rules) and policies THEN: the number of internal disciplinary and/or exposure to legal challenge will increase, along with the likelihood of financial and reputational risk, resulting in claims being made and won against the Council with costs and reputational harm incurred.	Sep-17	16	Contract and finance procedure rules have been rewritten and published in May 2017. Toolkits, guidance and training have been implemented. Schemes of delegation have been written as part of the new constitution. Governance training has been provided. Internal Control Improvement Board to oversee development and implementation of an improvement plan to ensure effective internal controls in respect of capital spend, project management and contract management are in place and complied with across the council.	12	NEW	Head of Law and Governance
NEW CR.039	Safeguarding work to support the service during police investigation. IF/AS: There is a lack of capacity in management THEN: There may be disruptions in casework, unsettled staff and service users.	Oct-17	16	Interim senior management in place to provide additional capacity. Staff communicated with and support in place.	8	NEW	CEX: Interim director for children's wellbeing

Risk Reference	Risk Description	Opened	Risk score before controls	Existing Controls in Place	Risk score after controls	Change since last reported	Risk Owner (Name & Title)
The following risks have been reduced to directorate/service risks							
CR.034	Short Breaks Recommissioning IF/AS: Short breaks recommissioning is delayed THEN: Significant reputational damage may be caused	Jul-14	16	DLT have been made aware of this situation. There will always be searches of this nature; and contract compliance visits are required to be completed. There are due to be staffing changes with new roles being created.	12	◀	Children's Joint Commissioning Manager
CR.035	Early Help IF/AS: The new early help strategy is not implemented quickly and effectively THEN: The child protection system will come under pressure again; OR children and their families will be waiting for support which if not available within a reasonable time, may lead to an increase in risk of harm.	Dec-16	16	Safeguarding procedures are integrated into organisational commissioning and monitoring, recruitment and training processes. The governance of the Early Help strategy includes the reporting to the multi-agency Herefordshire Safeguarding Board.	12	◀	HoS Education Development

Risk Reference	Risk Description	Opened	Risk score before controls	Existing Controls in Place	Risk score after controls	Change since last reported	Risk Owner (Name & Title)
	<p>Local flood risk management strategy IF/AS: The implementation of the LFRMS is not fully embedded, THEN: HC will not be able to manage local flood risk in a more co-ordinated way and won't be able to help individuals, communities, businesses and authorities understand and manage flood risk within the county.</p>	Aug-14	15	<p>BBLP were awarded HC's contract for Public Realm Services in 2013 and as part of this Contract, BBLP is required to produce an annual plan which helps guide service delivery. The 'Managing water on the network' annexe details how BBLP will undertake activities and services such as highway drainage, land drainage and flood risk management on behalf of HC and is reviewed each year. This annexe includes the development of Herefordshire's Local Flood Risk Management Strategy (an important document for the on-going management of flood risk throughout the county which was agreed in October 2017). The LFRMS sets out our risk-based approach which targets resources and funding at those parts of the county that are most susceptible to flooding. BBLP undertake studies to enable funding grants to be accessed for Flood Risk reduction works and identify appropriate design options which are sufficient for a funding application to be progressed/made. The LFRMS contains an Action Plan which sets out how we will deliver the objectives identified and our progress will be reviewed annually and reported to General Scrutiny Committee.</p>	9	▼	Head of Highways and Community Services



Meeting:	Audit and governance committee
Meeting date:	Wednesday 29 November 2017
Title of report:	Council constitution
Report by:	Solicitor to the council (monitoring officer)

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To consider how to undertake the 2018 annual review of the constitution.

A function of this committee is to maintain an overview of the council's constitution and recommend any changes to council. The review is scheduled in the work programme for January of each year. The purpose of the report is to establish how the review will be undertaken.

Recommendation(s)

That:

- (a) the questionnaire in appendix 1 is approved for circulation to all members;**
- (b) a constitution working group be established, with terms of reference as set out in paragraph 4, to consider any revised changes to the constitution; and**
- (c) the committee determine membership of the constitution working group.**

Alternative options

1. To not undertake a review at this time due to the fact that the revised constitution has only been in operation since May 2017; this is not recommended because the work needed to make changes to the constitution takes time and if this was not commenced until after May 2018 the current constitution could be in operation for 18 months without changes being made.
2. To propose alternative or additional methods of undertaking the review. More in depth consultation could be undertaken – this is not recommended given the short period of time the constitution has been in operation and the absence of any evidence supporting the need for a more fundamental review. The committee may decide not to establish a member working group – this is not recommended as the working group model provided an effective mechanism for ensuring that members of all groups had appropriate opportunities to make their views known and to ensure that amendments proposed are in line with the agreed design principles.

Key considerations

3. In December 2016 and May 2017 Council approved a revised constitution for implementation with effect from the annual council meeting in May 2017. The work was undertaken by two member-led working groups who have completed their work and are no longer operating:
 - the standards working group –; which was a working group of this committee; and
 - the governance improvement working group – which was a working group which reported to this committee, but whose membership (in line with guidance on reviewing models of governance) ensured cross party representation as well as representation from the various functions (audit, executive, regulatory, and scrutiny).
4. The establishment of a working group is useful to this committee given the detail to be discussed and debated. The terms of reference for such a group would be to oversee a review of the constitution, ensure that opportunities for members to engage in the review process are appropriate and communicated effectively, and recommend any changes to the committee ensuring that any such recommendations align to the design principles. The intention is to conduct a light touch review to ensure the constitution remains fit for purpose and is operating as intended to meet the agreed design principles.
5. The membership would normally be drawn from the committee, although it is open to the committee to co opt previous members of the governance improvement working group, some of whom have expressed interest in continuing to be involved, which would assist in providing a balance of continuity and ‘fresh eyes’ as well as representation from all political groups.
6. It is important that all members are able to provide their views on the operation of the constitution so it is proposed that the questionnaire in appendix 1 is used via survey monkey, to gather views and identify any areas of particular problem or concern. The questions as posed follow the design principles that were approved by the audit and governance committee in November 2015, and which sought to ensure that:
 - a) Members and officers perform effectively in clearly defined functions and roles
 - b) Member engagement and participation is maximised, including the involvement of

- all members in the development of key policies
- c) Decision making is informed, transparent and efficient
- d) The council welcomes public engagement and makes accountability real

7. The anticipated timetable and activity for the working group is as follows;

Date	Activity
1 December 2017	Send survey to all members
1 January 2018	Survey end date
2- 5 January	Collate survey results
w/c 8 January	Meeting of working group to consider survey results
16 January	Publish working group progress report for AGC
24 January	AGC meeting
w/c 5 February	Meeting of working group to agree (if any) recommended changes to constitution
March group leaders meeting	Consult with group leaders
13 March	Publish working group recommendations for AGC
21 March	AGC meeting
25 May	Full council meeting
25 May	Any changes to the constitution implemented

Community impact

8. The constitution sets out how the council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The format and content of the revised constitution should help make these arrangements clearer to understand, and show how the public can effectively engage with them.

Equality duty

9. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

10. The review of the constitution will seek to ensure that, in its decision-making and its operations, the council fully complies with the public sector equality duty.

Resource implications

11. None arising from the recommendations. The council already makes provision within its

existing budgets to enable publication of the constitution on its website and to ensure that members and officers have the training necessary to ensure awareness and understanding of the requirements within the constitution.

Legal implications

12. The council must prepare and keep up to date a constitution in accordance with s37 of the Local Government Act 2000.

Risk management

13. If the council's constitution is not accurate, up to date and understood then there is a risk that governance arrangements are not clear and robust leaving the council open to judicial review, contractual challenge or financial risk.

Consultees

14. Group leaders were asked for their views as to whether previous working group members who were not members of the committee but had expressed a desire to participate should have the opportunity to be co-opted onto such a working group. Group leaders suggested that any working group established by audit & governance committee would undoubtedly benefit from the experience of members who had been closely involved in the recent review, as well as new members with a fresh view. It was emphasised that any members should be able to provide their views to working group members and through an online survey on the membership of the working group.

Appendices

Appendix 1 – proposed survey monkey questionnaire

Background papers

None identified.

DRAFT Survey questions for constitution review based on design principles

Q1 Do you think that the constitution clearly defines the roles and functions of Members and officers?

Yes

No

If no, what improvements would you like to see?

Q2 Do you think that member engagement and participation has improved?

Yes

No

If no, what improvements would you like to see?

Q3 Do you think that the decision making process is more informed, transparent and efficient?

Yes

No

If no, what improvements would you like to see?

Q4 Do you think there is better public engagement and makes accountability real?

Yes

No

If no, what improvements would you like to see?

Q5 Are there any other improvements you would like to see?

Free text

Q6 What do you think is working well?

Free text



Meeting:	Audit and governance committee
Meeting date:	Wednesday 29 November 2017
Title of report:	Confidential reporting code (Whistleblowing)
Report by:	Solicitor to the council (monitoring officer)

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To agree the process and timetable for undertaking the scheduled biennial review of the confidential reporting (whistleblowing) code .

A function of this committee is to maintain an overview and agree changes to the council policies on 'Raising Concerns at Work.' The last review took place on 23 September 2015.

Recommendation(s)

That:

- (a) the constitution working group be asked to consider any revised changes to the code.

Alternative options

1. To not undertake a review in line with the constitutional design principles and simply update any typographical or out of date references; this is not recommended because the current code does not fit the same style as the rest of the constitution.

2. To defer a review of the current code to another time. This is not recommended because the current code has been in operation since September 2015.
3. To propose alternative or additional amendments to the recommendations; it is open to the committee to propose alternative or additional considerations.

Key considerations

4. The council's confidential reporting (whistleblowing) policy is intended to encourage and enable employees to raise concerns with the council without fear of victimisation, subsequent discrimination or embarrassment.
5. The policy plays an important part in meeting the council's commitment to openness, honesty and ethical propriety and compliments the objectives of a number of other council policies and supports the council's anti-fraud and bribery policy and the code of conduct for qualifying employees of the council.
6. As the policy is one of the codes in the constitution it is considered that the content should reflect the design principles set out below and fits with the same style format as the rest of the constitution.
 - a) Members and officers perform effectively in clearly defined functions and roles
 - b) Member engagement and participation is maximised, including the involvement of all members in the development of key policies
 - c) Decision making is informed, transparent and efficient
 - d) The council welcomes public engagement and makes accountability real
7. It is therefore recommended that the constitution working group review the code as part of their terms of reference.

Community impact

8. Herefordshire Council is accountable for how it uses the resources under its stewardship, including accountability for outputs and outcomes achieved. In addition the council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, we can demonstrate the appropriateness of all our actions across all our activities and have mechanisms in place to encourage and enforce adherence to ethical values and respect the rule of law. The confidential reporting code is part of the council's governance arrangements. Periodic reviews to ensure the code remains current, fit for purpose and effective helps the council to meet the principles within its code of corporate governance

Equality duty

9. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
10. The review of the code will seek to ensure that, the council fully complies with the public section equality duty.

Resource implications

11. None arising from the recommendations.

Legal implications

12. None arising from the recommendations.

Risk management

13. Failure to maintain a legally compliant whistle blowing policy could contravene employment law and leave the council open to challenge with associated financial penalties and bring the council into disrepute.

Consultees

14. None

Appendices

15. None.

Background papers

None identified.



Meeting:	Audit and governance committee
Meeting date:	Wednesday 29 November 2017
Title of report:	Code of Conduct questions
Report by:	Solicitor to the council (monitoring officer)

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To consider questions raised at Council on 13 October 2017.

The two questions raised relate to this committee's function to promote and maintain high standards of conduct by members and co-opted members of the Council.

Recommendation(s)

That:

- (a) the committee considers the questions posed and provides a response.**

Alternative options

1. None, the questions were referred to this committee at the meeting of full council.

Key considerations

2. Mr Stow, the council's independent person, raised a question as a member of the public at the Council meeting on 13 October 2017. The question related to the question he raised at the last meeting of this committee and the concerns made when he was consulted on the annual report on the code of conduct complaints.

3. The question posed is;

The Department for Communities and Local Government (DCLG) has stated that transparency and openness should be the fundamental principle behind everything council's and other local government bodies do...". On 20 September the audit and governance committee decided to withhold parish and town council names from the Annual Report on Code of Conduct Complaints. How is this secrecy compatible with DCLG's fundamental principle?

4. There is no legal requirement to provide an annual report, it is one way however that the council promotes high standards. There is no legal requirement as to the form or content of any such report. There is no legal requirement to publish members or parish/ town councils names and our policy does not refer to doing so. The council's approach to date has been to provide information in statistical form, to enable identification of trends or risks.

5. The openness regulations of 2014 which caused the government to make the statement Mr Stow refers to relates to the publication of decisions and reports. The code of conduct annual report has complied with these regulations.

6. Nonetheless if the committee believe it will assist them in discharging the duty to maintain and uphold high standards of conduct to provide such names this can be provided.

7. The second question posed from Councillor Harvey is;

Please will the leader of the council provide this council with his assurance that the decision made on any code of conduct complaint which is informally determined by the monitoring officer – whether upheld or dismissed – can be relied upon in exactly the same manner as a complaint determined by a full Standards Panel; and that therefore this council's adopted Standards Procedure meets all of the objectives for the changes to the standards process which were intended in the Localism Act 2011?

8. As part of the annual monitoring officer's report to this committee in November 2015 the existing complaints procedure was identified as further work for the committee's work programme. In addition it was resolved that the committee would oversee the review via a working group with Mr John Sharman as the council's then independent person.

9. This committee approved the complaints process at its meeting on 9 May 2016.

10. Section 28 (6) of the Localism Act 2011 requires Herefordshire council to have in place arrangements under which (1) allegations can be investigated, and (2) decisions on allegations can be made.

11. Section 28 (7) contains the only procedural requirement and that is that the arrangements relating to decisions must include provision for the appointment by the authority of at least one independent person.
12. The council complies with the Localism Act 2011 and this committee has determined that monitoring officer resolution is appropriate, proportionate and can be relied upon for upholding high standards of conduct.

Community impact

13. Having an effective process for dealing with code of conduct complaints upholds principle A and G of the code of corporate governance by ensuring that councillors behave with integrity and that councillors are accountable for their actions. This should provide reassurance to the community that councillors are behaving in the best interests of their communities.

Equality duty

14. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
15. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

16. None arising from the recommendations.

Legal implications

17. As detailed in the report

Risk management

18. There are no risks arising directly from the report which is for information. Maintaining high standards of conduct mitigates risks to the reputation of the council. How the arrangements are managed can be cause for complaint and are dealt with by the chief executive. The fact that only recommendations can be made exposes the council to risk of criticism, this is a result of the national framework.

Consultees

19. None.

Appendices

20. None.

Background papers

None identified.



Meeting:	Audit and governance committee
Meeting date:	Wednesday 29 November 2017
Title of report:	Internal control working group update
Report by:	Section 151 Officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To update the committee on the progress of the internal control working group.

Recommendation(s)

That:

- (a) **The committee comment on the progress to date of the working group and recommend any further actions which may be needed.**

Alternative options

1. There are no alternative options as the report provides a summary of the working group.

Key considerations

2. The working group was created on 29 September 2017 with members (Councillors ACR Chappell, EPJ Harvey and PD Newman, OBE), their terms of reference are:
 - to act as a reference group for the internal control improvement board

- to gain assurance that actions were appropriate and in proportion to the risk, and were being implemented in a timely fashion.
3. The group have met twice on 26 October 2017 and again on 9 November 2017.
 4. The working group have also observed a meeting of the internal control improvement board which took place on 9 November 2017.
 5. The working group's current understanding is -
 - The internal control improvement board is providing monthly updates the council's management team meeting.
 - Good progress is being made on delivering the specific recommendations made by SWAP as part of its investigation into the refurbishment of Blue School House. The internal control improvement board will provide a full report to the January committee meeting which will include a mapping of how all those recommendations are being delivered.
 - The internal control improvement board are also considering a range of additional recommendations relating to a number of changes to the internal control environment within the council. An update will be provided to the January committee meeting.
 - The internal control improvement board has commissioned a review of reporting of capital projects to make recommendations to improve the transparency of capital reporting, and systemising the processes to record capital income, expenditure and the forecasting thereof. An update will be provided to the January committee meeting.
 - The HR investigation is still ongoing.

Community impact

6. The recommendation support achievement of the council's corporate plan priority to secure better services, quality of life and value for money by ensuring there is robust and proactive management of council resources

Equality duty

7. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
8. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate

that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision for noting we do not believe that it will have an impact on our equality duty

Resource implications

9. There are no resource implications directly arising from this report as it is for information purposes only.

Legal implications

10. There are no legal implication directly arising from this report as it is for information purposes only.

Risk management

11. There are no risks directly arising from this report which is for information purposes only

Consultees

12. None.

Appendices

None

Background papers

None



Meeting:	Audit and governance committee
Meeting date:	Wednesday 29 November 2017
Title of report:	External audit progress report
Report by:	Chief finance officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

For the committee to review the external auditor's progress report and update attached at Appendix 1.

Recommendation(s)

That:

- (a) the progress report and update attached at appendix 1 is reviewed and the committee determine any recommendations it wishes to make to ensure the value of the audit work is maximised.

Alternative options

1. There are no alternative recommendations. The report provides a factual update on progress against the agreed external audit annual plan, together with briefings on a range of matters of local government interest.

Key considerations

2. The external auditor's report at appendix 1 provides a progress report on actions to complete the 2016/17 annual audit plan and the timetable planned to undertake the 2017/18 annual audit plan. It includes a briefing on changes that will need to be reflected in the statement of accounts and wider sector issues for consideration by the committee.
3. The annual opinion in respect of the 2016/17 external audit identified a number of improvement areas in relation to preparedness for and responsiveness to the external audit. In preparing for the 2017/18 audit council officers are working with the external audit team to establish a more clearly defined and detailed operational work plan, including roles and responsibilities of both parties to ensure the identified risks are effectively mitigated, an update will be shared in the new year.

Community impact

4. One of the principles in the council's code of corporate governance is to implement good practices in transparency, reporting, and audit to deliver effective accountability. To support effective accountability the council is committed to reporting on actions completed and outcomes achieved, and ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner. External audit contributes to effective accountability.

Equality duty

5. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
6. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

7. The update has no direct resource implications however the consideration of sector wide issues may lead to further work streams being identified.

8. As approved by the committee in May the 2017/18 annual audit fee totals £124k. The external auditors are also required to certify the housing benefit grant, the associated fee for this work is expected to total £6k.

Legal implications

9. There are no legal implication arising from this report.

Risk management

10. The potential risks of being unaware of the update include not producing compliant statement of accounts, this is being mitigated by ensuring the corporate finance team maintain up to date financial knowledge and awareness and maintain open dialogue with the council's external auditors with whom there will be an established, defined and detailed operational work plan.

Consultees

11. None

Appendices

Appendix 1 External audit progress report and update

Background papers

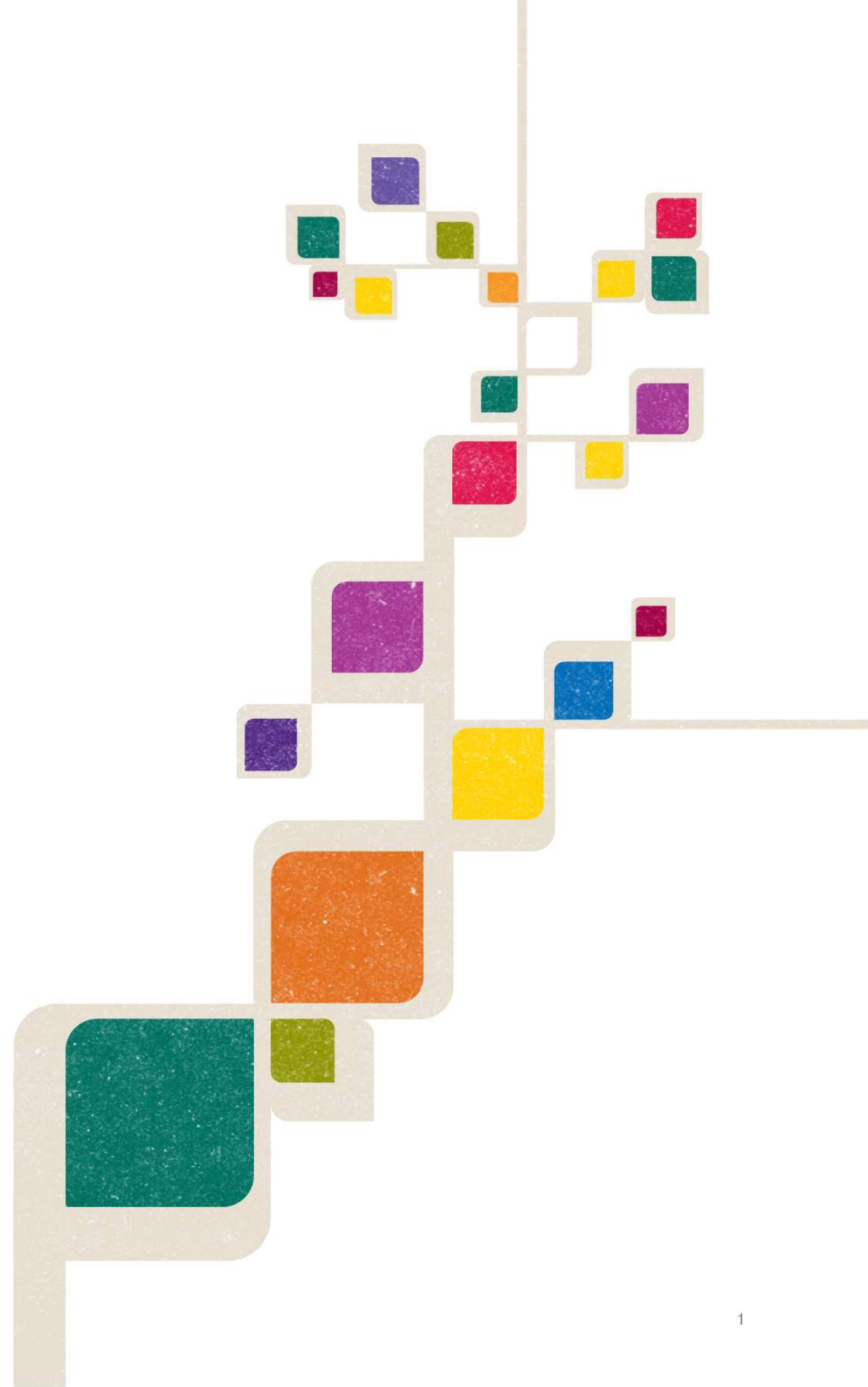
None identified.

Audit Committee Update Herefordshire Council Progress Report and Update

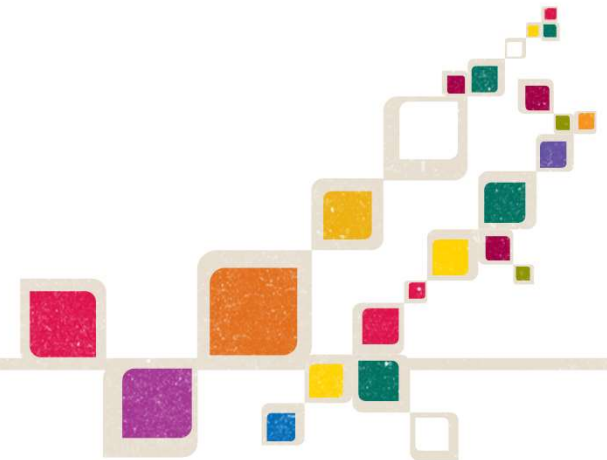
November 2017

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Zoe Thomas
Audit Manager
T 07880 456 119
E Zoe.thomas@uk.gt.com



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



Introduction

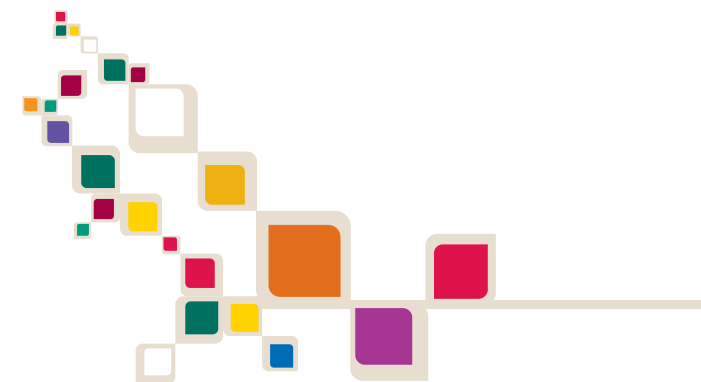
This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit and Governance Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications and articles, including the reports mentioned in this update along with other items:

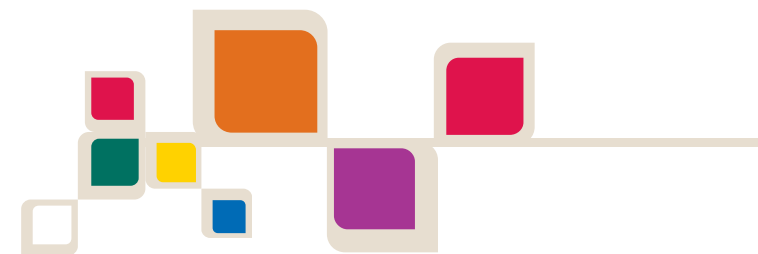
- Income generation is an increasingly essential part of providing sustainable local services ; <http://www.grantthornton.co.uk/en/insights/the-income-generation-report-local-leaders-are-ready-to-be-more-commercial/>
- Social enterprises are becoming increasingly common vehicles for delivering services that are not an ‘essential’ service for an authority but still important to the local community; <http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>
- Fraud risk, 'adequate procedures', and local authorities; <http://www.grantthornton.co.uk/en/insights/fraud-risk-adequate-procedures-and-local-authorities/>
- Brexit and local government; <http://www.grantthornton.co.uk/en/insights/a-global-britain-needs-more-local-government-not-less/> and <http://www.grantthornton.co.uk/en/insights/brexit-local-government--transitioning-successfully/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

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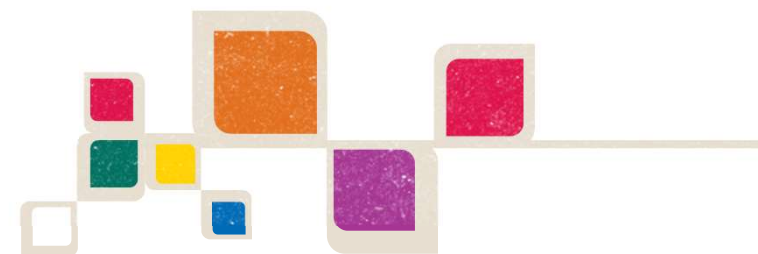
Progress at November 2017



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2016/17			
	Planned Date	Complete?	Comments
<p>Annual Audit letter The Annual Audit letter is contained within the Audit and Governance Committee papers</p>	November 2017	yes	This report summarises the work completed and our findings for the 2016/17 financial year.
<p>Certification of claims and returns Housing Benefits Subsidy Under the PSAA contract we complete the audit of the Housing Benefit Subsidy return, in line with the procedures specified by the NAO.</p>	November 2017	In progress	Our work on the claim is substantially complete, and we will issue our certificate along with the qualification letter by the 30 November 2017 deadline
<p>Other claims and returns The council has asked us to complete the audit of the teachers' pension return</p>		Not started	When we receive the return we will issue our engagement letter for agreement and then complete the specified audit procedures.
2017/18			
	Date	Complete?	Comments
<p>Fee Letter We are required to issue a planned fee letter for 2017/18 by the end of April 2017.</p>	April 2017	yes	This is the final audit year under the current contract.
<p>Accounts Audit Plan We will issue a detailed accounts audit plan, setting out our proposed approach to the audit of the Council's 2017/18 financial statements. The statutory deadline for the issued of the 2017/18 opinion is brought forward by two months to 31 July 2018. We are discussing with your officers our plan and timetable to ensure that we complete our work by this earlier deadline.</p>	January 2018	Not started	The plan will be issued upon completion of our audit planning which we are scheduled to start in December 2017. .

Progress at November 2017



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2017/18	Planned Date	Complete?	Comments
<p>Interim accounts audit</p> <p>Our interim fieldwork visit plan will reflect the need to complete as much as possible earlier in the audit cycle. Our work will include:</p> <ul style="list-style-type: none"> • review of the Council's control environment • Updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • Value for Money conclusion risk assessment. 	<p>January and March 2018</p>	<p>Not started</p>	<p>We plan to undertake 2 interim visits in 2018, the first in January and the second during March . We intend to bring forward as much work as possible of our substantive (transactional testing) with the aim to reduce the amount of work to be undertaken in the summer.</p> <p>We will discuss with your officers the work we propose to complete to ensure that agreed information is available.</p> <p>We will provide an update on our work progress and findings within future progress reports to the committee.</p>
<p>Final accounts audit</p> <ul style="list-style-type: none"> • proposed opinion on the Council's accounts • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. 	<p>July 2018</p>	<p>Not started</p>	<p>We are planning undertake the final visit during June and July 2018</p>
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work is unchanged to last year and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The guidance confirmed the overall criterion as; "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".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 	<p>By 30 July 2018</p>	<p>Not started</p>	<p>We plan to complete work on any value for money conclusion risks by March 2018 and report within the the Audit Findings Report in July.</p>

Technical Matters



Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and forthcoming provisions for IFRS 9 and IFRS 15

Code of Practice on Local Authority Accounting in the United Kingdom 2017/18

CIPFA/LASAAC has issued the Local Authority Accounting Code for 2017/18. The main changes to the Code include:

- amendments to section 2.2 (Business Improvement District Schemes (England, Wales and Scotland), Business Rate Supplements (England), and Community Infrastructure Levy (England and Wales)) for the Community Infrastructure Levy to clarify the treatment of revenue costs and any charges received before the commencement date
- amendment to section 3.1 (Narrative Reporting) to introduce key reporting principles for the Narrative Report
- updates to section 3.4 (Presentation of Financial Statements) to clarify the reporting requirements for accounting policies and going concern reporting
- changes to section 3.5 (Housing Revenue Account) to reflect the Housing Revenue Account (Accounting Practices) Directions 2016 disclosure requirements for English authorities
- following the amendments in the Update to the 2016/17 Code, changes to sections 4.2 (Lease and Lease Type Arrangements), 4.3 (Service Concession Arrangements: Local Authority as Grantor), 7.4 (Financial Instruments – Disclosure and Presentation Requirements)

- amendments to section 6.5 (Accounting and Reporting by Pension Funds) to require a new disclosure of investment management transaction costs and clarification on the approach to investment concentration disclosure.

Forthcoming provisions for IFRS 9 and IFRS 15

CIPFA/LASAAC has issued 'Forthcoming provisions for IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers in the Code of Practice on Local Authority Accounting in the United Kingdom 2018'. It sets out the changes to the 2018/19 Code in respect of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. It has been issued in advance of the 2018/19 Code to provide local authorities with time to prepare for the changes required under these new standards.

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes a single classification approach for financial assets, a forward looking 'expected loss' model for impairment (rather than the 'incurred loss' model under IAS 39) and some fundamental changes to requirements around hedge accounting.

Technical Matters

Questions:

- Is your Head of Finance aware of the changes to the Code of Practice in 2017/18 and the forthcoming changes to lease accounting and revenue recognition?

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 changes the basis for deciding whether revenue is recognised at a point in time or over a period of time and introduces five steps for revenue recognition.

It should be noted that the publication does not have the authority of the Code and early adoption of the two standards is not permitted by the 2017/18 Code.

Sector issues



Independent Review of Building Regulations and Fire Safety

Sector Issues

The Government has published the terms of reference for the independent Review of Building Regulations and Fire Safety, commissioned following the Grenfell Tower fire tragedy.

The DCLG press release states:

“This Review will urgently assess the effectiveness of current building and fire safety regulations and related compliance and enforcement issues, with a focus on multi occupancy high rise residential buildings. This will include addressing whether the government’s large-scale cladding system testing programme identified any potential systemic failures.

The Review’s 2 key priorities are to develop a more robust regulatory system for the future and provide further assurance to residents that the buildings they live in are safe and remain safe. While the Review will cover the regulatory system for all buildings, it will have a specific focus on multi occupancy high rise residential buildings.

Dame Judith Hackitt, a qualified engineer with strong regulatory background, is leading the Review and will draw on the experience of local government, industry, the fire sector, international experts and MPs. She will also engage with residents of multi occupancy residential buildings.

The Review will report jointly to Communities Secretary Sajid Javid and Home Secretary Amber Rudd. An interim report will be submitted in autumn 2017 and a final report submitted in spring 2018. The Review will co-operate fully with the Public Inquiry, and Dame Judith Hackitt will review her recommendations in the light of the findings of the Inquiry.”

The terms of reference state that the review will:

- map the current regulatory system (i.e. the regulations, guidance and processes) as it applies to new and existing buildings through planning, design, construction, maintenance, refurbishment and change management;
- consider the competencies, duties and balance of responsibilities of key individuals within the system in ensuring that fire safety standards are adhered to;
- assess the theoretical coherence of the current regulatory system and how it operates in practice
- compare this with other international regulatory systems for buildings and regulatory systems in other sectors with similar safety risks;
- make recommendations that ensure the regulatory system is fit for purpose with a particular focus on multi-occupancy high-rise residential buildings.

The full terms of reference are available at:

<https://www.gov.uk/government/publications/independent-review-of-building-regulations-and-fire-safety-terms-of-reference>

Procurement of external audit services



Public Sector
Audit Appointments

Sector Issues

Procurement outcome

As a result of the highly successful procurement of auditor services, opted-in Local government and police bodies throughout England will collectively benefit from reduced fees for audit services in 2018/19 compared to 2016/17. Aggregate savings are expected to exceed £6 million per annum, equivalent to a reduction of approximately 18% in the scale fees payable by local bodies.

The results of the process announced on 20 June 2017 involve the award of the following contracts:

- Lot 1 of approx. £14.6 million per audit year was awarded to Grant Thornton LLP;
- Lot 2 of approx. £10.9 million per audit year was awarded to EY LLP;
- Lot 3 of approx. £6.6 million per audit year to awarded to Mazars LLP;
- Lot 4 of approx. £2.2 million per audit year to awarded to BDO LLP;
- Lot 5 of approx. £2.2 million per audit year to awarded to Deloitte LLP; and
- Lot 6 with no guaranteed value of work to awarded to a consortium of Moore Stephens LLP and Scott-Moncrieff LLP.

Contracts were awarded on the basis of most economically advantageous tender with 50% of the available score awarded to price and 50% awarded to quality.

The procurement strategy, agreed by the PSAA Board in December 2016, sets out the basis on which the procurement of audit services was carried out.

Finalising and confirming appointments

The PSAA Board will approve all proposed appointments from 2018/19, following consultation with audited bodies, at its meeting in mid-December. The Board's decision on the appointment of auditors is final. Following Board consideration, we will write to each audited body to confirm their appointment. We plan to send all confirmations on 18 December.

Housing Benefit (Subsidy) Assurance Process 2018/19: Module 1 Special Purpose Framework Instruction:

This Circular sets out the arrangements for the audit of the housing benefits subsidy for 2018/19. It is for the LA to appoint a reporting accountant to undertake this work and notify the DWP of this. A standard letter of notification for the LA use is set out in Appendix 1 of the above document. This letter of notification must be issued to the DWP by the LA no later than the 1st March 2018.

Local Authority 2016/17 Revenue Expenditure and Financing

Sector Issues

DCLG has produced a summary of Local Authorities' 2016/17 provisional revenue spending and financing. It notes that Local government expenditure accounts for almost a quarter of all government spending and the majority of this is through local authority revenue expenditure. The summary is compiled from the Revenue Outturn (RO) returns submitted by all local authorities in England. Coverage is not limited to local councils in England and includes other authority types such as Police and Crime Commissioners and Fire authorities.

The headline messages include:

- Local authority revenue expenditure totalled £93.5 billion for all local authorities in England in 2016-17. This was 1.1% lower than £94.5 billion spent over 2015-16.
- Expenditure on Adult Social Care increased to £14.9 billion in 2016-17. This was £0.5 billion (3.6%) higher than in 2015-16. 2016-17 was first year local authorities were able to raise additional funding for Adult Social Care through the council tax precept.
- The largest decrease in local authority expenditure was on Education services. This was £0.8 billion (2.4%) lower in 2016-17 than in 2015-16. The majority of this decrease is due to local authority funded schools converting to academies.
- Local authorities are financing more of their expenditure from locally retained income. 40.4% of revenue expenditure was funded through council tax and retained business rates and 57.5% from central Government grants. The remaining 2.1% was funded by reserves and collection fund surpluses. These percentages were 38.7%, 60.4% and 0.9% respectively in 2015-16.
- Local authorities used £1.5 billion (6.2%) of the £24.6 billion reserves balance held at the start of the 2016-17.
- Local authorities' use of reserves was £1.1 billion higher in 2016-17 than in 2015-16. Due to changes in their capital programme, £0.5 billion of this increase is due to the Greater London Authority.

The full report is available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/639755/Revenue_Expenditure_and_Financing_2016-17_Provisional_Outturn.pdf

Did you know....

This data set and many others are included in CFO Insights.

CFO Insights is the Grant Thornton and CIPFA online analysis tool. It gives those aspiring to improve the financial position of their organisation instant access to insight on the financial performance, socio-economic context and service outcomes of theirs and every other council in England, Scotland and Wales.

More information is available at:

<http://www.cfoinsights.co.uk/>

Grant Thornton publications



Combined Authorities: Signs of Success

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In her foreword to ‘Building our Industrial Strategy’ the Prime Minister states that the initiative “will help to deliver a stronger economy and a fairer society – where wealth and opportunity are spread across every community in our United Kingdom, not just the most prosperous places in London and the South East.” Combined Authorities (CAs) – the newest model for the governance of local public services – are central to this.

In response to this, Grant Thornton and Bond Dickinson have jointly commissioned a report which provides an insight into the establishment of each combined authority in the context of their specific challenges. It is still early days for most combined authorities – the political and administrative difficulties of adopting this model are not to be under-estimated - but early signs are emerging of their potential to innovate and drive success.

The report benchmarks combined authorities using key indicators of growth, housing, transport and skills amongst others. We have also used our Vibrant Economy Index, which goes beyond financial returns and takes into account the wellbeing of society, to compare city regions. We believe that these benchmarks can serve as a baseline for assessment of progress over time.

Key findings from the report:

- CAs must begin to reduce the institutional blurring with historic local government structures that has occurred with their formation. As greater clarity emerges over their roles, functions, and profiles of individual mayors, ; their perceived legitimacy will increase.
- CAs stand and fall on their ability to add value through targeted investment, strategic co-ordination, joined-up policy and the leveraging in of additional resources (particularly additional private sector funds).
- There is no single checklist or set of criteria for measuring the success of mayors and combined authorities, each city region must articulate its own challenges and show progress in tackling them.
- A balanced set of benchmarks encompassing both economic and social success will, however, serve as a useful stimulus for the debate around the impact of the combined authority model over time.

Grant Thornton publications

Questions:

- Have you read our report?



Combined Authorities: signs of success



<http://www.grantthornton.co.uk/en/insights/combined-authorities-signs-of-success/>

Setting up a successful social enterprise

Local government continues to innovate as it reacts to ongoing austerity. An important strand of this response has been the development of alternative delivery models, including local authority trading companies, joint ventures and social enterprises.

This report focuses on social enterprises in local government; those organisations that trade with a social purpose or carry out activities for community benefit rather than private advantage. Social enterprises come in a variety of shapes and sizes as they do not have a single legal structure or ownership rule and can adopt any corporate form as long as it has a social purpose.

In this report we explore what social enterprises look like, the requirements for setting one up, how they should be managed to achieve success and how they can be ended.

We have complemented this with a range of case studies providing inspiring ideas from those that have been successful and some lessons learned to take into consideration.

Key findings from the report:

- Austerity continues to be a key driver for change: social enterprises are a clear choice where there is an opportunity to enhance the culture of community involvement by transferring these services into a standalone entity at its centre
- The social enterprise model tends to lend itself more to community services such as libraries, heritage management and leisure, but not exclusively so
- Social enterprises can open up new routes of funding including the ability to be flexible on pricing and access to pro bono or subsidised advice
- Some local authorities have converted existing models into social enterprises; for example where a greater focus on social outcomes has been identified

Striking a balance between financial and social returns

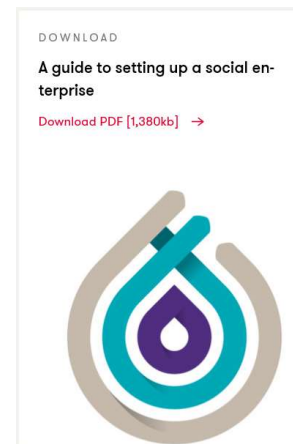
If you are a local authority looking to transition a public service to a social enterprise model certain factors will be key to your success including: leadership, continuing the culture, branding, staff reward and secure income stream.

Download our guide to explore how to handle these factors to ensure success, the requirements for setting up a social enterprise; and how social enterprise can be ended. The guide also showcases a number of compelling case studies from local authorities around England, featuring inspiring ideas from those social enterprises that have been a success; and lessons learned from those that have encountered challenges.

Grant Thornton publications

Questions:

- Is your Council exploring options for delivery of services?
- Have you read our report?
- Have you downloaded our guide?



<http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>

A Manifesto for a Vibrant Economy

Developing infrastructure to enable local growth

Cities and shire areas need the powers and frameworks to collaborate on strategic issues and be able to raise finance to invest in infrastructure priorities. Devolution needs to continue in England across all places, with governance models not being a “one-size-fits all”. Priorities include broadband, airport capacity in the North and east-west transport links.

Addressing the housing shortage, particularly in London and the Southeast, is a vital part of this. There simply is not enough available land on which to build, and green belt legislation, though designed to allow people living in cities space to breath, has become restrictive and is in need of modernisation. Without further provision to free up more land to build on, the young people that we need to protect the future of our economy will not be able to afford housing, and council spending on housing the homeless will continue to rise.

Business rates are also ripe for review – a property-based tax is no longer an accurate basis for taxing the activity and value of local business, in particular as this source of funding becomes increasingly important to the provision of local authority services with the phasing out of the Government’s block grant.

Demographic and funding pressures mean that the NHS no longer remains sustainable, and the integration of health and social care – recognised as critical by all key decision makers – remains more aspiration than reality. .

There is an opportunity for communities to take a more holistic approach to health, for example creating healthier spaces and workplaces and tackling air quality, and to use technology to provide more accessible, cheaper diagnosis and treatment for many routine issues

Finding a better way to measure the vibrancy of places

When applied to a place we can see that traditional indicators of prosperity such as GVA, do not tell the full story. To address this we have developed a [Vibrant Economy Index](#) to measure the current and future vibrancy of places. The Index uses the geography of local authority areas and identifies six broad objectives for society: prosperity, dynamism and opportunity, inclusion and equality, health wellbeing and happiness, resilience and sustainability, and community trust and belonging.

The city of Manchester, for example, is associated with dynamic economic success. While our Index confirms this, it also identifies that the Greater Manchester area overall has exceptionally poor health outcomes, generations of low education attainment and deep-rooted joblessness. These factors threaten future prosperity, as success depends on people’s productive participation in the wider local economy, rather than in concentrated pockets.

Every place has its own challenges and opportunities. Understanding what these are, and the dynamic between them, will help unlock everybody’s ability to thrive. Over the coming months we will continue to develop the Vibrant Economy Index through discussions with businesses, citizens and government at a national and local level.

Guy Clifton – Head of Local Government Advisory

Grant Thornton publications

Question:

- Have you read our manifesto?



CREATING A MANIFESTO
FOR A VIBRANT ECONOMY
Draft recommendations
April 2017



<http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/documents/creating-manifesto-vibrant-economy-draft-recommendations.pdf>

The Board: creating and protecting value

Grant Thornton publications

In all sectors, boards are increasingly coming under pressure from both the market and regulators to improve their effectiveness and accountability. This makes business sense given a strong governance culture in the boardroom produces better results, promotes good behaviour within the organisation and drives an organisation’s purpose.

Grant Thornton’s new report ‘The Board: creating and protecting value’ is a cross- sector review of board effectiveness, based on a survey of executives and non-executives from a range of organisations including charities, housing associations, universities, local government, private companies and publically listed companies.

It considers the challenges faced by boards, ways in which they can operate more effectively; and how to strike the right balance between value protection and value creation.

This report uses the DLMA analysis which categorises skills into four areas: Directorship, Leadership, Management and Assurance. This powerful tool provides a framework (see graph 1) with which to evaluate how well an organisation is performing in balance of skills and understanding of roles; and responsibilities between the executive and Board. It helps align risk (value protection) and opportunity (value creation) with overarching strategy and purpose.

	Value creation		
Non-executives	Directorship How well do the non-executives: <ul style="list-style-type: none"> design, debate and decide the organisation’s future? inspire and guide the executive to realise the organisation’s purpose? provide support to the executives? 	Leadership How well do the executives: <ul style="list-style-type: none"> Make decisions aligned with realising the organisation’s purpose? Inspire and motivate employees to realise the organisation’s purpose? model the values of the organisation? 	Executives
	Assurance How well do the non-executives: <ul style="list-style-type: none"> monitor financial, compliance and business indicators? ensure appropriate processes are in place to manage risk? have oversight of the executive team? 	Management How well do the executives: <ul style="list-style-type: none"> set goals, creating plans and allocating resources to achieve them? effectively assign roles and responsibilities? Focus on day-to-day tasks and resources needed to deliver strategic aims? 	
	Value protection		

Question:

- Have you read our report?

Source: The Board: Creating and protecting value, 2017, Grant Thornton



<http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/board-effectiveness-report-2017.pdf>

International Consortium on Governmental Financial Management

Introduction

Grant Thornton and the International Consortium on Governmental Financial Management (ICGFM) partner every other year to perform an international survey of Public Financial Leaders.

In 2015 the theme was innovation in public financial management. This year's survey has been designed to identify and describe emerging issues around transparency and citizen engagement – building on the themes highlighted in the 2015 report.

The insights will be published in a report later in 2017 and we would be delighted if you were able to spend some time completing the brief on-line questionnaire which can be found [here](#). Your Audit Manager will be able to provide you with a link to the survey if required.

Please note that the ICGFM and Grant Thornton will not identify, or attribute thoughts and quotations to, individual survey respondents in the final 2017 report. This preserves your anonymity, so please respond freely, honestly and openly.

We have again partnered with the ICGFM to survey Financial Leaders

Question:

- Have you completed the ICGFM survey on transparency and citizen engagement?



Innovation in public financial management

in an increasingly complex and uncertain global environment

Global financial management leaders survey 2015





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Meeting:	Audit and governance committee
Meeting date:	Wednesday 29 November 2017
Title of report:	External audit annual audit letter - 2016/17
Report by:	Chief finance officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

For the committee to receive the external auditor's annual audit letter for 2016/17 and determine whether further action or inclusion in the committee's work programme is appropriate.

The audit findings have already been reported to the committee prior to approval of the statement of accounts; formal receipt of the letter completes the annual external audit process.

Recommendation(s)

That:

- (a) **having regard to the external auditor's annual audit letter 2016/17, attached at Appendix A, the committee determine any further actions to be recommended or items to be included in the work programme.**

Alternative options

1. None, the sharing of an annual audit letter from the external auditors forms part of a statutory external audit process, therefore no alternatives are appropriate.

Key considerations

2. The code of audit practice in local government requires external auditors to report to those charged with governance the conclusions they have drawn from their audit work and their opinion on the financial statements and value for money. The annual audit letter 2016/17, attached at appendix A provides this detail. It follows the audit findings report shared with the committee on 20 September, with a final version shared with committee members on the 28 September. The final version confirmed the resolution of the two outstanding audit items; Hoople pensions liabilities and the valuation of the Energy from Waste plant. The committee is requested to consider whether any additional action relevant to the remit of the audit and governance committee is required.
3. The external auditors issued an unqualified opinion on the statement of accounts for 2016/17, however concerns were highlighted in achieving the shorter deadlines for the audit of the 2017/18 statement of accounts. Work has already commenced on addressing these issues and a report in the new year will provide an update to the committee on progress being made.
4. An unqualified conclusion was issued in respect of the value for money assessment for 2016/17. The external auditors are satisfied that the council has proper arrangements in place securing the economy, efficiency and effectiveness in its use of resources.

Community impact

5. The council is responsible for ensuring that appropriate safeguards are in place to ensure that it operates effective governance arrangements and internal controls; the reports and opinions of external audit inform future improvement action.
6. One of the principles in the council's code of corporate governance is to implement good practices in transparency, reporting, and audit to deliver effective accountability. To support effective accountability the council is committed to reporting on actions completed and outcomes achieved, and ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner. External audit contributes to effective accountability

Equality duty

7. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
8. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the

delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

9. There are no specific resource implications arising from this report, the agreed improvements required are being actioned within existing resources.
10. The cost of the annual audit is provided in the appendix, page 14, and is in line with the anticipated cost previously reported to the committee.

Legal implications

11. The annual audit letter is shared as part of the statutory duty of the external audit function.

Risk management

12. Appendix A identifies risks and the actions being taken to mitigate those risks.

Consultees

13. None.

Appendices

Appendix A Annual audit letter

Background papers

None identified



The Annual Audit Letter for Herefordshire Council

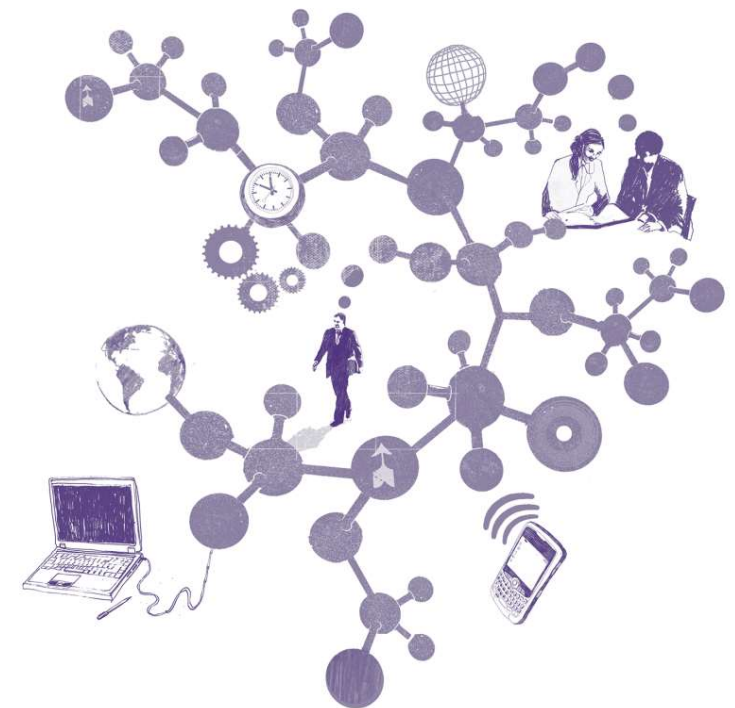
Year ended 31 March 2017

October 2017

Phil Jones
Director
T 0121 232 5232
E phil.w.jones@uk.gt.com

Zoe Thomas
Audit Manager
T 07880 456 119
E Zoe.thomas@uk.gt.com

Kathryn Kenderdine
Audit senior
T 0121 232 5316
E kathryn.a.kenderdine@uk.gt.com



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A Reports issued and fees

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Executive summary

Purpose of this letter

Our Annual Audit Letter (Letter) summarises the key findings arising from the work we have carried out at Herefordshire Council (the Council) for the year ended 31 March 2017.

This Letter provides a commentary on the results of our work to the Council and its external stakeholders, and highlights issues we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Council's Audit and Governance Committee (as those charged with governance) in our Audit Findings Report on 20 September. A further update was provided on 28 September which we understand was circulated to members of the Committee.

Our responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

Our work

Financial statements opinion

We gave an unqualified opinion on the Council's financial statements on 29 September 2017.

As we reported in our Audit Findings Report, there were weaknesses in the quality and accuracy of the accounts presented but also in how the audit was supported by the Council. Material changes were made to the accounts.

If our experience is repeated in 2017/18 it is clear that we will be unable to achieve the new 31 July deadline for issuing the opinion on the accounts.

Value for money conclusion

We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2017. We reflected this in our audit opinion on 29 September 2017 2017.

Certificate

We are currently unable to certify that we have completed the audit of the accounts of Herefordshire Council as we have not yet completed our consideration of other matters brought to our attention by the Council.

Certification of grants

We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2017. We will report the results of this work to the Audit and Governance Committee in our Annual Certification Letter.

Working with the Council/Authority

This report summarises the matters raised in our audit findings report. There are a number of areas highlighted that require attention in 2017/18 to improve arrangements and to enable the accounts to be published by July 2018. We will consider the progress the Council is making as part of our ongoing liaison with officers and as part of our planning for 2017/18, early in the new year. We are already discussing with officers the timetable for our work in 2017/18.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
October 2017

Audit of the accounts

Our audit approach

Materiality

In our audit of the Council's accounts, we applied the concept of materiality to determine the nature, timing and extent of our work, and to evaluate the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the Council's accounts to be £5.9 million, which is 1.8% of the Council's gross revenue expenditure. We used this benchmark, as in our view, users of the Council's accounts are most interested in how it has spent the income it has raised from taxation and grants during the year.

We also set a lower level of specific materiality for related parties and senior officer remuneration.

We set a lower threshold of £295,000, above which we reported errors to the Audit and Governance Committee in our Audit Findings Report.

The scope of our audit

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the Council's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by the Chief Finance Officer are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of the Council and with the accounts included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

The following pages summarise our work and our findings against the risks we reported to you in our Audit plan in March 2017.

Audit of the accounts – Herefordshire Council

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of property, plant and equipment (PPE) The Council revalues its assets on a rolling basis over a five year period. The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements.</p>	<ul style="list-style-type: none"> Review of management's processes and assumptions for the calculation of the estimate. Review of the competence, expertise and objectivity of any management experts used. Review of the instructions issued to valuation experts and the scope of their work Discussions with the Council's valuer about the basis on which the valuation was carried out, challenging the key assumptions. Review and challenge of the information used by the valuer to ensure it was robust and consistent with our understanding. Testing of revaluations made during the year to ensure they were input correctly into the Council's asset register Evaluation of the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value. 	<p>Assets not valued in year: Under the Code, assets should be revalued in a 'short period'. Most authorities meet this requirements through a 5 year rolling programme with additional valuations being requested where there has been a known change in circumstances. There is however an overriding requirement to ensure that the carrying value is not materially different to current value at each year end, of the entire portfolio. The Council's accounting policy refers to an annual review to meet this requirement.</p> <p>To meet this requirement, the Council asks Hub (the expert) for support by providing an evaluation of the change in value of particular classes of assets. At the interim stage of the audit, officers provided a working paper applying the percentages indicated across the classes of assets. When applied to assets not revalued in year, it indicated a material movement in the value of assets not revalued. This matter was finally resolved to our satisfaction in September.</p> <p>PPE testing: Incorrect versions of valuation schedules were initially provided to support the PPE revaluations reflected in the asset register. Later versions did not contain sufficient information to support the change in value or classification of some of the assets we selected for testing, so that further explanations from the valuer were sought. Material errors and subsequent adjustments were made to the accounts</p> <p>Some of these errors should have been identified by the Finance Team's own quality review processes; by challenge of the information provided by the valuer and through questioning unusual movements in balances in the draft accounts before being presented for audit.</p> <p>Agricultural properties: The Council has made the policy decision that retention of the stock for current purposes is no longer a strategic priority. In April 2017 £2m of assets were marketed for sale, the deadline for bids was July 17 and we were informed that completion would be by the calendar year end. They are marketed for £35m. At interim audit we were told that these assets would be reclassified as assets held for sale and valued accordingly. In the accounts they remain as operational assets. No marketing took place until April 2017 and so reclassification as assets held for sale would not be appropriate. The remaining £6.5m are not being marketed due to their development potential, although they continue to be let with ongoing tenancies in place at the year end. Two of the properties have planning permission for industrial use. These continue to be classified and valued as operational properties. We have recommended that this classification is properly considered in 2017/18 and supported by the view of an appropriately qualified valuer.</p> <p>There was no reference to this matter in the draft accounts. The classification and valuation is unchanged from the previous years. The assets were last valued on 1 April 2013 prior to the Council decision on the future of these assets.</p> <p>We sought evidence to support the Council's judgement that the assets classification and valuation remained current in 2017, in view of the time elapsed from the original valuation, the policy decision and the marketed value of the assets. A judgement could have been made that reclassification as surplus or investment properties may more properly reflect the use and purpose of these assets and this would impact on the valuation of these assets.</p> <p>Officers argued that these assets remained operational properties because they all had on-going tenancies at the year end. Evidence was not provided to support this until August 2017, following an initial request in April 2017. We considered that this was a critical accounting judgement in the accounts and should be disclosed. Officers were initially reluctant to accept that this was a critical judgment, the basis of which should be explained, but has now been included in the accounts. The revised accounts reflect a non adjusting post balance sheet event' disclosure to reflect the position when the accounts were approved.</p> <p>This is likely to be a material matter in the 2017/18 accounts. We expect that officers will keep us appropriately informed of developments and that any disposals and the valuation of all these assets will be in line with code requirements, be fully supported by current valuation and will be clearly referenced to in the accounts</p>

Audit of the accounts

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work on the audit of the pension fund.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of pension fund net liability</p> <p>The Council's pension fund net liability, as reflected in its balance sheet, represents a significant estimate in the financial statements.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">137</p>	<ul style="list-style-type: none"> Identifying the controls put in place by management to ensure that the pension fund net liability is not materially misstated and assessing whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement. Review of the competence, expertise and objectivity of the actuary who carried out the Council's pension fund valuation. Gaining an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made. Review of the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from your actuary. 	<p>We are satisfied that the actuary is appropriately qualified to undertake the work for Herefordshire Council.</p> <p>In considering the actuarial assumptions we have considered the views of our 'Auditors expert' PWC on the broad approach adopted by the actuary. In addition we have sought assurance from the auditor of the Pension fund administrator on the adequacy of their arrangements. No matters of concern have arisen from these enquiries.</p> <p>We have also considered the basis for any local assumptions referred to in the Mercers report and those stated in the accounts. Within the Mercers report there is reference to inclusion of Hoople Ltd pension assets within their ISA19 figures. There is no information provided on the values. Prior to this year, inclusion of Hoople assets and liabilities was up to the point of transfer of staff to Hoople from Herefordshire Council. This new assumption indicated that amounts accrued since this point were now also included. No reference to this has been made in the draft accounts. We had been discussing this matter since the interim audit and were assured that evidence would be made available to support the inclusion in the accounts.</p> <p>The Council sought advice on this matter and the accounts were adjusted in September 2017. We are satisfied that the IAS 19 disclosures have been appropriately adjusted and are not materially misstated.</p> <p>We also discussed with officers the council's commitment to the pension fund for pre 2011 Hoople Ltd liabilities and how this should be recognised in the accounts. Officers explained their judgement as to why this was not an insurance contract or a derivative financial liability. We concluded that the matter was not material.</p>

Audit of the accounts

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work on the audit of the pension fund.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Changes to the presentation of local authority financial statements CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 CIPFA Code of Practice.</p> <p>The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> documented and evaluated the process for the recording the required financial reporting changes to the 2016/17 financial statements reviewed the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Council's internal reporting structure reviewed the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS) tested the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES tested the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger tested the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements reviewed the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice. 	<p>The accounts presented were not compliant with the new Code requirements and a number of audit adjustments were made to primary statements. The overarching principle of the 'telling the story' project is to simplify the accounts and to provide a better link to the in year reporting and this was not achieved in the first draft of the accounts.</p> <p>Adjustments were made as follows:</p> <p>CIES: this has been restated as items had been included within a corporate line when the costs were attributable to service heads.</p> <p>MIRS: most councils are changing the presentation of the MIRS to simplify it. Herefordshire has chosen not to, with the format remaining the same as in 2015/16. This is acceptable under the Code although the Council should have included a total column after the General Fund and Earmarked reserves columns to show the total General Fund Balance in order to meet the Code requirement in para 3.4.2.55. This is key to the new Expenditure and Funding Analysis (EFA).</p> <p>There should also be a note supporting the adjustments between accounting basis and funding basis under regulations. This is included in other councils financial statements and the consequence for Herefordshire is that the cross reference on the MIRS does not explain the movement clearly and additional notes have been added to the EFA. This all makes the statements difficult to follow.</p> <p>A prior period restatement note was not included, which is a code requirement.</p> <p>Expenditure and Funding analysis: This was not presented in line with the Code, nor did it correctly balance with the MIRS.</p> <p>The Code makes clear that the accounts should introduce the EFA to explain its purpose to the user of the accounts. No introduction was provided.</p> <p>Other matters:</p> <p>The primary financial statements did not include any cross reference to the supporting notes, making it almost impossible for the user of the accounts to navigate the financial statements.</p> <p>As part of the drafting the accounts, we ask officers to complete the SORP disclosure checklist. This had been completed and indicated that the accounts were compliant in all areas. This evidently was not the case and we would recommend that in future years this is completed by a more senior member of staff as part of the quality review process.</p>

Audit of the accounts

Audit opinion

We gave an unqualified opinion on the Council's accounts on 29 September 2017, in advance of the 30 September 2017 national deadline.

The Council made the accounts available for audit in line with the agreed timetable and the audit was completed and signed off by the statutory deadline. However, as reported in the audit findings report, the audit was protracted. In particular, we had problems completing our work on Property Plant and Equipment (PPE), pensions, the Energy from waste PFI and our review of the presentation of the accounts against the revisions to the code. Material adjustments were made to the accounts in some of these areas. In the Audit Findings Report (AFR) we reported that the accounts themselves were not of a high quality, the finance team was not sufficiently prepared and the audit was not generally well supported. Please see the AFR for further detail.

The Audit and Governance Committee delegated approval of the accounts to the S151 Officer because there were several unresolved matters when the accounts and the draft Audit Findings Report was presented on the 20th September 2017. Further adjustments were then made to the accounts and a final Audit Findings Report was issued and circulated to members, prior to the accounts being authorised, and the opinion issued, on the 29 September 2017.

It is mandated that there is an accelerated timetable for closedown in 2017/18, with the deadline for approval of the accounts, and the opinion to be issued by 31 July 2018. We have already met and discussed with the Deputy S151 an outline timetable to meet this revised deadline. The Audit and Governance Committee should obtain assurance that appropriate arrangements are in place to prepare good quality accounts, which address the shortfalls in the 2016/17. Property Plant and equipment (PPE), and preparation of a high quality Narrative Foreword are areas where the Committee should seek specific assurance that improved arrangements are in place.

The Council is procuring a new external valuer to undertake work on PPE and there are also some staff changes in the finance department, so there is some continuing risk to the preparation of the accounts in 2017/18.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice (the Code), following the guidance issued by the NAO in November 2016 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed are set out in table 2 overleaf.

Overall VfM conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2017.

Value for Money

Table 2: Value for money risks

Risk identified	Work carried out	Findings and conclusions
<p>Health & Social Care Integration The Council is seeking to deliver wide ranging changes and greater integration to ensure the financial sustainability of adult health and social care services. Working with partners from different organisations and service areas with potentially conflicting priorities, the project is complex and high profile.</p>	<p>We followed up progress on the 'One Herefordshire' plan.</p>	<p>We concluded that the Council and its partners are making progress in achieving transformation. During the year there has been focus on developing the Sustainability and transformation Plan (STP) across the Herefordshire and Worcestershire foot print. Priorities and work streams have been revisited and build on the One Herefordshire plan.</p> <p>The STP process has prompted a refresh of the 'One Herefordshire' plan. There are clearer priorities and expected outcomes of the STP / One Herefordshire process. It is early in the implementation of the STP, although work is progressing with work streams.</p> <p>Focus this year has been on strengthening governance arrangements. It is still too early to assess how effective arrangements are in practice. The Joint Commissioning Board (as part of the Better Care Fund Framework) and Health and Wellbeing Board consider specific areas. We do note that there is little representation by the providers in these forums.</p> <p>At the time of our review the partners had yet to finalise the Better Care Fund targets and budgets for 2017/18. Health partners are facing considerable financial pressures and operational challenges, including turnover of key senior management over the last year, making successfully progressing integration a challenge.</p> <p>This will be a continuing risk for the partners for the foreseeable future. Despite this, we consider that sufficient progress has been made this year for the risk to be sufficiently mitigated to not be a matter for the VFM conclusion.</p>

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Value for Money

Table 2: Value for money risks

Risk identified	Work carried out	Findings and conclusions
<p>Financial sustainability The Council has a challenging target of delivering £87m of savings between 2010 and 2020. Significant progress has been made towards delivering this target with an anticipated £69.5m of these savings to be achieved by 2016/17. As at January 2017 the Council is forecasting a moderate overspend of £250k. The 2017/18 budget (and update to MTFP) includes some changes in assumptions. The budget monitoring reports in year contain a number of variations on a detailed directorate report level.</p>	<p>We gained an understanding of the financial settlement impact and the Council's response to it and what arrangement the Council had in place to remain financially sustainable in the medium to long-term.</p>	<p>We have concluded that the Council is financially sustainable for the foreseeable future. The out-turn report for 2016/17 shows that the Council achieved a moderate overall underspend against the revised budget for 2016/17. This budget incorporates planned savings of around £10m. The out-turn position reflects a relatively small overspend on children's wellbeing. 2017/18 monitoring reports indicate increases in the number of looked after children not previously reflected in the budget resulting in a forecast overspend for the year. This remains a continuing financial pressure, despite increased efforts made by the Council to reduce the number of children in care. Current forecasts indicate that current savings plans are not being achieved in two service directorates leading to forecast overspends in these areas. The Finance team anticipate that much of this will be offset by savings within the Communities Directorate. The level of savings to be achieved by 2019/20 is broadly in line with the prior year medium-term financial plan, reflecting the achievement of 2016/17 targets and the impact of the 2017/18 financial settlement. The remaining £17.4m of savings are to be achieved by the end of 2019/20. We have considered how the Council is agreeing to and monitoring savings within the directorates. We have seen that targets have been 'signed up to' by service managers and monitored through 'savings cards' with risks to delivery being highlighted through in- year monitoring. These arrangements are appropriate. Inevitably there is some virement of budgets between services and directorates during the year, and savings are embedded within budgets. Transparency would be improved through reporting of year end savings in out-turn reports at a scheme level and more detail being provided within the Narrative Foreword of the financial statements.</p>

Value for Money

Table 2: Value for money risks

Risk identified	Work carried out	Findings and conclusions
<p>Production of the financial statements We have considered whether the weakness in arrangements in the production of the 2016/17 financial statements are matters for our value for money conclusion (under the informed decision making criteria)</p>	<p>We have considered the 2016/17 audit of accounts and the concerns we have raised within the Audit Findings Report and whether the reported weaknesses are a matter for our value for money conclusion.</p>	<p>We have concluded that the weakness in the accounts process this year is not a matter for the value for money conclusion. We hope to see management put processes in place to ensure that the weakness in many aspects of the 2016/17 accounts preparation are addressed by introducing clear plans for improvement for 2017/18. Particular improvement is required around the valuation of property plant and equipment. We hope to see greater importance given to the accounts so that they are accurate and informative and right first time. Enhancements should be made to both the Annual Governance Statement and the Narrative foreword to make them clearer and more informative, supporting the Council's stated commitment to improved governance and transparency. We will consider whether this area is a VfM conclusion risk for 2017/18 at interim, taking into account the Council's arrangements for planning for the 2017/18 closedown. As this year's experience is not consistent with the previous year's, our view is that the reported weaknesses would not adversely impact on our value for money conclusion.</p>
<p>Blue school house: The report to the September Audit and Governance Committee of failures around the Blue School House capital project. The failures indicate weakness across all three VFM areas: <i>Informed decision making:</i> acting in the public interest through demonstrating and applying the principles and values of sound governance: managing risks effectively and maintaining a sound system of internal control, <i>Working with partners and other third parties:</i> procuring supplies and services effectively to support the delivery of strategic priorities <i>Sustainable resource development:</i> planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions</p>	<p>We have considered the internal audit report and considered whether this presents a matter for our value for money conclusion.</p>	<p>We have concluded that this is not a matter that will adversely impact on our value for money conclusion The matters raised in the report are worrying and indicate weakness in governance, reporting and a failure to follow formal processes. The report does not however conclude that the failings in capital project procurement and management are widespread, as that was not within the scope of the review. We raised concerns in our 2015/16 VfM conclusion around the adequacy of capital reporting and the internal audit report indicates that these weakness have yet to be addressed adequately. Whilst there are clear and accepted failings in this scheme, the project and the overspend were not in themselves sufficiently material to lead to a qualification of the VfM conclusion. The Council has responded appropriately by both considering the report in a public meeting and establishing a board to oversee improvements. We considered that the matters should be clearly referenced in the revised Annual Governance Statement and are not a matter for the VFM conclusion.</p>

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Appendix A: Reports issued and fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Fees

	Proposed fee £	Final fee £	2015/16 fees £
Council audit	124,405	TBC	124,405
Audit of subsidiary company: Hoople Limited (audit not yet complete)	14,780	TBC	14,000
Audit of subsidiary company/ joint committee west Mercia Energy £13,000 prorated to HUA	4,333	TBC	4,333
Grant certification: Housing Benefits indicative (audit not yet complete)	5,415	TBC	5,806
Total audit fees (excluding VAT)	148,933	TBC	148,544

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA) The final fee will be confirmed when our audit work is completed. Fee variations will be agreed with officers and PSAA.

Reports issued

Report	Date issued
Audit Plan	March 2017
Audit Findings Report	September 2017
Annual Audit Letter	October 2017

Fees for other services

Service	Fees £
Audit related services:	
Skills funding agency	3,000
Teachers pension	tbc
Non-audit services:	24,880
Provision of advice to support HC procure a development partner to deliver schemes on a number of sites. An extension to this work was commissioned in 2017/18 and fees agreed are £12,000.	
Hoople ltd;	2,550
Tax compliance services to Hoople Ltd (not yet complete)	

Non-audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table above summarises all other services which were identified.
- We have considered whether other services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place, as reported in our Audit Findings Report.

Independence and non-audit services

We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place

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	Service provided to	Fees	Threat?	Safeguard
Non audit services	Herefordshire Council	£24,800	N	Fees are not material to either Herefordshire Council or Grant Thornton and thus self- interest not considered a risk The proposed work is objective analysis and any decision will be made by management. No self-review, management or advocacy threat.
Non audit services	Hoople Ltd – tax compliance	£2,550	N	Proposal for work considered and approved by our ethics team. The fee and the value of tax in the accounts is not material and so no self review self interest management or advocacy threat.
	TOTAL	£27,430		

We are assured that the above non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor.



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Meeting:	Audit and governance committee
Meeting date:	29 November 2017
Title of report:	Work programme for 2017/18
Report by:	Democratic services officer

Classification

Open

Key decision

This is not an executive decision.

Wards affected

Countywide

Purpose

To provide an update on the Committee's work programme for 2017/18.

Recommendation(s)

THAT:

Subject to any updates made by the committee, the work programme for 2017/18 for the audit and governance committee be agreed.

Alternative options

- 1 There are no alternative options as regards whether or not to have a work programme as the committee will require such a programme in order to set out its objectives for the coming year.

Reasons for recommendations

- 2 The work programme is recommended as the committee is required to define and make known its work for the coming year. This will ensure that matters pertaining to audit and governance are tracked and progressed in order to provide sound governance for the council.
- 3 The committee is asked to consider any further adjustments.

Further information on the subject of this report is available from
Caroline Marshall, democratic services officer on Tel (01432) 260249

Key Considerations

- 4 The routine business of the committee has been reflected as far as is known, including the regular reporting from both internal and external auditors.

Community impact

- 5 A clear and transparent work programme provides a visible demonstration of how the committee is fulfilling its role as set out in the council's constitution.

Equality duty

- 6 This report does not impact on this area.

Financial implications

- 7 There are no financial implications.

Legal implications

- 8 The work programme reflects any statutory or constitutional requirements.

Risk management

- 9 The programme can be adjusted in year to respond as necessary to risks as they are identified; the committee also provides assurances that risk management processes are robust and effective.

Consultees

- 10 The chief finance and S151 officer and monitoring officer have contributed to the work programme

Appendices

Appendix A – audit and governance work programme 2017-18

Background papers

- None identified.

**Audit and Governance Work Programme
2017/18**

Function area	Report	Purpose
January 2018		
External audit	Grant Certification Letter	<ul style="list-style-type: none"> Report on grant claims completed in 2016/17 plus update on fees
External audit	External auditor report	<ul style="list-style-type: none"> Timetable for completion of 2017/18 and current issues update.
Governance (Annual)	Annual governance statement progress	<ul style="list-style-type: none"> Review of the effectiveness of the council's governance process and system of internal control. Update on the progress of the annual governance statement
Governance (Annual)	Constitution Review	Conduct an overview of the council's constitution and recommendation to council of any changes
Governance (Annual)	Contract procedure rules, finance procedure rules and the anti-fraud and corruption strategy	Review of procedure rules/strategy and approve any amendments to the rules.
Governance (as and when there are working groups)	Working group update	To provide an update.
Governance (Quarterly)	Corporate risk register	To consider the quarterly status of the council's corporate risk register in order to monitor the effectiveness of the performance, risk and opportunity management framework.
External audit	Update on audit of accounts (<i>as agreed at meeting on 20 September 2017</i>)	Final audited accounts for 2016/17 Clear statement of management actions to address the weaknesses identified; progress on those actions and planning for 2017/18 close down; Approach to the valuation of assets and cycle of revaluation
Governance	Update from internal control improvement board (<i>as agreed at meeting on 20 September 2017</i>)	Progress on agreed actions arising from SWAP audit of joint customer services hub capital project
Governance (every meeting)	Work programme	To note the current work programme of the committee
March 2018		
External audit (Annual)	External auditors annual plan	Review and agree the external auditors annual plan, including the annual audit fee and annual letter.

**Audit and Governance Work Programme
2017/18**

Function area	Report	Purpose
External audit	Informing the risk assessment	Report setting out risks and council's approach to managing risks in key areas.
External audit	External auditor report	Timetable for completion of 2017/18 and current issues update.
Internal audit (Annual)	Internal audit plan for 2018/19	To consider the internal audit plan for 2018/19.
Internal audit	Review of implementation of SWAP recommendations following audit of the joint customers services hub <i>(added following meeting on 20 September 2017)</i>	Internal audit to provide an update on the further review once internal control improvement board have implemented SWAP recommendations.
Internal audit	Progress report on 2017/18 internal audit plan	To update members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed.
Governance (as and when there are working groups)	Working Group Update	To note progress of the working group
Governance (Bi-annual)	Internal tracking of audit recommendations	Monitor implementation of action plans agreed in response to recommendations made by internal audit
Governance (Annual)	Future work programme for 2018/19	To note the work programme for 2018/19.
Governance (Quarterly)	Corporate risk register	To consider the quarterly status of the council's corporate risk register in order to monitor the effectiveness of the performance, risk and opportunity management framework.