

Agenda

Audit and governance committee

Date: **Wednesday 23 January 2019**

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.

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Agenda for the meeting of the Audit and governance committee

Membership

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

Councillor CR Butler
Councillor EE Chowns
Councillor EPJ Harvey
Councillor RJ Phillips
Councillor J Stone

Agenda

		Pages
THE PUBLIC RIGHTS TO INFORMATION AND ATTENDANCE AT MEETINGS		
1.	APOLOGIES FOR ABSENCE To receive apologies for absence.	
2.	NAMED SUBSTITUTES (IF ANY) To receive details any details of members nominated to attend the meeting in place of a member of the committee.	
3.	DECLARATIONS OF INTEREST To receive declarations of interests in respect of Schedule 1, Schedule 2 or Other Interests from members of the committee in respect of items on the agenda.	
4.	MINUTES To approve and sign the minutes of the meeting held on 28 November 2018.	9 - 20
5.	QUESTIONS FROM MEMBERS OF THE PUBLIC To receive questions from members of the public. <i>Deadline for receipt of questions is 5.00 pm on 17 January 2019 (3 clear working days from date of meeting).</i> <i>Accepted questions and answers will be published as a supplement prior to the meeting.</i>	
6.	QUESTIONS FROM COUNCILLORS To receive any questions from councillors. <i>Deadline for receipt of questions is 5.00 pm on 17 January 2019 (3 clear working days from date of meeting).</i> <i>Accepted questions and answers will be published as a supplement prior to the meeting.</i>	
7.	PROGRESS REPORT ON 2018/19 INTERNAL AUDIT PLAN To review the progress of internal audit work and any key internal control issues arising from work recently completed.	21 - 46
8.	TRACKING OF AUDIT RECOMMENDATIONS To review progress of the implementation of audit recommendations.	47 - 64
9.	CORPORATE RISK REGISTER 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.	65 - 82
10.	EXTERNAL AUDIT ANNUAL CERTIFICATION LETTER To review the external auditors certification letter in relation to the housing	83 - 88

	benefit subsidy claim for 2017/18 as submitted by Herefordshire Council.	
11.	EXTERNAL AUDITORS ANNUAL PLAN To review and agree the external auditor's audit plan for 2018/19.	89 - 110
12.	ANNUAL GOVERNANCE STATEMENT: ACTION PLAN To report progress made towards implementing the agreed action plan in response to issues identified in the 2017/18 annual governance statement in order that the committee may gain assurance that risks are being appropriately mitigated.	111 - 120
13.	RECRUITMENT OF INDEPENDENT PERSONS To recommend to Council on 15 February 2019 the appointment of additional independent persons for standards.	121 - 130
14.	STANDARDS APPEALS PANEL WORKING GROUP UPDATE To endorse the amendments the monitoring officer proposes to make to the appeals and appeals panel processes and the Arrangements for Dealing with Complaints About the Code of Conduct for Members having regard to the recommendations of the standards appeals panel working group.	131 - 150
15.	WORK PROGRAMME UPDATE To provide an update on the work programme for the committee for 2018/19.	151 - 154

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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.
- Have a reasonable number of copies of agenda and reports (relating to items to be considered in public) made available to the public attending meetings of the council, cabinet, committees and sub-committees.
- 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.
- Copy any of the documents mentioned above to which you have a right of access, subject to a reasonable charge (20p per sheet subject to a maximum of £5.00 per agenda plus a nominal fee of £1.50 for postage).
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The chairman or an attendee at the meeting must take the signing in sheet so it can be checked when everyone is at the assembly point.

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 EE Chowns	Green Party
Councillor EJP Harvey	It's Our County
Councillor RJ Phillips	Conservative
Councillor J Stone	Conservative

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.
- (f) reviewing the corporate risk register

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 only entitled to speak at the discretion of the chairman.

Minutes of the meeting of Audit and governance committee held at Committee Room 1, Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Wednesday 28 November 2018 at 2.00 pm

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

Councillors: E Chowns, EPJ Harvey, AW Johnson and J Stone

Officers: Andrew Lovegrove, Anthony Sawyer, Natalia Silver and Claire Ward

327. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor RJ Phillips and Councillor CR Butler.

328. NAMED SUBSTITUTES (IF ANY)

Councillor AW Johnson substituted for Councillor RJ Phillips.

329. DECLARATIONS OF INTEREST

There were no declarations of interests.

Councillor AW Johnson stated that he was mentioned in item 7 and the monitoring officer confirmed that it was not a schedule 1, schedule 2 or other interest.

330. MINUTES (Pages 9 - 12)

Following a request for clarification, the monitoring officer agreed to look at the minute taking standard and check that the naming of councillors under the independent person recruitment item was consistent with the standard.

It was agreed that the word "favourable" in the minute in connection with the recruitment of independent persons would be replaced by "equal".

Councillor EJP Harvey requested that her view that the minutes were not accurate be recorded.

RESOLVED

That subject to the above amendment, the minutes of the meeting held on 19 September 2018 be confirmed as a correct record and signed by the chairperson.

331. QUESTIONS FROM MEMBERS OF THE PUBLIC

Questions received and responses given are attached as appendix 1 to the minutes.

332. QUESTIONS FROM COUNCILLORS

There were no questions from members.

333. ANNUAL REPORT ON CODE OF CONDUCT

The monitoring officer presented the report and explained that Mr Richard Stow, Independent Person, and Councillor Richard Gething, nominated HALC representative on the Standards Panel were available to assist the committee with any queries they may have.

Following a query from a member of the committee, the monitoring officer explained that she had granted two dispensations to one member of the council upon a written request. The councillor concerned was Councillor TL Bowes and both dispensations were in relation to the committee meetings held in respect of the by-pass. Councillor Bowes has a Schedule 1 as she has land affected as a result of the identified red route for the by-pass. Details of the dispensation appeared in the minutes of the relevant meetings. In both incidents, Councillor Bowes did not attend the meeting but did provide a written statement which represented the views of her ward.

The independent person expressed concern the monitoring officer was making these decisions as it was allowing a councillor to opt out of the code of conduct which was a serious matter. In his view the decisions should be a matter for the committee as an agenda item in order to be open and transparent.

The monitoring officer explained that there were four types of dispensation under the Localism Act 2011. The audit and governance committee had delegation for two and the monitoring officer had delegation for the following two:

- considers that granting the dispensation is in the interests of persons living in the authority's area,
- if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, considers that without the dispensation each member of the authority's executive would be prohibited by section 31(4) from participating in any particular business to be transacted by the authority's executive

The monitoring officer confirmed that no requests for dispensations under the second bulletin point had been received.

A member of the committee outlined the process used for reviewing the constitution and that this issue could be dealt with at that point. The next review is due to take place in 2020.

A member of the committee thanked the independent person for his work.

It was requested that the details of the number of complaints against parish councils be re-included in the next report. The monitoring officer read out the details:

Parish Council	Number of complaints by parish council
Walford Parish Council	9
Marden Parish Council	8
Cradley Parish Council	6
Border Group Parish Council	5

Ledbury Town Council	4
Leominster Town Council	3
Belmont Rural Parish Council	2
Llangarron Parish Council	2
Almeley Parish Council	1
Bartestree with Lugwardine Parish Council	1
Dinedor Parish Council	1
Garway Parish Council	1
Hereford City Council	1
How Caple, Sollers Hope and Yatton Parish Council	1
Ocle Pychard Group Parish Council	1
Pencombe and Little Cowerne	1
Sutton St Nicholas	1
Tarrington Parish Council	1

As part of future reports, it was requested that:

- the data presentation was in charts
- the dates of monitoring officer resolution and compliance were also added.

Following a query from a member of the committee, it was noted that standards decision notices were published in two places on the Herefordshire Council website, one under Get Involved for monitoring officer resolution and the other under the Standards Panel Committee page. It was agreed that there would be a link from the Get Involved section to the committee page.

A member of the committee expressed the following concerns over the standards panel appeal processes contained at appendix 1 and 2:

- They had been constructed without the same oversight as the rest of the arrangements for dealing with code of conduct complaints.
- That there was some inherent unfairness which was out of omission and not commission.
- The hearing of one appeal in public and one in private.
- That the sampling had been undertaken in private without an attempt to see if it could have been held in public.

A discussion on the most appropriate way to review the processes took place as one member of the committee considered that it should be in full committee and others through a member-officer working group. It was agreed that a small working group would be established to look at the appeals processes. It was also agreed that the independent person and the HALC nominated representative would also be invited. The insights of the chairperson for the standards panels held on 16 October would also be useful.

Following a query from a member of the committee, the monitoring officer explained that she had run two code of conduct sessions with the Society for Local Council Clerks (SLCC) and if invited is happy to discuss the code of conduct with parish or town councils.

The monitoring officer agreed to look at making code of conduct information more visible on the council's website and would also send it out to all Herefordshire Council members via ward member update and to all parish councils.

It was noted that there were very few sanctions available but that publishing details of breaches of the code was the best available at the moment.

A member of the committee requested that more detail be provided on the Standards Panel decision notice.

It was noted that if there was a failure to comply with the recommendation contained with the decision notice that this would lead to another code of conduct complaint. It was recognised that as a principal authority, Herefordshire could only make recommendations to a parish council and that compliance would be that the parish council had considered them. The monitoring officer confirmed that all recommendations are monitored but agreed that this could be more explicit within the arrangements for dealing with standards complaints. It was agreed that it would be made more explicit that non-compliance would mean a referral to the Standards Panel.

Following a query from a member of the committee, it was confirmed that the standards panel held on 13 November 2018 which undertook the sampling did consider whether the process had been followed and whether the decision was correct. It was noted that the standards panel held on 13 November 2018 had made recommendations to the audit and governance committee.

A member of the committee noted that the group leaders' protocol had not been signed up to by the current group leaders. As this protocol sat outside of the standards arrangements and constitution because it was a political document, it would be a matter for group leaders to consider. It was agreed to refer this to group leaders.

Following a query from a member of the committee, the monitoring officer confirmed that she would see it as part of her role to offer code of conduct training, irrespective of what was offered by the HALC.

RESOLVED

That:

(a) the annual report on code of conduct complaints had been reviewed and a working group established to review the standards panel appeal processes; and

(b) the recommendations from the standards panel advising this committee, following their annual sampling exercise, are adopted.

334. ANNUAL REVIEW OF THE COUNCIL'S INFORMATION ACCESS AND INFORMATION GOVERNANCE REQUIREMENTS

The customer services, information and records manager presented the report and highlighted:

- There were increasing numbers of requests.
- There had been additional work in preparation for GDPR which had included staff training.

Following queries from members of the committee, it was confirmed:

- RIPA requests have to be made to the Magistrates Court but that in future the report would say if requests had been granted.
- There were low numbers of community trigger events.

- The information governance team do provide input into the audit recommendations where appropriate.
- Following a small restructure additional resources were made to address the increase in requests, along with working with directorates to identify information which could be published on the council's website.

RESOLVED

That the report be noted

335. RECRUITMENT OF INDEPENDENT PERSONS PROGRESS UPDATE

The monitoring officer presented the report.

There were seven applicants and the monitoring officer requested agreement as to the next steps.

Following clarification, a member of the committee suggested that all applicants were interviewed.

It was confirmed that:

- Currently there was no remuneration for independent persons, and was advertised on this basis.
- Independent persons were insured and indemnified for any views which they expressed. This indemnification was retrospective to the introduction of the Localism Act 2011.

It was agreed that as part of the next report on the recruitment of independent persons, there would be information on what other councils do with respect to remuneration of independent persons.

It was agreed that all applicants would be interviewed and that the previous candidates would be re-interviewed. The monitoring officer would prepare and circulate draft questions for comments to all committee members and the independent person.

The following members of the committee volunteered to sit on the interview panel:

Councillor ACR Chappell
Councillor EPJ Harvey
Councillor PD Newman, OBE

It was noted that the interview date would be 12 December and that a report would be presented to the January committee meeting.

RESOLVED

That the report be noted

336. PROGRESS REPORT ON 2018/19 INTERNAL AUDIT PLAN

The progress report on the 2018/19 internal audit plan was presented and the following was highlighted:

- Six audits had been completed.
- Five audits were in draft.
- Two audits had partial assurance and there were priority 2 recommendations, both of which related to the ICT audits.
- There had been two changes to the internal audit plan since the last meeting which were the addition of the further review on the recommendations of Blueschool House and a review of the Section 20 order process which had been requested by Children and Young People Scrutiny Committee. Both these audits would be reported to the March committee.
- In order to accommodate the two additional audits, two audits had been deferred to 2019/20, quarter 1, which were property maintenance (schools) and children's centres.
- Since the publication of the agenda for the meeting, 3 audits were in draft and 8 audits had been completed. Details of these audits would be included in the progress report scheduled for January 2019.
- Two audits had been deferred which were the corporate peer review and effectiveness of programme boards for major system change / projects.

Following a request from a member of the committee, the difference between a follow up and a partial audit was explained. If an audit has a partial finding, then there is a follow up audit to check that the priority findings are being actioned. The actions from an internal audit report are tracked and reported to the committee every six months.

With regard to the priority 2 findings on the ICT audits, the assistant director corporate support confirmed that progress was being made on the actions had now been completed.

Members of the committee expressed concern over the project oversight on the Southern Link Road (SLR) and requested that this be added to the internal audit plan. The chief finance officer explained that the budgets for capital projects were presented to council every year and that the current budget for the SLR is £35m. The next report on capital projects was due to be presented to Council in February 2019. As part of this report there will be a number of packages and there will be a greater level of detail.

The 2010 detailed budget for the SLR which had been submitted to the recent planning inquiry was part of a large amount of data and documents which had been produced for the inquiry and there was a need to ensure that the figures were not taken out of context.

The committee noted that whilst there was no evidence of something going wrong with the project, they required assurance that there was oversight on a major project and that there was no overspend. The issue with Blueschool House had been that officers felt that the project was always going to spend more than authorised but because it was within the overall accommodation strategy they had the authority to proceed. The committee wanted assurance that this would not happen in this case.

A member of the committee suggested that the SLR could be looked at as an opportunity to check the progress of implementing of procedural changes for running projects and whether it was being managed in line with the programme.

The chief finance officer indicated that he would need to discuss with SWAP if relevant as a large amount of information is in the public domain.

The committee recommended that the SLR should as a matter of priority be examined in the context of the Blueschool House recommendations in time for the January report.

RESOLVED

That

- (a) the report be noted; and**
- (b) that the Southern Link Road project should as a matter of priority be examined in the context of the Blueschool House recommendation in time for the January report**

At 16:54, the committee agreed to suspend standing orders and continue the meeting until 5:30 pm

337. 2017/18 ADDITIONAL EXTERNAL AUDIT FEE

The chief finance officer presented the report.

It was noted that the additional fee request should not happen again as there had been learning and solutions had been put in place. The issue was that the council had a low revenue budget which was one of the smallest budgets of all unitary authorities. The council also had a significant amount of assets.

The committee welcomed Gail Turner-Radcliffe, Grant Thornton, as the new audit manager and thanked Zoe Thomas (the outgoing audit manager) for her work.

Grant Thornton confirmed that when invited to do so they would share any knowledge and insight from other councils and share with the committee. Grant Thornton would not seek to influence the debate but would be happy to be brought into any discussions on items on the agenda.

RESOLVED

That an additional fee of £6,686 to Grant Thornton for additional work carried out to complete the 2017/18 statement of accounts external audit be approved.

338. UPDATE TO FINANCIAL PROCEDURE RULES AND CONTRACT PROCEDURE RULES

The chief finance officer presented the report.

It was explained that the financial procedure rules had been revised following the learning from Blueschool House. The previous financial procedure rules did not contain enough detail on how to deal with capital matters. The revised financial procedure rules were now clearer and set out the limits for members of staff.

There was one minor change to the contract procedure rules.

Following queries from a member of the committee the S151 officer confirmed:

- he would clarify where there are blanks in the summary table on page 79 of the agenda pack, if the information is reported elsewhere, e.g. the debt write off, the

deputy S151 officer presents an annual report to cabinet and also provides reports to the government with respect to housing benefit.

- The requirement was for 3 quotes and there was no requirement to use the e-tendering portal for specialist contracts. The reason for this was because not every supplier / provider was on the portal and there was a need to achieve best value for money.
- All the sign-offs are built into the software system which approves spend. It was also confirmed that project sponsor training had commenced and the contract procedure rules and financial procedure rules were covered within the training.

A member of the committee requested that the summary table be set out a little more clearly.

RESOLVED

That

- (a) the financial procedure rules attached at appendix 1 be approved; and**
- (b) the contract procedure rules attached at appendix 3 be approved**

339. WORK PROGRAMME UPDATE

Following a query from a member of the committee, it was confirmed that the update on the delay in signing off the council's accounts would form part of the external auditors annual plan report due at the January 2019 meeting.

RESOLVED

That the work programme be agreed.

The meeting closed at 17:20

The meeting ended at 17:20

Chairman

**PUBLIC QUESTIONS AND ANSWERS TO AUDIT AND GOVERNANCE COMMITTEE
28 November 2018**

Question 1

Ms D Toynbee, Hereford

During the recent public inquiry into the Southern Link Road it was clear that Herefordshire Council has already incurred a significant overspend on this capital project, on professional fees alone. Please explain who has the authority to approve payment of an overspend of over £3 million, against a budget of £780,924 + uplift, on professional fees?

Response

The council's constitution and financial procedure rules do not authorise anyone to approve payments without an approved budget being in place; if expenditure is likely to exceed an approved budget further approval should be secured in advance.

I have sought clarification from the Chief Finance Officer regarding the figures quoted in the question who has confirmed that there is no overspend against the approved budget of £35m for the South Wye Transport Package, and advises that the £780,924 number quoted in this question appears to have been extracted from the Hereford Relief Road Study of Options 2010 report (4.14). This was an estimated cost at that time for preparation and supervision of the southern link road based on a percentage of the estimated construction cost of the road at that time. It should be noted that these costs were based on an indicative road corridor in advance of detailed design of the scheme and to reflect this significant allowances for optimism bias and risk are allowed for in the scheme budget giving an overall estimate for the SLR of £29,729,000 within a budget of £35m for the SWTP as set out in the Strategic Outline Business Case for the scheme. The budget breakdown will be updated and set out in the full final business in due course when submitted to the Department for Transport.

Question 2

Mrs E Morawiecka, Breinton

At the recent public inquiry into the Southern Link Road CPOs/SROs questions were raised about the costs incurred on this capital project. The inquiry was told that of the £4,977,931.67 spent to 31st March 2018, £4,786,544.24 had been spent on professional fees. The budget that is apparently being used by the management team is a 2010 base budget for a capital cost of £19,843,810 from the original Amey Multi modal study for the Hereford Relief Road, uplifted for inflation.

This 2010 budget allowed for £780,924 + uplift for professional fees. Would the Council please explain why the SWAP "Blueschool House" recommendations for capital projects do not appear to have been applied to the Southern Link Road project, particularly those around tracking spend against a robust budget?

Response

The detail of the question is not within the remit of the committee and therefore the S151 officer has been asked to provide a written response to the issue; however the committee has requested further assurance on the implementation of the internal audit recommendations relating to capital project management which will be reported to a future meeting.

Written response

There is a robust approved budget for the SWTP of £35m which has been developed based on the 2014 Strategic Outline Business Case (SOBC) for the scheme. The SOBC sets out an estimated cost of £35m for the SWTP with a budget of £29,729,000 for the SLR.

The SOBC costs for the Southern Link Road are based on costs developed for the road set out in the Hereford Relief Road Study of Options 2010 report (Table 4.14) with an uplift of just under 50% (49.8%) to £29,729,000. This budget for the SLR was based on 2010 costs with an optimism basis added of £5,857,743 and an uplift of £9,885,190 totalling £15,742,933. It is not practicable to compare current design fee to the original £780,924 base value from the 2010 report as the scheme budget set out in the SOBC recognises that this was based on the high level estimated construction costs at the time which would be further developed as the detailed design of the scheme progressed. The combined uplift and optimism basis of £15,742,933 added to the 2010 figures reflected this and was the basis on which the budget of £35m for the SWTP was approved and against which costs are monitored.

Spend and forecast monitoring of projects is regularly undertaken and is set out in project decision reports. This most recent decision report for the SWTP contained a summary of this information and set out the latest forecast to end 2018/2019 and how this will be funded as well as spend to the end of 2017/2018.

Further detail of spend to date and forecast spend will be set out in future project decision reports and in the full final business case which will be submitted to the Department for Transport in 2019.

Supplementary question

The first recommendation of SWAP's final report into Blueschool House is the council should ensure there is a clear audit trail to show how budget figure is derived and what the budget is based on. The twelfth recommendation is that there should be robust budget monitoring and clear changes to a project as it progress so that there is a clear audit trail to support the financial commitment. The report highlighted that not to do so represented a major risk. The 2010 budget with a 42% uplift is the only budget available for the Southern Link Road and was presented as such to the planning inquiry and planning inspector and is the budget against which officers are authorising millions of pounds of public money. At 31 March 2018 professional fees were £3m ahead of budget or based on 613% uplift. if this level of uplift is applied to the full Southern Link transport project cost, the final cost will be £212.75m. At what point does the council review its risk register for individual capital projects have that no budget control and appear to risk the financial viability of Herefordshire Council as a whole. I wonder you have enough time between now and the next meeting before you go bust.

Supplementary Response

A written response will be provided

Written response

Project risk is reviewed regularly during the delivery of individual projects. Spend and forecast monitoring of projects is regularly undertaken and set out in project decision reports to ensure the resource implication of any project decision is clear and auditable. Monitoring of the capital

programme also takes place which demonstrates spend to date and forecast spend against approved capital budgets for the whole programme of capital projects.

A detailed response was provided at the recent Southern Link Road (SLR) public inquiry regarding scheme costs and spend to date. This can be viewed by following the link below:

<http://bailey.persona-pi.com/Public-Inquiries/A4194-Herefordshire/e-aa-during-pi/hc-20.pdf>

This most recent decision report for the SWTP contained a summary of this information and set out the latest forecast to end 2018/2019 and how this will be funded as well as spend to the end of 2017/2018

This report can be viewed by following the link below:

<http://councillors.herefordshire.gov.uk/documents/s50061477/Report%20South%20Wye%20Transport%20Package%20-%20southern%20link%20road%20land%20acquisitions.pdf>

Further detail of spend to date and forecast spend will be set out in future project decision reports and the full final business case which will be submitted to the Department for Transport in 2019.



Meeting:	Audit and governance committee
Meeting date:	Wednesday 23 January 2019
Title of report:	Progress report on 2018/19 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 review the progress of internal audit work and 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) consider the assurances provided and the recommendations which the report makes, making recommendations as necessary.

Alternative options

Further information on the subject of this report is available from

Jacqui Gooding, email: Jacqui.Gooding@swapaudit.co.uk

1. There are no alternative recommendations; it is a function of the committee to consider a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements..

Key considerations

2. The internal audit progress report is attached at appendix A. In the period covered by the report, six priority 2 recommendations were made. A summary of the significant findings is provided in the report.
3. For audits that only provided partial assurance follow up audits are carried out to provide assurance to the Audit and Governance committee, the table on page 9 of appendix A demonstrates progress against agreed action plans. All overdue recommendations are scheduled to be completed by April 2019, apart from one that is awaiting approval from Herefordshire Clinical Commissioning Group. (CCG).
4. The annual plan summary and a glossary of terms is also provided in the report.

Community impact

5. 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

6. 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.
7. 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

8. None arising from the recommendations; any additional recommendations made by the

Further information on the subject of this report is available from

Jacqui Gooding, email: Jacqui.Gooding@swapaudit.co.uk

committee will be considered by the relevant manager or cabinet member and the financial implications of accepting those recommendations will be considered then.

Legal implications

9. There are no significant legal implications arising from this report.

Risk management

10. 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.
11. 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

12. None.

Appendices

Appendix A – SWAP Internal Audit plan progress report 2018-19 – quarter 2/3

Background papers

None identified.

Appendix A

Herefordshire Council

Report of Internal Audit Activity

Plan Progress 2018/19 Quarter 2/3

25

Contents

The contacts at SWAP in connection with this report are:

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 Role of Internal Audit	Page 1
 Internal Audit Work Programme – Summary of Partial Assurances	Page 2 -8
 Follow Up Audits	Page 9
 Added Value	Page 10
 Summary of Control Assurance and Summary of Recommendations	Page 11-12
 Approved Changes to the Audit Plan	Page 13
 Conclusion	Page 13
 Appendices:	
Appendix B – Internal Audit Definitions	Page 14 - 15
Appendix C – Internal Audit Work Plan	Page 16 - 19

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 SWAP Internal Audit Services (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 the CIPFA Local Government Application Note. The Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting on 21 March 2018.

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

Outturn to Date



Internal Audit Work Programme

The schedule provided at Appendix C contains a list of all audits as agreed in the Annual Audit Plan 2018/19. 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 in Appendix B 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 that have resulted in the audit receiving a ‘Partial Assurance Opinion’ is given as part of this report.

In circumstances where findings have been identified which are considered to represent significant corporate risks to the Council, due to their importance, these issues are separately summarised.

Internal Audit Plan Progress 2018/2019

Outturn to Date



Internal Audit Work Programme

This is the quarter 2/3 update for 2018-19. Sixteen audits have been completed since my last update and there are two audits at Draft report and eleven audits in progress. Two audits were assessed as Partial assurance and six priority 2 findings were identified across the two audits. One audit returned a Substantial assurance, with five audits returning a Reasonable assurance opinion. Four were Advisory audits and there were four follow up audits.

The following audits have been completed since the last update:

Audit	Assurance
SEN Transport	Partial
Records Management	Reasonable
NMiTE July 18	Advisory
Health and Safety	Partial
Integrated Short term Support and care Pathway – Front Door Customer Service – Redirected	Reasonable
Accounts Payable	Reasonable
Main Accounting	Substantial
Capital Accounting	Reasonable
NMiTE October 18	Advisory
Treasury Management Counterparty	Advisory
Blue Badges	Reasonable
Market Intelligence	Follow Up
Social care Workforce Performance	Follow Up
Data Quality – Decision Making Reports and Corporate Budget Performance Reports	Follow Up
CHC Funding	Follow Up
Joint Use Agreement – Ledbury Rugby Club	Advisory

Internal Audit Plan Progress 2018/2019

Significant Corporate Risks

Identified Significant Corporate Risks should be brought to the attention of the Audit and Governance Committee.



Significant Corporate Risks

We provide a definition of the 3 Risk Levels applied within audit reports. For those audits which have reached report stage through the year, I will report risks we have assessed as 'High'.

In this update there are no final reports included with significant corporate risks.

SWAP Performance - Summary of Partial Opinions

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.



Summary of Partial Assurances and Significant Service Findings (Priority 1 and 2)

Two audits finalised in the period were awarded Partial assurance. The significant findings from both audits have been summarised below.

SEN Transport – Partial

The audit assessed the adequacy of the current policy, and provision of transport services for SEN children in Herefordshire. Due to the nature of service provision and the corresponding budget and policy, the audit also briefly included transport provision for looked after children (LAC), children requiring transport to Pupil Referral Units (PRU), and transport provision for Adult Social Care.

At the time of review, transport was being provided for 234 SEN children, 6 looked after children, 84 children who travel to Pupil Referral Units, and around 50 adults with special needs. The Transport Team are in the process of re-tendering for schools' transport service provision. The new contract is due to commence in September 2018.

A cross-partner comparison was also requested as part of this audit, in order to compare aspects of the policy, and the level of service provision and corresponding budget.

There is a School Transport Policy in place which staff should refer to when requesting transport and processing requests. However, the policy requires review, update and reissue. Requests for transport are submitted via a form to the Transport Co-ordinator by a member of the SEN Team or by email for LAC cases. The Transport Co-ordinator arranges the transport with the provider, raises and issues a purchase order and informs the SEN Team member of the transport arrangements. Cost of transport is monitored by the Transport Team, who hold the budget, and the Economy and Place Finance Team.

There were four priority 2 findings:

Policy owner

Following staffing changes in 2017, no agreement had been reached between the Children's Wellbeing Directorate and the Economy, Community and Corporate Directorate as to who is responsible for review and update of the Home to School Transport Policy.

SWAP Performance - Summary of Partial Opinions

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.



Summary of Partial Assurances and significant service findings (Priority 1 and 2)

The recommendation was agreed, and Directors have met and agreed that responsibility for school transport policy will be taken over by the Head of Transportation and Access within the Economy and Place Directorate. A cross directorate Passenger Transport Board which will provide appropriate oversight and engagement with client directorates and will provide direction on policy review amongst other matters has been set up and a process will be set out and agreed by the Board for reviewing and publishing policy in line with government requirements. The target date for implementation is December 2018.

Policy guidance on nearest school

The policy contains limited guidance around transport entitlement. The policy around provision of transport is open to interpretation in some sections and allows for discretionary decision making by the Council. Although it is recognised that this can be of some benefit, there is currently a lack of detail, which can place too much responsibility on staff to make a judgement; this could lead to inconsistencies and may leave the Council open to challenge. We acknowledge that sometimes other factors need to be considered which it might not be possible to predict or list exhaustively in the Policy, however guidance criteria should be made as clear as possible for those officers assessing the cases.

The Head of Transportation has agreed that guidelines will be developed, reviewed by the Board and adopted for officers alongside outward facing policy. Where appropriate guidelines will be incorporated into the home to school transport policy. The target date for implementation is February 2019.

Transport request form and approval

The current forms for requesting free transport provision does not allow for sufficient information to be recorded in order for the Transport Team to ensure that the request is within the guidelines set out in the policy which may result in delays in the transport arrangement process.

The Interim Process and Procurement Manager has agreed to produce a revised form, taking into account the points raised in the audit will be agreed with the Head of Additional Needs prior to adoption and use. The target date for implementation is December 2018.

SWAP Performance - Summary of Partial Opinions

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.



Summary of Partial Assurances and Significant Service Findings (Priority 1 and 2)

Disputed Cases

The Transport Team does not have a standard procedure in place for dealing with decisions disputed by parents / guardians.

The Head of Transportation and Access has agreed to develop a process for resolving disputed decisions relating to the allocation of transport provision which will be adopted, taking into account the best practice approach included in DfE 'Home to school transport and travel guidance' July 2014 and endorsed by the LGO 'Learning Lessons from Complaints – Navigating School Transport Issues' March 2017. The target date for implementation is February 2019.

Health and Safety – Partial

The objective of the audit was to establish whether the Council is compliant with Health and Safety legislation in respect of employees and all external parties occupying or visiting local authority premises.

At Herefordshire Council (HC) compliance with Health and Safety is taken seriously and is one of the risks on the corporate risk register. A significant failing could result in formal intervention by the Health and Safety Executive.

The audit identified the following good controls in place:

- The Health and Safety Policy and Health and Safety toolkit are accessible and easy to navigate on the Council's intranet.
- The process for reporting incidents/accidents is clear and well documented.
- The reporting of accidents is well monitored, trends are analysed and reported up to Management to maintain awareness.
- There are sufficient levels of officers trained as First Aiders and Fire Wardens.

SWAP Performance - Summary of Partial Opinions

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.



Summary of Partial Assurances and Significant Service Findings (Priority 1 and 2)

- Two of the three service areas tested displayed a good understanding of the importance of Health and Safety with mechanisms to facilitate communication of issues within the area.
- The Health and Safety audit plan is reviewed annually, and audits are prioritised on higher risk areas.

There were two priority 2 findings:

Risk Assessments

No evidence was provided to demonstrate all service areas had completed risk assessments and very few were available on the intranet central repository within the Health and Safety toolkit. The sample size was small and gaps were identified in those tested.

The absence of all risk assessments prevented the monitoring of all service areas to identify high risks where action is required. The Head of HR and Organisational Development advised that fulfilment of Health and Safety responsibilities rest with the directorates and the Health and Safety function role within the Council is advisory and not one of policing to verify directorates have fulfilled their Health and Safety responsibilities.

The Health Safety and Resilience Manager that the H&S Team will attend each of the DMTs to raise awareness of the risk assessment process. DMT will be asked to review each service/team to establish what risk assessments are required. The H&S Team will provide training to Management Board. This will be arranged once the new H&S Advisor starts in the New Year. Bespoke and ad hoc briefings on risk assessment will be arranged according to need. The target date for implementation is July 2019.

Awareness of Health and Safety

There are inconsistencies in the awareness and prominence of Health and Safety across the service areas.

The Health, Safety & Resilience Manager has agreed the H&S Team will work with each directorate to put appropriate guidance and support in place. The focus of this support will be advice and documented guidance rather than training.

Internal Audit Plan Progress 2018/2019

Follow Up audits are completed where the auditor could only provide partial assurance.

Follow Up Audits

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 2017-18 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 completed and correct when this report was prepared on 21 December 2018. All overdue recommendations are scheduled to be completed by April 2019 apart from one priority 3. The completion of this recommendation is outside the control of the Council, who is awaiting approval from the CCG.

Priority of recommendation	Complete	Overdue	Not yet due	In Progress	Superseded
Market Intelligence					
4	4	2			
3	9	1			
Social care Workforce Performance					
4	1				
3	3	2			
Data Quality – Decision Making Reports and Corporate Budget Performance Reports					
4	2	1			
3	4	1		1	
CHC Funding					
4	1	1			
3	4	1			

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 for the SWAP Partners:

Anti-Fraud and Corruption Policies & Strategies- A review of policies and Strategies was completed.

Adult & Community Services Debt Management & Debt Recovery - A benchmarking exercise was carried out with SWAP partners to establish the structure of A&CS debt recovery teams, policies in place and KPIs collected.

Revenues Debt Recovery - Comparisons were made against the different payment options offered, the recovery methods used, enforcement action undertaken, performance targets set and monitored, and the number and average value of repayment plans.

The findings of each survey have been shared with the SWAP Partners.

Internal Audit Plan Progress 2018/2019

SWAP Performance - Summary of Audit Opinions



Summary of Audit Opinion

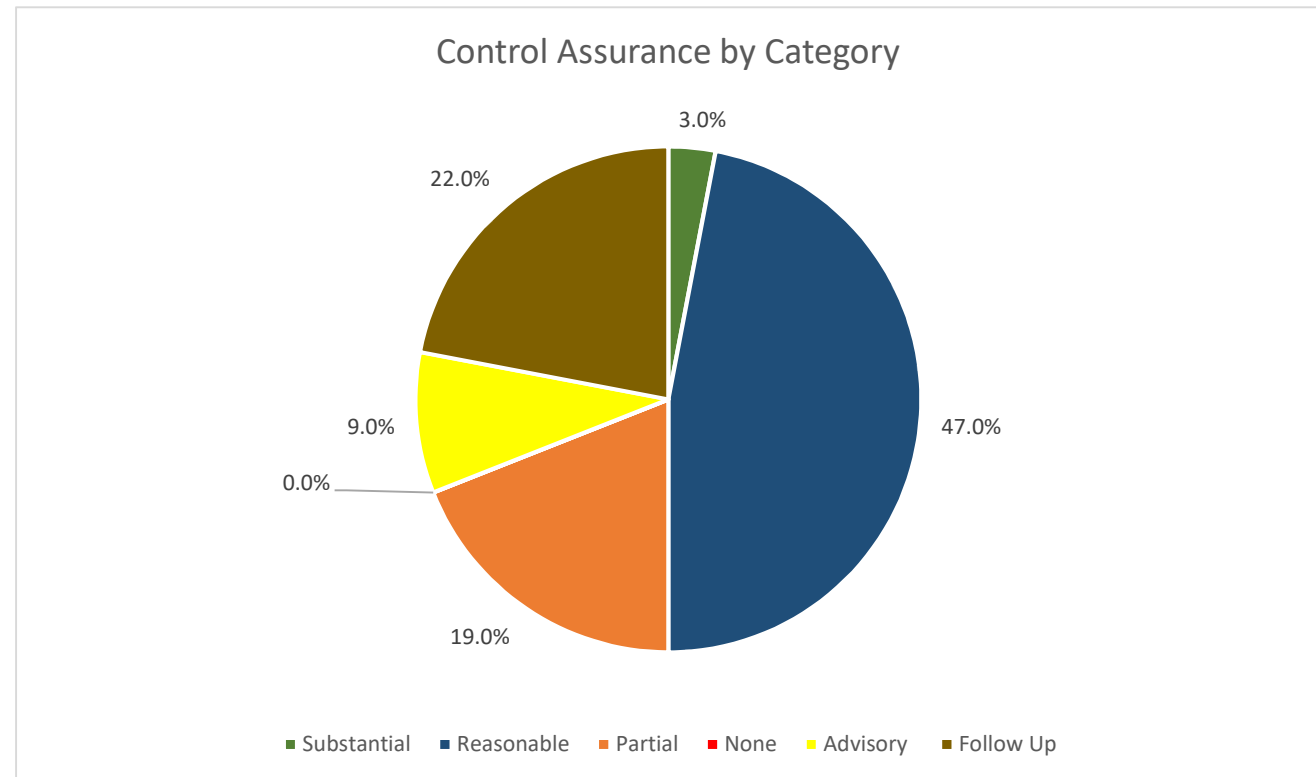
At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- Substantial
- Reasonable
- Partial
- None

We also undertake Advisory / Non-Opinion work on a consultancy basis where we have been asked to look at a specific area of potential concern.

Where we follow up on a previous adverse audit opinion the opinion is stated as follow up.

Of the reviews that have a final report, the opinions offered are summarised below.



Internal Audit Plan Progress 2018/2019

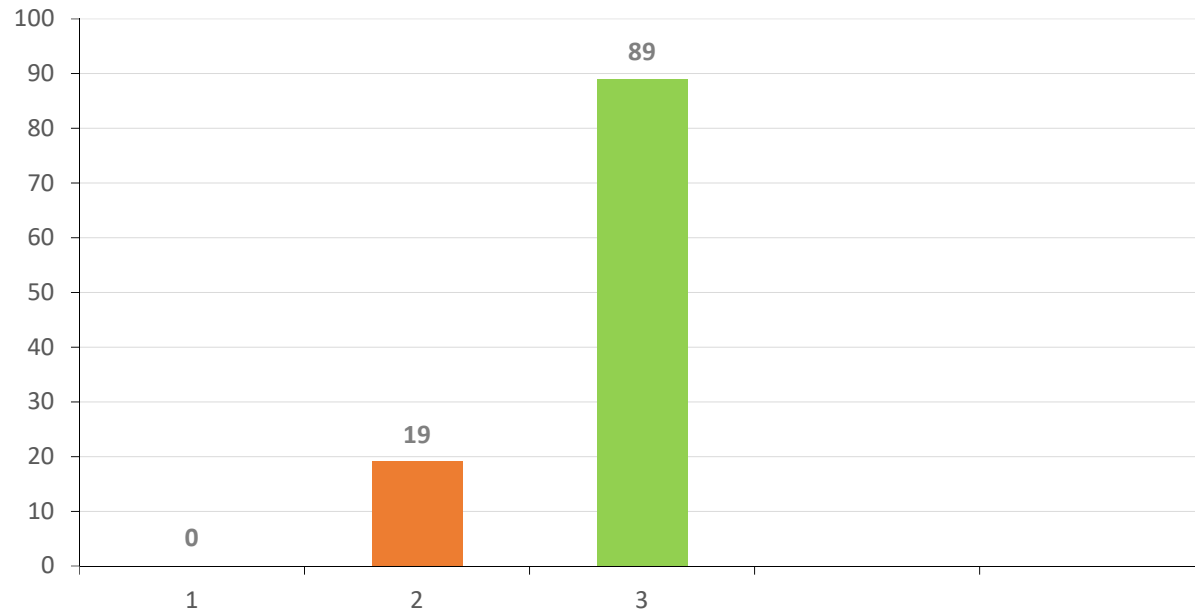
Summary of Audit Recommendations by Priority



Summary of Recommendations

We rank our recommendations on a scale of 1 to 3, with 3 being medium or administrative concerns to 1 being areas of fundamental concern requiring immediate corrective action.

Audit Recommendations by Priority



38

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



Approved Changes to the Audit Plan

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

The Chief Finance Officer has requested two additional audits - Honorarium, Market Forces, Standby and on call payments and Treasury Management Counterparty audit. The days will be allocated from the Local population forecast audit and Mandatory Training audit. The Mandatory Training audit will be included in the 2019-20 audit plan in quarter 1. The Local population forecast audit has been removed from the plan as the Council has already commissioned forecasting reports in this area.



Conclusion

Thirty- three audits have been completed and there are two audits at draft report and a further eleven audits are in progress. The completed audits are currently reporting 3% substantial assurance, 47% reasonable assurance and 19% partial assurance. There have been no significant corporate risks identified.

Recommendations have been made for improvement at service level and all findings have been accepted by management and a target date agreed for implementation. No areas of significant corporate concern have been identified.

At the close of each audit review a Customer Satisfaction Questionnaire is sent out to the Service Manager or nominated officer. The aim of the questionnaires is to gauge satisfaction against timeliness, quality and professionalism. A score of 80% would reflect the fact that the client agreed that the review was delivered to a good standard of quality, i.e. agreed with the statement in the questionnaire and satisfied with the audit process and report. The current feedback score for the Council is 100%.

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

- Substantial
- Reasonable
- Partial
- None
- Advisory



Audit Framework Definitions

Control Assurance Definitions

Substantial	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	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	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	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.

Advisory - In addition to our opinion-based work we will provide consultancy services. The advice offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.



Audit Framework Definitions

Risk	Reporting Implications
	In addition to the corporate risk assessment it is important that management 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. Each recommendation has been given a priority rating at service level with the following definitions:
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

Definitions of Risk

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

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ← 3 = Medium Recommendation		
						1	2	3
Governance, Fraud & Corruption	NMITE Project (University)	1	Completed	Reasonable	4	0	1	3
Governance, Fraud & Corruption	Joint Use Agreement - Ledbury Rugby Club	1	Completed	Advisory	2	0	0	2
Governance, Fraud & Corruption	Highways Projects - Capital Spend	1	Draft Report					
Operational	Building Control	1	Completed	Reasonable	7	0	0	7
Operational	Special Educational Needs Transport	1	Completed	Partial	7	0	4	3
Operational	Property Maintenance - Schools	1	Deferred to 2019-20					
Operational	Internal Communications	1	In Progress					
Operational	Records Management	1	Completed	Reasonable	3	0	0	3
Schools	Schools Financial Value Standard - School 1	1	Completed	Partial	13	0	5	8
Schools	Schools Financial Value Standard - School 2	1	Completed	Reasonable	5	0	1	4
Schools	Schools Financial Value Standard - School 3	1	Completed	Partial	8	0	2	6
Schools	Schools Financial Value Standard - School 4	1	Completed	Reasonable	7	0	0	7
Operational	Safer recruitment - Children's Wellbeing - Staff and Agency Staff	1	Completed	Reasonable	6	0	0	6
ICT	Patch Management	1	Completed	Reasonable	4	0	0	4
ICT	IT Access Controls –Mosaic and other systems used by AWB and CWB	1	Completed	Partial	6	0	2	4
Follow Up	Deprivation of Liberties	1	Completed	Follow Up	-	-	-	-
Key Control	Council Tax	2	Completed	Reasonable	2	0	0	2

42

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Medium Recommendation		
						1	2	3
						Key Control	Housing Benefit and Council Tax Reduction	2
Governance, Fraud & Corruption	NMITE Project (University) End of July 18 assurance	2	Completed	Advisory		–	–	–
Governance, Fraud & Corruption	Corporate Peer Challenge	2	Not Started					
Governance, Fraud & Corruption	Internal Control Improvement Board	2	Completed	Follow up	-	-	-	-
Grant Certification	Local Transport Block Funding – Grant Certification	2	Completed	Reasonable	1	0	0	1
Governance, Fraud & Corruption	Effectiveness of programme Boards for major system changes/projects	2	Not Started					
Operational	Health and Safety	2	Completed	Partial	6	0	2	4
Operational	Compliance with contract and financial procedure rules – revenue	2	Draft Report					
Operational	Hoople	2	In Progress					
Operational	Integrated Short Term Support and Care Pathway - DToC plan – Front Door Customer Service – Redirected.	2	Completed	Reasonable	5	0	0	5
Operational	Client finance System - Interface between all systems –	2	Deferred to 2019-20					
Operational	Use of regional framework for foster care	2	In Progress					
ICT	Third Party Agreements (including Cloud)	2	Completed	Partial	6	0	2	4
Key Control	Accounts Payable	3	Completed	Reasonable	2	0	0	2
Key Control	Main Accounting	3	Completed	Substantial	1	0	0	1
Key Control	Payroll	3	Completed	Reasonable	4	0	0	4
Key Control	Accounts Receivable	3	In Progress					

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Medium Recommendation		
						1	2	3
						Key Control	Capital Accounting	3
Key Control	NNDR - Business rates avoidance	3	In Progress					
Governance, Fraud & Corruption	NMITE Project (University) End of October 18 assurance	3	Completed	Advisory	-	-	-	-
Governance, Fraud & Corruption	Declaration of personal and business interests	3	Not Started					
Grant Certification	Redundant Building Grant Funding	3	Not Started					
Operational	Local population forecast using for future planning such as house building requirement	3	Removed					
Grant Certification	Troubled Families – Monthly assurance on claims to end of March 2019	3	In Progress					
Operational	Integrated Short Term Support and Care Pathway - County Teams	3	In Progress					
Governance, Fraud & Corruption	Children’s centres – governance and financial control	3	Deferred to 2019-20					
Operational	Care Workforce Project – support to Domiciliary Care Agencies recruitment	4	Not Started					
Operational	Contract Monitoring	4	In Progress					
Governance, Fraud & Corruption	NMITE Project (University) End of January 19 assurance	4	In Progress					
Governance, Fraud & Corruption	EU General Data Protection Regulation	4	Not Started					
Operational	P- Cards	4	Not Started					
Operational	Mandatory Training	4	Deferred to 2019-20					
Governance, Fraud & Corruption	Treasury Management Counterparty	3	Completed	Advisory	-	-	-	-
Governance, Fraud & Corruption	Blue Badges	4	Completed	Reasonable	5	0	0	5

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Medium Recommendation		
						1	2	3
						Operational	Development Regeneration Partnership	4
Operational	AWB Contract Management	4	Not Started					
Governance, Fraud & Corruption	Quality Assurance Framework	4	Not Started					
Operational	Homepoint - Review of new provider	4	Not Started					
Follow Up	Internal Control Improvement Board	4	Not Started					
Schools	Prevention of Fraud (Schools)	4	Not Started					
Follow Up	Serious and Organised Crime Audit checklist	4	Not Started					
Follow Up	Data Sharing Protocols with partners and third parties	4	Completed	Follow Up				
Follow Up	Market Intelligence	4	Completed	Follow Up				
Follow up	Emergency Planning - Public Health	4	In Progress					
Operational	Honorarium, Market Forces and Standby and on call payments	4	In Progress					
Follow Up	Annual Care Assessment -Social Care Workforce Performance	4	Completed	Follow Up				
Follow Up	Short Breaks - Children's Wellbeing	4	Not Started					
Follow Up	Public Health Contracts	4	Not Started					
Follow Up	Data Quality - Decision Making Reports and Corporate Budget Performance Reports	4	Completed	Follow Up				
Follow Up	CHC Funding	4	Completed	Follow Up				



Meeting:	Audit and Governance Committee
Meeting date:	Wednesday 23 January 2019
Title of report:	Tracking of audit recommendations
Report by:	Directorate services team leader

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To review progress of the implementation of audit recommendations.

Recommendation(s)

That:

- (a) **the status of the current audit recommendations 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. Although we 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.

Key considerations

2. 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.

Further information on the subject of this report is available from
Steve Hodges, Tel: 01432 261923, email: sthodges@herefordshire.gov.uk

3. 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.
4. 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.
5. A report was previously presented to Audit and Governance Committee (A&GC) in July 2018, 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.
6. Following consultation with its partners by SWAP, for audits conducted since April 2018 the number of recommendations categories has been reduced to reflect the fact that the lowest priority recommendations (1s and 2s) were simply reported verbally to the relevant service manager but not included within reports. Furthermore, what were the highest priority recommendations (previously 5s and 4s) are now 1s and 2s. This has meant that recommendations falling due for completion between 1 April - 30 September 2018 have been presented in two separate tables in paragraphs 10-11. The categorisation of recommendations are defined in the table below:

	Pre April 2018	Post April 2018
Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of the management	Priority 5	Priority 1
Important findings that need to be resolved by management	Priority 4	Priority 2
Finding that requires attention	Priority 3	Priority 3
Minor control issues have been identified which nevertheless need to be addressed	Priority 2	n/a
Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.	Priority 1	n/a

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.
8. At its meeting in July, A&GC requested that updates also be provided on progress against recommendations made by external audit. Updates on the recommendations made by

Grant Thornton as part of the audit of the 2017/18 statement of accounts are at appendix 2.

Recommendations due prior to 31 March 2018

9. At the end of March 2018, there were 17 recommendations that were overdue **and** had revised target dates between 1 April and 30 September 2018. All of these recommendations are now being reported as being Complete.

Total	Complete	In Progress	No update
Priority 3	13	-	-
Priority 4	4	-	-
Priority 5	-	-	-

AWB	Complete	In Progress	No update
Priority 3	9	-	-
Priority 4	4	-	-
Priority 5	-	-	-

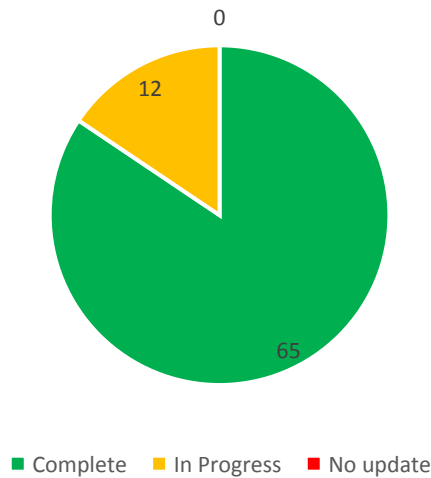
CWB	Complete	In Progress	No update
Priority 3	1	-	-
Priority 4	-	-	-
Priority 5	-	-	-

ECC	Complete	In Progress	No update
Priority 3	3	-	-
Priority 4	-	-	-
Priority 5	-	-	-

Recommendations made prior to 31 March 2018 and due between 1 April – 30 September 2018

10. 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 2018 (appendix 1):

Status of recommendations made prior to 31 March and due for completion between 1 April - 30 September 2018



Total			
	Complete	In Progress	No update
Priority 3	44	9	-
Priority 4	21	3	-
Priority 5	-	-	-

AWB			
	Complete	In Progress	No update
Priority 3	19	7	-
Priority 4	11	2	-
Priority 5	-	-	-

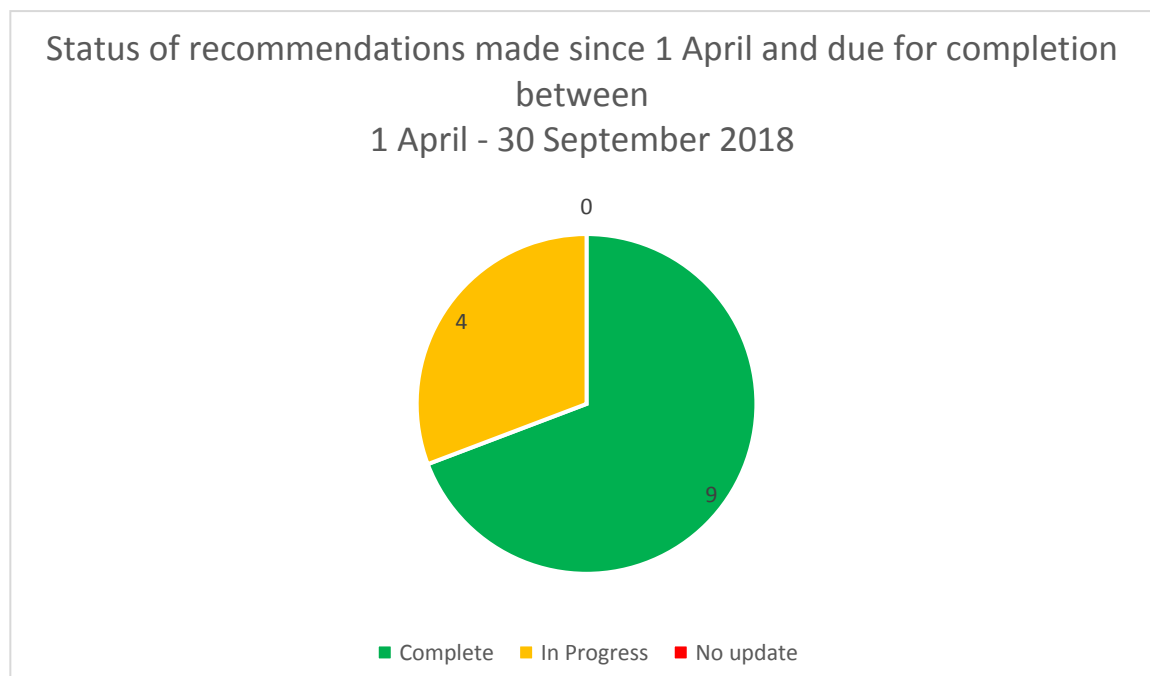
CWB			
	Complete	In Progress	No update
Priority 3	2	1	-
Priority 4	3	-	-
Priority 5	-	-	-

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

ECC			
	Complete	In Progress	No update
Priority 3	23	1	-
Priority 4	7	1	-
Priority 5	-	-	-

Recommendations made since 1 April and due between 1 April – 30 September 2018

11. The following chart and table provides an update as to the current status of priority 1, 2 and 3 recommendations that were due to be completed between 1 April – 30 September 2018 (appendix 1):



ECC			
	Complete	In Progress	No update
Priority 2	-	1	-
Priority 3	9	3	-

Community impact

12. In accordance with the adopted code of corporate governance, Herefordshire Council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. Effective financial management, risk management and internal control are important components of this performance management system. 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.

Equality duty

13. 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.
14. 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

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

Legal implications

16. There are no specific legal implications with regard to the report.

Risk management

17. 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

18. None.

Appendices

Appendix 1 - Recommendations that were due to have been completed between April – September 2018

Appendix 2 – Recommendations on the 2017/18 statement of accounts

Background papers

None identified.

<i>Recommendations made prior to 1st April 2018</i>					
Audit	Recommendation	Priority	Target date	Latest update	Status
<i>Adults and Wellbeing</i>					
Online choice based letting scheme - Home Point 1718	The Community Capacity and Wellbeing Manager has agreed to ensure the Allocations Policy clearly outlines the timeframe for which an applicant can be expected to be active on the Housing Register ensuring it is clear that this is dependent on them providing the relevant documentation.	3	30-Sep-18 Revised to 31-May-19	The allocation policy makes it clear that an applicant will only become live/active when all the necessary documentation has been received and that it is the applicant's responsibility to supply the required evidence. The length of time an applicant is active will depend on a number of factors including the type, size and location of property required, and on the response of the applicant to offers, annual reviews and behaviour. The policy is due to be implemented in spring 2019.	In progress
Online choice based letting scheme - Home Point 1718	The Community Capacity and Wellbeing Manager in liaison with the Head of Prevention and Support has agreed to ensure 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 possible, the operational reporting could make use of scheduled reporting functions within the software.	4	01-Apr-18 Revised to 1-Jul-19	Key measures of performance and SMART KPIs for the service are being prepared for deployment at the introduction of the new allocations policy and the process that will supersede the current choice based lettings system in June 2019. This includes a new software product that is being installed in preparation for the delivery of the new housing register processes and allocations policy and that will be used to generate performance data.	In progress
Market Intelligence	2.5b The Commissioning Officer has agreed to schedule resources and visits, to ascertain residential and nursing care premises providers' future business intentions, as a means to improving the accuracy of forecasting supply of residential and nursing care placements.	4	31-May-18 Revised to 31-Oct-19	Visits have been undertaken to the in county nursing care homes to discuss a range of topics including future business plans, any issues/opportunities, trusted assessor, quality assurance, introduction of KPI's into the service spec. Part of the remit of the visits was to build positive relationships with the Providers and this has been successful as we have now engaged providers in developing the Trusted Assessor role and KPI's. Part of the remit of the new AD is to develop a	In progress

<i>Recommendations made prior to 1st April 2018</i>					
Audit	Recommendation	Priority	Target date	Latest update	Status
				strategy for A&C services and Market Position Statements will flow from that work.	
Governance of Better Care Fund (BCF) and Spend of BCF Money 17/18	1.3.1a The Head of Partnerships and Integration and the Joint Strategic Finance Lead have agreed to prepare and maintain basic guidelines or a flow chart to outline the processes to deliver the Better Care Fund plan.	3	31-May-18 Revised to 1-Sep-19	A timeline is developed for each plan and a process will be developed by March 2019 and ahead of the next guidance.	In progress
Integrated Short Term Support and Care Pathway 'Front Door' Customer Services 2017/18	1.2b The Senior Practitioner (Advice and Referral Team) in liaison with the Business Analyst has agreed to review the Strengths Based Referral form to: <ul style="list-style-type: none"> • determine if some fields would benefit from being mandatory therefore ensuring a fully completed form in each instance; • add a field to identify if a letter has been sent or not, where letters are not sent a mandatory field is required to document why this was the case. This information can then be monitored to ensure letters are sent in all cases where it is appropriate to do so. • Add a field to identify the customer enquiry method. 	3	30-Jun-18 Revised to 1-Aug-19	Customer enquiry method – this field was added mid-2018 and is mandatory in Live environment. All mandatory fields have been identified as at mid- 2018. No changes required to Live environment. Letter sent Field has been added IN TEST – awaiting confirmation that this can be placed in LIVE.	In progress
Disabilities Facilities Grants	1.1a The Occupational Therapist Team Manager has agreed to complete the work to review and revise procedures and ensure that a further review date is set to ensure documents remain current going forward. Changes that we considered were required were the documentation of the target timescale for the complete grant process, and target timescales for each stage of the process, in order that milestones can be monitored. The Occupational Therapist Team Manager has also agreed to amend the flow chart to include decision boxes at control points.	3	30-Sep-18 Revised to 31-Mar-19	New flow chart available indicating timescales for works under £15k and over £15k. A new management report has been developed on Civica to help monitor the progress of cases against the individual timescales for each stage. Work is ongoing to complete and update all required paperwork. Due to sickness absence within the team, vacancy of the senior officer post between May- November and shortage of business support and caseworker time this work has not yet been completed. A business case for additional support to modernise the HIA is currently being prepared as the time to make required developments is extremely stretched without additional resource. OT	In progress

<i>Recommendations made prior to 1st April 2018</i>					
Audit	Recommendation	Priority	Target date	Latest update	Status
				Major adaptations guidance is currently being updated, along with panel guidance. This work is ongoing with the Senior Practitioner OT adaptations & housing. Planned completion date is end March 2019.	
Disabilities Facilities Grants	1.1b The Occupational Therapist Team Manager has agreed to analyse the time expended by case workers which could be undertaken by a Business Support Officer, and to create a business case for the use of a Business Support Officer, if the Occupational Therapist Team Manager considers that efficiencies can be made.	3	30-Jun-18 Revised to 31-Mar-19	Caseworker tasks were extended to provide one main contact point for clients through out the whole adaptations process, with the additional benefit of freeing up surveyor time to complete site visits and specifications. To increase caseworker time available to provide these progress updates, one vacant technician post has been converted into an additional caseworker post and recruitment is currently ongoing. Task analysis identified areas of current administration that could be potentially avoided if paperless processes could be developed for some tasks. This requires further support from IT to identify appropriate solutions and will form part of the current planned modernisation request . In addition a request from Finance colleagues to move to a commitment accounting process identified additional areas that require business support assistance. Interim business support has been requested and discussions have been ongoing with the central business support team who have advised that they will support when staffing establishment allows.	In progress
Disabilities Facilities Grants	1.2a The Occupational Therapist Team Manager has agreed to amend the flow process to contain detail of what should be recorded on the Civica system when means tests are carried out, and to ensure that the reason is noted on the system for exemptions to the means testing process.	3	31-Aug-18 Revised to 31-Mar-19	This piece of works links with the update of codes for team performance management of the adaptations process for individual clients. New codes & the new Civica report have been established. A revised record keeping document has not yet been developed due to a vacancy in the senior officer position from	In progress

<i>Recommendations made prior to 1st April 2018</i>					
Audit	Recommendation	Priority	Target date	Latest update	Status
				May- November 2018. Revised date for completion is end March 2019.	
Social Care Workforce Performance 2017/18	2.2a The Assistant Director, Operation and Support and the Head of Operations and Safeguarding Services have agreed to review the current supervision document to enable performance output benchmarks to be recorded and monitored as well as any action to be taken.	3	30-Apr-18 Revised to 31-Mar-19	Alignment to the Transformational Services Manager was delayed due to competing priorities and the need to fill the post. Therefore, the actions have not been completed. This was allocated to the Service Transformation Lead on the 01/10/2018 with completion by 1st February 2019	In progress
<i>Children's Wellbeing</i>					
Direct Payment - Personal Budgets (Children's)	The Director of Children's Wellbeing has agreed that the Head of Children's Commissioning is to consider the introduction of pre-paid cards for children with disabilities direct payments, once a new provider has been sourced by Adults Wellbeing Directorate, and to ensure that through efficiencies, the correct level of resource is re-directed to monitoring of direct payment budgets.	3	01-Apr-18 Revised to 31-Mar-19	A review of Direct payments policy is being undertaken alongside Adults and Communities, with a view to developing a coherent approach to direct payments across the council. There are a number of interdependencies with the pre-paid card implementation, including customer communications and approach to customer support which will need to be agreed. It is envisaged that this work will be concluded before the end of the financial year, and preparation for pre-paid card roll out in children's services will follow.	In progress
<i>Economy, Communities and Corporate</i>					
ICT Client Management	3.1b The Head of Management Accounting, in liaison with the Chief Finance Officer, has agreed to introduce commitment accounting during 2018/19 to reduce the level of forecasting required and for improved monitoring of budgets.	3	30-Jun-18 Revised to 1-Apr-19	To date we have started using funds checker, this has enabled us to control spend against budgets. We have also had a focused effort on reducing retrospective purchases orders to prepare for commitment accounting. The introduction and roll out of procurement cards is reducing the amount of small value items, so there is less need for purchase orders. We are continuing to review the forecasting progress, with the current pressures we need to keep a forecast on the detail.	In progress

<i>Recommendations made prior to 1st April 2018</i>					
Audit	Recommendation	Priority	Target date	Latest update	Status
Data Quality - Decision Making Reports and Corporate Budget Performance Reports 2017/18	1.4a The Head of Corporate Governance has agreed to ensure that Terms of Reference is drawn up and approved for each of the Directorate Management Teams and Management Board, to promote and support a consistent approach to the reporting and decision-making processes across the Council.	4	01-May-18 Revised to 30-Nov-18	Good progress has been made for this recommendation. The Terms of Reference document has been drafted and was agreed by the Management Board in April 2018. However, it is to be reviewed following an organisational re-structure. Furthermore, publication of the Terms of Reference on the intranet is delayed awaiting the implementation of a dedicated Sharepoint Site.	In progress
Data Quality - Decision Making Reports and Corporate Budget Performance Reports 2017/18	1.7a The Head of Corporate Governance has agreed to initiate a best practice training course for use of data in reports, to inform staff of the requirement for transparency. Training should be targeted at report authors Council-wide. Consideration should be given as to involvement in the training by other Council services (for example, the Intelligence Unit) who may be able to provide further insight to the audience.	3	30-Jun-18 Revised to 31-Mar-19	Sessions are to be scheduled for report reviewers however this has been delayed due to maternity leave. The report writing guide and templates covered in greater detail under Findings 1.4a & 1.6a were issued via the intranet in September 2018, to promote a consistent approach to the presentation of financial data in decision papers. Drop in report writing training sessions have taken place and further are planned and advertised via Core News. An updated implementation date of March 2019 has been provided in line with staff availability for implementing a training schedule	In progress

<i>Recommendations made since 1st April 2018</i>					
Audit	Recommendation	Priority	Target date	Latest update	Status
<i>Economy, Communities and Corporate</i>					
New Model in Technology and	1.1 A Statement of Grant Expenditure template is currently	2	30-Jun-18	On 21.11.18 the SWAP auditor, Head of Management Accounts and the Finance	In progress

<i>Recommendations made since 1st April 2018</i>					
Audit	Recommendation	Priority	Target date	Latest update	Status
Engineering (NMiTE) Grant Review - April 2018	<p>not in place, but going forward could be developed, approved and put into place during the period March 18 to March 19 as this would benefit both Herefordshire Council (HC) and DfE as an executive summary overview in support of reporting for future instalments of the grant i.e.</p> <ul style="list-style-type: none"> • Instalment 3 - Year end reporting to Mar 2019; • Instalment 4 - March 2019; • Instalment 5 - March 2020. <p>in terms of reporting requirements within HC NMiTE Flow Through Agreement (18 Jan 2018)-Appendix D- MOU-</p> <ul style="list-style-type: none"> • Annex A- Payment Schedule - CDEL and RDEL payment schedules • Annex B- Conditions of payment criteria • Annex F- NMiTE Reporting packs <p>This should include (but may not be limited to) -</p> <ul style="list-style-type: none"> • Verified evidence on progress towards or achievement of milestones • Assurance as to overall progress, variations thereto and compliance with NMiTE governance and management processes 		Revised to 28-Feb-19	Manager for NMiTE, reviewed the outstanding actions and agreed these need to be resolved before the next quarter audit. The Expenditure pack is agreed, and information is now being provided by NMiTE	
New Model in Technology and Engineering (NMiTE) Grant Review - April 2018	<p>1.2 Formal NMiTE Procurement Procedure and NMiTE Expenses Policy require to be written, approved and put into place. Any currency conversions detailed within invoices require to have fully documented currency exchange rates for the day in question attached to each invoice and agreed before payment is made.</p>	3	30-Jun-18 Revised to 28-Feb-19	On 21.11.18 the SWAP auditor, Head of Management Accounts and the Finance Manager for NMiTE, reviewed the outstanding actions and agreed these need to be resolved before the next quarter audit. The Expenses and procurement policies have been written but not formally agreed.	In progress
New Model in Technology and Engineering (NMiTE) Grant Review - April 2018	<p>1.3 An NMiTE Document Retention Policy and process requires to be written and should also outline core timelines for NMiTE to provide any requested documentation that HC may reasonably require, as well inclusion of details in support of any key levels of security required and disposal of documentation.</p>	3	30-Jun-18 Revised to 28-Feb-19	On 21.11.18 the SWAP auditor, Head of Management Accounts and the Finance Manager for NMiTE, reviewed the outstanding actions and agreed these need to be resolved before the next quarter audit. The Document retention policy has not yet been written.	In progress

<i>Recommendations made since 1st April 2018</i>					
Audit	Recommendation	Priority	Target date	Latest update	Status
New Model in Technology and Engineering (NMiTE) Grant Review - April 2018	<p>1.4 The Council should be able to take some assurance from the Thorne Widgery Accountants quarterly Grant Funding Assurance Review (March 2018) if -</p> <ul style="list-style-type: none"> • The quarterly report is made available to Herefordshire Council on request and is included within specific periodic reporting protocols as specified within the HC NMiTE Flow Through Agreement (18 Jan 2018) Appendix D - MOU Annex F- NMiTE Reporting Packs; • There is a suitable level of NMiTE senior management accountability for any agreed recommendations and identified actions with a monthly progress review undertaken and documented. <p>Going forward, within the Thorne Widgery Accountants quarterly Grant Funding Assurance Review (March 2018) any actions highlighted and agreed to be taken by NMiTE senior management should be taken forward into an NMiTE Assurance Action Grid which should be reviewed on a monthly basis and implemented within an acceptable NMiTE governance structure in order to enable -</p> <ul style="list-style-type: none"> • Sufficient internal oversight of progress against actions; • Highlight any risks identified; • Enable escalation of outstanding actions to the Board, if applicable. 	3	<p>31-Jul-18</p> <p>Revised to 28-Feb-19</p>	On 21.11.18 the SWAP auditor, Head of Management Accounts and the Finance Manager for NMiTE, reviewed the outstanding actions and agreed these need to be resolved before the next quarter audit. A timetable is currently being agreed with NMiTE for the next quarter audit.	In progress

Issue and risk	Recommendation	Management response	Progress update
<p>Valuation of PPE: the balance sheet at 31/3/18 should reflect valuations at 31/3/18. For any assets not valued the Council must demonstrate that there has not been a material change in value.</p> <p>We noted that the revised asset register did not include information on impairments, which made the accounting for changes to valuations difficult and was a factor in the adjustments required on page 25. The asset register has now been updated and will be included going forward.</p>	<p>The Council will be appointing a new valuer in 2018/19 year. The Council should consider how best to ensure that the valuation of assets complies with the code. Valuations as at 31 December with a clear articulation by the valuer of movement in the last quarter should be considered as this would provide more up to date position and potentially reduce the number of subsequent valuations.</p> <p>If the current practice of 1st April valuations is to continue then officers should engage more closely with the valuers to agree an approach to reflect the in year changes in value in the financial statements. The use of indices is not acceptable unless these are agreed by the valuer as a reliable approach to inflate year-end values.</p>	<p>Agreed- consideration will be given to amending the valuation date to the 31st of December in future years. The appointment process of the new valuer will ensure that the latest best practice guidance for such services are incorporated in the specification for the work.</p>	<p>Following a successful procurement process a new valuer has been appointed for a period of 3 years with a valuation date of 31st March 2019.</p>
<p>Quality Control and preparation of working papers: Market Forces Review. There were material inconsistencies between assets considered for market review, and those assets held on register. The consequence was</p>	<p>As this is the second year that we have experienced issues in this area, the detailed working papers to support revaluations and in particular the market</p>	<p>As part of the lessons to be learnt process following the audit there will be a review of how best to prepare for this part of the audit looking to learn from</p>	<p>Using an end of year valuation date and a bi-annual valuation programme will minimise any risks of a material difference arising from a market forces review of assets not valued.</p>

Issue and risk	Recommendation	Management response	Progress update
the assumptions that officers made around whether a material difference existed on the carrying value of assets was materially incorrect and more valuations were instructed at a late stage of the audit.	forces review should be reviewed by a senior officer. Challenge around the assumptions and outcomes of the valuations and reasonableness of the movement should be clearly evidenced and provided within working papers.	examples of best practice across the local government community.	
Quality Control and preparation of working papers: We recognise that officers made considerable efforts to support the audit. All the samples were turned round quickly and there were relatively few queries arising from that work. Also additional resource was obtained to deal with group accounts and other technical queries raised and this helped.	Management should have a 'wash up' meeting following this years audit and plan how staff will support the audit next year, particularly in the higher risk areas of the accounts.	We have disclosed a greater level of detail this year due to this being the first year of preparing group accounts, we aim to implement the suggestions made in next years accounts.	A wash up meeting has been held, a timetable is in place, progress is being made and training events are being attended.
Group accounts: The Council has for the first time prepared group accounts. We have worked with officers during the audit to refine the notes to ensure they fully code compliant.	Next year officers should look to further streamline the group accounts notes, so that the disclosure is clearer whilst ensuring sufficient prominence.	This was the first year of producing group accounts, and the lessons to be learnt process following the completion of the audit will consider how to improve and streamline the process of producing the group accounts and the subsequent notes.	This is intended to be agreed at the external auditors interim audit visit falling due.
Elimination of school balances: from our debtors testing we identified that debtors control account contained balances with	There should be an evidenced review of debtors and creditors control accounts to ensure that	This was a one off issue due to the bank holiday weekend falling over the year end resulting in a delay in the receipt of funds	A new task has been added to the year-end timetable to

Issue and risk	Recommendation	Management response	Progress update
schools under local authority control, which should under the code be eliminated.	inter-authority transactions are eliminated.	through a direct debit arrangement in place with schools. This will be reviewed at each year end going forward.	complete this review and complete any necessary actions.
The statement of accounts is a relatively clear and concise statement of accounts. To further improve we consider that the content of the narrative report could be expanded to include the capital outturn, and non financial performance information around the Council and the group. Footnotes should be added to explain significant changes in numbers year on year and significant estimates and judgements should be reviewed to reflect matters within the accounts.	Officers should reflect on the purpose of the narrative foreword and how the overall presentation can be enhanced to more fully 'tell the story' of the Council's financial arrangements in the year.	The Council will review its approach to the compilation of the narrative section of the report and ensure that it learns from the best in the class.	This work has started and will continue until the completion of the audit work.
Officers recognise that further progress is need to improve capital reporting, accuracy and transparency. This is even more important in view of the size of the capital programme going forward.	Members of the audit committee should receive clear and specific assurance around the progress being taken to improve capital recording, monitoring and reporting. Further consideration should be given to the governance arrangements around capital programme and monitoring so that there is greater opportunity for members to be engaged and	The Audit and Governance Committee have been kept fully appraised of the ongoing process to improve the governance and transparency around the capital program.	A suitable review will be scheduled into the internal audit program.

Issue and risk	Recommendation	Management response	Progress update
	to understand the financial position on some of the more high profile capital schemes		



Meeting:	Audit and governance committee
Meeting date:	Wednesday 23 January 2019
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 corporate risk register was last reported to committee, five new risks have been added:

- CR048 – Delayed Transfer of Care
- CR.049 – Market Workforce Economy
- CR.050 – Market Capacity
- CR.051 – Human Rights claims
- CR.052 – IG Toolkit

One risk has been removed from the corporate risk register since last reported to committee:

CR.021 – Welfare Reform

Recommendation(s)

That:

the committee determine any recommendations it wishes to make to ensure effective risk management.

Alternative options

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

Key considerations

2. The committee's role is to ensure that risks have been rated in accordance with the performance, risk and opportunity management (PROM) framework. The committee currently receives the corporate risk register every six months.
3. The corporate risk register is compiled from risks identified at a directorate level which have been escalated as per the PROM, along with those high-level generic risks which require strategic management. Entries within the corporate risk register reflect those risks identified by management board and are endorsed by cabinet, thereby strengthening their strategic perspective, management response and controls.
4. The inclusion of risks within any level of risk register indicates that officers are aware of potential risks and mitigation strategies and controls are in place.
5. Each entry within the corporate risk register is scored to provide an assessment of the level of risk. All risks are scored based on an assessment of the 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).
6. Whatever level of residual risk remains, it is essential that the controls identified are appropriate, working effectively and kept under review.
7. Five new risks have been added to the register at appendix 1. These are:

CR048 – Delayed Transfer of Care
CR.049 – Market Workforce Economy
CR.050 – Market Capacity
CR.051 – Human Rights claims
CR.052 – IG Toolkit
8. One risk has been removed from the register at appendix 1:

CR.021 – Welfare Reform

This is because Universal Credit has started to be rolled out, and whilst there is still some uncertainty as to the full implementation process nationally, the framework is now in place. This risk has now been superseded by the new risk regarding the uncertainty of long-term social care funding, which is currently being considered under the social care green paper, and is currently a directorate risk..
9. At the meeting of 21 March 2018, the committee requested directorate risk registers so that assurance could be provided that the escalation / de-escalation of risk was being appropriately assessed in line with the PROM framework. Following the meetings on 30 July and 19 September, the committee requested that the directorate registers continue to be presented alongside the corporate risk register. Whilst the three directorate risk

registers are attached as appendices 2-4, they currently reflect the previous organisational structure and will be aligned to the new structure in time for the next report.

Community impact

10. 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

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

Resource implications

13. There are no resource implications arising from this report.

Legal implications

14. There are no legal implications arising from this report.

Risk management

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

Consultees

16. None.

Appendices

Appendix 1	Corporate risk register
Appendix 2	Adults and wellbeing risk register
Appendix 3	Children's wellbeing risk register

Background papers

None identified.

Risk / opportunity scoring matrix

Consequence					
Likelihood	1 Insignificant Impact/ Benefit	2 Minor Impact/ Benefit	3 Moderate Impact/ Benefit	4 Major Impact/ Benefit	5 Significant Impact/ Benefit
5 Certain	5	10	15	20	25
4 Likely	4	8	12	16	20
3 Possible	3	6	9	12	15
2 Unlikely	2	4	6	8	10
1 Rare	1	2	3	4	5

Risk Reference	Risk Description	Opened	Risk score before controls	Existing Controls in Place	Risk score after controls	Change since last reported	Risk Owner
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 completed. BBLP tested new emergency road closure software, which will update the website automatically within the road closure map.	12	◀▶	Health Safety and Resilience 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	MTFS to 19/20 approved by Council in February. All savings RAG rated and reviewed. MTFS linked to Corporate Priorities. Monthly financial reports to Management team and Cabinet; Performance Challenge meetings. Base budget review exercise completed. Prudent levels of reserves in place. Regular reviews by Cabinet of reserves and assumptions around inflation.	6	◀▶	Chief Finance Officer
CR.007	Litigation IF: ongoing contract changes and budget savings increase the level of exposure to litigation/dispute THEN: the Council may lose and be liable for costs in excess of £M (affecting budget position) and incurring reputational harm.	Jun 13	16	S151 Officer is made aware of pending financial claims against Council at earliest opportunity. For ongoing cases, an appropriate base line budget (from which to operate and deliver an effective legal service and to increase chances of Council losing litigation cases) has been provided. In house and external legal teams in place dealing with adjudications and litigation.	8	◀▶	Solicitor to the Council
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. The new mandatory training modules have been produced and rolled out 1st February 2018. A new member of staff started with the team in May and is delivering the IG School Data Protection Officer (DPO) role and supporting the team with work load.	4	◀▶	Assistant Director, Corporate Support
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	◀▶	Assistant Director, Corporate Support

Risk Reference	Risk Description	Opened	Risk score before controls	Existing Controls in Place	Risk score after controls	Change since last reported	Risk Owner
CR.015	Deprivation of Liberty IF: The authority does not meet the statutory requirements for Deprivation of Liberty Safeguards and individuals are unlawfully deprived of their liberty THEN: The authority faces a risk of 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 - although these are limited in availability due to national demand. 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. Three full time BIA posts have been created and a MCA DoLS team manager post has been created as part of the adults social care restructure. The ADASS guidance for case prioritisation is being followed within the DoLS service. 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	◀▶	Director Adults & Communities
CR.017	Demographic Pressures IF: due to increasing financial and demographic pressures, the council is unable to meet it's statutory obligations and assess clients in a timely manner and annually review all long-term packages of care THEN: clients might not receive the timely interventions required and we might miss the opportunity to maximise independence	Oct-14	25	Operational performance data reviewed on a monthly basis with operational managers. Pathway redesign work completed with stronger review at the front door and community brokers are in place to identify alternatives to formal care and support. There is early evidence that the work of community brokers has reduced overall demand on social care. Additional external capacity is now in place to focus on re-assessment work	16	◀▶	Director Adults & Communities
CR.020	Economic Resilience IF: the Invest Herefordshire Economic Vision is not supported by key stakeholders and does not deliver initiatives which address economic growth prospects and local economic concerns and meet local need THEN: there will be a fall in indigenous and new business investment within Herefordshire engagement with the council which could affect large business retention, business rates income, productivity, employment and wage rates, and wider resilience in the local economy.	Jun 15	16	Implementation of the Economic Development Strategy. Economic Masterplan adopted. Delivery of the Fastershire project. Delivering and promoting the Local Development Framework. Implementing the delivery of the Enterprise Zone. Securing external funding. Delivery of Ross Enterprise park.	12	◀▶	Economic Development Manager
CR.022	Integration (One Herefordshire) IF: there is a limited shared vision on the operational implications for One Herefordshire and integration THEN: there will be continued challenges in areas such as BCF/iBCF and continued risk of "cost shunting" between agencies rather than focussing on system costs.	Jun-15	25	An approved BCF between CCG and the local authority that approves integration and schemes to be delivered. Ongoing negotiations and monitoring through the BCF partnership board and Joint Commissioning Board.	9	◀▶	Director for Adults & Communities
CR.023	Council Redesign/Resources IF: Reducing resources in the form of grant, uncertainty and the requirement to deliver transformation at speed combine THEN: there will be an risk of failure to meet statutory and/or legal duties and powers.	Jun-15	25	Transformation programme within each directorate, corporate plan, refreshed governance and constitution, quarterly performance management reporting and director performance management through appraisal system.	12	◀▶	Chief Executive
CR.028	Workplace / Accommodation Programme IF: the Programme is not managed to time and budget and does not include BWoW principles THEN: there will be significant risks to service delivery, savings plans and the life cycle of buildings.	Mar 16	12	Corporate Property Board. Escalation of high risk items to ECC management team and to members for political consideration of priorities. Create high level risk management plan identifying critical repairs for Capital Strategy and Asset Management Group to consider. Undertaking a programme of condition surveys on a cyclical basis will provide detail on scale of backlog maintenance. CWB internal review post-Ofsted needs to be completed before a strategic property review is completed including BWoW.	12	▲	Strategic Property Services Manager
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, equality, procurement and the lead director. A programme of training and development has been developed to support implementation of the new constitution. This will include report writing and decision making as appropriate. Internal Audit report commissioned to review quality of information in reports; report received and being actioned.	2	◀▶	Solicitor to the Council

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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. We have run some software against all system passwords to check how secure these are. 18% did not meet the standards. IG team are signing up to Care Cert in order to receive further warnings around cyber attacks. IT are in the process of signing up the council domain to a website that collects information from leaked data breaches. We will then be notified if any council domain email addresses have been misused/hacked. Completed and submitted Cyber Security stocktake to the LGA, and completed a Cyber Essentials self assessment.	12	◀▶	Assistant Director, Corporate Support
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. 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	◀▶	Head of Law and Governance
CR.039	Safeguarding work to support the service during police investigation IF: 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	◀▶	Director for children and families
CR.040	Good internal controls protect against fraud and error IF: good internal controls aren't in place and followed to protect against the potential of fraud, corruption, financial management, malpractice or error THEN: this produces a heightened risk of fraud, corruption and/or poor value for money with the consequent negative reputational impact.	Nov-17	16	Follow-up on SWAP audit recommendations so that they are all dealt with fully so that systems, processes and compliance are improved. EE code of conduct - should be issued with contract of employment. Recruitment process which ensures appropriate background checks. Induction programme. Fraud, bribery and corruption policies. Whistleblowing Policy. Finance procedure rules. Contract procedure rules. Agresso workflow. Governance processes.	8	◀▶	Head of corporate finance
CR.042	Partnerships IF: the partnerships that the council's involved in are not developed / fail to operate effectively / or fail entirely THEN: the strategic objectives / priorities may not be achieved.	Aug-18	12	Partnership governance protocol. Effective communications. Contractual and partnering agreements.	6	◀▶	Head of Corporate Governance
CR.043	Recruitment IF: the council is unable to recruit the level and scale of staff required to vacant posts across the organisation due to inability to attract and/or an unsustainable employable local demographic THEN: there will be insufficient staff to meet service demands; an inability to progress service development; and a financial implication of using agency staff/contractors.	Aug-18	16	Short term reductions in capacity are accommodated by prioritisation and reallocating work amongst staff. Analysis identifying posts which are hard to recruit to. Involvement in regional workforce development and agency market management. Recruitment and retention initiatives.	12	◀▶	Head of HR and Organisational Development
CR.044	Brexit IF: following Brexit there is uncertainty or policy decisions that impact the council THEN: there may be an impact on the economic and social programmes of the Council and its partners, including: interest rates and exchange rates impacting on the affordability of the council's capital programme; and restriction on the free movement of people which could lead to skills gaps and adverse impact on the workforce.	Aug-18	16	Continue to engage and participate on key legislation. Inclusion of an assessment of the risks associated with Brexit in our MTFs and Treasury Management Strategy, and our debt profile is monitored and managed to avoid exposure to interest rate fluctuations. The Capital Programme will include a risk assessment of the cost of borrowing, and it will be reviewed constantly to ensure its continued affordability.	12	◀▶	Chief Finance Officer
CR.045a	Development Regeneration Partnership - Keepmoat IF: there is not an adequate pipeline of suitable residential development projects THEN: we will not be able to deliver the benefits through the contract	Feb-18	12	A pipeline of projects has been identified and discussed with the DRP Board. Work is underway to identify and bring forward suitable sites for inclusion in early phases of the programme, specifically relating to housing development, there are, however, limited opportunities that are immediately available.	12	▲	Programme Director, Housing and Growth
CR.045b	Development Regeneration Partnership - Engie IF: the length of time that regeneration projects take to bring forward leads to a perception that the programme is not delivering THEN: confidence will be reduced	Feb-18	9	A pipeline of regeneration projects has been identified and discussed with the DRP Board. Work is underway to bring these projects into the programme; however, the feasibility, design and approval process does take time	6	◀▶	Programme Director, Housing and Growth
CR.046	Capital Programme IF: we are unable to implement the strategic corporate and CWB capital programmes within budget and timescale THEN: operating costs will increase, assets will deteriorate, service delivery could be impacted and opportunities to realise value and benefits could be missed. Strategic change will not be implemented.	Feb-18	16	Corporate Property Strategy Board and CWB Capital Programme Board comprising senior Directors. Capital budget approved for 2018/19, authorisation to implement Capital Programme. Ongoing monitoring of programme and projects. Escalation of high risk items to Directors.	16	▲	Strategic Property Services Manager

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CR.047	NMITE University IF: there is a lack of accommodation, cultural and other infrastructure services to enable planned growth in student numbers THEN: this would impact upon the successful delivery of the new university and would create reputational risk for the council.	Aug-18	12	Sites identified for the University accommodation, e.g. Essex Arms. The council has procured a Development Partner to enable the development subject to Cabinet decision. Joint University Development Board (JUDB) has been put in place to effectively allow the University and council to manage the University's development collaboratively. space has been provisionally allocated in the potential facility on station approach to support NMiTE's first full cohort in 2020.	9	◀▶	Programme Director, Housing and Growth
The following risks have been removed from the Corporate Risk Register							
CR.021	Welfare Reform IF: the impact of further welfare reform has a financial implication THEN: there might be a reduction in 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 & Communities
The following risks have been added to the Corporate Risk Register							
CR.048	Delayed Transfer Of Care (DTC) IF: the capacity and effectiveness of the Home First service, timeliness of assessments, the capacity of the care home and domiciliary care market and accuracy of coding THEN: the DTC numbers will continue to increase.	Aug-18	25	Urgent care remains under review and there is an improvement plan in place. This includes additional dedicated resource and oversight of senior operational and transformation managers.	25	NEW	Director Adults & Communities
CR.049	Market workforce economy IF: the current limited capacity within the social care workforce continues THEN: will there will be an impact on availability of services - this is particularly true of Registered Managers and Nurses	Mar-17	25	External market workforce project launched - the care heroes campaign to attract and retain more people into care.	16	NEW	Director Adults & Communities
CR.050	Market Capacity IF: due to increasing demographic pressures, social care provision within Herefordshire is becoming increasingly limited THEN: we will experience significant difficulties in placing packages of care, delaying placements and increasing the cost of placements. This is particularly true of nursing care provision.	Sep-17	25	Managing the market work programme will include redesign of block contract beds to increase nursing capacity. Further strategic analysis work underway to review feasibility of council controlled care capacity complex/dementia care.	16	NEW	Director Adults & Communities
CR.051	Human Rights claims IF: a result of high court decisions regarding children's social care cases THEN: Herefordshire council may face Human Rights claims.	Dec-16	16	Case review work has been undertaken by children's social care and by legal services and submitted to court. Legal services have reviewed current cases to assess for potential human rights claims. Communications briefed on response from council, including training, audit of any cases with similar presenting features and action to address any recommendations from the judgement; communications to cabinet, children's scrutiny and all members; communication to chair of HSCB and also to regional lead for safeguarding with Ofsted.	16	NEW	Director for children and families
CR.052	IG Toolkit IF: we do not complete the new IG toolkit to the required standard THEN: we will lose access to the NHS N3 connection and a number of data sets required by Adult Wellbeing.	Aug-18	9	The existing toolkit has been completed to a high standard for the last 3 years and we hold the required evidence. Toolkit is at 88% compliance at mid-December against a year-end target of 95%.	6	NEW	Information Governance Manager

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CR.015 AWB.001	Deprivation of Liberty IF: The authority does not meet the statutory requirements for Deprivation of Liberty Safeguards and individuals are unlawfully deprived of their liberty THEN: The authority faces a risk of 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 - although these are limited in availability due to national demand. 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. Three full time BIA posts have been created and a MCA DoLS team manager post has been created as part of the adults social care restructure. The ADASS guidance for case prioritisation is being followed within the DoLS service. 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	◀▶	Director Adults & Communities	Corporate
CR.017 AWB.002	Demographic Pressures IF: due to increasing financial and demographic pressures, the council is unable to meet it's statutory obligations and assess clients in a timely manner and annually review all long-term packages of care THEN: clients might not receive the timely interventions required and we might miss the opportunity to maximise independence	Oct-14	25	Operational performance data reviewed on a monthly basis with operational managers. Pathway redesign work completed with stronger review at the front door and community brokers are in place to identify alternatives to formal care and support. There is early evidence that the work of community brokers has reduced overall demand on social care. Additional external capacity is now in place to focus on re-assessment work	16	◀▶	Director Adults & Communities	Corporate
CR.022 AWB.004	Integration (One Herefordshire) IF: there is a limited shared vision on the operational implications for One Herefordshire and integration THEN: there will be continued challenges in areas such as BCF/BCF and continued risk of "cost shunting" between agencies rather than focussing on system costs.	Jun-15	25	An approved BCF between CCG and the local authority that approves integration and schemes to be delivered. Ongoing negotiations and monitoring through the BCF partnership board and Joint Commissioning Board.	9	◀▶	Director for Adults & Communities	Corporate
CR.049 AWB.006	Market workforce economy IF: the current limited capacity within the social care workforce continues THEN: will there will be an impact on availability of services - this is particularly true of Registered Managers and Nurses	Mar-17	25	External market workforce project launched - the care heroes campaign to attract and retain more people into care.	16	NEW	Director Adults & Communities	Corporate
AWB.007	Letting social and affordable housing IF: housing providers act independently and try to operate unilaterally, the arrangements to let social and affordable accommodation may break down THEN: housing for many people in need may be limited and risk of provider failure.	Jun-17	20	There is now an agreed redesign solution for new arrangements there is an agreed timeline and project plan. Key governance is in place and provider partners are engaged and working closely with the council. Re-procurement of IT service has now been completed pending award. Final revised project plan in preparation. Further adjustment of timeline to be agreed with partners following procurement.	6	▼	Community Capacity & Wellbeing Manager	Directorate
AWB.008	Out of Hours IF: the current model of Out of Hours and emergency duty delivery are not improved THEN: the limited numbers of AMHP's available within our workforce will fail to manage urgent out of hours MH work.	Sep-17	16	AMHP training has recently been run. Service review completed July 2018. There is a workforce development plan in place to train up more AMHPs who will be available to support the out of hours rota. Market conditions are now reflected and current members of staff have been regraded to reflect that position.	12	◀▶	Assistant Director Care & Support	Directorate
AWB.009	Market viability IF: provider services fail THEN: we will need to manage the transfer of a (large) number of service users in very short timescales, in an already difficult market, with limited capacity.	Sep-17	16	QAF in place to monitor. Provider failure policy and procedures in place. Commissioning Dashboards are now in place helping to monitor the exposure to risk.	12	◀▶	Assistant Director of Care & Support	Directorate
CR.050 AWB.010	Market Capacity IF: due to increasing demographic pressures, social care provision within Herefordshire is becoming increasingly limited THEN: we will experience significant difficulties in placing packages of care, delaying placements and increasing the cost of placements. This is particularly true of nursing care provision.	Sep-17	25	Managing the market work programme will include redesign of block contract beds to increase nursing capacity. Further strategic analysis work underway to review feasibility of council controlled care capacity complex/dementia care.	16	NEW	Director Adults & Communities	Corporate
AWB.012	Staff Culture: IF: staff culture through the organisation remains inconsistent with the outcomes desired through the new pathways being implemented THEN: delivery of the pathway and it's desired outcomes will be undermined.	Sep-17	15	There is a programme of training throughout the social care structure including leadership for managers. There is an ongoing programme of culture change led by senior management team.	12	▲	Director for Adults and Communities	Directorate
AWB.013	Continuing budget pressures IF: a reduction in budgets, following reductions in the council's RSG results in staffing reductions THEN: there is a risk in our ability to undertake the work required to make further savings.	Sep-17	25	MTFS in place, proposing balanced budget until March 2020, with planned savings due to mitigate known increases. Regular budget monitoring, regular monitoring of project delivery, member challenge sessions. Improving budget forecasting processes, connecting budget forecasting more closely with operational activity, CPIP approach.	12	◀▶	Director for Adults and Communities	Directorate
AWB.014	Contract & Quality Management Capacity IF: we have limited capacity in both contracts management and quality assurance teams THEN: there is a risk on pro-actively engaging with commissioned providers and focus is on providers subject to concerns.	Sep-17	20	QAF currently being reviewed to become more proactive. 2 additional staff now in post in the Quality Team. Proposal for improvements in the quality of care homes has been agreed by CCG and the council.	9	▼	Better Care Fund & Integration Manager	Directorate

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AWB.018	Provider delivery problems IF: there are periods of inclement weather, or provider workforce difficulties or financial issues THEN: providers may be unable to delivery services leaving vulnerable people at risk.	Sep-17	25	Quality and Review team and QA framework, market position statement, business continuity plans, Safeguarding processes in place. Workforce recruitment and retention project, reviewing our fee rates and revising market position statement. Revising the QA framework. Medium term commissioning strategy will be developed during the current financial year.	12	◀▶	Director for Adults and Communities	Directorate
AWB.019	Availability of supported and targeted housing IF: There is misalignment between the availability and pipeline of supported and targeted housing and evolving demand for accommodation among people with Adult Social Care need THEN: we will potentially miss the opportunity to place people in more appropriate locations.	Mar-18	9	Increased and phased pipeline of new accommodation. Strategic project across services to refine needs analysis, agree pathways and models and make best use of existing and emerging estate.	4	▼	Community Capacity & Wellbeing Manager	Directorate
AWB.020	Supported Housing for Younger People IF: there is insufficient availability of short term supported housing THEN: we will not effectively meet the needs of young people and homeless people.	Mar-18	12	Accommodation strategy for vulnerable young people. Temporary post implementing supported housing policy changes. C-PIP process. New whole system working group and proposed protocol. Brokering 3-way agreements for up to 10 new units of accommodation for ex-offenders, and additional units for care leavers. Further accommodation now in pipeline for all priority groups.	9	▲	Community Capacity & Wellbeing Manager	Directorate
AWB.022	Voluntary Sector Disconnection IF: the voluntary sector are unable/unwilling to change their practices THEN: there will be a disconnect from key council strategic agendas, leading to procurement problems and potential confusion and associated challenge.	Mar-18	12	Draft proposals for new relationships and possible investment with sectors to support new conversation.	6	◀▶	Community Capacity & Wellbeing Manager	Directorate
AWB.023	Nursing Capacity IF: the current trends of difficulty in placing in nursing beds due to increased complexity continue THEN: there will be a further increase in the spend in this area in order to make placements.	Mar-18	12	Continual engagement with providers, supporting planning applications, scoping alternative models of delivery. Looking at additional capacity utilising existing block contract. Continued working to support the market. Additional 11 EMI nursing beds will be coming online by the end of the financial year.	4	▲	Head of Care Commissioning	Directorate
AWB.024	Flu Immunisation: IF: flu immunisation up-take with Council staff is low THEN: this will impact on the business continuity of the council.	Mar-18	12	Flu watches scheme and flu clinics are in place. We run a flu campaign to encourage staff to take up the flu vaccine.	4	▼	Director of Public Health	Directorate
AWB.027	Market Capacity from Provider Failure IF: providers fail due to increased costs, reduced packages due to reablement through Home First, changes to CQC inspections and increase in quality concerns THEN: package costs are likely to increase for our clients and there will be further pressure on capacity in the market.	Jun-18	16	Working with the market to identify issues early on to prevent failure and ensure quality through contract management and intel into the quality dashboard. Scope resilience plan to support/react to failing services quickly. Encourage new providers and staff to the market where appropriate.	4	▲	Head of Care Commissioning	Directorate
AWB.028	NHS Re-organisation IF: there is a major NHS re-organisation THEN: this might hinder effective joint working with social care.	Jun-18	16	One Herefordshire Group gives us strong communication with the NHS. Links through to ADASS give advance warning if developments in the NHS. Strengthen the One Herefordshire and Health and wellbeing board arrangements.	16	◀▶	Director for Adults and Communities	Directorate
AWB.029	Care Home Ratings IF: the increasing trend of care homes with reduced ratings by CQC (to either Inadequate or RI) THEN: placing people will be more challenging and these homes will require additional support from our staff.	Jun-18	25	Proposal for future working with CCG and increased staff support within QA team has been approved. QAF under review and working closely with CCG on improvements. Training programme being developed for providers.	20	◀▶	Head of Partnerships and Integration	Directorate
AWB.030	Contract Interest IF: we get limited interest when re-procuring services (due to market fragility, limited budgets and innovation) THEN: we might have difficulties in successfully awarding contracts.	Jun-18	12	Substantial work with existing providers and potential markets to raise awareness of opportunities and the changes in design of services.	6	◀▶	Head of Strategic Housing & Wellbeing	Directorate
AWB.031	Legal Support IF: we do not receive appropriate levels of commercial contract legal services THEN: we run the risk of not underpinning contracts with the appropriate contract documents etc.	Jun-18	12	New standard terms and conditions acquired and being applied to outstanding contract needs.	4	▼	Head of Strategic Housing & Wellbeing	Directorate
The following risks have been removed from the Register								
CR.021 AWB.003	Welfare Reform IF: the impact of further welfare reform has a financial implication THEN: there might be a reduction in 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 & Communities	Corporate
AWB.011	Staff Continuity IF: staff within the service area with extensive knowledge of current processes etc., leave or are not available THEN: there are risks associated with effectively managing continuity.	Sep-17	15	Limited controls in place at present for example staff notice periods, IT systems, PPdP. Guiding principles need to be established, a process of identifying the relevant people, avoiding single points of failure when designing the organisation and application of principles by managers.	10	◀▶	Director for Adults and Communities	Directorate
AWB.015	Agency Staffing IF: there is an over-reliance in agency staffing for key posts THEN: this will impact on the timeliness of delivery and increased costs.	Sep-17	12	Work with Hoople through recruitment processes. Agency staff considered. Redesigning roles so that they are easier to recruit to. Steps taken to reduce staff turnover and sickness rates. PPdP. Additional work required with Hoople to ensure that appropriate recruitment processes are in place. Pilot for mixed economy staffing model in planning for August 2018.	9	◀▶	Director for Adults and Communities	Directorate
AWB.016	Management of client financials IF: integration between core client finance systems is ineffective and debt management process are not adequate for AWb processes THEN: client financials will be managed poorly, and increase the risk of not collecting all available client income.	Sep-17	16	Processes in place to invoice and manage finances, as well as an existing debt management process.	6	◀▶	Assistant Director Care & Support	Directorate

Risk Reference	Risk Description	Opened	Risk score before controls	Existing Controls in Place	Risk score after controls	Change since last reported	Risk Owner	Reporting Level
AWB.017	Increased Homelessness IF: there are significant increases in homelessness arising from welfare reform and limited availability of short term and transitional accommodation THEN: there is an increased chance of poor outcomes for vulnerable people and reputational and regulatory harm for the council.	Sep-17	16	Accommodation strategy to greatly increase supported housing for vulnerable young people. Opportunity in new national supported housing policy to increase portfolio of short term housing for ex-offenders and young people. Review underway of hostel provision, allied to new posts working with rough sleepers.	6	◀▶	Head of Prevention and Support	Directorate
AWB.021	General Asylum Dispersal IF: joining the General Asylum Dispersal scheme is not managed effectively THEN: there are risks to social cohesion and to demand on local services from the council. Asylum seekers have no access to public funds and are often vulnerable to poor housing and other risks.	Mar-18	9	Council has agreed conditions on the profile of the asylum population to be family groups only and no more than 40 people. There is a detailed communication protocol to manage the process with G4S and HO. Improved availability of specialist legal support is being requested. A joined up approach by the council is being taken to monitor quality of asylum seekers accommodation. Joint working with DWP on NI numbers and benefits. Exploratory commissioning of specialist housing agency to source private sector accommodation for family stay. Also G4S encountering great difficulty in sourcing accommodation so scheme is now regarded as a pilot and may develop very slowly.	6	◀▶	Community Capacity & Wellbeing Manager	Directorate
AWB.025	Court of Protection & Appointeeship IF: the reduced capacity of the Hoople team managing court of protection and/or appointeeship due to recruitment difficulties, are unable to meet the needs of vulnerable adults who not have mental capacity THEN: this would result in vulnerable people's finances not being dealt with in a timely manner and failure of the council's legal duties to court of protection.	Mar-18	16	Team in place to work with Hoople. Need to review future handling and delivery of the service.	16	◀▶	Director for Adults and Communities	Directorate
AWB.026	Sleep-In Shifts IF: following national guidance sleep-in shifts have to be paid at National Living Wage legislation rates THEN: the council might be subject to increased spend, a backdated bill, as well as increased risk of provider failure.	Apr-18	15	Limited ability to control risk- outcome dependent on current legal action and central government response to that outcome- council continue to monitor risk and respond once outcome is clear. Engagement with provider market to assess awareness of liabilities and exposure to risk.	15	◀▶	Director Adults and Communities	Directorate
The following risks have been added to the Register								
CR.048 AWB.032	Delayed Transfer Of Care (DTC) IF: the capacity and effectiveness of the Home First service, timeliness of assessments, the capacity of the care home and domiciliary care market and accuracy of coding THEN: the DTC numbers will continue to increase.	Aug-18	25	Urgent care remains under review and there is an improvement plan in place. This includes additional dedicated resource and oversight of senior operational and transformation managers.	25	NEW	Director Adults & Communities	Corporate
AWB.033	DP Rates IF: DP rates remain as they are and not uplifted THEN: there is a risk that people will not receive enough money in their accounts to pay for the care they need	Aug-18	9	Re-assessments of people who are prescribed care are taking place. Review of assessments process need to continue. The introduction of pre paid cards is the key initiative which will reduce the risk and provide meaningful management information on spend.	9	NEW	Head of Prevention and Support	Directorate
AWB.034	HomeFirst IF: the amalgamated Rapid Response and external reablement service does not improve THEN: our ability to manage demand at the front door will be compromised, our response to hospital discharges will remain delayed and ineffective and our ability to help avoid admission to hospital will be limited	Aug-18	16	Management of change, registered manager has been bought in. there is a rolling programme of recruitment. There are weekly monitoring meetings to problem solve chaired by AD Ops	16	NEW	Assistant Director Care and Support	Directorate
AWB.035	Future of ASC funding IF: There continues to be uncertainty around the future and sustainability of adult social care funding THEN: the risk of not meeting statutory functions increases as does the risk of failure within the reliant social care economy in the county, such as care homes. In addition, the opportunity to re-model the way we provide services is limited	Sep-18	15	Short term mitigation through close budget management. Additional powers re: Social Care Premium Longer term mitigation: Currently engaging regarding the Social Care green paper out for consultation. Continue to engage in consultation through ADASS. Continue to develop new pathways and the preventative approach.	12	NEW	Director for Adults and Communities	Directorate
AWB.036	Use of Temporary Accommodation IF: there is a sustained increased level of additional demand on staffing resources and requiring increased use of temporary accommodation arising from implementation of Homelessness Reduction Act (HRA) 2017 THEN: our ability to respond to demand with the existing capacity is affected.	Aug-18	12	We are putting into place grant funding to spend on extra staff. We have designed a housing pathway which will be reviewed.	12	NEW	Head of Prevention and Support	Directorate

Risk Reference	Risk Description	Opened	Risk score before controls	Existing Controls in Place	Risk score after controls	Change since last reported	Risk Owner	Reporting Level
CWB.006 EAC.001	ICT Systems IF: the technology ICT systems/ platforms are not appropriate or used to their full effect THEN: we fail to manage our services effectively and this can lead to poor practice and inefficient use of staff time	Apr-17	20	MOSAIC overseen by joint chaired adults and children ADs. Education System Group now in place. MOSAIC developments part of the safeguarding improvement plan for the directorate. Ensure Education systems are able to maintain robust data.	16	◀▶	MOSAIC - AD Safeguarding and family support E&C tactical systems interim assistant director	Directorate
CWB.007 EAC.002	School Assets IF: insufficient condition oversight of school assets is not in place THEN: there may be an increase in costs due to unplanned significant spend.	Apr-17	25	Education assets condition surveys to be completed and school capital investment strategy in place. Schemes to be developed.	9	◀▶	Director for children and families	Directorate
CWB.010	Savings Plans IF: the savings plans across the directorate are not delivered with support from council services THEN: resources and the MTFs across the council may be at risk.	Apr-17	20	Work is taking place across the directorate to deliver savings and this is being regularly reviewed by DLT/SMT/Management Board/Cabinet. Budget for 2018/19 adjusted to make further provision for placement costs.	16	◀▶	Director for children and families	Directorate
CWB.020	Ofsted Preparations IF: preparations are not made for Ofsted focused visit of safeguarding THEN: service areas and leadership may be judged poorly and positive outcomes for children not reflected in Ofsted judgements. This could lead to reputational damage, requirements for improvements including significant budget implications for the council.	Apr-17	15	Safeguarding improvement plan 2017/18 acted on. Peer Review processes provided external view. Ofsted engaged in audit training. CEX briefings taking place. Cabinet received briefings on emerging framework and current position of service. CWB Scrutiny in place. Ofsted ILACS inspection undertaken in June 2018 and provided an external view on Herefordshire practice overall and provided areas for focus on improvement including reducing caseloads, enabling managers to have more support, setting out a clear approach to support children with child in need plans, increasing the breadth and effectiveness of early help and improving performance management systems to enable staff to manage effectively.	10	◀▶	AD Safeguarding and family support	Directorate
CWB.021	Staffing / Workforce IF: we are unable to recruit and maintain a stable, experienced social care workforce THEN: caseloads for social workers will be higher than wanted and may affect the quality of casework for children.	Oct-17	20	OD Business Partner in place since Sept 2017. Recruitment and retention plan been developed and recruitment now following enhanced approach. Following the LGA safeguarding peer review in Feb/March 2018 cabinet approved an additional £1.5m to support reducing caseloads by recruiting to social work posts, investing in posts to support team management, family support workers to enable working with children and young people and their families at an earlier stage, and business support to take some tasks off social workers.	15	◀▶	Director for children and families	Directorate
CWB.022 CR.039	Safeguarding work to support the service during police investigation IF: 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	◀▶	Director for children and families	Corporate
CWB.023 CR.051	Human Rights claims IF: a result of high court decisions regarding children's social care cases THEN: Herefordshire council may face Human Rights claims.	Dec-16	16	Case review work has been undertaken by children's social care and by legal services and submitted to court. Legal services have reviewed current cases to assess for potential human rights claims. Communications briefed on response from council, including training, audit of any cases with similar presenting features and action to address any recommendations from the judgement; communications to cabinet, children's scrutiny and all members; communication to chair of HSCB and also to regional lead for safeguarding with Ofsted.	16	NEW	Director for children and families	Corporate
CWB.024	Whitecross PFI IF: there is an increase in the roll at Whitecross school THEN: the PFI provider may impose a financial charge as 'soft service' charges.	Jul-18	16	There is no payment mechanism based on pupil numbers and any extra building work would be extremely expensive with any expansion being resisted on VFM grounds.	16	NEW	AD Education, Development and Skills (Interim)	Directorate
CWB.025	Pupil Referral Unit IF: the cabinet member does not decide to not proceed with the current proposals THEN: the council PRU provision will not meet the legal requirements stipulated by DFE and ESFA.	Jan-18	16	Current proposals have been scrutinised by the council's legal department and they have provided the necessary advice in order for the proposals to progress. Contingency plan is being prepared by Additional Needs service, children's commissioning, finance and legal.	16	◀▶	AD Education Development and Skills (Interim)	Directorate

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CR.001 ECC.004 LGR.001 LGR.002 LGR.005	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 completed. BBLP tested new emergency road closure software, which will update the website automatically within the road closure map.	12	◀	Health Safety and Resilience Manager	Corporate
CR.002 LGR.003	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	Corporate
CR.003 CFC.007 COR.008	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	MTFS to 19/20 approved by Council in February. All savings RAG rated and reviewed. MTFS linked to Corporate Priorities. Monthly financial reports to Management team and Cabinet; Performance Challenge meetings. Base budget review exercise completed. Prudent levels of reserves in place. Regular reviews by Cabinet of reserves and assumptions around inflation.	6	◀	Chief Finance Officer	Corporate
CR.007 ECC.003 LGR.06 LGR.07 PBC.006	Litigation IF: ongoing contract changes and budget savings increase the level of exposure to litigation/dispute THEN: the Council may lose and be liable for costs in excess of £M (affecting budget position) and incurring reputational harm.	Jun 13	16	S151 Officer is made aware of pending financial claims against Council at earliest opportunity. For ongoing cases, an appropriate base line budget (from which to operate and deliver an effective legal service and to increase chances of Council losing litigation cases) has been provided. In house and external legal teams in place dealing with adjudications and litigation.	8	◀	Solicitor to the Council	Corporate
CR.008 LGR.019	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. The new mandatory training modules have been produced and rolled out 1st February 2018. A new member of staff started with the team in May and is delivering the IG School Data Protection Officer (DPO) role and supporting the team with work load.	4	◀	Assistant Director, Corporate Support	Corporate
CR.011 ECC.006	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	◀	Assistant Director, Corporate Support	Corporate
CR.020 EEC.058	Economic Resilience IF: the Invest Herefordshire Economic Vision is not supported by key stakeholders and does not deliver initiatives which address economic growth prospects and local economic concerns and meet local need THEN: there will be a fall in indigenous and new business investment within Herefordshire engagement with the council which could affect large business retention, business rates income, productivity, employment and wage rates, and wider resilience in the local economy.	Jun 15	16	Implementation of the Economic Development Strategy. Economic Masterplan adopted. Delivery of the Fastershire project. Delivering and promoting the Local Development Framework. Implementing the delivery of the Enterprise Zone. Securing external funding. Delivery of Ross Enterprise park.	12	◀	Economic Development Manager	Corporate
CR.028 CAM.002	Workplace / Accommodation Programme IF: the Programme is not managed to time and budget and does not include BWoW principles THEN: there will be significant risks to service delivery, savings plans and the life cycle of buildings.	Mar 16	12	Corporate Property Board. Escalation of high risk items to ECC management team and to members for political consideration of priorities. Create high level risk management plan identifying critical repairs for Capital Strategy and Asset Management Group to consider. Undertaking a programme of condition surveys on a cyclical basis will provide detail on scale of backlog maintenance. CWB internal review post-Ofsted needs to be completed before a strategic property review is completed including BWoW.	12	▲	Strategic Property Services Manager	Corporate
CR.036 LGR.029	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, equality, procurement and the lead director. A programme of training and development has been developed to support implementation of the new constitution. This will include report writing and decision making as appropriate. Internal Audit report commissioned to review quality of information in reports; report received and being actioned.	2	◀	Solicitor to the Council	Corporate

Risk Reference	Risk Description	Opened	Risk score before controls	Existing Controls in Place	Risk score after controls	Change since last reported	Risk Owner	Reporting Level
CR.037 ERIC.009	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. We have run some software against all system passwords to check how secure these are. 18% did not meet the standards. IG team are signing up to Care Cert in order to receive further warnings around cyber attacks. IT are in the process of signing up the council domain to a website that collects information from leaked data breaches. We will then be notified if any council domain email addresses have been misused/hacked. Completed and submitted Cyber Security stocktake to the LGA, and completed a Cyber Essentials self assessment.	12	◀	Assistant Director, Corporate Support	Corporate
CR.038 LGR.030	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. 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	◀	Head of Law and Governance	Corporate
CR.040 RES.006	Good internal controls protect against fraud and error IF: good internal controls aren't in place and followed to protect against the potential of fraud, corruption, financial management, malpractice or error THEN: this produces a heightened risk of fraud, corruption and/or poor value for money with the consequent negative reputational impact.	Nov-17	16	Follow-up on SWAP audit recommendations so that they are all dealt with fully so that systems, processes and compliance are improved. EE code of conduct - should be issued with contract of employment. Recruitment process which ensures appropriate background checks. Induction programme. Fraud, bribery and corruption policies. Whistleblowing Policy. Finance procedure rules. Contract procedure rules. Agresso workflow. Governance processes.	8	◀	Head of corporate finance	Corporate
CR.042	Partnerships IF: the partnerships that the council's involved in are not developed / fail to operate effectively / or fail entirely THEN: the strategic objectives / priorities may not be achieved.	Aug-18	12	Partnership governance protocol. Effective communications. Contractual and partnering agreements.	6	◀	Head of Corporate Governance	Corporate
CR.043	Recruitment IF: the council is unable to recruit the level and scale of staff required to vacant posts across the organisation due to inability to attract and/or an unsustainable employable local demographic THEN: there will be insufficient staff to meet service demands; an inability to progress service development; and a financial implication of using agency staff/contractors.	Aug-18	16	Short term reductions in capacity are accommodated by prioritisation and reallocating work amongst staff. Analysis identifying posts which are hard to recruit to. Involvement in regional workforce development and agency market management. Recruitment and retention initiatives.	12	◀	Head of HR and Organisational Development	Corporate
CR.044	Brexit IF: following Brexit there is uncertainty or policy decisions that impact the council THEN: there may be an impact on the economic and social programmes of the Council and its partners, including: interest rates and exchange rates impacting on the affordability of the council's capital programme; and restriction on the free movement of people which could lead to skills gaps and adverse impact on the workforce.	Aug-18	16	Continue to engage and participate on key legislation. Inclusion of an assessment of the risks associated with Brexit in our MTFs and Treasury Management Strategy, and our debt profile is monitored and managed to avoid exposure to interest rate fluctuations. The Capital Programme will include a risk assessment of the cost of borrowing, and it will be reviewed constantly to ensure its continued affordability.	12	◀	Chief Finance Officer	Corporate
CR.045a	Development Regeneration Partnership - Keepmoat IF: there is not an adequate pipeline of suitable residential development projects THEN: we will not be able to deliver the benefits through the contract	Feb-18	12	A pipeline of projects has been identified and discussed with the DRP Board. Work is underway to identify and bring forward suitable sites for inclusion in early phases of the programme, specifically relating to housing development, there are, however, limited opportunities that are immediately available.	12	▲	Programme Director, Housing and Growth	Corporate
CR.045b	Development Regeneration Partnership - Engie IF: the length of time that regeneration projects take to bring forward leads to a perception that the programme is not delivering THEN: confidence will be reduced	Feb-18	9	A pipeline of regeneration projects has been identified and discussed with the DRP Board. Work is underway to bring these projects into the programme; however, the feasibility, design and approval process does take time	6	◀	Programme Director, Housing and Growth	Corporate
CR.046	Capital Programme IF: we are unable to implement the strategic corporate and CWB capital programmes within budget and timescale THEN: operating costs will increase, assets will deteriorate, service delivery could be impacted and opportunities to realise value and benefits could be missed. Strategic change will not be implemented.	Feb-18	16	Corporate Property Strategy Board and CWB Capital Programme Board comprising senior Directors. Capital budget approved for 2018/19, authorisation to implement Capital Programme. Ongoing monitoring of programme and projects. Escalation of high risk items to Directors.	16	▲	Strategic Property Services Manager	Corporate
CR.047	NMITE University IF: there is a lack of accommodation, cultural and other infrastructure services to enable planned growth in student numbers THEN: this would impact upon the successful delivery of the new university and would create reputational risk for the council.	Aug-18	12	Sites identified for the University accommodation, e.g. Essex Arms. The council has procured a Development Partner to enable the development subject to Cabinet decision. Joint University Development Board (JUDB) has been put in place to effectively allow the University and council to manage the University's development collaboratively. space has been provisionally allocated in the potential facility on station approach to support NMITE's first full cohort in 2020.	9	◀	Programme Director, Housing and Growth	Corporate

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CCS.013	Fastershire delivery IF: coverage and take up falls short of plans with the revised broadband strategy THEN: premises will not be able to take up a service or make the most of investment in the fibre network effecting economic performance and community vitality.	Mar-17	20	Accepted BTs stage 2 delivery via deed of variation. New contract awarded to reach premises not included in phase one. Stage 4 programme to create bespoke solutions for premises not included in current contracted delivery. Digital inclusion and business support programme and awareness campaign to raise the opportunities of being online and taking up a fibre service. BT contract complete and data available via the Fastershire website. Mechanism in place for reporting any problems in ordering fibre network Complete understanding of outstanding premises to reach and unable to order a service.	9	◀▶	Assistant Director, Corporate Support	Directorate
ECC.004 COMS.002 LGR.001 LGR.002 LGR.005	Emergency Communications IF: emergency communications are not effectively implemented in good time THEN: the public could be put at unnecessary risk	Sep-15	8	Emergency on-call rota to react when required. Developing social media communities to improve outreach and improving web content to establish a trusted online resource for local residents. Social sign-in offers this functionality but requires training for comms staff then roll-out to organisation. On call rota is extended when emergency is possible to extend to social media support.	4	◀▶	Communications Manager	Directorate
LGR.020	Human rights claims IF: as a result of s20 and S34(4) THEN: this may increase the risk of these types of claims	Oct-15	20	One of Herefordshire cases has concluded with no costs being made against us and no Human Rights claim. Others have incurred up to £5K each being awarded in costs. The revocation of placement order element of this risk has been greatly reduced, but replaced by potential legal challenge of the council's S20 and s34(4) processes	16	◀▶	Solicitor to the Council	Directorate
LGR.021	Deprivation of Liberty Safeguards (DoLs Claims) IF: DoLs applications are challenged in respect of delays in assessment process and legal approval THEN: individuals/service users could make claim for being deprived of the liberty without due process having been followed, breaching their human rights.	May-16	20	The judgement has given guidance on consideration needing to be made prior to a challenge to an authorisation which could reduce the number of applications. There are now also community DoLs applications to be made in respect of 16-18 year olds. The cost of claims is not covered by the council's insurance policy Judgement received sets out guidance on considerations to be made by party challenging a DoLs authorisation which should lead to less section 21a appeals, although there is likely to be an increase in community applications and those for children 16-18 due to recent case law in this area.	15	◀▶	Solicitor to the Council	Directorate
WD.001	Waste management services contract IF: we fail to make best decision in regard to WMSC extension THEN: value for money to the council will not be delivered.	Apr-18	20	Contract governance in place with regular meetings between councils. Plan of work agreed and work underway to understand and assess all options	15	◀▶	Head of Environment and Waste Services	Directorate
WD.002	Charging for waste IF: We fail to agree change to implement charging for non household waste at household recycling centres THEN: savings will not be achieved	Apr-18	9	Contract governance in place with regular meetings between councils.	6	◀▶	Head of Environment and Waste Services	Directorate
E&P.007	Bridge Condition IF: a robust asset management approach is not taken, and an appropriate level of investment is not made available THEN: the condition of the County asset stock will deteriorate with potential failure of structures, resulting in network closures thus affecting communities and the economic viability of growth areas.	Nov-16	16	Clear asset strategy in place , regular inspections are programmed and a forward programme of planned maintenance are in place. The annual plan identifies those schemes that have been prioritised for small capital works to be delivered. Any structures at risk are also included in the overall Network Risk Matrix which is reviewed by BBLP and HC as part of an ongoing process. £500k has been included in the council's Capital Programme to progress bridge design. Funding secured and included in 2018/19 annual plan. Works planned to replace Storesbrook bridge on B4214 north of Ledbury, anticipated start date November 2018. Completion within 16 week period.	8	▼	Head of Highways & Community Services	Directorate
MAJ.001	Road Infrastructure IF: we fail to deliver the necessary infrastructure to deliver core strategy growth THEN: impacting on the delivery of planned homes and jobs.	Aug-18	16	Develop robust programme for delivery of individual projects and commission the appropriate resource to deliver project through design, planning, statutory process and construction. Undertake scheme delivery in accordance with national standards and guidance. Ensure appropriate consultation with statutory organisations to ensure that delivery is not delayed. Develop robust business case to ensure funding can be secured. Continued review of project progress through MIBD governance to ensure progress to programme and within budget. Appropriate programme of governance / decision reports to ensure progress to programme and appropriate authority to progress. Regular meetings with funding organisations to agree blended funding package opportunities for projects. Close working with DfT and Highways England to ensure appropriate support given the existing A49 status and associated impact on delivery of a bypass and improved city centre.	12	◀▶	Acting Director for Economy and Place	Directorate
PBC.023	South Wye Transport Package IF: scheme cost following detailed design exceeds budget THEN: it will significantly affect ability to deliver the project to programme	Oct-16	16	Continue to review cost forecasts and estimates as detailed design progresses. Prioritise elements for delivery and consider alternative funding opportunities as project moves towards construction. Procurement of SLR contractor commenced - tender returns are currently scheduled to be returned late Summer 2018 - this will enable final business case of SWTP to be completed.	12	◀▶	Acting Director for Economy and Place	Directorate
GRO.001	5 year Housing Land Supply IF: we do not actively address the current lack of five year land supply THEN: it will continue to be difficult to resist applications for planning permission for housing on sites not currently identified in the Local Plan which would undermine the plan led approach, lead to development of sites which are locally considered inappropriate and potentially affect the deliverability of identified strategic sites and associated infrastructure.	Mar-16	12	Adopted Core Strategy, annual refresh of Housing Land Assessment and monitoring of planning permissions and housing completions.	9	◀▶	Acting Director for Economy and Place	Directorate

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GRO.005	University loan IF: the loan is an unsecured loan, if university is not in position to repay the loan THEN: there is a risk that the council will have to write off the £300k and any associated costs .	May 17	9	Legal services have developed a loan agreement is in place between the council and NMiTE. However, the university are not in a position to offer security for the loan.	6	▲	Programme Director, Housing & Growth	Directorate
RES.007	NMiTE IF: funding is not released appropriately for NMiTE THEN: there will be reputational damage to the council.	Dec 17	4	Memorandum of understanding being prepared.	2	◀▶	Head of Management Accounting	Directorate
CICE.009	Provide adequate support (staff and resources) to an incident IF: the Council does not have adequate number of staff who can support an emergency situation (rest centres, ACPs etc.) THEN: we are not complying with Civil Contingencies Act and also face bad publicity	Feb 18	15	A training programme for staff is available. Staff deployment policy.	6	▼	Health Safety and Resilience Manager	Directorate
ECC.001 AMPS.012 PEO.010 CFC.002	Major Capital Projects (including Schools) IF: we don't deliver Major Capital Projects within budget or within timescale THEN: this will lead to increased costs and reputational damage and failure to deliver statutory services.	Aug 12	16	Corporate Property Strategy Board and CWB Capital Programme Board comprising senior Directors. Interim role filled as of 1 May and Capital Programme is being implemented in line with agreed budgets.	4	▼	Strategic Property Services Manager	Directorate
AMPS.001	Backlog maintenance IF: we don't invest sufficiently in backlog and planned maintenance THEN: potential closure of key critical front line facing public services.	Apr 13	12	Escalation of high risk items to ECC management team and to members for political consideration of priorities. Create high level risk management plan identifying critical repairs for Capital Strategy and Asset Management Group to consider. Problem in procuring condition surveys have extended timeline. A three year capital programme is being drafted based upon analysis of data and known condition issues(inc. existing condition survey data) - However the backlog maintenance cost is so great it will never be resolved. data on backlog cost is being used to inform future investment/disposal strategy.	9	◀▶	Strategic Property Services Manager	Directorate
CAM.010	Failure to successfully implement BWoW IF: BWoW is not implemented THEN: savings from the estate will not be achieved.	Mar 18	12	HR being supported by Property Services will lead on implementation of BWoW as part of the workplace strategy. Implementation planning is being carried out, to ensure that all disciplines are involved, the first phase, the relocation of the Legal team to Plough Lane from Union Street - completed. CWB internal review post-Ofsted needs to be completed before a strategic property review is completed including BWoW.	9	▲	Strategic Property Services Manager	Directorate
ECC.001 CFC.002 AMPS.012	Major Capital Projects (including schools) IF: we don't deliver Major Capital Projects within budget or within timescale THEN: this will lead to increased costs and reputational damage	Aug 12	16	Monitoring of project plan through CSWG and major infrastructure boards, DMTs and CWB capital board Monitoring of BWoW and information management projects through the IMT Board. Project management through property services Escalation of high risk items to Leadership Team for resolution. Spend manager meetings taking place, optimum siting of services under review. New financial regs being introduced work needed on standardising processes across HC. To implement new template and Agresso project management from 2018/19. Pressures still remain in terms of capacity and servicing projects - residual risk score increased as a result	16	▲	Corporate Finance Manager	Directorate
CAM.009	CWB capital programme IF: this is not aligned with broader property strategy THEN: there could be duplication of expenditure, and failure to realise benefits	Feb 18	9	Regular meeting with CWB Capital Programme Board. CWB capital programme board have agreed that all new CWB capital projects will use the new corporate project management system. This continues to be monitored.	2	◀▶	Strategic Property Services Manager	Directorate
The following risks have been added to the Register								
CAM.021	Property Services Redesign IF: Service redesign is not completed and recommendations implemented THEN: the service will not be fit for purpose for the future	Aug-18	12	Service redesign is currently being drafted with a view to presenting a paper to Cabinet shortly.	9	NEW	Strategic Property Services Manager	Directorate
CICE.008 CR.052	IG Toolkit IF: we do not complete the new IG toolkit to the required standard THEN: we will lose access to the NHS N3 connection and a number of data sets required by Adult Wellbeing.	Aug-18	9	The existing toolkit has been completed to a high standard for the last 3 years and we hold the required evidence. Toolkit is at 88% compliance at mid-December against a year-end target of 95%.	6	NEW	Information Governance Manager	Corporate



Meeting:	Audit and governance committee
Meeting date:	Wednesday 23 January 2019
Title of report:	External audit annual certification letter
Report by:	Chief finance officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To review the external auditors certification letter in relation to the housing benefit subsidy claim for 2017/18 as submitted by Herefordshire Council. There were no significant matters arising from the audit to bring to the attention of the committee, the auditors are satisfied that the council had in place appropriate arrangements to compile complete, accurate and timely claims/returns for the audit certification.

This is one of a number of reports which the committee receives in order that it may provide independent assurance on the adequacy of the risk management framework together with the internal control of the financial reporting and annual governance processes.

Recommendation(s)

That:

- (a) the findings of the external auditor's certification letter for the housing benefit subsidy claim submitted by Herefordshire Council and attached at appendix 1 be reviewed and the committee confirm the letter provides satisfactory assurance of the work completed.**

Alternative options

1. There are no alternative options, the external audit housing benefit grant certification is required under the audit code of practice and forms part of the annual audit plan.

Key considerations

2. The audit certification relates to the housing benefit claim returned to the Department of Work and Pensions (DWP) as evidence for the subsidy funding claimed.
3. Appendix 1 sets out the certification letter from Grant Thornton on the housing benefit subsidy claim submitted by Herefordshire Council for 2017/18. There were no significant matters arising from the certification work of the £44.6m housing benefit subsidy claimed. The auditors are satisfied that the council had in place appropriate arrangements to compile complete, accurate and timely claims/returns for the audit certification.
4. No errors were found in the discovery testing and no amendments have been made.
5. At the time of preparing this paper Grant Thornton have not been able to certify that they have completed their statutory audits of Herefordshire Council for 2017/18 and 2016/17. As reported to the committee in September Grant Thornton are reliant on other parties and agencies carrying out a number of tasks, significant progress has been made since September, however the work of the other parties and agencies has not yet concluded. Accordingly, Grant Thornton are not yet able to issue the certificates for these previous years.

Community impact

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. The indicative scale fee set by Public Sector Audit Appointments for the Council for 2017/18 was £5,806. In addition to this Grant Thornton populated the associated housing benefit workbooks for 2017/18 at a fee variation cost of £4,950 bringing the total certification cost to £10,756. The total fee cost is funded within the finance budget.

Legal implications

10. External audit is a legal requirement; this report provides an update on the approach being taken in line with legislative requirements.
11. Under the Local Audit and Accountability Act 2014 section 20(2) auditors make the completion of an audit by entering on the statement of accounts a certificate that the audit has been completed in accordance with the Act.

Risk management

12. The work completed has not identified any significant risks.

Consultees

13. None

Appendices

Appendix 1 Annual housing benefit certification letter for 2017/18

Background papers

None identified

Andrew Lovegrove
Chief Finance Officer
Herefordshire Council
Plough Lane
Hereford
HR4 0LE

12 December 2018

Dear Andrew

Certification work for Herefordshire Council for the year ended 31 March 2018

We are required to certify the Housing Benefit subsidy claim submitted by Herefordshire Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments Ltd (PSAA) took on the transitional responsibilities for HB COUNT issued by the Audit Commission in February 2015.

We have certified the Housing Benefit subsidy claim for the financial year 2017/18 relating to subsidy claimed of £44.6 million. Further details are set out in Appendix A.

No errors were found in the discovery testing. One sample of 40+ testing was undertaken as a result of errors identified in the previous year.

No amendments have been made and no qualification letter has been issued this year.

The indicative fee for 2017/18 for the Council was based on the actual 2015/16 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. The indicative scale fee set by PSAA for the Council for 2017/18 was £5,806. One sample of 40+ testing was undertaken which is consistent with the work undertaken in 2015/16.

Due to staff turnover in the benefits department and work pressures, officers asked us if we would undertake some of the work normally undertaken by officers as part of the audit, namely population of the workbooks. We quoted a fee of £4,950 for undertaking this work, and this was agreed by officers on 30 May 2018. We are therefore requesting that PSAA approve a fee variation of this amount, which reflects the additional work this year compared with 2015/16.

This is set out in more detail in Appendix A.

Yours sincerely

Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2017/18

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing benefits subsidy claim	£44.6m	No	N/a	No	There were no significant matters arising from the audit which we should bring to the attention of the committee.

Claim or return	2015/16 indicative fee (£)	2017/18 indicative fee (£)	2017/18 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£4,571	£5,806	£10,756	£4,950	Agreed extra fee for population of workbooks
Total	£4,571	£5,806	£10,756	£4,950	



Meeting:	Audit and governance committee
Meeting date:	Wednesday 23 January 2019
Title of report:	External auditors annual plan
Report by:	Chief finance officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To review and agree the external auditor's audit plan for 2018/19.

The external audit of Herefordshire Council's statement of accounts for 2018/19 is required to be completed before the 31 July, achieving this regulatory deadline is reflected in the audit plan attached at Appendix 1.

Recommendation(s)

That:

- (a) subject to any recommendations the committee wish to make to the external auditor, the proposed external audit plan 2018/19 at appendix 1 be approved; and**
- (b) the committee determine any recommendations it wishes to make to maximise the value of the combined internal and external audit process.**

Alternative options

1. There are no alternative options to approving an external audit plan. The audit plan must meet statutory requirements, however it is open to the committee to identify any additional

areas of risk they wish the external audit to consider and to recommend additional actions to maximise the value of the combined internal and external audit process.

Key considerations

2. The constitution provides that the audit and governance committee will:
 - a. Review and agree the External Auditor's annual plan and receive regular update reports on progress.
 - b. To comment on the scope and depth of external audit work and to ensure it gives value for money.
 - c. Ensure that there are effective relationships between external and internal audit that the value of the combined internal and external audit process is maximised.
3. Attached as appendix 1 is the external audit plan for the audit of the 2018/19 statement of accounts. The 2018/19 external audit aims to complete by the statutory deadline of 31 July.
4. The appendix shares the audit approach, the focus of external audit work and the preparation work requirements. There are two standard presumed risks for all Grant Thornton clients, being fraudulent transactions and management override of controls to be addressed during the audit.
5. The external audit plan confirms the approach to assessing if the council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the value for money conclusion. The report details the areas of risk identified and the work that will be completed to reach a conclusion that will be reported to the committee.
6. The committee is asked to consider whether there are any comments it would like to make with reference to the external audit plan. Progress against the plan will be reported at future audit and governance committee meetings.

Community impact

7. 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.

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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 -

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- (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. The cost of the external audit is detailed in the appendix and, at £96k is lower than in previous years (at £124k before variations). This saving is included in the revenue budget.
- 10. Grant Thornton confirm their resourcing in the appendix attached, this is supported by their audit working paper requirements and the internal year-end timetable which identifies key tasks, nominated internal contact and deadline dates.

Legal implications

- 11. The Accounts and Audit Regulations 2015 requires the council to produce and publish an annual Statement of Accounts in accordance with the regulations and "proper practice",
- 12. Section 21 of the Local Government Act 2003 defines "proper practice" for this purpose to be the CIPFA Code of Practice on Local Authority Accounting (The Code) for the relevant year. The Code specifies the principles, practices, format and content required in the preparation of the Statement of Accounts.

Risk management

- 13. The risk is that the plan does not achieve the conclusion of the audit work within the statutory deadlines. The attached plan details how interim work, planning and resourcing will mitigate this risk.

Consultees

- 14. None.

Appendices

Appendix 1 External audit plan 2018/19

Background papers

None identified

External Audit Plan

Year ending 31 March 2019

Herefordshire Council

23 January 2019



Contents



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Section

Section	Page
1. Introduction & headlines	3
2. Key matters impacting our audit approach	4
3. Audit approach	5
4. Group audit scope and risk assessment	6
5. Significant risks identified	7
6. Other risks identified	10
7. Other matters	11
8. Materiality	12
9. Value for Money arrangements	13
10. Audit logistics, team & fees	14
11. Early Close	15
12. Independence & non-audit services	16

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 planning 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 the Council or all 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.

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Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Herefordshire Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Herefordshire Council. We draw your attention to both of these documents on the [PSAA website](#).

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the :

- Council and the group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance Committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit and Governance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

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

Group Accounts	The Council has made the decision to prepare group financial statements that consolidate the financial information of Hoople Ltd.
Significant risks	<p>Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:</p> <ul style="list-style-type: none">• Management override of controls• Valuation of property, plant and equipment• Pension liability <p>We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.</p>
Value for Money arrangements	<p>Our risk assessment regarding your arrangements to secure value for money have identified the following VFM significant risks:</p> <ul style="list-style-type: none">• Financial sustainability• Management of the capital programme
Audit logistics	<p>Our interim visit will take place in February and our final visit will take place in June and July. Our key deliverables are this Audit Plan and our Audit Findings Report.</p> <p>Our fee for the audit will be £95,792 (PY: £124,405) for the Council, subject to the Council meeting our requirements set out on page 15.</p>
Independence	We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Key matters impacting our audit

External Factors

The wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. For Herefordshire Council, there is a forecast overspend at the year end, which is predominately due to an increase in residential placements for adults and a net increase in looked after children. There is uncertainty regarding the Council's funding post 2020.

Changes to the CIPFA 2018/19 Accounting Code

The most significant changes relate to the adoption of:

- IFRS 9 Financial Instruments which impacts on the classification and measurement of financial assets and introduces a new impairment model.
- IFRS 15 Revenue from Contracts with Customers which introduces a five step approach to revenue recognition.

Internal Factors

New audit methodology

We will be using our new audit methodology and tool, LEAP, for the 2018/19 audit. It will enable us to be more responsive to changes that may occur in your organisation and more easily incorporate our knowledge of the Council into our risk assessment and testing approach.

Local factors

The Council has undertaken a review of its directorate structure and has decided to make amendments to streamline reporting.

96

Our response

- We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.
- We will consider whether your financial position leads to material uncertainty about the going concern of the group and will review related disclosures in the financial statements.

- We will keep you informed of changes to the financial reporting requirements for 2018/19 through on-going discussions and invitations to our technical update workshops.
- As part of our opinion on your financial statements, we will consider whether your financial statements reflect the financial reporting changes in the 2018/19 CIPFA Code.

- You will see changes in the terminology we use in our reports that will align more closely with the ISAs
- We will ensure that our resources and testing are best directed to address your risks in an effective way.

- We will work with management to determine whether these changes will result in a prior period adjustment in the financial statements.

Audit approach

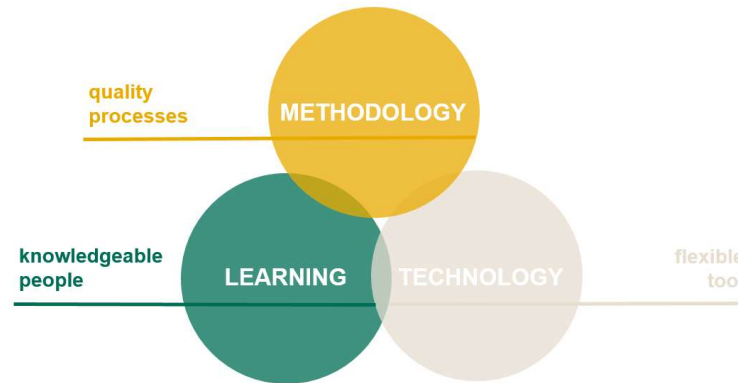
Use of audit, data interrogation and analytics software

LEAP



Audit software

- A globally developed ISA-aligned methodology and software tool that aims to re-engineer our audit approach to fundamentally improve quality and efficiency
- LEAP empowers our engagement teams to deliver even higher quality audits, enables our teams to perform cost effective audits which are scalable to any client, enhances the work experience for our people and develops further insights into our clients' businesses
- A cloud-based industry-leading audit tool developed in partnership with Microsoft



Info



Cloud based software which uses data analytics to identify trends and high risk transactions, generating insights to focus audit work and share with clients.



REQUEST & SHARE

- Communicate & transfer documents securely
- Extract data directly from client systems
- Work flow assignment & progress monitoring



ASSESS & SCOPE

- Compare balances & visualise trends
- Understand trends and perform more granular risk assessment



VERIFY & REVIEW

- Automate sampling requests
- Download automated work papers



INTERROGATE & EVALUATE

- Analyse 100% of transactions quickly & easily
- Identify high risk transactions for investigation & testing
- Provide client reports & relevant benchmarking KPIs



FOCUS & ASSURE

- Visualise relationships impacting core business cycles
- Analyse 100% of transactions to focus audit on unusual items
- Combine business process analytics with related testing to provide greater audit and process assurance



INSIGHTS

- Detailed visualisations to add value to meetings and reports
- Demonstrates own performance and benchmark comparisons

97

IDEA



- We use one of the world's leading data interrogation software tools, called 'IDEA' which integrates the latest data analytics techniques into our audit approach
- We have used IDEA since its inception in the 1980's and we were part of the original development team. We still have heavy involvement in both its development and delivery which is further enforced through our chairmanship of the UK IDEA User Group
- In addition to IDEA, we also other tools like ACL and Microsoft SQL server
- Analysing large volumes of data very quickly and easily enables us to identify exceptions which potentially highlight business controls that are not operating effectively

Appian



Business process management

- Clear timeline for account review:
 - disclosure dealing
 - analytical review
- Simple version control
- Allow content team to identify potential risk areas for auditors to focus on

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Audit Scope	Risks identified	Planned audit approach
Herefordshire Council	Yes		See pages 7 to 10 for details of risks identified	Full scope UK statutory audit performed by Grant Thornton UK LLP
Hoople Ltd	No		None	Analytical review performed by Grant Thornton UK LLP.

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to significant risks of material misstatement of the group financial statements
- Analytical procedures at group level

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions	Group and Council	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Herefordshire Council, mean that all forms of fraud are seen as unacceptable <p>Therefore we do not consider this to be a significant risk for Herefordshire Council.</p>
Management over-ride of controls	Group and Council	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

6

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of property, plant and equipment	Group and Council	<p>The Council revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Council and group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • write to the valuer to confirm the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • test revaluations made during the year to see if they had been input correctly into the Council's asset register • evaluating the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

100

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of pension fund net liability	Group and Council	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements and group accounts.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk.</p> <p>The Council is a statutory member of the Hereford and Worcestershire Local Government Pension Scheme administered by Worcestershire County Council. Herefordshire Council remain responsible for the accuracy of disclosures within the accounts and this will include having a clear understanding of key assumptions within the estimate.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.

Other risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Employee remuneration	Group and Council	<p>Payroll expenditure represents a significant percentage of the Council's operating expenses.</p> <p>As the payroll expenditure comes from a significant number of individual transactions throughout the year, including transactions involving new-starters, grade changes and leavers, there is a risk that payroll expenditure in the accounts could be understated. We therefore identified occurrence of payroll expenses as a risk requiring particular audit attention.</p>	<p>We will</p> <ul style="list-style-type: none"> • Evaluate the Council's accounting policy for recognition of payroll expenditure for appropriateness; • Gain an understanding of the Council's system for accounting for payroll expenditure and evaluate the design of the associated controls; • Obtain the year-end payroll reconciliation and ensure the amount in the accounts can be reconciled to ledger and through to payroll reports. We will investigate significant adjusting items; • Agree payroll related accruals (e.g. unpaid leave accrual) to supporting documents and review any estimate for reasonableness; and • Perform substantive analytical procedure for M1 to M9 (at interim) and M10 to M12 (at final) disaggregated by month.
Operating expenses	Group and Council	<p>Non-pay expenses on other goods and services also represents a significant percentage (55%) of the Council's operating expenses. Management uses judgement to estimate accruals of non-invoiced costs.</p> <p>We identified completeness of non-pay expenses as a risk requiring particular audit attention.</p>	<p>We will</p> <ul style="list-style-type: none"> • Evaluate the Council's accounting policy for recognition of non-pay expenditure for appropriateness; • Gain an understanding of the Council's system for accounting for non-pay expenditure and evaluate the design of the associated controls; • Document the accruals process and the controls management have put in place. Challenge any key underlying assumptions, the appropriateness of the source of data used and the basis for calculations; • Obtain a listing from the cash book of non-pay payments made in April and test to ensure that they have been charged to the appropriate year; and • Obtain a listing of non-pay expenditure and agree a sample to supporting documentation (invoice or equivalent) to confirm accuracy (correct amount charged), occurrence (payment properly incurred), classification (coded correctly as expenditure in CIES or as capital) and cut-off (charged to right year).

102

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2019.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2018/19 financial statements, consider and decide upon any objections received in relation to the 2018/19 financial statements;
 - issue of a report in the public interest or written recommendations to the Council under section 24 of the Act, copied to the Secretary of State.
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
 - Issuing an advisory notice under Section 29 of the Act.
- We certify completion of our audit.

103

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the Council's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and evaluate the disclosures in the financial statements.

Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We are currently working with the Council to determine the most appropriate level of materiality. We will update the Audit and Governance Committee when this level has been determined.

Value for Money arrangements

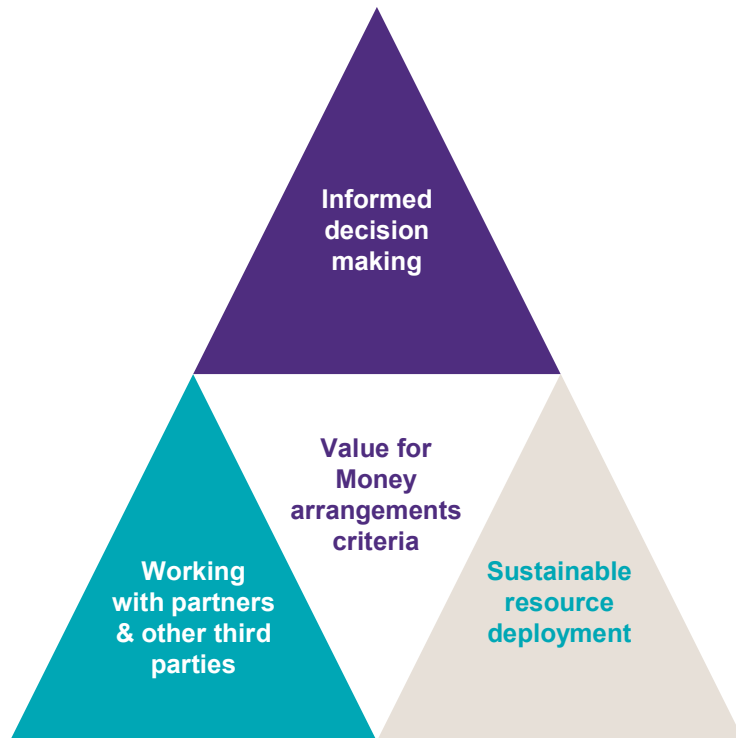
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place to secure value for money.

The guidance identifies one single 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.”

This is supported by three sub-criteria, as set out below:



Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Council to deliver value for money.



Financial sustainability

If the key assumptions within the medium-term financial plan are not reasonably based then the future financial position of the Council could be at risk.

We will discuss with Officers the key assumptions in the medium term financial plan and consider supporting evidence.

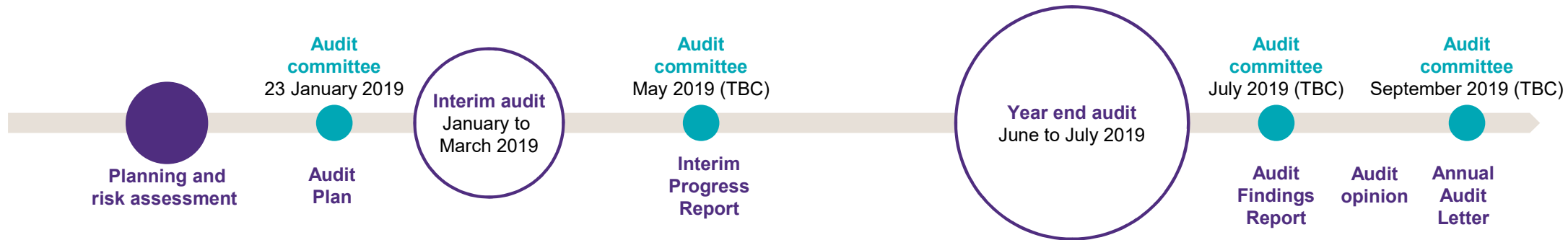


Capital programme and governance

There has been an instance of a high profile budget overspend on a capital project and a subsequent review undertaken. Whilst the Council is responding to the weaknesses in this area we consider that this represents a significant risk.

We will consider the actions that the Council is taking to respond to concerns raised around the governance of the capital programme.

Audit logistics, team & fees



Jon Roberts, Engagement Lead

Jon's role will be to lead our relationship with you. He will take overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Council. Jon is an experienced engagement lead and is the National Head of Assurance at Grant Thornton. This will be Jon's second year as your engagement lead.



Gail Turner-Radcliffe, Audit Manager

Gail's role will be to be a key contact with the Chief Finance Officer and the Audit Committee.



Zarak Zaman, Audit Incharge

Zarak's role will be the day to day contact for the Council finance staff. He will take responsibility for ensuring there is effective communication and understanding by the finance team of audit requirements.

Audit fees

The planned audit fees are £95,792 (PY: £124,405) for the financial statements audit completed under the Code, which are inline with the scale fee published by PSAA. In setting your fee, we have assumed that the scope of the audit, and the Council and its activities, do not significantly change.

Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, we have detailed our expectations and requirements in the following section 'Early Close'. If the requirements detailed overleaf are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

Any proposed fee variations will need to be approved by PSAA.

Early close

Meeting the 31 July audit timeframe

In the prior year, the statutory date for publication of audited local government accounts was brought forward to 31 July, across the whole sector. This was a significant challenge for local authorities and auditors alike. For authorities, the time available to prepare the accounts was curtailed, while, as auditors we had a shorter period to complete our work and faced an even more significant peak in our workload than previously.

Despite challenges around the change in valuer and the additional work needed to be undertaken to revalue Plant, Property and Equipment, we worked collaboratively with Officers to ensure that the 31 July deadline was met.

We have carefully planned how we can make the best use of the resources available to us during the final accounts period. As well as increasing the overall level of resources available to deliver audits, we have focused on:

- bringing forward as much work as possible to interim audits
- starting work on final accounts audits as early as possible, by agreeing which authorities will have accounts prepared significantly before the end of May
- seeking further efficiencies in the way we carry out our audits
- working with you to agree detailed plans to make the audits run smoothly, including early agreement of audit dates, working paper and data requirements and early discussions on potentially contentious items.

We are satisfied that, if all these plans are implemented, we will be able to complete your audit and those of our other local government clients in sufficient time to meet the earlier deadline.

Client responsibilities

Where individual clients do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other clients. We will therefore conduct audits in line with the timetable set out in audit plans (as detailed on page 14). Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit by the statutory deadline. Such audits are unlikely to be re-started until very close to, or after the statutory deadline. In addition, it is highly likely that these audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit or additional audit fees being incurred, you need to ensure that you:

- produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the narrative report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

In return, we will ensure that:

- the audit runs smoothly with the minimum disruption to your staff
- you are kept informed of progress through the use of an issues tracker and weekly meetings during the audit
- we are available to discuss issues with you prior to and during your preparation of the financial statements.

Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. No other services were identified.

108

Service	£	Threats	Safeguards
Audit related			
Certification of Housing capital receipts grant	10,756	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,756 in comparison to the total fee for the audit of £97,792 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit and Governance Committee. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.



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Meeting:	Audit and governance committee
Meeting date:	Wednesday 23 January 2019
Title of report:	Annual Governance Statement: Action Plan
Report by:	Chief finance officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To report progress made towards implementing the agreed action plan in response to issues identified in the 2017/18 annual governance statement in order that the committee may gain assurance that risks are being appropriately mitigated.

The annual governance statement approved in July 2018 was accompanied by an action plan to strengthen governance arrangements. The report informs the committee about progress made in implementing the agreed action plan in order that the committee may gain assurance that action is being taken in a timely fashion to mitigate identified risks.

The report also provides the committee with information about the timetable for production of the 2018/19 statement.

Recommendation(s)

That:

- (a) the committee review the progress made in delivering the annual governance statement action plan at appendix 1, and determine any recommendations it wishes to make either to secure further improvement or gain assurance.**

Alternative options

1. There are no alternatives to the recommendation; it is a function of the committee to monitor the effective development and operation of risk management and corporate governance in the council, and reviewing governance improvement progress supports fulfilment of that function.

Key considerations

2. The council has a responsibility for conducting at least annually a review of the effectiveness of the governance framework including the system of internal control. This is reported through the annual governance statement and published as an appendix to the annual statement of accounts.
3. The annual governance statement also provides commentary on how the council's governance framework including the system of internal control can be improved. Whilst the statement by its nature is only signed off once a year, the process of review is continuous. Reports presented to the audit and governance committee inform the development of the annual governance statement, and the committee receives a half year progress report on implementation of the action plan supporting the annual governance statement. The progress report is attached at appendix 1. Progress has been made in all areas although there are revised timescales for delivery of five actions; where this is the case, an explanation for the change has been provided by the action owner.
4. The annual governance statement for 2018/19 must be published with the statement of accounts in July 2019, the timetable is below for information:
 - i. An initial draft of the statement is provided in March so that the committee can assure the statement accurately reflects the strength of the council's governance and internal control processes, on the basis of the knowledge available to the committee at that time. This is earlier than is usually the case because the timing of the council elections and annual Council meeting mean that a meeting of the committee will not be practicable before the draft statement is required to be published;
 - ii. The draft statement will be updated to take account of any issues identified through the manager and statutory officer assurance statement process undertaken during April;
 - iii. The draft statement is published with the draft accounts by the end of May;
 - iv. External and internal audit provide the committee with their opinion reports in July and the committee will confirm whether or not those reports raise any new issues which should be reflected in the final annual governance statement;
 - v. Following the July meeting of the committee, and taking account of any recommendations the committee makes, the final statement is signed by the Leader and Chief Executive for publication with the accounts by the end of July; and
 - vi. The committee receives a progress report on the implementation of the action plan in January 2020.

Community impact

5. Corporate governance is the term used to describe the systems, processes, culture and values Herefordshire Council has established to ensure we provide the right services, to the right people in a timely, open, and accountable way. The council's adopted code of corporate governance recognises that good corporate governance encourages better informed longer-term decision making using resources efficiently, and being open to

scrutiny with a view to improving performance and managing risk; it sets out the seven principles to underpin good governance.

6. To assess compliance, the council conducts an annual review of the effectiveness of its governance framework and system of internal control. The results of this review, carried out in accordance with the principles of this code, inform the production of the annual governance statements presented as part of the statement of accounts

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 factual report on improvement action progress, we do not believe that it will have an impact on our equality duty.

Resource implications

9. There are no resource implications arising from the recommendations

Legal implications

10. The Accounts and Audit Regulations 2015 include a requirement for all councils to produce an annual governance statement. This progress report is for information purposes only and does not have any legal implications

Risk management

11. The statement itself identifies any significant governance risks and the action plan provides mitigation to those risks

Consultees

12. None.

Appendices

Appendix 1: 2018/19 Action plan progress update.

Background papers

None identified.

	Improvement required	Action planned	By when	Owner	Progress
1.	Members and officers modelling the values and behaviours expected and clear about the processes to follow if they have concerns.	Deliver a programme of training and awareness raising to support implementation of the revised employee code of conduct.	end August 2018 Revised date end March 2019	Head of HR and OD	This has been delayed so that the launch of the code of conduct can be supported by a new electronic process for declaring gifts, hospitality and interests via business world. The business world build is complete and is currently being tested for launch in the new year. The completion of the business world declaration will be mandatory for all employees and in completing it they must confirm they have read and understood the new code of conduct. This will be supported by an online mandatory training module in the code of conduct and communications throughout the council. Project management support to launch the new products has been identified to ensure future timescales are met.
Promote the revised whistleblowing policy and procedure		September 2018	Solicitor to the Council	Completed. Management Board advised and cascaded to their own teams. Corporate communication via newscore and posters in council offices.	
Promote the member and officer relations code through development sessions with members and employees		October 2018 Revised date for employees end February 2019 and members end June 2019	Head of HR and OD and Head of Corporate Governance	The implementation date has been delayed to accommodate finalisation of the manager development programme and revised employee code of conduct. Development sessions for employees are now scheduled in January and February 2019. Development sessions for members have been built into the planned member induction programme to be implemented following the May 2019 elections and political group leaders have been offered	

	Improvement required	Action planned	By when	Owner	Progress
					briefings/development sessions on this subject for their groups, on request.
		a) Implement and promote a revised standards procedure for complaints against councillors. b) re engage with the police regarding a joint protocol.	September 2018	Solicitor to the Council	a) Completed. Revised procedure implemented and promoted. Following first six months of operation and having regard to the views of a working group of Audit and Governance Committee members and the Independent Person(s) further refinement of the procedure will be undertaken to ensure it is clear and operating as intended. b) In progress. Draft protocol is with West Mercia police
2.	Links between the various visions, budget and service planning and commissioning, risk management, performance and value for money are not consistently demonstrated or measured	Revised commercial and commissioning strategy adopted, communicated and monitored to ensure contractual arrangements reflect the council's priorities and can demonstrate value for money.	July 2018	Assistant Director CommunitiesCorporate Support	Completed. The revised procurement and commissioning strategy decision in July 2018 (link), and strategy posted on the council webpages. Promoted in News Core with training in procurement taken place in 2018 and monthly in 2019 including outlining the requirements of the strategy.
		Options appraisal to establish whether a course of action represents best use of resources, to be a consistent element of business cases informing decisions	June 2018	Chief Finance Officer	Completed. The business case templates have been revised to incorporate a number of issues including value for money and best value.
3.	The level of awareness of fraud risk and potential mitigation is low in areas outside of financial transaction service areas.	Communication and training of the revised Anti-fraud, bribery and corruption policy will be delivered	June 2018	Chief Finance Officer	Initial training completed now an ongoing programme. On line training has been completed by the customer services team. Financial management training includes a section on "Serious and Organised Crime – your prevention role" confirming the council's policy along with confirming the single point of contact details. A rolling programme of

	Improvement required	Action planned	By when	Owner	Progress
					awareness raising communications for all staff is being implemented.
4.	Further develop the capacity of the organisation and individuals within it	Adopt and implement a member development strategy and plan	September 2018 <u>March 2019</u>	Democratic Services Manager	In progress. As part of phase 1 of this work an induction and role specific training plans have been produced and will be deployed after local elections in May. As part of a phase two development of the strategy democratic services will set out the ways in which councillors will be supported, including the types of training given, the variety of methods used and how the training programme will be evaluated.
		Adopt and implement a manager development programme	October 2018	Head of HR and OD	Completed. A management development programme has been designed and procured. The programme has been launched in the council and the first two cohorts have been nominated by the leadership team. The delegates have now received their joining instructions.
		Adopt and implement a corporate workforce strategy	March 2019	Head of HR and OD	On target. The workforce strategy is in draft and has been thorough consultation with directors and the leadership team. It is on course to be implemented by the end of March 2019
5.	Strengthen internal controls and financial management	Implement the actions in response to internal audit's recommendations re Blueschool House	<u>July 2018</u> <u>March 2019</u>	Chief Finance Officer	A series of changes have been made in response to the internal audit recommendations in respect of the joint services hub. At the request of the Audit & Governance Committee a follow up review is scheduled to be completed by the end of March 2019, In addition a range of reviews have been scheduled in the internal audit work plan.

	Improvement required	Action planned	By when	Owner	Progress
		Implement improvements to capital reporting	July 2018	Chief Finance Officer	Completed. A revised reporting process has been implemented that brings greater transparency to financial reporting of capital schemes.
6.	Enhance transparency in relation to significant partnerships	Review joint committee governance where governance support is not provided by Herefordshire Council	Sept. 2018 TBC	Solicitor to the Council	Ongoing. The implementation date has been delayed; meetings with relevant partner councils' monitoring officers are to be rescheduled in 2019.
Review and publish schemes of delegation in respect of decisions to be taken by Hoople employees, and in discussion with the Hoople Board review the processes in place to support effective transparency and communication.		October 2018	Assistant-Acting Director Environment <u>Economy and Place</u>	Completed. Schemes of delegation for Economy and Place and Corporate Support have been reviewed following corporate restructure and reference decisions taken by Hoople employees. Schemes of Delegation will continue to be kept under review to ensure they remain up to date. The Hoople Board considered a report in relation to transparency and communications at its meeting in September 2018. The Board decided to publish minutes of its meetings on the Hoople website starting with those of the meeting in September 2018.	
In consultation with health partners review the governance arrangements in place to ensure they support effective transparency and communication whilst respecting the respective partners distinctive governance processes		November 2018	Interim Director for <u>Adults and Wellbeing</u> <u>Communities</u>	Ongoing - governance arrangements for partnership boards are reviewed annually. Current board structures and arrangements have been considered and the role of council representation in terms of decision making recognises distinctive governance process. Council officers who make representation at partnership boards have also been briefed to ensure that effective transparency and communications are in place and are fed back through	

	Improvement required	Action planned	By when	Owner	Progress
					appropriate council governance arrangements



Meeting:	Audit and governance committee
Meeting date:	Wednesday 23 January 2019
Title of report:	Recruitment of independent persons
Report by:	Chief finance officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To recommend to Council on 15 February 2019 the appointment of additional independent persons for standards.

Recommendation(s)

That:

- (a) the following candidates be recommended to Council for appointment for a term of office of four years from the date of appointment:
- Sheila Archer
 - Jake Bharier
 - Bryn Caless
 - Malcolm Foorde JP
 - Gelard Hodson
 - Claire Jenkins
 - Stephen Willmot
 - Roger Yates

Alternative options

1. Not to recommend to Council the appointment of additional independent persons for standards. This is not recommended as Herefordshire currently only has one independent person. In order to avoid any potential conflicts of interest in dealing with complaints, allow flexibility during periods of holiday and sickness, to ensure good governance of the standards process and to provide the existing independent person with sufficient regular support, advice to members subject to complaints, and as a member of the standards panel, it is recommended that more independent persons are appointed. The interview and selection process was carried out by the panel in accordance with the council's processes for recruitment of employees, to ensure that a fair and robust process had been followed.

Key considerations

2. Under Section 28 (7) of the Localism Act 2011 ("the Act") the council must appoint at least one independent person as part of the arrangements under which allegations about a failure to comply with the code of conduct can be investigated and decisions on allegations made. There is no maximum number of persons that may be appointed.
3. A person may not be recommended for appointment under the Act unless (i) the vacancy has been advertised in such manner as the authority considers is likely to bring it to the attention of the public and (ii) the person has submitted an application to fill the vacancy.
4. It is a function of this committee to oversee the process for the recruitment of the Independent Persons and to make recommendations to Council for their appointment.
5. At the meeting of the committee held on 28 November, and following an extensive advertising campaign, a panel was established to interview the nine candidates who had applied, all of whom had confirmed their eligibility for appointment.
6. The interviews were held on 12 and 14 December 2018, and the interview panel consisted of:

Councillor ACR Chappell
Councillor EJP Harvey
Councillor PD Newman, OBE
The chief finance officer (substituting for the monitoring officer)
7. The interview panel unanimously recommended that eight candidates be appointed as independent persons for standards. A brief biography of the candidates are contained within appendix 1.
8. At the meeting of the committee held on 28 November, members requested that details of remuneration paid by other councils be obtained. A number of councils were contacted and there is variable practice as detailed below.

Council	Amount paid	Notes
Bath and North East Somerset Council (Unitary)	£500 pa plus expenses	

Shropshire Council (Unitary)	£NIL – expenses only	
Worcestershire County Council	£200 pa plus expenses	Worcestershire pool of independent persons also support the standards process for a number of other relevant public bodies.
Wiltshire County Council	£2,406 pa plus expenses	Wiltshire also cover parish council complaints

Community impact

9. In accordance with the code of corporate governance Herefordshire Council is committed to behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. 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.
10. Ensuring that there are sufficient numbers of Independent Persons to facilitate an effective and robust standards process, and that the appointment of those Independent Persons has been carried out in an objective, transparent and lawful way assists us in upholding the principles of the code of corporate governance and the council's values

Equality duty

11. 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.
12. 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. The council's recruitment process ensure compliance with equality legislation.

Resource implications

13. The cost of advertising the post in the local press was £1,043 (inclusive of VAT) and was met from existing budgets within Democratic Services

14. There is currently no budgetary provision made for allowances to be paid to any appointed independent persons. It is also not possible at this point to assess the average time commitment expected if a larger group of Independent Persons were available. If the committee is minded to consider recommending to Council the payment of an allowance it may be appropriate to do so after the wider pool has been operating for a period of time to inform any assessment of appropriate remuneration. It may also wish to consider seeking the views of the council's Independent Remuneration Panel.

Legal implications

15. The Localism Act 2011 created the role of 'independent persons'. The Act requires all councils to adopt a code of conduct for elected members and to appoint at least one independent person to assist the council in dealing with complaints that the code of conduct may have been breached
16. Section 28(7) of the Act provides that a person is not independent if he is :-
 - a) a member, co-opted member or officer of the council
 - b) a member, co-opted member or officer of a parish council of which the council is a principal authority
 - c) a relative, or close friend, of a person within a or b above.
17. Further a person may not be appointed if any time during the 5 years ending with the appointment the person was:-
 - (i) a member, co-opted member or officer of the authority, or
 - (ii) a member, co-opted member or officer of a parish council of which the authority is the principal authority;
18. A person may not be appointed unless:-
 - (i) the vacancy for an independent person has been advertised in such a manner as the council considers is likely to bring to the attention of the public
 - (ii) the person has submitted an application to fill the vacancy to the authority, and
 - (iii) the person's appointment has been approved by a majority of the members of the authority;
19. An independent person does not cease to be independent as a result of being paid any amounts by way of allowances or expenses in connection with performing the duties of the appointment.
20. The council has complied with the legal requirements regarding appointment of independent persons

Risk management

21. There is a reputational risk to the council if it is unable to manage effectively its standards complaints process. There is also a risk to councillors in Herefordshire if there are no independent mechanisms in place to support them in their responsibilities towards good governance and adhering to the members' code of conduct.

Consultees

22. None

Appendices

Appendix 1 – brief biography of candidates recommended for appointment.

Background papers

None identified.

Brief Biography of candidates for independent person for standards

Shelia Archer

Shelia Archer is an Appropriate Adult acting “In loco parentis” for Young People in custody, ensuring that their needs are met and due process is followed. Shelia was an Independent Custody Visitor for 6 years prior to becoming an Appropriate Adult. For 4 years she was a Lay Chair of the Appointments Panel at Wye Valley NHS Trust, overseeing the interviewing of Consultants at the Hospital. Shelia was a Board member of Healthwatch Herefordshire, acting as a champion for local people to ensure that health provision met their needs. She believes that high standards in public life are essential to maintain public confidence in the democratic process which sometimes seems to be under threat.

Jake Bharier

Jake Bharier spent 20 years working for a multinational chemicals company at corporate level, in the area of health, safety and environment. Then he spent another 20 years working for Skillshare International, an international volunteering charity. He has substantial experience of governance: internationally as chair of an international committee reviewing standards of accountability for development effectiveness for a global process under the aegis of OECD and the UN; in the UK as a Trustee of a charity working with partners in the Horn of Africa, and as an independent Trustee of Mountain Rescue England and Wales; and locally as chair of the Patient Participation Group at Much Birch surgery.

Jake lives on Dinedor Hill.

Bryn Caless

Bryn Caless moved to Hereford three years ago from Kent, where he lectured in Terrorism and Political Violence in the School of Law at Canterbury Christ Church University, and where he is still a Visiting Senior Research Fellow. Before this he was Director of Learning and Human Resources for Kent Police, preceded by a career in the military where he specialised in counter-insurgency. He is the author of a number of books on policing and leadership and is currently working on his third novel. He is married with four children and a large garden.

Malcolm Foord, JP

Malcolm Foord, JP is a retired electrical engineer who lived for 21 years with his wife and family in Broomy Hill, Hereford. He now lives in Cradley, Herefordshire, having moved 4 years ago. His main interests are house renovation and DIY, charitable work, music, gardening, walking, historic properties and the Arts Society.

He has held various technical and managerial positions, including Senior Development Engineer (BOC), Chief Electrical Engineer (GKN), and Managing Director of his own company. Specialising in the design, supply and marketing of all types of electrical power equipment for the defence industry, he went on to set up a new defence company, holding a further 4 Directorships, plus being Head of Sales & Marketing and Deputy General Manager of Hunting Engineering Ltd., a major UK and international Defence and Aerospace company. From 2002 to 2016 he worked as an Independent Design, Sales & Marketing consultant in the Defence industry, finally retiring in 2016.

He was appointed as a Justice of the Peace in in 2002, was a Youth and Adult Court

Chairman and served as the Chairman of the Youth Panel, followed by becoming Deputy Chairman of the Herefordshire Bench until his retirement from the Bench in September 2018 at the age of 70. He wishes to continue to serve the local community by becoming an Independent Person. He has a keen interest in the standards in public life, and in the upholding of democracy and justice, which he considers to be essential to the overall character and wellbeing of the City, the County, and Society in general.

Gerald Hodson

Gerald (known as Gerry) Hodson has lived in Broxwood with my wife for eleven years; moving from Hampshire where he continued to work until retirement three years ago. Most of Gerry's career was spent in financial services (although he did spend a year in Greece teaching English). Gerry has worked for a Life and Pensions firm where he was responsible for policy administration, claims and complaints. Gerry has experience of the commercial and service delivery aspects of outsourcing contracts.

Gerry and his wife love the Herefordshire countryside and feel privileged to live here. Gerald is a keen sports watcher but played cricket and rugby in the past. Gerald and his wife enjoy their garden and try to keep themselves self-sufficient in vegetables for half of the year. Subject to his appointment being approved by the Council, Gerald is very much looking forward to supporting the democratic services in Herefordshire.

Claire Jenkins

Claire Jenkins is a retired psychiatrist and psychotherapist with about thirty years of experience working in the NHS. Claire and her husband moved to Hereford in 2015 to build the Passivhaus in which they now live; sustainability in building is one of her particular interests, as is addressing the issues of climate change and pollution. Claire is a member of the steering group of the Herefordshire Women's equality group and started attending Council meetings as part of their group's work to encourage greater representation of women and attention to the issues which most affect them. It is this which has brought home to her the importance of the Council and its work and has led to this application to support it.

Stephen Willmot

Stephen Willmot was employed as a Solicitor and Legal Team Manager at Herefordshire Magistrates Court for over 45 years where he was involved in giving lay Magistrates advice on law, practice and procedure. He is very experienced in dealing with all sorts of criminal and road traffic matters plus disciplinary issues. Stephen is now a trainer delivering Drink Drive Rehabilitation courses throughout the Midlands area.

Stephen is the Chairman of the Herefordshire Football Association where amongst many duties I sit as Chairman of Disciplinary commissions.

Stephen takes a very keen interest in local and political affairs and also sits on school appeals, mock school interviews and presiding officer in elections.

Roger Yates

Roger Yates spent his career working for various public sector organisations including Worcestershire County Council, Hereford and Worcester County Council, as Secretary to the Hereford and Worcester Probation and After Care Committee and as clerk and legal adviser to West Mercia Police Authority. Mr Yates retired in 1998 following the formation of Herefordshire Council and Worcestershire County Council. Since retirement, Mr Yates has

maintained an interest in public life and has previously been a co-opted Malvern Town Councillor. Mr Yates supports a number of cultural charities and is a reading volunteer for the Malvern Talking Newspaper.



Meeting:	Audit and governance committee
Meeting date:	Wednesday 23 January 2019
Title of report:	Standards Appeals Panel Working Group Update
Report by:	Head of Corporate Governance

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To endorse the amendments the monitoring officer proposes to make to the appeals and appeals panel processes and the Arrangements for Dealing with Complaints About the Code of Conduct for Members having regard to the recommendations of the standards appeals panel working group.

At its meeting on 28 November 2018 the committee agreed to establish a working group to review the clarity and effectiveness of operational procedures supporting the appeals process for member Code of Conduct complaints. The working group met on 10 December and a summary of the issues raised in relation to the procedures and arrangements, and how the monitoring officer proposes to address them is contained at appendix 1.

Recommendation(s)

That:

- (a) the monitoring officer's proposed actions in response to issues raised regarding the operational appeals and appeals panel procedures and the arrangements for dealing with complaints about the code of conduct for members, as detailed in appendix 1, be endorsed.**

Alternative options

1. The committee may determine not to endorse the proposed actions. This is not recommended because the proposed actions seek to ensure that the arrangements and procedures in place ensure that a clearly understood, fair and equitable process is in place, and have full regard to the proposals made by the working group.
2. It is open to the committee to propose that the monitoring officer consider alternative or additional amendments.

Key considerations

3. Following concerns expressed at the November Audit and Governance Committee meeting, the committee established a working group to look at the appeals processes. The committee suggested that the Independent Person and the Herefordshire Association of Local Councils (HALC) nominated parish council representative be invited to attend to gain the benefit of their views.
4. The working group met on 10 December, attended by Councillors Harvey, Phillips and Newman. The working group also included Councillor Gething as the HALC nominated representative and Richard Stow, the Independent Person. Councillors Chappell and Chowns were unable to attend but the views they had expressed following the standard panel appeals hearings held in October 2018 were taken into account.
5. The working group reviewed the Standards Appeals Process (appendix 2) and the Standards Panel Procedure (appendix 3). Additionally a member of the working group made some suggestions relating to the clarity of the Arrangements for Dealing With Complaints About the Code of Conduct for Members (appendix 4) which the working group also considered.
6. A summary of the issues discussed by the working group is contained in appendix 1, together with the action it is proposed to take to address the issue raised. The committee is invited to endorse the actions proposed by the monitoring officer.

Community impact

7. Having an effective process for dealing with code of conduct complaints upholds principles A and G of the adopted code of corporate governance by ensuring that councillors behave with integrity and that councillors are accountable for their actions. This should provide assurance to the community that councillors are behaving in the best interests of their communities, and that the council's processes are effectively supporting adherence to the code.

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 the proposed actions seek to ensure that processes and procedures are clear and equitable to all parties we do not believe they have an impact on our equality duty.

Resource implications

10. There are no resource implications arising from the recommendations.

Legal implications

11. The recommendations are in accordance with the constitution paragraph 3.6.4 of which states that the council has agreed that the arrangements for determining breaches of the code of conduct for members will include, where the matter cannot be resolved informally, the consideration of the complaint by the Standards panel. The function of the panel is to consider submissions made either in person or in writing by the complainant, the subject member and the Monitoring Officer and produce a report.
12. There are no other specific legal implications.

Risk management

- 13.

Risk / opportunity	Mitigation
If the processes and procedures are not clearly understood there is a risk that individuals may be discouraged from raising a concern and/or be treated unfairly	The actions proposed seek to mitigate this risk by ensuring that the processes are clearly set out and can be applied consistently.

Consultees

14. The working groups views are set out in appendix 1 together with the proposed response to the issues raised.

Appendices

Appendix 1 – Summary of issues raised by the working group and actions proposed in response.

Appendix 2 – Current Standards Appeal Process

Appendix 3 – Current Standards Panel Procedure

Background papers

None Identified

Issues raised by working group

Code of conduct appeals process

	Issue raised	Monitoring Officer's proposed action
1.	To be consistent, the title of the document be changed from 'Standards Panel Appeals Process' to "Code of conduct appeals process".	Title to be amended
2.	<p>Appeals being held in private or public</p> <p>The working group was concerned that there may be inconsistent decision making regarding exclusion of the public from a panel hearing, as any decision may depend on the membership of the panel. It was noted that was a matter for the panel to decide whether or not to exclude the public from part of a meeting. All decisions should be taken in accordance with the access to information rules.</p> <p>Feedback from those involved in appeal hearings suggested that members of the public may be inhibited from pursuing an appeal by the thought of a public hearing and how that may impact their position in the community. It was noted that if all appeals were heard in public, there may be a disincentive to appeal a decision.</p> <p>It was noted that the arrangements for dealing with code of conduct complaints states that the panel meeting will be in private and working group members were advised that the covering report will be public but the appendices will be confidential.</p> <p>There was a concern that without guidance, there may be inconsistent practice applied by the panel arising from its fluid membership. The working group recommended that guidance be drafted for panel chairpersons and members on the application of the access to information rules, and the matters that should be taken into account determining whether the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	Guidance to be produced to assist with the panel's decision.
3.	<p>Membership of the standards panel.</p> <p>The working group felt that all members of the panel should be independent of the decision and that there should be no councillors on the panel. It was noted that if the panel were to</p>	Panel membership be considered as part of the next review of the Constitution

	Issue raised	Monitoring Officer's proposed action
	<p>consist of all independent persons, then there would need to a minimum of five independent persons appointed at all times.</p> <p>The constitution provides for a parish councillor member of the panel to be nominated by Herefordshire Association of Local Councils (HALC) and concern was expressed that because not every Herefordshire parish council is a member of HALC this may restrict the potential pool of panel members. The working group suggested that consideration be given to suitable mechanisms for involving all parish councils including recruitment to a 'pool' of parish councillors able to be drawn on for panel membership. The parish council representative on the working group noted that HALC was not restricted by the constitution to nominating from its own membership.</p> <p>It was noted that panel membership was a matter for Council to determine and that the issues raised by the working group relating to panel membership would be considered during the next review of the constitution.</p>	
4.	The procedure would be easier to follow if it was split to show what would happen in the case of an appeal received from a subject member or a complaint.	Procedure to be amended into two clear sections for complainant and subject member.
5.	The procedure should make clear that the appellant only has one opportunity to submit new information. They cannot provide a response to any further submission which the subject member may make in response to their appeal.	Procedure to be amended to make this clear.
6.	The procedure should make it clear whether a report on any appeal accepted will be a public document.	<p>Amend the process to make clear that the report will be in public but the detail of the complaint and appeal will be in appendices to the report which are exempt from publication, unless there is a decision taken by the panel for the meeting to be held in public.</p> <p>If standards panel decide to hold the appeal in public, the appendices will be made public, once all third party information has been redacted from the documents. This will be</p>

	Issue raised	Monitoring Officer's proposed action
		done as soon as possible after the standards panel have met.
7.	A flowchart to be produced as this would make the process easier to follow	Flowchart to be produced and included as part of the published procedure.
8.	The wording in the procedure stating panel membership includes "a representative from Herefordshire Association of Local Councils (HALC)" be amended to "a parish councillor nominated by Herefordshire Association of Local Councils" to ensure consistency with the constitution	Procedure to be amended to reflect the constitution.

Procedure for hearing an appeal at Standards Panel

	Issue raised	Monitoring Officer's proposed action
9.	If a complainant or subject member brings a supporter, there needs to be flexibility for them to speak in place of the person they are supporting.	Procedure to be amended to make clear that a supporter may speak on behalf of the person they are supporting.
10.	The procedure currently states that "The complainant and the subject member will be invited to present their views on the appeal" but it would be preferable for the person who lodged the appeal to speak first in order to set out the grounds of their appeal.	Procedure to be amended to reflect that the person lodging the appeal speaks first.
11.	The decision notice published following the panel meeting where a breach was upheld had not made clear the grounds for the original finding of a breach and the working group suggested that where the standards panel is upholding a monitoring officer resolution decision, the original decision notice should be available for the public to see.	Procedure to be amended to make clear that the original monitoring officer resolution decision notice will be appended to the standards panel decision notice where the panel uphold the original decision.
12.	The working group suggested that the word 'unhappy' included in the procedure at "If either party remains unhappy about the process which has been followed, they may complain to the Local Government and Health and Social Care Ombudsman" should more appropriately state 'dissatisfied'.	Procedure to be amended to replace 'unhappy' with "dissatisfied".

Arrangements for dealing with code of conduct complaints

	Issue raised	Monitoring Officer's Proposed Action
13.	Working Group members expressed concern that there was an imbalance in the rights to appeal, in that whilst a complainant had to provide substantial new evidence / information in order to proceed with an appeal, a subject member had an automatic right of appeal.	<p>The criteria for appeals by either a complainant or subject member be amended to:</p> <ul style="list-style-type: none"> • New evidence or information; • Procedure used was flawed; and, in the case of subject members only • Sanction is disproportionate • <p>NB: If approved the Monitoring Officer would amend the Code of Conduct Appeals Process to reflect the change</p>
14.	Concern was expressed that the arrangements did not make sufficiently clear that any complaint would be investigated under the relevant code of conduct in place at the time of the alleged breach occurred.	That the words "at the time of the alleged breach." be added to the end of the first paragraph in the arrangements
15.	<p>The ability to reject a complaint at both the pre- qualification stage and the initial assessment stage if a subject member is not in office was discussed by the working group.</p> <p>It was noted that a complaint may continue to be investigated if it is in the public interest to continue, even though the subject member has resigned and it was agreed that the ability to reject should remain under both stages.</p>	No change recommended.
16.	Under (i) of the initial assessment stage, the word "and" was confusing.	That the word "and" at the end of (i) under the initial assessment stage be deleted.
17.	It was not sufficiently clear that if a complaint is rejected under the initial assessment stage that there was no right of appeal.	<p>That a new sentence be added after (g)</p> <p>"If a complaint is rejected, there will be no right of appeal"</p>
18.	Mediation was a resolution under the stages of the process. It was noted that mediation was a sensitive issue and that it was sensible to have this as a course of action under all the stages.	No change recommended.

	Issue raised	Monitoring Officer's Proposed Action
19.	The arrangements currently state that: "The monitoring officer will report with full reasons (within 10 working days from receipt of information from the subject member) the outcome of the complaint to the complainant, subject member, and if a parish or town councillor to the clerk to the town/parish council (if appropriate) for information, or where the subject member is a member of Herefordshire Council, the relevant group leader(s) will be informed." It was noted that the outcome being reported to a parish council would not necessarily be for information but may require action from the parish council.	That the words "for information" to be deleted.
20.	Within the arrangements a link provided to the constitution was not helpful and it was suggested a more suitable link would be to the standards panel committee page on the website.	That the link in the arrangements be changed to direct readers to the Standards Panel Committee web page.
21.	The arrangements did not reflect the fact that details of the number of complaints received relating to parish councillors were included in the annual report on code of conduct by reference to the relevant parish councils.	That the arrangements be amended to make it clear that the number of complaints against parish councils by reference to their parish council is reported publically on an annual basis to the audit and governance committee
22.	The arrangements did not reflect the fact that details of the names of councillors; the council; the sanction and the level of compliance for breaches of the code of conduct are reported on an annual basis	That the arrangements be amended to make it clear that details of breaches of the code of conduct and the degree of compliance will be reported on an annual basis to the audit and governance committee

Standards Panel Appeals Process

An appeal is received from either:

- The complainant in respect of a finding of no breach of the code
- The subject member in respect of a finding of a breach of the code

The monitoring officer or deputy monitoring shall on receipt of a complaint from a complainant accept or reject the appeal on the basis of whether new and substantial evidence / information has been provided which was not considered as part of the decision. The complainant will be advised of this decision and if the appeal is accepted, a standards panel will be convened.

On receipt of an appeal by a subject member, a standards panel will be convened and the date and time notified to the subject member and complainant, together with an invitation to attend the meeting.

On receipt of a rejection of the appeal by the complainant, a letter will be sent by either the monitoring officer or deputy monitoring officer outlining why the appeal information does not provide new substantial information / evidence.

The standards panel membership is

- An independent person* (if available) who will chair the panel
- A representative from Herefordshire Association of Local Councils (HALC)
- A member of the audit and governance committee

* if an independent person is not available, then a second representative from the audit and governance committee shall substitute.

The democratic services officer shall identify those members from the audit and governance committee who have no involvement in the complaint.

If a member is asked to sit on the panel they should consider if they are able to hear the appeal or have any conflict.

Ten days prior to a subject member appeal hearing, the subject member shall be provided with:

- Original complaint;
- Initial assessment
- The subject member's original response.
- Decision notice

They will be requested to provide any other information which they wish to present to be received by the clerk to the standards panel, one working day prior to the publication of the agenda.

Ten days prior to a complainant appeal hearing, the subject member will be sent a copy of the new and substantial evidence / information from the complainant and be asked if they wish to present anything in advance of the hearing. This information to be received by clerk to the standards panel, one working day prior to the publication of the agenda.

An agenda will be published five clear working days prior to the meeting.

The report on any appeals will be public attaching appendices that are confidential (as they will identify an individual) and restricted to the Standards Panel members, the clerk to the committee and the advisor. The appendices will be:

- Original complaint
- Details of the initial assessment
- The comments of the subject member
- The original decision notice
- Appeal information submitted by complainant
- Additional information submitted by either the complainant or subject member

The subject member and complainant will be provided with confidential copies of the appendices.

The only witnesses permitted are people referred to in the evidence, and not, for example, character witnesses. Supporters can attend but may only speak at the discretion of the chair.

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Standards Panel

Procedure for hearing an appeal

On the day of the standards panel, the following will occur:

- 1 A chairperson of the panel will be elected (if an independent person is not available to chair the meeting).
- 2 Any declarations of interest will be made
- 3 A decision will be taken by the panel as to whether or not there will be a formal resolution to exclude the press and public on the grounds that an individual may be identified and the public interest.
- 4 Introductions of all parties will be made.
- 5 The complainant and the subject member will be invited to present their views on the appeal (*to a maximum time of 20 minutes each*).
- 6 The panel members may ask questions of the complainant and subject member. There will be no cross examination by either the complainant or subject member.
- 7 The monitoring officer or deputy monitoring officer (whoever carried out the complaints process) will be available to answer any questions the panel members may have.
- 8 The independent person who had been consulted on the complaint will also be available to answer any questions the panel members may have.
- 9 The complainant and subject member will be invited to make a closing statement.
- 10 With the exception of the panel, the clerk and the advisor all other attendees will be required to leave the room so that the panel can discuss and arrive at a decision.
- 11 The subject member and complainant will be invited back into the meeting room where the outcome of the panel's discussion will be verbally delivered.
- 12 Where there is a finding of a breach of the code of conduct, the meeting will then be opened back up to the press and public and the outcome repeated.
- 13 A decision notice will sent to both the complainant and subject member within 10 working days of the meeting.
- 14 Where there is a finding of a breach of the code of conduct, details will appear in the decisions of the standards panel page of the council's website within 14 working days.
- 15 The decision is final and there are no further rights of appeal.
- 16 If a complainant who is a member of the public remains unhappy about the process which has been followed, they may complain to the Local Government and Social Care Ombudsman.

ARRANGEMENTS FOR DEALING WITH COMPLAINTS ABOUT THE CODE OF CONDUCT FOR MEMBERS

Introduction

This procedure applies when a complaint is received that a Herefordshire member, town/parish member or co-opted member, has or may have failed to comply with the adopted code of conduct for members.

A complaint is confidential and remains so until the complaint is resolved.

Making a complaint

The person making the complaint will be referred to as “the complainant” and the person against whom the complaint is made will be referred to as the “subject member”.

A complaint **must** be made using the standard complaint form (available on the council’s website via the following link):

https://www.herefordshire.gov.uk/info/200148/your_council/61/get_involved/7

The complaint must be submitted in writing by post or email to:-

Information Access Team, Herefordshire Council, Plough Lane, PO Box 4, Hereford HR4 0XH

accesstoinformation@herefordshire.gov.uk

Pre-qualification

The information access team will normally acknowledge on receipt of the complaint within five working days and advise if the complaint will be passed for initial assessment by the monitoring officer or rejected.

The information access team may reject a claim if:

- It is against one or more named members or co-opted members of the council or a town/parish council outside the council’s area;
- The subject member was not in office at the time of the alleged misconduct/or at the time of the complaint;
- The complaint is made anonymously.

Initial Assessment

The monitoring officer will review the complaint and decide whether it should be rejected, merits further consideration, or another course of action.

The monitoring officer may seek the views of the independent person to aid consideration and may also request further information.

This decision will normally be taken within 15 working days of receipt of a complaint.

A complaint will be rejected by the monitoring officer if:

- a) If the complaint is the same or substantially the same as a complaint previously dealt with
- b) If the period since the alleged behaviour is so significant that it is considered to be inequitable, unreasonable or otherwise not in the public interest to pursue
- c) If the complaint is trivial
- d) If the complaint discloses such a minor or technical breach of the Code that it is not in the public interest to pursue
- e) If the complaint is covered by the relevant Council's persistent and vexatious complaints policy and is not considered to disclose sufficiently serious potential breaches of the Code to merit further consideration
- f) If the member against whom the allegation has been made has remedied or made reasonable endeavours to remedy the matter and the complaint does not disclose sufficiently serious potential breaches of the Code to merit further consideration
- g) If the complaint is about a person who is no longer a member of a relevant council and there are no overriding public interest reasons to merit further consideration

If the complaint is rejected the complainant will be advised of the decision. The subject member will not normally be advised that a complaint has been made or of the rejection.

If the complaint is not rejected, the monitoring officer will then go on to apply the following criteria in deciding whether a complaint should be dealt with by another course of action, by monitoring officer resolution or by formal investigation:

- i. Whether the allegation discloses a potential breach of the code of conduct, but the complaint is not serious enough to merit any recommendation other than an apology and:-
- ii. The resources needed to investigate and determine the complaint are wholly disproportionate to the allegations;
- iii. Whether, in all the circumstances, there is no overriding public interest in carrying out an investigation;
- iv. whether the complaint suggests that there is a wider problem throughout the authority;
- v. whether training or mediation would be the appropriate response;
- vi. whether a substantially similar allegation has previously been made by the complainant;

The decision as to how to proceed will be made by the monitoring officer and shall be final. There shall be no right of appeal.

Monitoring officer resolution

Wherever possible, the monitoring officer will resolve complaints.

The subject member will be asked, within 25 working days of receipt, to make written representations to the monitoring officer which must be taken into account when deciding how the complaint will be dealt with.

If the monitoring officer considers, after consultation with the independent person, that there has been a breach of the code and the matter could reasonably be resolved without the need for a formal investigation, a fair resolution shall be suggested.

Such resolution may include:

- advising the subject member about matters of conduct
- arranging training for the subject member
- advising the subject member that an apology might be appropriate
- suggesting a mediation meeting between the subject member and the complainant

The monitoring officer will report with full reasons (within 10 working days from receipt of information from the subject member) the outcome of the complaint to the complainant, subject member, and if a parish or town councillor to the clerk to the town/parish council (if appropriate) for information, or where the subject member is a member of Herefordshire Council, the relevant group leader(s) will be informed.

The monitoring officer will seek confirmation that the suggested resolution has been complied with.

The resolution of the complaint by the monitoring officer will be published in the statistics of complaints to Herefordshire council's audit and governance committee annually. The names of the town / parish councils will be included within the annual report together with the degree of successful compliance with the resolution recommended.

If the monitoring officer is unable to resolve the complaint then the complaint will be referred to the standards panel for consideration and determination.

Appeals

There will be a right of appeal by a subject member who has been found in breach of the code under Monitoring officer resolution.

Where a subject member has been found not to have breached the code, the complainant may appeal where substantial information / evidence which has not been previously considered as part of the complaint is provided.

Any appeal must be submitted in writing within 14 working days of the outcome letter.

Formal investigation

Where, in the opinion of the monitoring officer, following consultation with the independent person, a formal investigation is required, the monitoring officer will appoint an investigating officer to investigate the complaint, gather further evidence and prepare a report.

The monitoring officer will review the investigating officer's report, consult the independent person and will then either:

- resolve the complaint under monitoring officer resolution;
- refer the report to a standards panel for decision;

<http://councillors.herefordshire.gov.uk/ieListDocuments.aspx?CId=332&MId=6384&Ver=4&Info=1>

- or suggest another course of action.

Where the subject member is a member of Herefordshire Council, the relevant group leader(s) will be informed of the investigation and the subsequent outcome.

EXPLANATORY NOTES

Confidentiality

As a matter of fairness and natural justice, the subject member should usually be told who has complained about them and receive details of the complaint. However, in exceptional circumstances, the monitoring officer may withhold the complainant's identity if on request from the complainant, they are satisfied that the complainant has evidence and reasonable grounds for believing that they or any witness relevant to the complaint may be at risk of actual harm, or their employment may be jeopardised if their identity is disclosed.

If the monitoring officer decides to anonymise the complaints details from the subject member this will be kept under review.

If the monitoring officer decides to refuse a request by a complainant for confidentiality, they will offer the complainant the option to withdraw the complaint, rather than proceed with their identity being disclosed.

The subject member's response is confidential.

Additional Information

The monitoring officer may require additional information at any stage of the process to come to a decision and may request information from the complainant, subject member and where the complaint relates to town / parish councillor, the clerk of the town/parish council. Such requests will remind those involved of the requirement to keep the matter confidential.

Another course of action

This is not defined but may include mediation, training, other alternative arrangements or where another process or procedure more appropriately applies a referral to that process.

The non-disclosure of a schedule one disclosable pecuniary interest without a reasonable excuse is a criminal offence and could lead to a referral to the Police rather than the matter being dealt with under this procedure. The process for referring such matters to the police will be:

- 1) In the event that the Monitoring Officer receives a complaint regarding a potential disclosable pecuniary interest offence the following steps will be taken:
 - The subject member may be asked for comments or a meeting may be arranged.
 - The independent persons will be provided with the information and a decision made as to whether or not the matter should be referred to the police as an alternative course of action and not dealt with under the code of conduct arrangements.
 - A referral will only be made where the monitoring officer is of the opinion that the member has no reasonable excuse.

Investigation officer

The investigating officer may be a council officer, an officer of another council, or an external investigator.

Independent person

Where possible an independent person may be available to support the subject member through the process where the independent member has not otherwise been involved in the matter.

Standards panel

The parties will be informed of the hearing date and the arrangements in preparation for the meeting. The only witnesses permitted are people referred to in the evidence, and not, for example, character witnesses.

The meeting is held in private as they relate to an individual; although the panel's decisions will be published.

What actions might be taken on the recommendations in the panel's reports?

This list is not exhaustive:

- Publish its findings in respect of the member's conduct;
- Report its findings to council (or to the town/parish council) for information;
- Recommend to council that the member be censured;

- Recommend to the member's group leader (or in the case of un-grouped members, recommend to council) that he/she be removed from any or all committees or sub-committees of the council;
- Recommend to the leader of the council that the member be removed from the cabinet, or removed from their portfolio responsibilities;
- Recommend that the subject member be replace as executive leader;
- Instruct the monitoring officer to (or recommend that the town/parish council) arrange training for the member;
- Recommend to council (or recommend to the town/parish council) that the member should not be appointed and/or be removed from all outside body appointments to which they have been appointed or nominated by the council (or by the town/parish council);
- Withdraw (or recommend to the town/parish council that it withdraws) facilities provided to the member by the council, such as a computer, website and / or email and internet access;
- Exclude (or recommend that the town/parish council exclude) the member from the council's offices or other premises, with the exception of meeting rooms as necessary for attending council, committee and sub-committee meetings.
- Require an apology in suitable terms to the standards panel.

This procedure comes into force on 25 May 2018. It will apply to all new complaints received after this date.



Meeting:	Audit and governance committee
Meeting date:	Wednesday 23 January 2019
Title of report:	Work programme for 2018/19
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 2018/19.

Recommendation(s)

THAT:

Subject to any updates made by the committee, the work programme for 2018/19 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.

Reasons for recommendations

- 2 The work programme is recommended as the committee is required to define and make known its work. 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 officer and monitoring officer have contributed to the work programme

Appendices

Appendix 1 – audit and governance work programme 2018-19

Background papers

- None identified.

**Audit and Governance Work Programme
2018/19**

Function area	Report	Purpose
March 2019		
External audit	External audit progress update	Update on progress to date in order to comment on the scope and depth of external audit work and ensure that it gives value for money and includes interim audit findings and the informing the risk assessment document.
Governance	Annual governance statement	To consider the draft annual governance statement.
Internal audit (Annual)	Internal audit plan for 2019/20	To consider the internal audit plan for 2019/20.
Internal audit	Progress report on 2018/19 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.
Internal audit (annual)	Internal audit charter	To approve the internal audit charter
Governance (as and when there are working groups)	Working Group Update	To note progress of the working group
Governance (Annual)	Future work programme for 2019/20	To note the work programme for 2019/20.

