

Agenda

Audit and governance committee

Date: **Tuesday 16 June 2020**

Time: **10.30 am**

Place: **Online meeting**

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

For any further information please contact:

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

Agenda for the meeting of the Audit and governance committee

Membership

Chairperson **Councillor Nigel Shaw**
Vice-Chairperson **Councillor Christy Bolderson**

Councillor Dave Boulter
Councillor Peter Jinman
Councillor Bob Matthews
Councillor Diana Toynbee
Councillor Yolande Watson

Agenda

THE PUBLIC RIGHTS TO INFORMATION AND ATTENDANCE AT MEETINGS		Pages
<p>1. APOLOGIES FOR ABSENCE</p> <p>To receive apologies for absence.</p>		
<p>2. NAMED SUBSTITUTES (IF ANY)</p> <p>To receive details any details of members nominated to attend the meeting in place of a member of the committee.</p>		
<p>3. DECLARATIONS OF INTEREST</p> <p>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.</p>		
<p>4. MINUTES</p> <p>To approve the minutes of the meeting held on 5 May 2020.</p>		9 - 16
<p>5. QUESTIONS FROM MEMBERS OF THE PUBLIC</p> <p>To receive questions from members of the public.</p> <p><i>Deadline for receipt of questions is 5.00 pm on 10 June 2020 (3 clear working days from date of meeting).</i></p> <p><i>Questions must be submitted to councillorservices@herefordshire.gov.uk. Questions sent to any other address may not be accepted.</i></p> <p><i>Accepted questions and the response to them will be published as a supplement to the agenda papers prior to the meeting. Further information and guidance is available at https://www.herefordshire.gov.uk/getinvolved</i></p>		
<p>6. QUESTIONS FROM COUNCILLORS</p> <p>To receive any questions from councillors.</p> <p><i>Deadline for receipt of questions is 5.00 pm on 10 June 2020 (3 clear working days from date of meeting).</i></p> <p><i>Accepted questions and answers will be published as a supplement prior to the meeting.</i></p>		
<p>7. PROGRESS REPORT ON 2019/20 INTERNAL AUDIT PLAN</p> <p>To update members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed. To enable the committee to monitor performance of the internal audit team against the approved plan.</p>		17 - 44
<p>8. EXTERNAL AUDIT PROGRESS UPDATE</p> <p>To provide the committee with a progress update of the work being undertaken by the external auditor, Grant Thornton.</p>		45 - 68

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To consider the status of the council's corporate risk register in order to monitor the effectiveness of risk management within the Performance, Risk and Opportunity Management framework.	
10. TRACKING OF AUDIT RECOMMENDATIONS	93 - 112
To review the progress of audit recommendations implementation.	
11. HEALTH AND WELLBEING BOARD REVIEW AND SUGGESTED AMENDMENTS TO THE CONSTITUTION	113 - 122
To consider the suggested amendments to the council's constitution proposed by the health and wellbeing board for recommendation to Council.	
12. CONFIDENTIAL REPORTING CODE (WHISTLEBLOWING)	123 - 134
To review and agree changes to the council's whistleblowing policy.	
13. RE-THINKING GOVERNANCE WORKING GROUP - PROGRESS UPDATE	135 - 142
To update the committee on the work of the re-thinking governance working group.	
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To provide an update on the Committee's work programme.	

The public's rights to information and attendance at meetings

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- Attend all council, cabinet, committee and sub-committee meetings unless the business to be transacted would disclose 'confidential' or 'exempt' information. This meeting will be broadcast live on the Herefordshire Council's YouTube channel. Link: <https://www.youtube.com/HerefordshireCouncil>
- Inspect agenda and public reports at least five clear days before the date of the meeting via the website.
- 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 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).
- Access to this summary of your rights as members of the public to attend meetings of the council, cabinet, committees and sub-committees and to inspect and copy documents.

Recording of this meeting

Please note that the council will be making an official recording of this public meeting. These recordings form part of the public record of the meeting and are made available for members of the public via the council's website.

To ensure that recording quality is maintained, could members and any attending members of the public speak as clearly as possible and keep background noise to a minimum while recording is in operation.

Please also note that other attendees are permitted to film, photograph and record our public meetings provided that it does not disrupt the business of the meeting.

If you do not wish to be filmed or photographed, please identify yourself so that anyone who intends to record the meeting can be made aware.

Please ensure that your mobile phones and other devices are turned to silent during the meeting.

The reporting of meetings is subject to the law and it is the responsibility of those doing the reporting to ensure that they comply.

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 Nigel Shaw (Chairman)	Conservative
Councillor Christy Bolderson (Vice Chairman)	Conservative
Councillor Dave Boulter	It's Our County
Councillor Peter Jinman	Herefordshire Independents
Councillor Bob Matthews	True Independents
Councillor Diana Toynbee	Green
Councillor Yolande Watson	Herefordshire Independents

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 Online meeting only on Tuesday 5 May 2020 at 10.30 am

Present: Councillor Nigel Shaw (chairperson)
Councillor Christy Bolderson (vice-chairperson)

Councillors: Dave Boulter, Peter Jinman, Diana Toynbee and Yolande Watson

Officers: Solicitor to the council and Chief finance officer

425. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Bob Matthews.

426. NAMED SUBSTITUTES (IF ANY)

There were no named substitutes.

427. DECLARATIONS OF INTEREST

There were no declarations of interests.

428. MINUTES

Action tracker

The following actions were discussed:

Action 2 – training on the Redmond review was to be arranged as soon as possible.

Action 12 – had a due date May 2020 which should be changed to June 2020 (page 19 of the agenda pack).

Action 32 – a major project to be audited against the Blue School House recommendations would be picked up as part of the discussion on the internal audit plan for 2020/21.

The committee requested that when briefing notes were circulated that acronyms were set out in full for the first time. Democratic services to pass this request on to all officers.

RESOLVED:

That the minutes of the meeting held on 28 January 2020 be confirmed as a correct record.

429. QUESTIONS FROM MEMBERS OF THE PUBLIC

There were no questions from members of the public.

430. QUESTIONS FROM COUNCILLORS

There were no questions from councillors.

431. INTERNAL AUDIT PLAN 2020-21 AND INTERNAL AUDIT CHARTER

Jacqui Gooding from South West Audit Partnership presented the draft internal 2020/21 audit plan.

The committee thanked the finance team and internal audit for their work in relation to Covid-19. The chief executive was also thanked for his weekly report to all councillors.

It was noted that internal audit was classed as the third line of defence but that this was referenced in the internal audit charter. SWAP explained that this was explained in the annual report but the first two lines of defence were the controls and responsibility in relation to officers and the underpinning policies which officers should be working to. SWAP would look at what is in place and there is policies / controls not in place, they would make recommendations.

It was requested that as issues were identified they were logged as that lessons could be learnt.

It was noted that SWAP were contracted for 900 days and that if there was a need for additional work in relation to Covid-19, some of the audit work in the draft plan may need to be removed to accommodate this work. SWAP and the chief finance officer were meeting on a regular basis to monitor how many days had been used and will revise the plan as require. The committee would be informed of any changes to the plan as part of the regular reporting.

The issue of the cost of the additional work in connection with personal protection equipment (PPE) was discussed. The government had assured councils that these costs would be covered. It would be considered appropriate to ask SWAP to look at these new process and suppliers in due course as they had been built from the scratch. It may be possible to charge this work to the grant funding which will be received in connection with Covid-19.

The committee thanked SWAP for the report as it gave them a better insight and assurance into the coverage in connection with the corporate ambitions and the risk register.

In response to a query from a member of the committee, it was confirmed that the 28% of risks in the corporate risk register would be covered by other assurance mechanisms. The annual governance statement was used as an example of providing assurance about other types of controls. Once the plan was confirmed, then cross referencing work would be undertaken and would be covered in the mitigation section of the register. It was noted that some of the risks not covered would have been covered in previous years and / or covered by the work of the external audit. It was agreed that this would form part of the next progress report to the committee [16 June 2020].

SWAP confirmed that the audit into strategic partnerships [page 39 of the agenda pack] was likely to go ahead and that the work could be done in order to inform the work of the re-thinking governance working group who would be considering this point. The re-thinking governance working group would presenting their proposals to the audit and governance committee in September, with recommendations going to council in October 2020.

It was noted that the committee had requested the audit of a specific capital project against the recommendations of Blue School House and wanted assurance that it had

been or will be delivered. The committee suggested that perhaps a discussion with S151 officer about the scope the audit would be helpful so that there was assurance that the scope was the one which the committee had intended.

Internal audit charter

Jacqui Gooding presented the internal audit charter. The committee had last approved the charter on 19 March 2019.

It was confirmed that SWAP share audits and have regular conversations with the external auditor (Grant Thornton). Grant Thornton confirmed that they do not place any reliance on the audits but do use them to inform their planning and direction of travel with regard to the external audit.

Following a query from the committee, SWAP agreed to look at the working with regard to the provision of consultancy so that it was clear that this was potentially other work which may sit either inside or outside of the internal audit plan.

Agile auditing

It was noted that once staff return to an office environment, there will be a move to agile working. This meant that the audit engagement would be in shorter stages and the service being audited would be kept more informed. The audits would be shorter from start to finish. It was confirmed that whilst there would be more people involved in the audits, there would be no increase in costs as the council paid for 900 days of auditing. It was hoped that this would drive efficiencies but this would not be confirmed until there had been a move to agile working.

RESOLVED that the

- (a) proposed internal audit plan 2020-21 at appendix 1 was reviewed.**
- (b) internal audit charter at appendix 2 be approved; and**
- (c) agile auditing document at appendix 3 be noted.**

432. NMITE PROGRESS REPORT

The chief finance officer presented the report.

It was noted that the council's responsibility as the accountable body had ceased with the payment to NMiTE from the Department for Education (DfE). The final payment had been received by the council on 15 April from the DfE and transferred to NMiTE straightaway. Any other funding which NMiTE had received would be overseen by the relevant scrutiny committee.

It was further noted that the progress with regard to some of the milestones were part of the funding agreement that the council were not required to provide comment on and that they would be the responsibility of the NMiTE Board and the DfE.

The council had been supportive of NMiTE since the beginning and would continue to be supportive. As part of the ongoing NMiTE growth, they were looking at building and expanding in the city to teach students and student accommodation in Station Approach. The student accommodation at Station Approach would house NMiTE students as well as students from the Hereford College of Arts.

It was confirmed that there was no requirement to report back to council that the accountable body status had now ceased.

It was proposed by Councillor Nigel Shaw and seconded by Councillor Dave Boulter that the report be noted.

For: 6
Against: 0
Abstentions: 0

RESOLVED that the report be noted.

433. REMUNERATION OF INDEPENDENT PERSONS FOR STANDARDS

The solicitor to the council presented the report.

It was noted that if the committee were to recommend that the independent persons (IP) for standards be paid an allowance that the independent remuneration panel (IRP) be asked to make a recommendation to council.

It was confirmed that IPs could claim their expenses.

It was noted that if a decision was made to pay an allowance, an IP could chose not to receive it. There were currently 7 IPs and the workload was evenly spread. However, there was a great deal of background work required by an IP when preparing for a standards panel as well as chairing a panel. The solicitor to council confirmed that the Localism Act 2011 did permit an allowance to be paid without affecting an IP's independence.

Following a query from a member of the committee, it was noted that there had been difficulty in the past in recruiting IPs but at the last recruitment drive, 8 had been recruited.

It was proposed that Councillor Peter Jinman and seconded that Councillor Christy Bolderson that it be recommended to council that independent persons for standards be paid an allowance.

For: 4
Against: 0
Abstentions: 2

It was noted that Richard Stow's term as an independent person for standards would cease at the end of May. Mr Stow had provided advice on the code of conduct and also assisted with a large number of complaints in relation to one parish council. The committee thanked Mr Stow for his advice during the last four years.

RESOLVED that

- (a) the independent persons for standards be paid an allowance; and**
- (b) the independent remuneration panel be asked to make a recommendation to council in respect of an allowance rate.**

434. WORK PROGRAMME UPDATE

The work programme for 2020/21 was discussed. It was noted that the work programme had been revised in order to reflect the changes necessary in light of Covid-19.

A member of the committee had been looking at the format of the work programme and a revised layout would be circulated to members and be attached to the work programme item at the meeting in June 2020. The work programme had been reconciled to the functions of the committee.

It was suggested that a review of effectiveness and a skills matrix of committee members be undertaken.

It was agreed to add a progress report from the re-thinking governance working group to the June agenda.

RESOLVED that subject to the addition of a progress report from the re-thinking governance working group on 16 June 2020, the work programme for 2020/21 be approved.

The meeting ended at 12.37pm

Chairperson

COMPLETED ACTIONS WILL BE MOVED TO THE 'REPORTED COMPLETE' TAB ONCE THEY HAVE BEEN NOTIFIED AT AUDIT AND GOVERNANCE								
Action Number	Meeting Date	Agenda Item	Action	Owner	Directorate	Progress Update	Due date	Reported complete
2	19 November 2019	7	Training on the Redmond Review	Grant Thornton	Corporate Support Centre	Proposed date: 16 June after the audit and governance committee meeting	25 March 2020	
10	19 November 2019	11	Meeting between chairpersons of audit and governance and the chairpersons of the three scrutiny committees to discuss items on the corporate risk register.	Statutory scrutiny officer	Corporate Support Centre	Statutory scrutiny officer to write out to each of the s	30 June 2020	
12	19 November 2019	12	Totality of the recommendations outstanding in relation to internal / external audit reports and a traffic light system developed so that was an understanding of whether the recommendations would be completed on time	Head of corporate performance	Corporate Support Centre	To be incorporated for the meeting of audit and governance committee to be held in June 2020. Due to Covid-19, this item has been moved to the provisional June 2020 meeting.	16 June 2020	
16	28 January 2020	10	Direction of travel arrows on the annual governance statement (AGS)	Chief finance officer	Corporate Support Centre	To be included as part of the AGS report in September 2020	19 September 2020	
17	28 January 2020	10	As part of next year's AGS report, a review of previous three years be included	Chief finance officer	Corporate Support Centre	To be reported on as part of the AGS report in September 2020	01 September 2020	
19	28 January 2020	10	Insert into contracts the ability to audit them, specifically contracts on a framework which had specific costs plus margins.	Chief finance officer	Corporate Support Centre	To be reported on as part of the AGS report in September 2020	01 September 2020	
22	18 January 2020	11	Better articulation as to why red risks are on directorate risk register and not on a corporate risk register	Head of corporate performance	Corporate Support Centre	This is being reviewed as part of the revised Performance Framework, and Risk Management approach. This will be considered by the committee at its June meeting	01 June 2020	
23	28 January 2020	11	Head of corporate performance to discuss with Director of Adults and Wellbeing, the scoring of risk AC22 (access to health funding) and AC23 (Herefordshire and Worcestershire CCG) to see whether they should be escalated to the corporate risk register	Head of corporate performance	Corporate Support Centre	Changes will be reflected in the updated directorate/corporate registers	16 June 2020	Yes
24	28 January 2020	11	Details on how risks on decision reports feed into the appropriate risk registers	Head of corporate performance	Corporate Support Centre	This is being reviewed as part of the revised Performance Framework, and Risk Management approach. This will be considered by the committee at its May meeting.	16 June 2020	
26	18 January 2020	11	Consideration be given to including risks which would jeopardise the achievement of corporate objectives and that there were strategic linkages these be identified	Head of corporate performance	Corporate Support Centre	This is being reviewed as part of the revised Performance Framework, and Risk Management approach. This will be considered by the committee at its June meeting.	16 June 2020	
27	18 January 2020	11	Chief executive to ensure that the corporate risk register was at the top / near the top of senior managers agenda	Chief Executive	Corporate Support Centre	This is being reviewed as part of the revised Performance Framework, and Risk Management approach. This will be considered by the committee at its June meeting.	16 June 2020	
28	28 January 2020	11	Directors be invited to the May committee meeting to discuss the most significant risks and to consider whether there should be recommendations to the relevant scrutiny committee	Democratic services officer	Corporate Support Centre	Invitation sent for May meeting. Due to Covid-19, this item was moved to the provisional June 2020 meeting	01 June 2020	

Action Number	Meeting Date	Agenda Item	Action	Owner	Directorate	Progress Update	Due date	Reported complete
29	28 January 2020	11	Clarification on the escalation and de-escalation process	Head of corporate performance	Corporate Support Centre	This is being reviewed as part of the revised Performance Framework, and Risk Management approach. This will be considered by the committee at its June meeting.	01 June 2020	
30	28 January 2020	12	Corporate and directorate risk registers amended to reflect the mitigating factors in connection with the changes to the contract and finance procedure rules	Head of corporate performance	Corporate Support Centre	An update will be provided as part of the corporate risk report report due to be presented to the committee in June 2020	16 June 2020	
35	28 January 2020	14	Copies of the SWAP audit in connection with the Q2 and Q3 NMiTE audit be circulated to the committee	SWAP	Corporate Support Centre	Q2 circulated on members of the committee on 5 March 2020. Q3 still to be circulated	30 June 2020	
40	05 May 2020	4	Democratic Services to remind officers that acromyns needed to be set out in full in briefing notes	Democratic services manager	Corporate Support Centre	Officers will be reminded when briefing notes are requested to set out acromyns in full.	16 June 2020	Yes
41	05 May 2020	7	Cross referencing work to be undertaken with the internal audit plan and corporate risk register with regard to the risks not covered in the plan for 2020/21.	SWAP	Corporate Support Centre	To form part of the internal audit plan progress report for June 2020	16 June 2020	



Meeting:	Audit and governance committee
Meeting date:	Tuesday 16 June 2020
Title of report:	Progress report on 2019/20 internal audit plan
Report by:	Chief finance officer / head of internal audit

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To update members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed. To enable the committee to monitor performance of the internal audit team against the approved plan.

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

Recommendation(s)

That:

- (a) **performance against the approved plan be reviewed and any areas for improvement identified; and**
- (b) **consider the assurances provided and the recommendations which the report makes, commenting on its content as necessary.**

Further information on the subject of this report is available from

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

Alternative options

1. There are no alternative recommendations; it is a function of the committee to consider these matters in fulfilling its assurance role.

Key considerations

2. The internal audit progress report is attached at appendix A. In the period covered by the report, two priority 2 recommendations were made for the 2019-20 audit plan. A summary of the significant findings is provided in the report.
3. The annual plan summary and a glossary of terms is also provided in the report.

Community impact

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

Equality duty

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

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

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

Resource implications

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

Further information on the subject of this report is available from

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

Legal implications

8. None.

Risk management

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

Consultees

11. None.

Appendices

Appendix A – SWAP Internal Audit plan progress report 2019-20

Background papers

None identified.

In partnership with



Appendix A

Herefordshire Council

Report of Internal Audit Activity

Plan Progress 2019/20 May 2020

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The contacts at SWAP in connection with this report are:

Dave Hill

Chief Executive

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Jacqui Gooding

Assistant Director

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Our audit activity is split between:

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



Role of Internal Audit

The Internal Audit service for Herefordshire Council is provided by SWAP Internal Audit Services (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Chartered 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 05 May 2020.

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 2019/20. 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 findings (priority 1 or 2), a summary of the key audit findings 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 2019/2020

Outturn to Date



Internal Audit Work Programme

This is the quarter 4 update for 2019-20. Seven audits have been completed since my last update and there are six audits at report and seven audits in progress. For the audits completed three audits were assessed as Reasonable assurance, one as Partial assurance, and three were Advisory audit reports.

The following audits have been completed since my last update:

Audit	Assurance
EU Grant Funding	Reasonable
Schools Financial Value Standard – School 2	Reasonable
Schools Financial Value Standard – School 3	Reasonable
Income Charging	Advisory
Savings Targets	Partial
ICT Applications	Advisory
Service Planning	Advisory

As reported on my Annual Plan report to Committee in May there has been some disruption to the Internal Audit Plan outlined in this report for 2019-20. For those audits currently in progress we are taking a pragmatic approach and bringing each audit to a conclusion with the findings to date where there is no officer availability to complete the audit due to redeployment or critical role dealing with the impact of COVID- 19.

Internal Audit are currently working from home and utilising video conferencing for meetings. The team has been supporting the Council in the following COVID-19 activities that have impacted on the 2019-20 plan:

- Contacting businesses for details to pay the small business grant
- Understanding of the changes to payment process controls
- Review of funding for leisure facilities
- Advice on process for volunteer reimbursement

Detailed below are a list of audits at report stage that have incurred delays due to the impact of COVID 19 :

Internal Audit Plan Progress 2019/2020

Outturn to Date

Audit	Report Stage
South Wye Transport Package – Phase 2	Draft Report
Contracts - Public Realm, Waste and Balfour Beatty (review of actions from vfm review)	Draft Report
Compliance with Financial Regulations	Draft Report
RNCB Site for FE College	Discussion Document
Troubled Families (Qrt 4 monthly review of claims)	Draft Report
Integrated Short-Term Support and Care Pathway – Delayed Transfers of care (DToC) plan – process of hospital discharges, Front door redirected.	Discussion Document



Significant Corporate Risks

Significant Corporate Risks

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

We provide a definition of the 3 Risk Levels for Corporate risk 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 'High' corporate risks.

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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 and Governance Committee.



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

I provide a summary of the significant service findings for audits where the findings have been assessed as priority 1 or 2. For each finding the detail of the finding, the recommendation, agreed action by management and the target date for completion of the agreed action is provided. The target date for implementation is agreed with the manager at the conclusion of the audit and is the date for completing the agreed action. For some actions this date may not be met and these agreed actions will be reported to this Committee with a revised target date as part of the Tracking of Audit Recommendations report which is presented to this Committee by the Directorate Services Team Leader.

For the 2019-20 audits completed since my last update one audit (Savings Targets) has been assessed as Partial with two priority 2 findings.

Savings Targets

The purpose of the audit was to provide assurance across the following areas:

- The Council are setting realistic achievable savings targets, supported by rationale and a plan of how the target will be achieved e.g. business case. Determining if this is a corporate approach of if there are differences between directorates.
- That the Council are proactive in achieving the target set including consistent regular reporting.
- Savings plans include clear accountability and ownership.
- Processes for targets not achieved.

The Councils Medium Terms Financial Strategy (MTFS) outlines the measures that have been taken since 2010 to deliver savings and the savings that have been achieved. The 2019/20 MTFS was approved by Council on the 15th February 2019 and includes the savings targets for 2019/20 and 2020/21. Progress against targets are reported to Cabinet on a quarterly basis.

The audit found the following areas to be well controlled:

- Progress against Savings is reported to Cabinet with challenge/discussions evidenced in minutes
- Savings target are managed and monitored within the Councils financial management system
- Savings targets are approved as part of the MTFS along with an impact analysis of the savings proposed.

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)

There were two priority two findings and two priority three findings.

Priority 2 finding 1:

The 2019/20 MTFs states the MTFs is underpinned by the production of detailed implementation plans for all savings proposals. Documented savings plans/proposals were not available for the sample tested including:

- a lack of documented costs incurred to deliver the savings,
- a lack of documented rationale (i.e. calculation of figures) as to how the target will be achieved
- a lack of documented responsible officer.

It was however noted that the Assistant Director People and Performance was in the process of developing a Savings Implementation Card and the Head of Management Accounting was now involved to develop a corporate approach to Savings Plans.

Recommendation:

We recommend that the Chief Finance Officer ensures all savings proposals are supported with a formal documented plan/proposal that includes:

- detail as to how the savings will be achieved including financial rationale/calculation that has been validated by relevant officers.
- Costs that will be incurred to achieve the savings target
- Responsible officers(s) and required officer sign off.
- Status of achievement including monetary achievement and reasonableness of achievement.

Agreed Action: Agree with the recommendation, we will record all savings plans, the governance, decisions and finances in Verto. This will enable management to review progress and actions.

Target Date: 31st October 2020

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)

Priority 2 finding 2:

There are no formal process/procedure documents outlining the steps that need to be taken when a saving target is:

- a) identified as not going to be achieved; or
- b) not achieved

Recommendation:

We recommend that the Chief Finance Officer ensures a corporate process is developed to ensure savings targets that are identified as not being achieved are actioned/escalated. Non achievement or changes to savings targets should be reported within the quarterly performance report.

Agreed Action: There will be an interface between Business World and Verto, so the reporting reflects actual performance.

Target Date: 31st December 2020

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



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 2018-19 priority 1 and 2 recommendations. For the priority 3 recommendations progress reported is based on self-assessment by relevant officers. Where a key control audit received Reasonable assurance, the key control is included in the plan to follow up on all recommendations to provide assurance that action has been taken to address the recommendations. For key control follow up audit evidence is obtained to demonstrate implementation and progress for all recommendations.

No follow up audits have been completed this quarter.

Internal Audit Plan Progress 2019/2020

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 report for the SWAP Partners:

Service Planning - This was an advisory audit with the objective to provide Herefordshire Council with information in relation to the process for Service Business Planning across SWAP partner councils.

Schools Financial Value Standard Report

A themed Schools Financial Value Standard Audit Report was issued which combined findings from the schools visited to identify common themes of control weaknesses and was provided to the Council so that it can be shared with all schools across Herefordshire.

Internal Audit Plan Progress 2019/2020

SWAP Performance - Summary of Audit Opinions

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

- Substantial
- Reasonable
- Partial
- None

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.

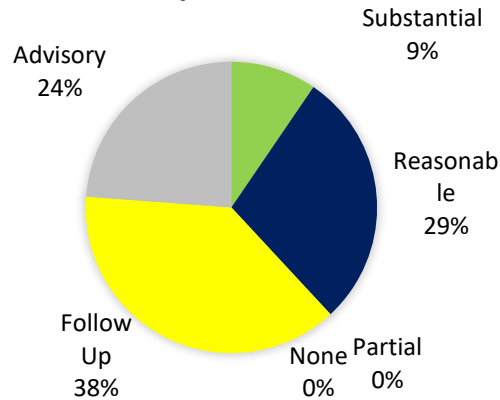
Where we follow up on a previous adverse audit opinion the opinion is stated as follow up.



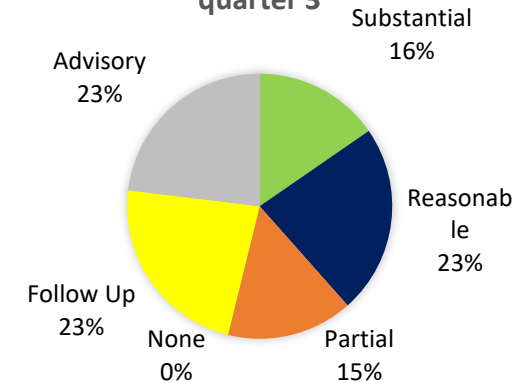
Summary of Audit Opinion

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

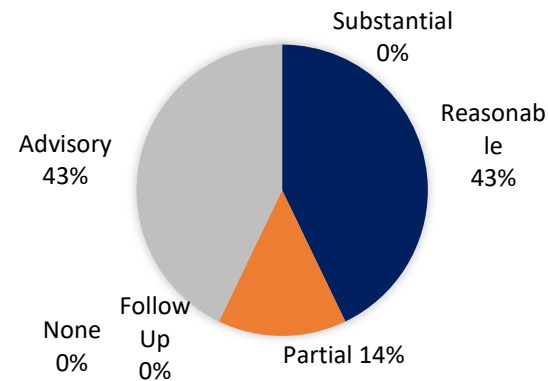
Control assurance by category
quarter 2



Control assurance by category
quarter 3



Control assurance by category
quarter 4



Internal Audit Plan Progress 2019/2020

SWAP Performance - Summary of Audit Opinions



Summary of Audit Opinion

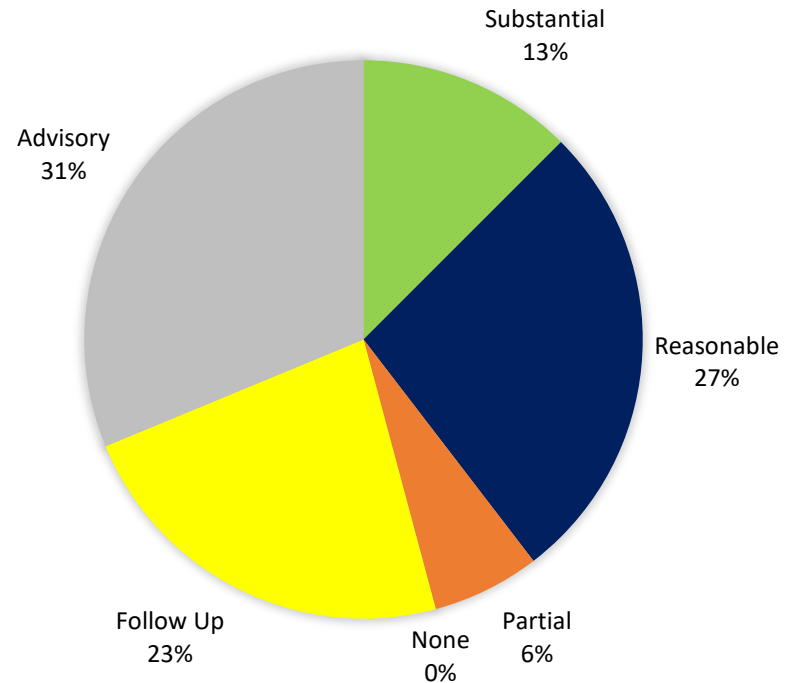
At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- 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.

Control assurance by category 2019/20



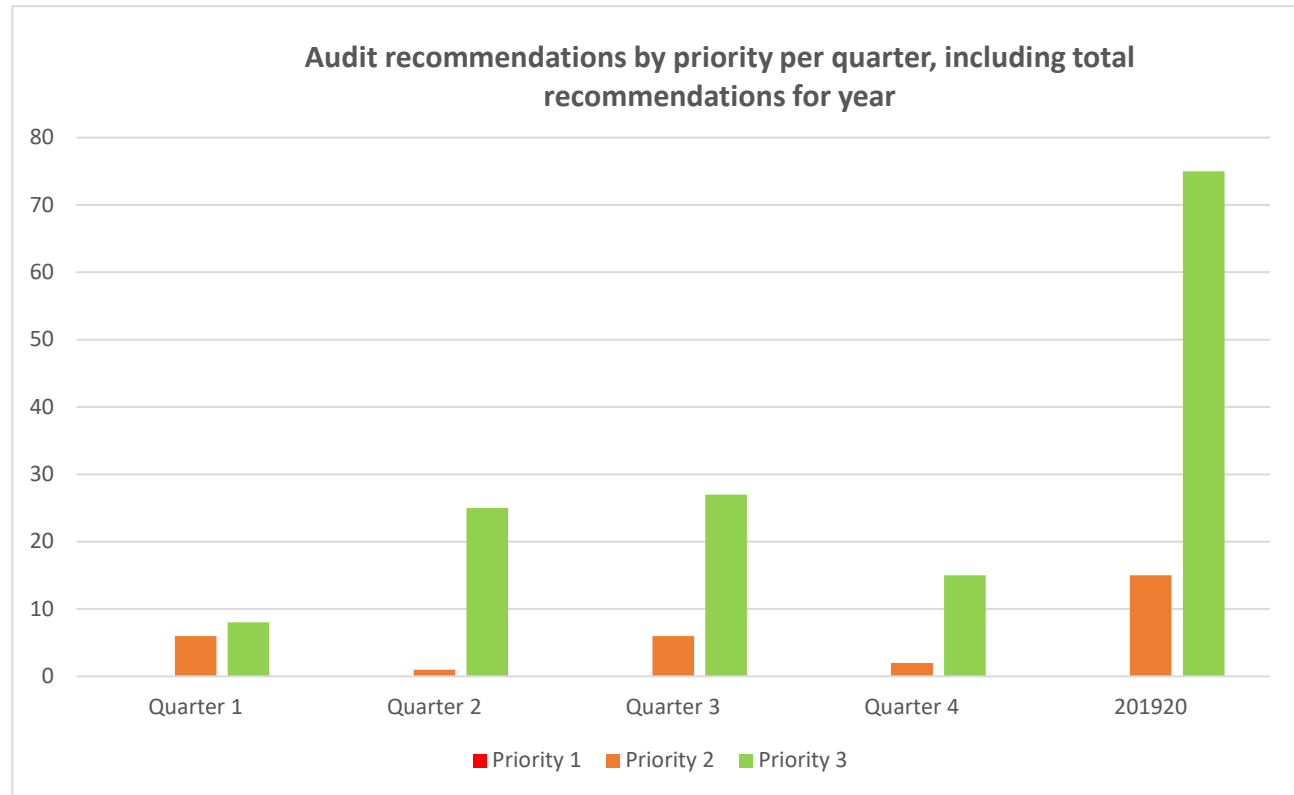
Internal Audit Plan Progress 2019/2020

Summary of Audit Recommendations by Priority

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.



Summary of Recommendations



Internal Audit Plan Progress 2019/2020

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.

Since my last update it has been agreed that four audits will not be completed. These include:

- Client Finance System
- Integrated Short Term Support and Care Pathway – Carers Assessment
- Integrated Short Term Support and Care Pathway – Housing Pathway
- Workforce Development.

Prior to COVID 19 it had been agreed that three of the four audits outlined above would be deferred into the 2020-21 plan due to it not being beneficial to audit at the current time. These audits were as follows:

- Client Finance System
- Integrated Short Term Support and Care Pathway – Carers Assessment
- Integrated Short Term Support and Care Pathway – Housing Pathway

Two replacement audits were agreed with the Director of Adults and Communities for 2019-20 plan:

- Supervision Audit Process; and
- Compliance with the Adult Social Care Supervision Policy and adherence to Best Practice.

However due to the increased pressure on the Adults and Communities Directorate as a direct result of COVID 19 both these audits and Workforce Development have not progressed and additional work as a result of COVID 19 has replaced the work for these areas.



Conclusion

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

Seven audits have been completed since my last update and there are six audits at report and seven audits in progress. Four audits in the Adults and Communities directorate have been agreed to not be completed due to the increasing pressures faced as a result of COVID 19.

For the audits completed three audits were assessed as Reasonable assurance, one as Partial assurance, and three were Advisory reports. There have been no significant corporate risks identified however it should be noted that there have been two significant findings identified at service level across one audit since my last update.

The recommendations that have been made for improvement at service level have been accepted by management and a target date agreed for implementation. For the audits completed fifteen priority 3 findings and two priority 2 findings have been reported.

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 95% 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. For 2019-20 audits the feedback return is 98.7% for audits where feedback has been provided.

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 Report - 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.

Recommendation 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	New Model in Technology and Engineering (NMiTE) Project (University) quarter 1 review	1
Advisory	South Wye Transport Package Phase 1 – Governance	1	Completed	Advisory Report	7	0	4	3
Operational	Coroners/Registrars	1	Completed	Substantial	1	0	0	1
Operational	Transport / Highways policy setting	1	Completed	Reasonable	4	0	0	4
Operational	Environmental Health / Trading Standards	1	Completed	Reasonable	2	0	0	2
Operational	Property Maintenance - Schools	1	Completed	Reasonable	5	0	0	5
Grant	Troubled Families (Qrt 1 monthly review of claims)	1	Completed	Advisory Report	-	-	-	-
Operational	Schools Exclusion Policy – Deferred to qrt 3	1	In Progress					
Operational	Children’s centres (changed to Pupil Referral Unit)	1	Completed	Reasonable	5	0	1	4
Operational	Facilities Management	1	In progress – scope of work extended					
ICT	ICT Applications	1	Completed	Advisory		-	-	-
Operational	Mandatory Training	1	Completed	Reasonable	5	0	1	4
Operational	Disclosure and Barring Service	1	Completed	Reasonable	6	0	2	4
Special Investigation	Code of Conduct Complaint	1	Completed	Special Investigation	-	-	-	-
Special Investigation	Loss of Monies	2	Completed	Special Investigation	-	-	-	-

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Medium Recommendation		
						1	2	3
Governance, Fraud & Corruption	New Model in Technology and Engineering (NMiTE) Project (University) quarter 2 review	2	Completed	Advisory Report	-	-	-	-
Grant	Bus Subsidy grant	2	Completed	Grant Certification	-	-	-	-
Operational	South Wye Transport package Phase 2	2	Draft Report					
Grant	Troubled Families (Qrt 2 monthly review of claims)	2	Completed	Advisory Report	-	-	-	-
Operational	Council Reserves	2	Completed	Substantial	2	0	0	2
Grant	Local Transport Block Funding	2	Completed	Grant Certification	-	-	-	-
Operational	EU Grant Funding	2	Final Report	Reasonable	3	0	0	3
Reasonable	Cemeteries / Crematoriums	2	Completed	Reasonable	3	0	0	3
Operational	Healthy Lifestyle Service (was Development of Community Strategy)	2	Completed	Advisory Report	4	0	1	3
Operational	Client finance System - Interface between all systems	2	Deferred to 2020-21 plan					
Operational	Continuing Healthcare process	2	Completed	Partial	4	0	2	2
Operational	Quality Assurance Panel Process (change of audit to Local Enterprise Resources team)	2	Completed	Advisory Report	4	0	0	4
Operational	Independent review officer services	2	Completed	Reasonable	6	0	0	6
Schools	Schools Financial Value Standard – School 1	2	Completed	Reasonable	4	0	0	4
Schools	Schools Financial Value Standard – School 2	2	Completed	Reasonable	5	0	0	5
Schools	Schools Financial Value Standard – School 3	2	Completed	Reasonable	4	0	0	4
ICT	Data Centres	2	In Progress					

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Medium Recommendation		
						1	2	3
						Operational	Project Delivery/project management	2
Grant	Troubled Families (Qrt 3 monthly review of claims)	3	Completed	Advisory Report	0	0	0	
Key Control	Council Tax follow up	3	Completed	Follow up	-	-	-	
Key Control	Treasury Management	3	Completed	Substantial	2	0	2	
Key Control	Accounts Payable follow up	3	Completed	Follow up	-	-	-	
Key Control	Main Accounting	3	Completed	Substantial	2	0	2	
Key Control	Payroll follow up	3	Completed	Follow up	-	-	-	
Key Control	Accounts Receivable follow up	3	Completed	Follow up	-	-	-	
Key Control	Capital Accounting follow up	3	Completed	Follow up	-	-	-	
Key Control	NNDR	3	Completed	Substantial	1	0	1	
Key Control	Housing and Council Tax Benefit	3	Completed	Follow up	-	-	-	
Governance, Fraud & Corruption	New Model in Technology and Engineering (NMiTE) Project (University) quarter 3 review	3	Completed	Advisory Report	-	-	-	
Governance, Fraud & Corruption	Contracts - Public Realm, Waste and Balfour Beatty (review of actions from vfm review)	3	Draft Report					
Operational	Income Charging	3	Completed	Advisory	1	0	1	
Operational	Integrated Short Term Support and Care Pathway - Carers Assessment – replaced with Compliance with the Adult Social Care Supervision Policy and adherence to Best Practice	3	Deferred to 2020-21 plan					

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Medium Recommendation		
						1	2	3
						Operational	Workforce Development – Adults	3
Schools	Prevention of Fraud in Schools audit – one school	3	Combined with SFVS audit	-	-	-	-	
Governance, Fraud & Corruption	Compliance with Financial Regulations	3	Draft Report					
ICT	Incident Management to include Ransomware	3	Replaced with COVID 19 assurance work					
Operational	Service Planning	3	Completed	Advisory Report				
Governance, Fraud & Corruption	New Model in Technology and Engineering (NMiTE) Project (University) quarter 4 review	4	In Progress					
Grant	Troubled Families (Qrt 4 monthly review of claims)	4	Draft Report					
Governance, Fraud & Corruption	Savings Targets	4	Completed	Partial	4	0	2	2
Operational	RNIB Site for FE College	4	Discussion Document					
Operational	Housing (Capital programme and spending)	4	In Progress					
Operational	Development Regeneration Programme	4	Deferred to 2020-21	Days allocated to Loss of Monies SI	-	-	-	-
Operational	Integrated Short-Term Support and Care Pathway – Delayed Transfers of care (DToC) plan – process of hospital discharges, Front door redirected.	4	Discussion Document					

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Medium Recommendation		
						1	2	3
						Operational	Integrated Short-Term Support and Care Pathway phase 4 Housing Pathway – Replaced with Supervision Audit Process	4
Operational	Homepoint - Review of new provider	4	In Progress					
Governance, Fraud & Corruption	Members Expenses	4	Completed	Partial	6	0	2	4
Operational	Strategic Partnerships	4	Deferred to 2020-21	Days allocated to Code of Conduct Complaint SI	-	-	-	-
Operational	Supervision Audit Process		Replaced with COVID 19 assurance work					
Operational	Compliance with the Adult Social Care Supervision Policy and adherence to Best Practice		Replaced with COVID 19 assurance work					
Follow UP	Health and Safety	4	Completed	Follow up	-	-	-	-
Follow UP	Major Transport Schemes - financial reporting	4	Completed	Follow up	-	-	-	-
Follow UP	Special Educational Needs transport	4	Completed	Follow up	-	-	-	-
Follow UP	ICT Cloud and Externally Hosted Services	4	Completed	Follow up	-	-	-	-
Follow UP	IT Access Controls –Mosaic and other systems used by AWB and CWB –	4	Completed	Follow up	-	-	-	-



Meeting:	Audit and governance committee
Meeting date:	Tuesday 16 June 2020
Title of report:	External audit progress update
Report by:	Chief finance officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To provide the committee with a progress update of the work being undertaken by the external auditor, Grant Thornton.

The progress update also includes an external audit plan update following the Covid-19 pandemic and a sector update on emerging issues for the committee to consider.

Overall Grant Thornton are making satisfactory progress against the audit deliverables.

Recommendation(s)

That:

- (a) the progress report and sector update attached at appendix 1 and addendum at appendix 2 be reviewed and the committee determine any recommendations it wishes to make to ensure the value of the external audit work is maximised.**

Alternative options

1. There are no alternative recommendations. The report provides a factual update on progress against the agreed external audit annual plan in accordance with the functions

of the committee, together with briefings on a range of matters of local government interest.

Key considerations

2. The external auditor's progress report attached at appendix 1 provides the committee with an update on progress against delivering the external audit responsibilities. Initial 2019/20 interim audit fieldwork has been completed. Good progress is being made to plan, an initial risk assessment and sample review has been concluded and no new emerging issues have been identified.
3. The audit deliverables timeline has changed following the Covid-19 pandemic. The statutory audited accounts deadline has moved from 31st July to 30 November 2020, the final audit visit has been delayed by four weeks in response to this announcement. Page 7 of appendix 1 provides further details.
4. Appendix 1 also includes a summary of emerging national issues for consideration by the committee.
5. The update includes at page 10 reference to the Sir Tony Redmond review of the quality of local authority financial reporting and external audit. Grant Thornton believe that local authority financial reporting and audit needs to reframe. Recent years have seen major changes. More complex accounting, earlier financial close and lower fees have placed pressure on councils and auditors alike. The target sign-off date for audited financial statements of 31 July has created a significant peak of workload for auditors. The Sir Donald Brydon review recommends "the Audit, Reporting and Governance Authority (ARGA) (the proposed new regulatory body) should facilitate the establishment of a corporate auditing profession based on a core set of principles. (This should include but not be limited to) the statutory audit of financial statements." Recognising the unique nature of public audit, and the special importance of stewardship of public money, Grant Thornton also recommend that a similar profession be established for local audit.
6. Page 12 of appendix 1 confirms that on 19 December the Financial Reporting Council (FRC) issued an update of its Practice Aid to assist audit committees in evaluating audit quality in their assessment of the effectiveness of the external audit process. The framework set out in the Practice Aid focuses on understanding and challenging how the auditor demonstrates the effectiveness of key professional judgments made throughout the audit and how these might be supported by evidence of critical auditor competencies.
7. Page 13 of appendix 1 updates the committee on IFRS 16 Leases, as interpreted and adapted for the public sector, which was to become effective from 1 April 2020 however this has been delayed to 1 April 2021 in response to the pandemic. The corporate finance team continues to review the leases, and associated terms, the council has to correctly disclose the impact of this accounting change. The impact is not expected to be material.
8. Appendix 2 provides an update to the planned scope and timing of the statutory audit of Herefordshire Council as reported in the Audit Plan dated 28 January 2020. Financial statements are required for 2019/20 in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020. The impact of Covid-19 has been identified as a new significant audit risk, this and Grant Thornton's response is described on page 3 of appendix 2.

9. Overall Grant Thornton have made satisfactory progress against their audit plan and of the work concluded no items have been identified that require highlighting to the committee.

Community impact

10. 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

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. As this is a factual update, we do not believe that it will have an impact on our equality duty.

Resource implications

13. The update has no direct resource implications however the consideration of sector wide emerging issues may lead to further work streams being identified.
14. The committee approved in July 2019 the 2019/20 annual external audit fee total of £96k, the proposed fee has now increased by £11k to total £107k (£106k in 2018/19).
15. The table below shows the planned variations to the original scale fee for 2019/20 to be approved by PSAA.

Audit area	£	Rationale for fee variation
Raising the bar	2,500	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This will require additional supervision and leadership, as well as additional challenge

Further information on the subject of this report is available from
 Josie Rushgrove, Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

		and scepticism.
Pensions – valuation of net pension liabilities under International Auditing Standard (IAS) 19	3,000	From increased granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting.
Property, Plant and Equipment Valuation – work of experts	3,000	Increased volume and scope of audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin Property, Plant and Equipment valuations.
New accounting standards / developments	2,500	Since the PSAA’s original scale fee was set in March 2018.

Legal implications

16. The update has no direct legal implications.

Risk management

17. The potential risks of being unaware of the update include not producing a compliant statement of accounts; this is being mitigated by ensuring the corporate finance team maintain up to date financial knowledge and awareness and maintain open dialogue with the council’s external auditors with whom there is an established, defined and detailed working paper requirements being complied for the final audit work.

Consultees

18. None.

Appendices

Appendix 1 External audit progress report and sector update

Appendix 2 External audit plan update

Background papers

None identified.

Audit Progress Report and Sector Update

Herefordshire Council
Year ending 31 March 2020

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16 June 2020



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Introduction



Jon Roberts

Engagement Lead

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

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)



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Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk.

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

Progress at June 2020

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Financial Statements Audit

We began our planning for the 2019/20 audit in January, and we began our interim audit in January 2020 and completed in March 2020. Our interim fieldwork included:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

In January we issued a detailed audit plan, setting out our proposed approach to the audit of the Council's 2019/20 financial statements.

We have no issues to bring to your attention as a result of our interim audit.

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by 30 November 2020.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

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

Details of our initial risk assessment to determine our approach are included in our Audit Plan.

We will report our work in the Audit Findings Report and aim to give our Value For Money Conclusion by 30 November 2020.

The NAO has consulted on a new Code of Audit Practice and published a draft version. Subject to Parliamentary approval the new Code will come into force no later than 1 April 2020 and includes significant changes to the auditor's Value for Money work. Please see page 9 for more details.

Progress at June 2020 (Cont.)

Other areas

Meetings

We met with Finance Officers in November 2019 as part of our quarterly liaison meetings and virtually in May 2020 and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers attended our Financial Reporting Workshop in February, which will help to ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

53 Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Deliverables

2019/20 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2019/20.	April 2019	Complete
Audit Plan We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements and a Conclusion on the Council's Value for Money arrangements.	January 2020	Complete
Interim Audit Findings We will provide an update on our interim audit during the Audit and Governance Committee	June 2020	Complete
Audit Findings Report The Audit Findings Report will be reported to the November Audit and Governance Committee.	November 2020	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	November 2020	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	TBC	Not yet due

COVID-19 Update

Impact on working arrangements:

- following the government's announcement on Monday 16th March, we have closed our offices for the foreseeable future and your audit team are now working from home
- we will therefore be working remotely during the accounts audit and have discussed the logistics of these arrangements with the finance team.
- although there are some audit tasks which are best undertaken in person, the majority of the audit will be able to be completed remotely. This is however likely to make the audit process longer. We will work closely with the finance team to make this different way of working as efficient as possible.
- we acknowledge there may need to be further changes to planned audit timings due to potential illness within the audit team or the finance team and due to the further developments of COVID-19.

Impact on accounts and audit opinions:

The following sets out a number of the key issues which finance teams will need to consider as part of the year end closedown.

- Impact on reserves and financial health and whether the audited body needs to provide additional disclosures that draw attention to a Material Uncertainty around Going Concern (this could also impact on the VfM conclusion).
- Impact on property valuations and whether these contain a material uncertainty clause.
- Impact on collectability of debt and assumptions made in bad debt provisions.
- Impact on post-balance sheets events (the consequences of the virus post 31 March 2020 will generally be non-adjusting post balance sheet events but some form of disclosure may be needed).
- Disclosure of impact in annual report.
- Disclosure of critical judgements.
- Disclosure of material estimation uncertainties.
- Impact on the content of the Annual Governance Statement, particularly with regards to risks, controls and mitigation.
- Considerations in respect of service continuity and disaster planning arrangements (this could impact on the VfM conclusion).
- Impact on reporting to those charged with governance and signing arrangements.

Changes to Local Authority reporting timetables and requirements:

- The new date for publication for final, audited 2019/20 accounts is 30 November 2020, a change from 31 July for local authorities.
- The formal 10-working-day public inspection period must start by 1 September 2020. In effect, this means that draft accounts must be approved by 31 August 2020 at the latest, although local authorities are still encouraged to approve them earlier, wherever possible.
- Although the implementation of IFRS 16 has been delayed to 1 April 2021, the Council should still disclose the expected impact of its initial application in their 2019/2020 statements. As a minimum, we would expect the Council to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases. If the financial impact of IFRS 16 is not known or reasonably estimable, the accounts should state this.
- given this is a developing situation, there may be further changes to the accounts process for 2019/20 and we will be in regular dialogue with the finance team over the coming weeks.

Sector Update

Councils continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

Brydon Review – the quality & effectiveness of audit

The Brydon review is an independent review, led by Sir Donald Brydon, which has looked at the quality and effectiveness of audit, seeking to make proposals that will improve the UK audit ‘product’. The review has examined the nature and scope of audit from a user perspective and seeks to clarify and potentially close the ‘expectation gap’ (ie what stakeholders and society expect from audit compared to what it delivers today).

5 A full list of Sir Donald’s recommendations can be found online, and a brief summary is provided below:

- Redefinition of audit and its purpose
- Creation of a corporate auditing profession, governed by principles
- Introduction of suspicion into the qualities of auditing
- Extension of the concept of auditing to areas beyond financial statements
- Mechanisms to encourage greater engagement of shareholders with audit and auditors
- Change in language of the opinion given by auditors
- Introduction of a corporate Audit and Assurance Policy, a Resilience Statement and a Public Interest Statement
- Suggestions to inform the work of BEIS on internal controls and improve clarity on capital maintenance
- Greater clarity around the roles of the audit committee
- A package of measures around fraud detection and prevention
- Improved auditor communication and transparency
- Obligations to acknowledge external signals of concern
- Extension of audit to new areas including Alternative Performance Measures
- Increased use of technology

On the auditor’s responsibility to detect fraud, Jonathan Riley, Grant Thornton Head of Quality and Reputation, said: “We are pleased to note that Sir Donald Brydon makes it clear that not only is there an expectation gap in relation to the purpose of audit and the detection of fraud but that the current ISAs need revision, and training of corporate auditors need to be enhanced, in order to allow auditors to better detect fraud. This is further reinforced by the new ability to make it easier for users of accounts, not just management, to inform the auditor of concerns relating to financial statements.”

“Notwithstanding these proposals, it is neither possible or desirable for an auditor to test in detail every transaction of the company and so materiality will still exist. In addition, a fraud involving collusion and sophistication may still prove extremely hard to detect.”

Grant Thornton welcomes the consideration given by Sir Donald on the quality and effectiveness of audit. These recommendations should bring far greater clarity and transparency to the profession and ultimately result in an audit regime that allows auditors to better assess, assure and inform all users of financial accounts.

Crucially, the Government must now consider these recommendations not just in context of earlier inquiries into the profession, but also against the backdrop of global trade and Britain’s future role as a pillar of global commerce. The report places new obligations not only on auditors, but also on company directors. Together with other regulations such as the revised Ethical Standard and wider corporate governance requirements, the proposed changes need to strike the right balance and not dent our place on the world’s financial stage. Careful explanation particularly of what this means to those fast growing mid-sized public entities seeking capital will be necessary.

The public perception of audit remains weak and failures continue to happen, so we agree that now is the right time to explore what needs to change to ensure that audit is fit for modern day business and meets the public interest. The report should contribute heavily towards this outcome.

Link to the full report and full list of recommendations:

<https://www.gov.uk/government/publications/the-quality-and-effectiveness-of-audit-independent-review>

Redmond Review – Review of local authority financial reporting and external audit

The independent review led by Sir Tony Redmond sought views on the quality of local authority financial reporting and external audit. The consultation ran from 17 September 2019 to 20 December 2019.

Grant Thornton provided a comprehensive submission. We believe that local authority financial reporting and audit is at a crossroads. Recent years have seen major changes. More complex accounting, earlier financial close and lower fees have placed pressure on authorities and auditors alike. The target sign-off date for audited financial statements of 31 July has created a significant peak of workload for auditors. It has made it impossible to retain specialist teams throughout the year. It has also impacted on individual auditors' well-being, making certain roles difficult to recruit to, especially in remote parts of the country.

Meanwhile, the focus on Value for Money, in its true sense, and on protecting the interests of citizens as taxpayers and users of services are in danger of falling by the wayside. The use of a black and white 'conclusion' has encouraged a mechanistic and tick box approach, with auditors more focused on avoiding criticism from the regulator than on producing Value for Money reports that are of value to local people.

In this environment, persuading talented people to remain in the local audit market is difficult. Many of our promising newly qualified staff and Audit Managers have left the firm to pursue careers elsewhere, often outside the public sector, and almost never to pursue public audit at other firms. Grant Thornton is now the only firm which supports qualification through CIPFA. It is no longer clear where the next generation of local auditors will come from.

We believe that now is the time to reframe both local authority financial reporting and local audit. Specifically, we believe that there is a need for:

- More clearly established system leadership for local audit;
- Simplified local authority financial reporting, particularly in the areas of capital accounting and pensions;

- Investing in improving the quality of financial reporting by local bodies;
- A realistic timescale for audit reporting, with opinion sign off by September each year, rather than July;
- An increase in audit fees to appropriate levels that reflect current levels of complexity and regulatory focus;
- A more tailored and proportional approach to local audit regulation, implementing the Kingman recommendations in full;
- Ensuring that Value for Money audit work has a more impactful scope, as part of the current NAO Code of Audit Practice refresh;
- Introducing urgent reforms which help ensure future audit arrangements are sustainable and attractive to future generations of local audit professionals.

We note that Sir Donald Brydon, in his review published this week, has recommended that *“the Audit, Reporting and Governance Authority (ARGA) (the proposed new regulatory body) should facilitate the establishment of a corporate auditing profession based on a core set of principles. (This should include but not be limited to) the statutory audit of financial statements.”* Recognising the unique nature of public audit, and the special importance of stewardship of public money, we also recommend that a similar profession be established for local audit. This should be overseen by a new public sector regulator.

As the reviews by John Kingman, Sir Donald Brydon, and the CMA have made clear, the market, politicians and the media believe that, in the corporate world, both the transparency of financial reporting and audit quality needs to be improved. Audit fees have fallen too low, and auditors are not perceived to be addressing the key things which matter to stakeholders, including a greater focus on future financial stability. The local audit sector shares many of the challenges facing company audit. All of us in this sector need to be seen to be stepping up to the challenge. This Review presents a unique opportunity to change course, and to help secure the future of local audit, along with meaningful financial reporting.

.”

National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. ‘Relevant authorities’ are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

Consultation – New Code of Audit Practice from 2020

65 Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

In order to determine what changes might be appropriate, the NAO consulted on potential changes to the Code in two stages:

Stage 1 involved engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO stated that they considered carefully the views of respondents in respect of the points drawn out from the [Issues paper](#) and this informed the development of the draft Code. A summary of the responses received to the questions set out in the [Issues paper](#) can be found below.

[Local audit in England Code of Audit Practice – Consultation Response \(pdf – 256KB\)](#)

Stage 2 of the consultation involved consulting on the draft text of the new Code. To support stage 2, the NAO published a consultation document, which highlighted the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. The draft Code includes three specific criteria that auditors must consider:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

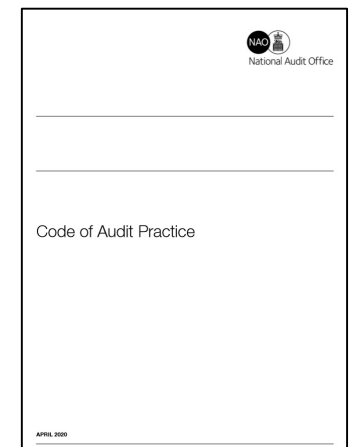
The auditor will be required to provide a commentary on the arrangements in place to secure value for money. Where significant weaknesses are identified the auditor should make recommendations setting out

- Their judgement on the nature of the weakness identified
- The evidence on which their view is based
- The impact on the local body
- The action the body needs to take to address the weakness

The consultation document and a copy of the new Code can be found on the NAO website. The new Code will apply from audits of local bodies’ 2020-21 financial statements onwards.

Link to NAO webpage for the new Code:

https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code_of_audit_practice_2020.pdf



Financial Reporting Council – aid to Audit Committees in evaluating audit quality

On 19 December the Financial Reporting Council (FRC) issued an update of its Practice Aid to assist audit committees in evaluating audit quality in their assessment of the effectiveness of the external audit process.

The FRC notes that, “The update takes account of developments since the first edition was issued in 2015, including revisions of the UK Corporate Governance Code, the requirement for all Public Interest Entities (PIEs) to conduct a tender at least every 10 years and rotate auditors after at least 20 years, and increasing focus generally on audit quality and the role of the audit committee. It also takes account of commentary from audit committees suggesting how the Practice Aid could be more practical in focus and more clearly presented.

The framework set out in the Practice Aid focuses on understanding and challenging how the auditor demonstrates the effectiveness of key professional judgments made throughout the audit and how these might be supported by evidence of critical auditor competencies. New sections have been added addressing the audit tender process, stressing that high-audit quality should be the primary selection criterion, and matters to cover in audit committee reporting.

As well as illustrating a framework for the audit committee’s evaluation, the Practice Aid sets out practical suggestions on how audit committees might tailor their evaluation in the context of the company’s business model and strategy; the business risks it faces; and the perception of the reasonable expectations of the company’s investors and other stakeholders. These include examples of matters for the audit committee to consider in relation to key areas of audit judgment, and illustrative audit committee considerations in evaluating the auditor’s competencies.

The FRC encourages audit committees to use the Practice Aid to help develop their own approach to their evaluation of audit quality, tailored to the circumstances of their company. Audit committees are encouraged to see their evaluation as integrated with other aspects of their role related to ensuring the quality of the financial statements – obtaining evidence of the quality of the auditor’s judgments made throughout the audit, in identifying audit risks, determining materiality and planning their work accordingly, as well as in assessing issues.”



The Practice Aid can be obtained from the FRC website:

<https://www.frc.org.uk/getattachment/68637e7a-8e28-484a-aec2-720544a172ba/Audit-Quality-Practice-Aid-for-Audit-Committees-2019.pdf>

Implementation of International Financial Reporting Standard 16 *Leases*

IFRS 16 *Leases*, as interpreted and adapted for the public sector, will be effective from 1 April 2020.

Background

IFRS 16 *Leases* was issued by the International Accounting Standards Board (IASB) in January 2016 and is being applied by HM Treasury in the Government Financial Reporting Manual from 1 April 2020. Implementation of the Standard will be included in the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) for 2020/21.

The new Standard replaces the current leasing standard IAS 17 and related interpretation documents IFRIC 4, SIC 15 and SIC 27 and it sets out the principles for the recognition, measurement, presentation and disclosure of leases. The IASB published IFRS 16 because it was aware that the previous lease accounting model was criticised for failing to provide a faithful representation of leasing transactions.

Impact on 2019/20 financial statements

Whilst the new Standard is effective from 1 April 2020, authorities are required by the Code to *'disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted'*. This requirement of the Code (3.3.4.3) reflects the requirements of paragraph 30 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

In the 2019/20 financial statements we would therefore expect to see authorities make disclosures including:

- the title of the Standard
- the date of implementation
- the fact that the modified retrospective basis of transition is to be applied, with transition adjustments reflected through opening reserves
- known or reasonably estimable information relevant to assessing the possible impact that application will have on the entity's financial statements, including the impact on assets, liabilities, reserves, classification of expenditure and cashflows
- the basis for measuring right of use assets on transition
- the anticipated use of recognition exemptions and practical expedients recognising that what is sufficient disclosure for one body may not be sufficient for another

Information needed for 2019/20 financial statements

In order to make disclosures in 2019/20, a significant amount of data will be needed, most significantly:

- a complete list of leases previously identified under IAS 17 and IFRIC 4
- details of non-cancellable lease terms, purchase options, extension and termination options
- details of lease arrangements at peppercorn or NIL rental
- anticipated future cash flows and implicit interest rates or incremental borrowing rates to enable calculation of lease liabilities

Audit work on IFRS 16 transition

At this stage, we would expect you to have:

- determined whether the impact of IFRS 16 will be material for your authority
- raised awareness of the new Standard across the authority, potentially including procurement, estates, legal and IT departments
- assessed the completeness and accuracy of your lease register and taken action if necessary
- formalised and signed existing lease documentation
- identified leases of low value assets and leases with short terms
- considered whether liaison with valuation experts is necessary
- started to draft your 2019/20 disclosure note
- started to embed processes to capture the data necessary to manage the ongoing accounting implications of IFRS 16

and that you are monitoring progress against an approved IFRS 16 implementation plan. Your local engagement team will be in touch to discuss your progress with IFRS 16 implementation and audit working paper requirements.

Implementation of International Financial Reporting Standard 16 *Leases*

Further information and guidance

CIPFA published their 2020/21 Code consultation on 12 July 2019, including an Appendix concerned with IFRS 16 implementation, further details can be found at:

<https://www.cipfa.org/policy-and-guidance/consultations-archive/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-202021?crdm=0>

HM Treasury published IFRS 16 Application Guidance in December 2019 which can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/853238/IFRS_16_Application_Guidance_December_2019.pdf

CIPFA's IFRS 16 'Early guide for local authority practitioners' is available at:

<https://www.cipfa.org/policy-and-guidance/publications/i/ifrs-16-leases-an-early-guide-for-local-authority-practitioners>

IFRS 16 has been adopted a year earlier in the commercial sector. The Financial Reporting Council has published an IFRS 16 Thematic Review '*Review of Interim Disclosures in the First Year of Application*', containing key findings from their review and providing helpful insights into important disclosure requirements. The FRC's publication is available at:

<https://www.frc.org.uk/getattachment/a0e7c6e7-67d0-40fe-b869-e5cc589afe79/IFRS-16-thematic-review-2019-optimised.pdf>.

Financial Reporting



Challenge question:

Does your authority have a project plan in place in relation to IFRS 16 *Leases* implementation?

Is your authority's progress against the project plan on track?

CIPFA Financial Resilience Index

The Chartered Institute of Public Finance & Accountancy's (CIPFA) Financial Resilience Index is a comparative tool designed to provide analysis on resilience and risk and support good financial management.

CIPFA note "The index shows a council's position on a range of measures associated with financial risk. The selection of indicators has been informed by the extensive financial resilience work undertaken by CIPFA over the past four years, public consultation and technical stakeholder engagement. The index is made up of a set of indicators. These indicators take publicly available data and compare similar authorities across a range of factors. There is no single overall indicator of financial risk, so the index instead highlights areas where additional scrutiny should take place in order to provide additional assurance. This additional scrutiny should be accompanied by a narrative to place the indicator into context."

At the launch of the index in December, CIPFA commented " the index analyses council finances using a suite of nine measures including level of reserves, rate of depletion of reserves, external debt, Ofsted judgements and auditor value for money assessments."

CIPFA found that against these indicators the majority of councils are not showing signs of stress. But around 10% show "some signs of potential risk to their financial stability.



The Financial Resilience tool is available on the CIPFA website below:

<https://www.cipfa.org/services/financial-resilience-index/>

Financial Resilience

Challenge question:

Has your Authority used the CIPFA index and fed back the key messages?

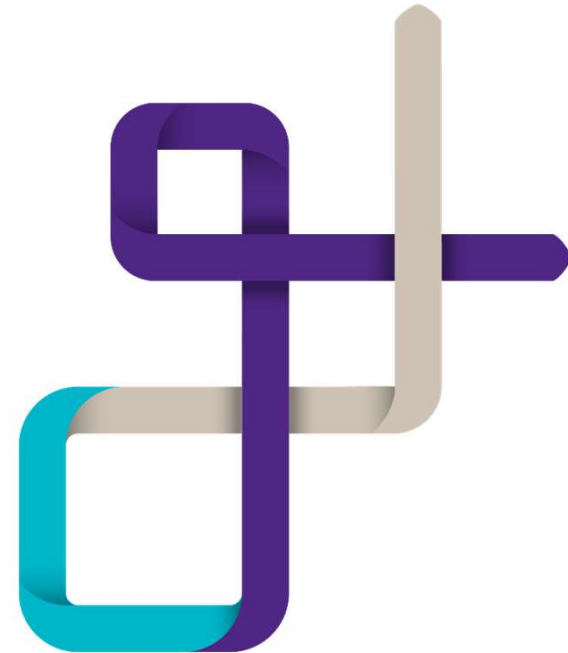


External Audit Plan update

Year ending 31 March 2020

28

Herefordshire Council
4 May 2020



Introduction & headlines

Purpose

This document provides an update to the planned scope and timing of the statutory audit of Herefordshire Council ('the Authority') as reported in our Audit Plan dated 28 January 2020, for those charged with governance.

The current environment

In addition to the audit risks communicated to those charged with governance in our Audit Plan on 28 January 2020, recent events have led us to update our planning risk assessment and reconsider our audit and value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic. The significance of the situation cannot be underestimated and the implications for individuals, organisations and communities remains highly uncertain. For our public sector audited bodies, we appreciate the significant responsibility and burden your staff have to ensure vital public services are provided. As far we can, our aim is to work with you in these unprecedented times, ensuring up to date communication and flexibility where possible in our audit procedures.

Impact on our audit and VfM work

Management and those charged with governance are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financial statements to 30 November 2020, however we will liaise with management to agree appropriate timescales. We continue to be responsible for forming and expressing an opinion on the group's financial statements and VfM arrangements.

In order to fulfil our responsibilities under International Auditing Standards (ISA's (UK)) we have revisited our planning risk assessment. We may also need to consider implementing changes to the procedures we had planned and reported in our Audit Plan to reflect current restrictions to working practices, such as the application of technology to allow remote working. Additionally, it has been confirmed since our Audit Plan was issued that the implementation of IFRS 16 has been delayed for the public sector until 2020/21.

Changes to our audit approach

To date we have:

- Identified a new significant financial statement risk, as described overleaf
- Reviewed the materiality levels we determined for the audit. We did not identify any changes to our materiality assessment as a result of the risk identified due to Covid-19.

Changes to our VfM approach

We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19.

Conclusion

We will ensure any further changes in our audit and VfM approach and procedures are communicated with management and reported in our Audit Findings Report. We wish to thank management for their timely collaboration in this difficult time.

Significant risks identified – Covid – 19 pandemic

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Covid – 19	<p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <ul style="list-style-type: none"> - Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation - Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates - Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and - Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. <p>We therefore identified the global outbreak of the Covid-19 virus 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"> • Work with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach • Liaise with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise • Evaluate the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic. • Evaluate whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely • Evaluate whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances • Evaluate management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment • Discuss with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence



Meeting:	Audit & Governance Committee
Meeting date:	16 June 2020
Title of report:	Corporate Risk Register
Report by:	Head of Corporate Performance

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 risk management within the Performance, Risk and Opportunity Management framework.

Recommendation(s)

That:

- (a) the committee determine any recommendations it wishes to make to ensure effective risk management**
- (b) the committee considers the areas identified for development of the Risk Management Plan at paragraph 14, and makes further recommendations where necessary**

Alternative options

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

Key considerations

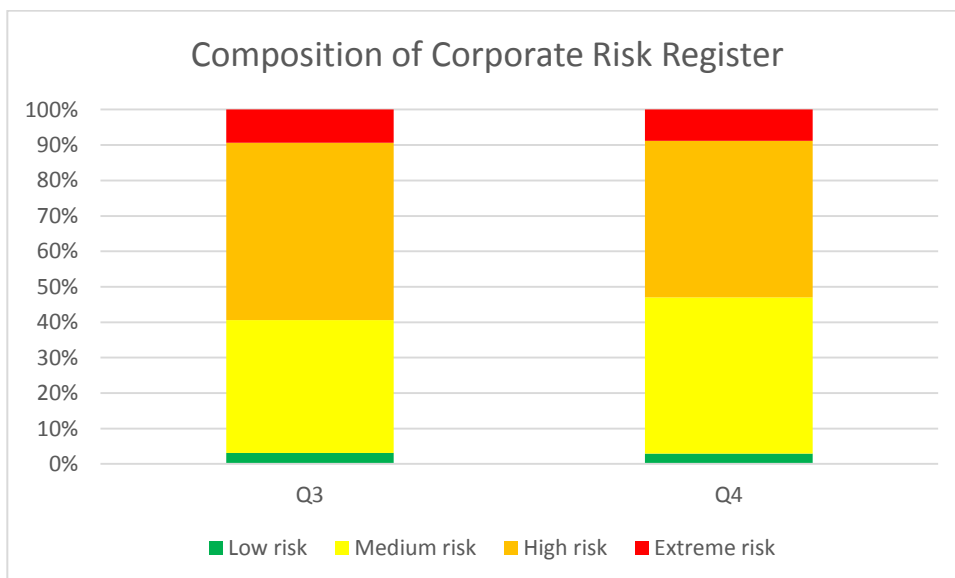
2. In accordance with the Performance, Risk and Opportunity Management (PROM) framework, it is the committee's role to ensure that risk management is effectively managed and in line with the processes set out in the PROM.
3. The PROM requires that a corporate risk register is compiled from high-level, organisation-wide risks which require strategic management and risks identified at an operational level that have been escalated; either where mitigating activity controlled within the directorate is not able to contain the risk, or where additional resources might be required to control the risk.
4. Entries within the corporate risk register reflect risks identified by management board and are endorsed by cabinet, thereby strengthening their strategic perspective, management response and controls, and increasing organisational awareness.
5. The inclusion of risks within any level of risk register indicates that officers are aware of the potential risks and mitigation strategies and controls are in place.
6. Each risk within directorate or corporate risk registers is scored to provide an assessment of the level of risk. All risks are score based on an assessment of the impact and likelihood. Scoring criteria is set out within the PROM. These assessments are made at two points; before actions are put in place (inherent risk); and after identified controls are in place (residual risk).
7. Whatever level of residual risk remains, it is essential that the controls identified are appropriate, working effectively and kept under review.

Current Risks

8. The risk "heat map" below shows the current risks identified on the corporate risk register at the end of March 2020. Full details of the risks below are found in Appendix 1.

Likelihood	Consequence				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Significant
5 Certain					CRR.39
4 Likely			CRR.11	CRR.02; CRR.03; CRR.04	CRR.01; CRR.31
3 Possible			CRR.17; CRR.18; CRR.19; CRR.20; CRR.37; CRR.38	CRR.06; CRR.07; CRR.8; CRR.09; CRR.10; CRR.12; CRR.13; CRR.41	CRR.33; CRR.35; CRR.40
2 Unlikely		CRR.30	CRR.24; CRR.25; CRR.26; CRR.29	CRR.15; CRR.21; CRR.22; CRR.23; CRR.34	
1 Rare					

9. As shown in the heat map above, there are three risks which are on the corporate risk register which remain as extreme risks (i.e. score more than 20) following the mitigating activities completed to date. Fifteen risks are rated as high risk (scoring between 10 and 16) following mitigation, fifteen as medium (in the yellow grouping) and one are rated as low following mitigation.
10. The change in composition of risks on the corporate risk register compared to when reported in January is shown below:



11. Since January, there have been the following changes:

Four risks have been removed from the corporate risk register:

- Development Regeneration Partnership – Keepmoat and Engie: these risks have been removed, and replaced with a new risk that covers all disputes between the council and major contractors.
- South Wye Transport Package: this risk materialised and existing growth funding was removed.
- Hillside: an agreement has been reached, and the facility is now being utilised during the COVID-19 pandemic.

Five new risks have been identified and entered onto the corporate risk register:

- 5 year Housing Land Supply / Housing delivery test: this risk has been escalated to the corporate risk register, as the current estimation is that there is only a three-year supply.
 - Dispute with major contractors: this risk has been introduced as a generic risk to cover all disputes between the council and its contractors.
 - COVID-19: the significance of this pandemic means that it impacts on every service that the council delivers and its ability to achieve the strategic priorities of the county.
 - Ofsted outcomes: an unfavourable outcome following an Ofsted inspection will affect the council through the need to realign activity in order to ensure effective delivery of services.
 - County Wide Net Zero Carbon Target: non-achievement of the target could result in an increase in local climatic changes that would have economic, social and environmental impacts.
12. As the impact of the COVID-19 pandemic emerged towards the end of March, it was decided to monitor risks relating to COVID-19 in a separate register owned and monitored by Management Board. These risks feed in to the overarching COVID-19 risk on the corporate risk register. This has been established and is subject to regular review as part of the 3 meetings of Management Board each week. A further formal review of the register occurs monthly.
13. Previous committee meetings have requested that the directorate risk registers are also available to evidence escalation / de-escalation of risks in line with the PROM framework. Heat maps of these risk registers are provided at appendices 2 – 5.

Risk Management Plan

14. The Performance, Risk and Opportunity Framework (PROM) is being refreshed, likely to become the Performance Management Framework (PMF). As part of the revised PMF, a Risk Management Plan will be developed, establishing a greater focus on risk, with improved organisational guidance on the approach and processes.
15. To support the development of the plan, the following areas have been identified as requiring improvement or consideration;
- A simple and robust process, to improve operational understanding and engagement with risk management
 - Transparent and clear escalation criteria
 - Alignment of corporate risk to strategic objectives
 - Internal checks and challenge to ensure consistent application of the new risk management plan
 - Clear visibility of the risk appetite, controls in place, the SMART actions required to mitigate risk, and the impact that these have on the residual over time.

- All risk identified within the organisation are aligned; corporate, directorate, service, decision reports, project and programme and decision reports.
16. A draft version of this plan will be shared with the Audit & Governance committee during its development, and before sign off by Cabinet in late summer 2020.

Community impact

17. 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

18. 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.
19. There are no equality duty implications arising from this report.

Resource implications

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

Legal implications

21. None.

Risk management

22. There are no risks as a direct result of this report. By reviewing the corporate risk register, greater assurance is given that the council manages its risks appropriately.

Consultees

23. None

Appendices

Appendix 1 Corporate Risk Register

Appendix 2 Adults and Communities Risk Register

Appendix 3 Children and Families Risk Register

Appendix 4 Economy and Place Risk Register

Appendix 5 Corporate Services Risk Register

Background papers

None

Corporate Risk Register - March 2020

Ref	Risk Description	Opened	Risk score before controls (LxC)	Existing Controls in Place	Risk score after controls (LxC)	Risk Appetite	Further actions required	Residual Risk trend (6 months)	Risk Owner
CRR.01	Children's Operational Staffing / Workforce IF/AS: 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	25 (5x5)	A recruitment and retention plan has been implemented and specific actions taken to reduce turnover and improve the attractiveness of our offer to experienced staff. We have commissioned an agency to undertake a search process under the 'urgent to rural' banner. We are actively engaging with regional colleagues to influence wider work and to reduce reward package escalation. We have engaged a number of agency workers as a result of regional collaboration which has provided additional capacity. Grow our own activity has been agreed and has been progressed during 2019-20	20 (4x5)	Further mitigation required	Cabinet have approved an additional £1.6m to support reducing caseloads by recruiting to social work posts, we have in place a number of initiatives to recruit social workers into the organisation; including for example ASYE offer; Urban to Rural and through the apprenticeship scheme to train new staff to achieve their social work qualification.		Director Children & Families
CRR.02	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 (5x5)	External market workforce project launched - the care heroes campaign to attract and retain more people into care and support providers with recruitment & training costs. Fees have been increased to dom care providers with a steer that front line staff should benefit. Monthly provider forums with commissioning services and close monitoring of market capacity and responses.	16 (4x4)	Further mitigation required	Ensuring that the Adult Social Care agenda is high on priority list for other Directorates. Working with economic partners on master planning to shape the future market,		Director Adults & Communities
CRR.03	Budget and Savings Plans - Children & Families IF/AS: The demand for placements for looked after children and care leavers exceeds that planned for when the budget was set THEN: the spend will be greater than the budget within children and families IF/AS: 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 (4x5)	Budget is reviewed monthly DLT/SMT/Management Board and then informing Cabinet. Alternatives to care panel in place on a weekly basis to review cases that may be considered to be moving towards becoming looked after, chaired by the AD safeguarding and family support. Corporate contingency in place as part of 2019/2020 to cover any spend over planned budget	16 (4x4)	Further mitigation required	Business case for Edge of Care Service been developed with input from Staffordshire Council; cabinet agreed in principle to use of earmarked reserves in 2019/20 to start the edge of care service subject to cabinet member decision.		Director Children & Families
CRR.04	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 (4x4)	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. In light of court judgements, cases are reassessed. Practice improvements are identified through this work and steps taken to embed changes in day to day work.	16 (4x4)	Further mitigation required	Children's services and legal services reassess cases in light of court judgements. Practice improvements are identified through this work and steps taken to embed changes in day to day work.		Director Children & Families
CRR.06	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 (5x5)	Transformation programme within each directorate, corporate plan, refreshed governance and constitution, quarterly performance management reporting and director performance management through appraisal system.	12 (3x4)	Further mitigation required	Benefits realisation and review arrangements through quarterly performance management		Chief Executive
CRR.07	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 (4x5)	Additional investment into DoL's has been made and will be maintained. Weekly performance management of waiting list is in place. Regular reporting and review up to Director Level and to Safeguarding Adults Executive Group. Recruitment of external Best Interest Assessors - although these are limited in availability due to national demand. The DoLS team check all referrals for DoLS against list of open safeguarding referrals to ensure these cases are prioritised. ADASS triage criteria are 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. 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. agency MCA and DoLS policies completed.	12 (3x4)	Accept			Director Adults & Communities
CRR.08	Recruitment Strategy 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 (4x4)	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 (3x4)	Accept			Head of HR and Organisational Development
CRR.09	EU exit IF: following the EU exit 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 (4x4)	Inclusion of an assessment of the risks associated with EU exit 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 (3x4)	Accept			Chief Finance Officer
CRR.10	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 (4x4)	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 (3x4)	Further mitigation required	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.		Solicitor to the Council
CRR.11	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 (4x4)	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 (4x3)	Accept			Health Safety and Resilience Manager
CRR.12	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 (4x4)	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. Property Services buildings statutory compliance system in place.	12 (3x4)	Accept			Health and Safety Advisor
CRR.13	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 (3x5)	IT Supplier (Hoople Ltd) holders of ISO 27001:2013, and: Cyber Essentials Plus certificates – both in good standing. Implemented 'defence in depth' strategy covering: Administrative, Technical and Physical controls to maintain our security goals: Confidentiality, Integrity and Availability.	12 (3x4)	Further mitigation required	Greater links to disaster recovery and continuity within services.		Assistant Director, Corporate Support
CRR.15	Workplace / Accommodation Programme IF: the Programme is not managed to time and budget and does not include BVoW principles THEN: there will be significant risks to service delivery, savings plans and the life cycle of buildings.	Mar 16	12 (3x4)	Corporate Property Board. Escalation of high risk items to E&P management team and to members for political consideration of priorities. Undertaking a programme of condition surveys on a cyclical basis will provide detail on scale of backlog maintenance. Data collected and information being prepared for updated strategy for next period; this will update the accommodation plan. Better Ways of Working implementation report approved by Cabinet on 27 February 2020.	8 (2x4)	Further mitigation required	Delivery of Strategy.		Strategic Property Services Manager
CRR.17	Demographic Pressures IF: due to increasing financial and demographic pressures, the council is unable to meet its 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	16 (4x4)	New pathway implemented with evidence of improved outcomes for people and reduced amount people requiring social care intervention. In addition, implemented a SAS team to focus on re-assessment work, and an external provider to undertake reassessments and reviews allied to cohorts of service users where review is required. Controlled waiting list, proactive front door, proactive reablement response, regular reporting to monitor any changes. Strengthened commissioning approach to market developments and client need.	9 (3x3)	Further mitigation required	Further embedding the strengths based ethos within the directorate as well as partners. Developing a review dashboard. Pilot scheme being implemented to boost capacity to undertake assessments.		Director Adults & Communities
CRR.18	Property Services support to 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 (4x4)	Corporate Property Strategy Board and CWB Capital Programme Board comprising senior Directors; ongoing monitoring of programme and projects; escalation of high risk items to Directors. Corporate capital programme for 2019/20 is being progressed and delivered on site. Consultation completed to transfer the administration and responsibilities of the 'helpdesk' over to the provider BBLP to free up and enable the property services technical team to concentrate on delivering corporate and other services capital projects. Nov 19: 9 of 11 corporate capital schemes for 2018/19 are forecast to be completed by end of 2019 financial year; 7 of 11 corporate capital schemes for 2019/20 are due to be started and in some cases completed before end of the 2019 financial year; 45 condition surveys completed on schools.	9 (3x3)	Further mitigation required	Support arrangements will be tailored to approved capital programmes for school works in 2020/21. Programme of work being reviewed by Interim Capital Projects Director, feedback awaited.		Strategic Property Services Manager

Ref	Risk Description	Opened	Risk score before controls (LxC)	Existing Controls in Place	Risk score after controls (LxC)	Risk Appetite	Further actions required	Residual Risk trend (6 months)	Risk Owner
CRR.19	NMITE IF: there is a lack of critical infrastructure such as teaching space and student accommodation to meet NMITE's forecast growth THEN: would be unable to reach the critical mass of student numbers to become self-sustaining.	Aug-18	12 (3x4)	The council is working closely with NMITE to plan for the development of critical teaching space and student accommodation. For example, the council has enabled the development of a 178 bedroom purpose built student accommodation at station approach where 50% of rooms are likely to be available for NMITE students for three years from September 2020. The council has agreed to underwrite up to £850,000 of a Local Enterprise Partnership grant funding to develop teaching accommodation at NMITE's Blackfriars Street site. We are commencing feasibility studies to identify opportunities for student accommodation provision at sites such as College Road Campus, and the along the City Link Road, and the council is due to consider a decision to undertake detailed design stage works (including seeking planning approval) for student accommodation to be developed at the football ground (behind the Blackfriars Street Stand) in February. However, there remains a significant gap between NMITE's growth forecasts and the provision of student accommodation within the city over the next few years.	9 (3x3)	Further mitigation required	July 2020 conclude feasibility of options for student accommodation to be developed at College Road Campus.		Head of Economic Development
CRR.20	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 (3x4)	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.	9 (3x3)	Accept			Solicitor to the Council
CRR.21	Economic Masterplan Resilience IF: we fail to establish an economic masterplan THEN: there could be uncoordinated development, we may fail to priorities available resources, miss opportunities to secure external resources which will impact business retention, business rates income, productivity, employment and wage rates, and wider resilience in the local economy	Jun 15	16 (4x4)	Programme in place to develop a masterplan/ Town Investment Plan for Hereford by the end of the summer 2020, and wider plan considering the development needs/ opportunities for the market towns by end of March 2021. Hereford Town Board being formed for first formal meeting in March 2020. Programme of workshop sessions with cabinet members in place.	8 (2x4)	Accept			Head of Economic Development
CRR.23	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 (4x4)	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 (2x4)	Accept			Head of corporate finance
CRR.24	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 (4x5)	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 (2x3)	Accept			Chief Finance Officer
CRR.25	ICT Platforms IF: the ICT application /systems/platforms are not appropriate or used to their full effect THEN: we fail to manage our services and cost the organisation more money	Apr 14	16 (4x4)	Programme Boards for major systems e.g. Mosaic for adults and childrens social care. Measures are in place to ensure that access to systems/tech. is in place and will be progressed through a number of initiatives. SWAP audits and related training.	6 (2x3)	Further mitigation required	Applications audit underway; future consideration of transformation of services using ICT linked to the priorities of the Digital Strategy.		Assistant Director, Corporate Support
CRR.26	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 (3x4)	Partnership governance protocol. Updated process for review and publication of partnership. Contractual and partnering agreements.	6 (2x3)	Accept			Head of Corporate Governance
CRR.29	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 (4x4)	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. DSP Toolkit completed for 2018 and 2019 being worked on. Mandatory training has been refreshed for 2019	6 (2x3)	Accept			Assistant Director, Corporate Support
CRR.30	Litigation IF: disputes with contractors arise there is potential exposure to litigation THEN: the Council may lose and be liable for costs in excess of £M (affecting budget position) and incurring reputational harm.	Jun 13	16 (4x4)	In house and external legal teams in place dealing with adjudications and litigation. I respect of the current contract dispute, formal mediation has been undertaken and matters resolved through dispute resolution procedures. A Counter claim raised by former provider and response provided by the council.	4 (2x2)	Further mitigation required	The Council will escalate matters through formal dispute resolution processes as required. The timing of these next steps will be set in response to circumstances.		Solicitor to the Council
CRR.31	South Wye Transport Package IF: scheme costs increase as a result of changes to programme THEN: they will exceed current approved budget and it will significantly affect ability to drawdown grant funding within funding window.	Jun-19	16 (4x4)	Continue to review cost forecasts and estimates as programme is revised. Report forecasts each month at MIDB to support decision making. Following the LEP decision to withdraw funding, alternative sources of funding will be required if review concludes that scheme should progress, noting that costs will have increased as a result of the delay to the programme.	20 (4x5)	Further Mitigation Required	Review scheme costs and funding opportunities as required following outcome of review.		Director Economy & Place
CRR.33	South Wye Transport Package IF: The Marches LEP require existing growth funding to be repaid based on any change in approach to the SWTP THEN: Funding will need to be allocated for repayment of the growth funding, impacting on other budgets.	Nov-19	20 (4x5)	Ongoing discussions with Marches LEP regarding existing funding. DIT have confirmed to the LEP that they do not require the payback of funding. Submissions made for Marches LEP further funding for alternative projects; being a package of works associated with HEZ including two of the three preferred SWTP ATMs.	15 (3x5)	Further Mitigation Required	Further discussions with Marches LEP to confirm position of funding received to date.		Director Economy & Place
CRR.34	Response to police investigation IF: there is an uncoordinated response THEN: there may be disruptions to casework, unsettled staff and service users and the council may not respond effectively to the outcome of the investigation.	Dec-19	16 (4x4)	Interim senior management was put in place to provide additional capacity during the investigation which has now concluded. Staff communicated with and support was put in place. Outcome of police investigation still to be concluded. Risks to current service delivery assessed to be low.	8 (2x4)	Accept			Director Children & Families
CRR.35	Phosphate Pollution in Lugg Catchment IF/AS: A way forward cannot be found in relation to the moratorium on housing development in the River Lugg catchment arising from elevated phosphate levels THEN: the 5 Year Housing Land Supply figure will fall further which will have a severe impact upon the weight of Neighbourhood Development Plans and the outcome of planning appeals, leading to an increased potential for unplanned development in areas of the county not affected by the phosphate issue.	Dec-19	25 (5x5)	A Nutrient Management Board (NMB) oversees the protection of the Rivers Wye and Lugg and a Nutrient Management Plan (NMP) has been adopted jointly with the Environment Agency and Natural England (NE), with the aim of enhancing the water quality within these catchments. Because of the recent action by Natural England to resist development in the Lugg catchment, the Board is seeking to strengthen the NMP with a view to providing certainty to NE so that they will no longer resist development..	15 (3x5)	Further mitigation required	The Board will be meeting more frequently and has tasked a Technical Advisory Group to explore how the river catchments can be better protected. This is likely to include physical measures that will either reduce phosphate pollution from sewage treatment works or by from diffuse agricultural sources. Once specific proposals have been identified the council will need to consider how these are delivered now that £2m from the New Homes Bonus has been allocated to fund this.		Director Economy & Place
CRR.37 (NEW)	5 year Housing Land Supply/Housing delivery test IF: We do not actively address the current lack of five year land supply and the under delivery of housing (according to the national Housing Delivery Test) 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 (4x3)	Regular Housing Land Assessment and monitoring to update the extent of the housing supply and delivery of new housing in accordance with National Policy Framework. Develop Housing Delivery Test Action plan to set out operational set of actions to help increase housing delivery in the County. Feb 2020 - Housing Delivery numbers uplift - could impact on imposition of 20% buffer to 5YHLS in future years. March 2020 - Cabinet Member report sign-off of Core Strategy Review and commencement of Core Strategy update taking into account housing delivery targets and revised Transport Strategy in support of delivery.	9 (3x3)	Further mitigation required	Commencing update of Core Strategy and completion of Transport Review.		Programme Director, Housing and Growth (maintained by Strategic Planning Manager)
CRR.38 (NEW)	Dispute with major contractors IF: there is not adequate work to meet the expectations of the council's major contract providers (such as Engle, Keepmoat, Balfour Beatty Living Partnerships) THEN: there may be a dispute of these contract(s) and the council will not realise the benefits of the relationship.	Feb-20	12 (3x4)	An Annual Delivery Plan is agreed at the start of the financial year for each major contractor programme. Governance processes are in place to manage relationships with key strategic partners such as quarterly Programme Boards. Senior manager relationship managers are identified to lead engagement. Each contract specifies roles, responsibilities, and a range of service deliverables which are managed on a case by case basis.	9 (3x3)	Further mitigation required	Delivery Plans for 2020/21 to be urgently finalised.		Director for Economy and Place
CRR.39 (NEW)	COVID 19 AS: the global COVID 19 pandemic reaches Herefordshire Then: This will have a significant impact on council activities and the strategic priorities of the county. Staff will be redeployed and might be unable to work resulting in impact on front line services, delivery of care to vulnerable people will be compromised, non-urgent member decisions may be postponed, local businesses will be effected in turn impacting Business Rates & Council Tax. The impact on the health system will also cause additional strain on social care teams to respond.	Mar-20	25 (5x5)	Tracking advice from PHE. Tactical Group and Corporate Groups planning appropriate responses. Planning by services to establish critical services and help maintain service provision. Talk Community response in place supporting and connecting potentially vulnerable people in communities. Staff redeployed to support the response.	25 (5x5)	Further mitigation required	Continue to re-assess the required response and ascertain how the COVID response transfers into business as usual .		Chief Executive
CRR.40 (NEW)	Ofsted Outcomes IF/AS: We are unable to assure the Ofsted Inspectors of sustained improvements of childrens operational safeguarding Then: This may result in a re-alignment of council activity in order to ensure effective delivery of services and have a significant financial and reputational impact on the authority.	Mar-20	20 (4x5)	Ofsted improvement plan is in place and is monitored on a regular basis; regular member oversight at performance challenge sessions; performance management approach in place and being refreshed to include greater regular review by assistant director and director.	15 (3x5)	Further mitigation required	Evidence of delivery leading to sustained improvement		Director Children & Families

Ref	Risk Description	Opened	Risk score before controls (LxC)	Existing Controls in Place	Risk score after controls (LxC)	Risk Appetite	Further actions required	Residual Risk trend (6 months)	Risk Owner
CRR.41 (NEW)	Ability to deliver County Wide Net Zero Carbon Target by 2030 IF the target is not delivered THEN the county will not benefit from the resulting improvements in air quality, public health and local ecological improvements from the required actions to reduce carbon emissions; this will increase the risk of local climatic changes which will have countywide economic, social and environmental impacts; there is risk of reputational damage from not delivering on the targets associated with our declaration of a climate emergency.	Mar-20	16 (4x4)	Herefordshire has been a lead authority on local action on climate change and activity builds on a strong track record and a previous countywide carbon reduction strategy "Re-energising Herefordshire" which sought to achieve an 80% reduction by 2050. The council is showing strong leadership through its new Carbon Management Plan (CMP) 2020-2026, due to be adopted on the 28th of May. A cross party task and finish group has been set up to ensure all future council decisions pay due regard to the 2030 carbon neutral target. A £200k climate reserve has been allocated in the 2020/21 budget. Carbon Management included in corporate performance management process.	12 (3x4)	Further mitigation required	The countywide carbon reduction strategy is in development with partners seeking countywide commitment to carbon neutrality. A key part of the current Herefordshire Transport Strategy Review is consideration of the climate emergency A sustainable economic recovery plan is in development in order to help support a low carbon recovery after the effects of Covid-19.		Director for Economy and Place

Likelihood	Consequence				
	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

Adults & Communities Risk Register – March 2020

		Impact				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Significant
Likelihood	5 Certain				AC.12, AC.20, AC.34	AC.22, AC.23
	4 Likely		AC.06	AC.04, AC.05	AC.01, AC.21, AC.30	
	3 Possible		AC.18	AC.03, AC.26, AC.27, AC.33	AC.02, AC.08, AC.13, AC.19	AC.24, AC.29, AC.31
	2 Unlikely		AC.10, AC.17	AC.14	AC.07, AC.28	
	1 Rare					

Ref	Risk Description	Corporate Risk
AC.01	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	Yes (CRR.02)
AC.02	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	Yes (CRR.07)
AC.03	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	Yes (CRR.17)
AC.04	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.	
AC.05	Supported Housing for Care leavers with complex needs. If the accommodation and support options are not increased, with improved quality and pricing, Then; young people will continue to become homeless, at risk and vulnerable to exploitation and the council will continue to pay too much for support placements with inconsistent outcomes for individuals	
AC.06	Staffing & Recruitment IF: we are unable to recruit to crucial roles THEN there will be a risk to our services	
AC.07	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	

AC.08	Use of Temporary Accommodation IF: the constraints on the supply of temporary accommodation continues at the same rate THEN this may mean that we are unable to meet our statutory duties under the Housing Act 1986 and Homelessness Reduction Act 2017	
AC.09	Market Capacity IF: providers withdraw or 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	
AC.10	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	
AC.11	NHS Re-organisation IF: there is a major NHS re-organisation THEN this might hinder effective joint working with social care	
AC.12	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	
AC.13	Continuing budget pressures and 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	
AC.14	SHYPP: IF: The service improvements agreed and managed through the joint project with WM Housing and C&F do not address concerns about referrals, quality and property condition, THEN the SHYPP service will fail, leaving questions about demand among care leavers and delivery models, along with reputational risk.	
AC.15	ICES: IF prescriber engagement and budget mitigation measures do not continue to be effective and also when the re-procurement of ICES is launched THEN there could be a significant overspend of the budget of £1.5m (council share of £525k) and/or also there is significant risk of procurement challenge and associated litigation.	
AC.16	Talk Community Hubs IF there are delays in identifying and mobilising talk community hubs THEN strategic priorities for communities will be disrupted and there would be reputational harm to the Council	
AC.17	Blue Badge: IF the appropriate resources and processes are not in place to support implementation of the revised national scheme THEN Council would face delays to applications and an increased complaints and appeals	
AC.18	Suicide Prevention Strategy IF the new strategy does not seem to be associated with a reduction in local suicides THEN the council and its partners may be challenged by the public and by the media as failing in their objectives	
AC.19	Integrated Sexual Health Service The appointment of the new provider - Solutions for Health - as a non NHS provider and new to sexual health services has created a tremendous amount of interest and challenge from professional bodies. IF this challenge continues THEN it has a potential to	

	discredit the service and cause poor press which is a risk service performance.	
AC.20	Community Hospital IF the proposed redesign of community hospitals leads to beds reductions or closures THEN this could impact the Local Authority financially and on assessment and care capacity.	
AC.21	Better Care Fund the 19/20 guidance was issued in July 2019 which is significantly late for budget planning. Therefore the LA is spending BCF money without formal approval. IF the plan is not approved THEN the BCF Funding could be at risk to the LA	
AC.22	Access to Health funding (CHC and joint funding) Herefordshire remains in the bottom quartile of cases fully funded meeting CHC eligibility. IF CCG continue to not accept that there are any process or decision making irregularities influencing this trend THEN it remains the fact that ASC are funding above other Local Authorities per 1000 population. Meaning ultimately Herefordshire citizens and the Local Authority potentially are funding Healthcare which should be free to the individual at the point of delivery. Currently the CCG is disputing the Local Authority peer challenge feedback.	
AC.23	Herefordshire and Worcestershire CCG merger. Herefordshire and Worcestershire CCGs are expected to merge from April 2020. Primarily for back office functions only. However, IF services and budgets are merged with Worcestershire THEN the Herefordshire place provision could reduce, key decisions could be made from Worcester which could have a direct impact on Herefordshire population, Local Authority and services provided.	
AC.24	Continuation of the PHRFG IF the ring fence is removed from the grant or the grant is reduced THEN this will threaten the delivery of funded services and the ability of the Council to improve Health & Wellbeing	
AC.25	No Deal Brexit IF there is a no deal Brexit THEN there is a potential threat to medication supplies for commissioned services and staff, food security and fuel as a result. In addition potential impact on staff time in needing to respond to emerging issues	
AC.26	Rising cost of buprenorphine IF the cost of buprenorphine continues to rise THEN this will impact on Addaction's prescribing budget.	
AC.27	NHS Health checks There are performance concerns and concerns about targeting invites. IF these are not resolved THEN there is the potential of high risk individuals not accessing prevention and support at an early stage to reduce or resolve potential long term health issues	
AC.28	Annual Fee Setting: IF we fail to set sustainable transparent and appropriate fees for providers THEN this could lead to challenge and potentially judicial reviews or market failure	
AC.29	Care4IT IF the system fails to function in the expected electronic form THEN the service may need to revert to paper based scheduling which can lead to the potential for human error	
AC.30	Discretionary Housing Payment If the council continues to underspend Discretionary Housing Payment (DHP) by more than 30% annually, then; housing solutions for the most vulnerable people (homeless, care leavers etc) will continue to be limited, pressure on council budgets will increase whilst government grant reduces and scrutiny will increase on the council's homelessness performance and use of resources.	
AC.31	Social housing providers: If social housing providers continue to be uncertain about whether supported housing schemes will attract housing	

	benefit funding then ; some stockholding providers will withdraw from existing or proposed new schemes and some providers will decline to bid for procurements of supported housing, leading to loss of accommodation and services to care leavers, ex-offenders and disabled people, and reputational, financial and regulatory damage to the council.	
AC.32	Care Home sales: IF there is an Increase number of care homes up for sale due to retirement of ageing local providers. THEN Due to size and other pressures such as workforce within the sector selling as a care home could be very problematic and therefore bed capacity could reduce over the coming year.	
AC.33	Citizen Young People restructure - IF the recruitment process currently underway fails then the reduced staff team will continue to offer core support within the foyers for an extended period of time from 6th January 2020 to beyond early February 2020.	

Children & Families Risk Register – March 2020

		Impact				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Significant
Likelihood	5 Certain					
	4 Likely			CF.06	CF.02, CF.03, CF.08	CF.01
	3 Possible			CF.07	CF.05	CF.09
	2 Unlikely				CF.04	
	1 Rare					

Ref	Risk Description	Corporate Risk
CF.01	Childrens Operational Staffing / Workforce IF/AS: 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	Yes (CRR.01)
CF.02	Budget and Savings Plans - Children & Families IF/AS: The demand for placements for looked after children and care leavers exceeds that planned for when the budget was set THEN: the spend will be greater than the budget within children and families IF/AS: The savings plans across the directorate are not delivered with support from council services	Yes (CRR.03)
CF.03	Human Rights claims IF: a result of high court decisions regarding children's social care cases THEN: Herefordshire council may face Human Rights claims.	Yes (CRR.04)
CF.04	Response to police investigation IF: there is an uncoordinated response THEN: there may be disruptions to casework, unsettled staff and service users and the council may not respond effectively to the outcome of the investigation.	Yes (CRR.34)
CF.09	Ofsted Outcomes IF/AS: We are unable to assure the Ofsted Inspectors of sustained improvements of childrens operational safeguarding THEN: This may result in a re-alignment of council activity in order to ensure	Yes (CRR.40)
CF.05	Ofsted Readiness IF/AS: Preparations are not made for Ofsted focused visit or Joint Targetted Area Inspection 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 and partners	
CF.06	ICT Systems IF/AS: 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	
CF.07	School Assets IF/AS: Insufficient condition oversight of school assets is not in place THEN: There may be an increase in costs due to unplanned significant spend	
CF.08	Whitecross PFI IF/AS: There is an increase in the roll at Whitecross school THEN: The PFI provider may impose a financial charge as 'soft service' charges	

Economy & Place Risk Register – March 2020

		Impact				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Significant
Likelihood	5 Certain					
	4 Likely				EP.13	EP.07
	3 Possible		EP.19	EP.03, EP.04, EP.18, EP.24	EP.02, EP.14, EP.15 EP.16. EP.25	EP.09, EP.17, EP.23
	2 Unlikely			EP.10	EP.05, EP.12	EP.11
	1 Rare					

Ref	Risk Description	Corporate Risk
EP.02	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.	Yes (CRR.15)
EP.03	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.	Yes (CRR.18)
EP.04	NMITE IF: there is a lack of critical infrastructure such as teaching space and student accommodation to meet NMiTE's forecast growth THEN: would be unable to reach the critical mass of student numbers to become self-sustaining.	Yes (CRR.19)
EP.05	Economic Masterplan Resilience IF: we fail to establish an economic masterplan THEN: there could be uncoordinated development, we may fail to prioritise available resources, miss opportunities to secure external resources which will impact business retention, business rates income, productivity, employment and wage rates, and wider resilience in the local economy	Yes (CRR.21)
EP.07	South Wye Transport Package IF: scheme costs increase as a result of changes to programme THEN: they will exceed current approved budget and it will significantly affect ability to drawdown grant funding within funding window.	Yes (CRR.31)
EP.09	South Wye Transport Package IF: The Marches LEP require existing growth funding to be repaid based on any change in approach to the SWTP THEN: Funding will need to be allocated for repayment of the growth funding, impacting on other budgets.	Yes (CRR.33)
EP.23	Phosphate Pollution in Lugg Catchment IF/AS: A way forward cannot be found in relation to the moratorium on housing development in the River Lugg catchment arising from elevated phosphate levels THEN: the 5 Year Housing Land Supply figure will fall further which will have a severe impact upon the weight of Neighbourhood Development	Yes (CRR.035)

	Plans and the outcome of planning appeals, leading to a 'plan led' rather than a 'policy led' county.	
EP.18	5 year Housing Land Supply/Housing delivery test IF: We do not actively address the current lack of five year land supply and the under delivery of housing (according to the national Housing Delivery Test) 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.	Yes (CRR.037)
EP.24	Dispute with major contractors IF: there is not adequate work to meet the expectations of the council's major contract providers (such as Engie, Keepmoat, Balfour Beatty Living Partnerships) THEN: there may be a dispute of these contract(s) and the council will not realise the benefits of the relationship.	Yes (CRR.038)
EP.25	Ability to deliver County Wide Net Zero Carbon Target by 2030 IF the target is not delivered THEN the county will not benefit from the resulting improvements in air quality, public health and local ecological improvements from the required actions to reduce carbon emissions; this will increase the risk of local climatic changes which will have countywide economic, social and environmental impacts; there is risk of reputational damage from not delivering on the targets associated with our declartaion of a climate emergency.	Yes (CRR.041)
EP.10	NMITE loan IF: the loan is an unsecured loan, if NMITE 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	
EP.11	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 (effecting budget position) and incurring reputational harm	
EP.12	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.	
EP.13	Cost increase in providing special transport IF/AS: there is inreasing demand for special transport (SEN/LAC/PRU) THEN: there will be significant budget pressures to the transport service.	
EP.14	HEREFORD CITY CENTRE TRANSPORT PACKAGE IF/AS: There ia s significant change in scope of the transport hub and public realm project THEN: Programme will be impacted and costs could increase and exceed available budget.	

EP.15	<p>Hereford Transport Package IF: decision taken to pause or review this transport project THEN: there will be a cost implication and current funding opportunities could be lost.</p>	
EP.16	<p>Road Infrastructure IF: we fail to deliver the necessary infrastructure to deliver core strategy growth THEN: there will be an impact on the delivery of planned homes and jobs.</p>	
EP.17	<p>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.</p>	
EP.19	<p>Student accommodation IF: the 89 rooms for which the council has nomination rights for three years are not filled THEN: the council will be liable to pay the management company's costs (approximately £5k per room)</p>	

Corporate Service Risk Register – March 2020

		Impact				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Significant
Likelihood	5 Certain					CS.16
	4 Likely				CS.05, CS.15	
	3 Possible			CS.08	CS.01, CS.02, CS.03, CS.04, CS.06, CS.07	
	2 Unlikely		CS.14	CS.10, CS.11, CS.12, CS.13	CS.09	
	1 Rare					

Ref	Risk Description	Corporate Risk
CS.01	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 a risk of failure to meet statutory and/or legal duties and powers.	Yes (CRR.06)
CS.02	Recruitment Strategy 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.	Yes (CRR.08)
CS.03	EU exit IF: following the EU exit 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.	Yes (CRR.09)
CS.04	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.	Yes (CRR.10)
CS.05	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 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.	Yes (CRR.11)

CS.06	<p>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.</p>	Yes (CRR.12)
CS.07	<p>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.</p>	Yes (CRR.13)
CS.08	<p>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.</p>	Yes (CRR.20)
CS.09	<p>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.</p>	Yes (CRR.23)
CS.10	<p>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</p>	Yes (CRR.24)
CS.11	<p>ICT Platforms IF: the ICT application /systems/platforms are not appropriate or used to their full effect THEN: we fail to manage our services and cost the organisation more money</p>	Yes (CRR.25)
CS.12	<p>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.</p>	Yes (CRR.26)
CS.13	<p>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.</p>	Yes (CRR.29)
CS.14	<p>Litigation IF: disputes with contractors arise there is potential exposure to litigation THEN: the Council may lose and be liable for costs in excess of £M (affecting budget position) and incurring reputational harm.</p>	Yes (CRR.30)

CS.16	<p>COVID 19 AS the global COVID 19 pandemic reaches Herefordshire THEN This will have a significant impact on council activities and the strategic priorities of the county. Staff will be redeployed and might be unable to work resulting in impact on front line services, delivery of care to vulnerable people will be compromised, non-urgent member decisions may be postponed, local businesses will be effected in turn impacting Business Rates & Council Tax. The impact on the health system will also cause additional strain on social care teams to respond.</p>	Yes (CRR.37)
CS.15	<p>Legal establishment: IF: legal are unable to recruit to key planning, highways, commercial and commercial property posts THEN: alternative provision to an in-house team will need to be made effecting budget provision and access to legal advice.</p>	



Meeting:	Audit & Governance Committee
Meeting date:	Tuesday 16 June 2020
Title of report:	Tracking of Audit Recommendations
Report by:	Head of Corporate Performance

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To review the progress of audit recommendations implementation.

The committee receives periodic reports on progress made in implementing audit recommendations to enable it to fulfil its role of monitoring the effective development and operation of risk management and corporate governance in the council. All but two of the recommendations outstanding at the time of the last report in November 2019 have been completed. 67% of recommendations due between October 2019 – April 2020 are reported as complete.

Recommendation(s)

That:

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. The committee could choose not to monitor the progress made on audit recommendations; however this would not be recommended as it is a function of the committee to monitor the effective development and operation of risk management and corporate governance in the council, and this report enables the committee to gain assurance that actions in response to recommendations are being suitably prioritised which reduces the risk to the council.

Key considerations

2. South West Audit Partnership (SWAP) provides the internal audit services for Herefordshire Council. SWAP is required to deliver an annual audit plan, which is scoped using a risk-based assessment of the council's activities. Additional audits are added to the plans as necessary to address any emerging risks and issues identified during the year.
3. Upon completion of each audit review, a formal report is drafted for discussion with service managers. These reports include; the main conclusions of the review and the overarching opinion, individual findings and the potential associated risk exposure.
4. Management responses to each audit recommendation are obtained and recorded, identifying the actions required, the person responsible and the target date for the implementation that has been agreed.
5. Recommendations are each scored to indicate their severity. The scoring matrix is shown below:

	Priority
Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of the management	Priority 1
Important findings that need to be resolved by management	Priority 2
Finding that requires attention	Priority 3

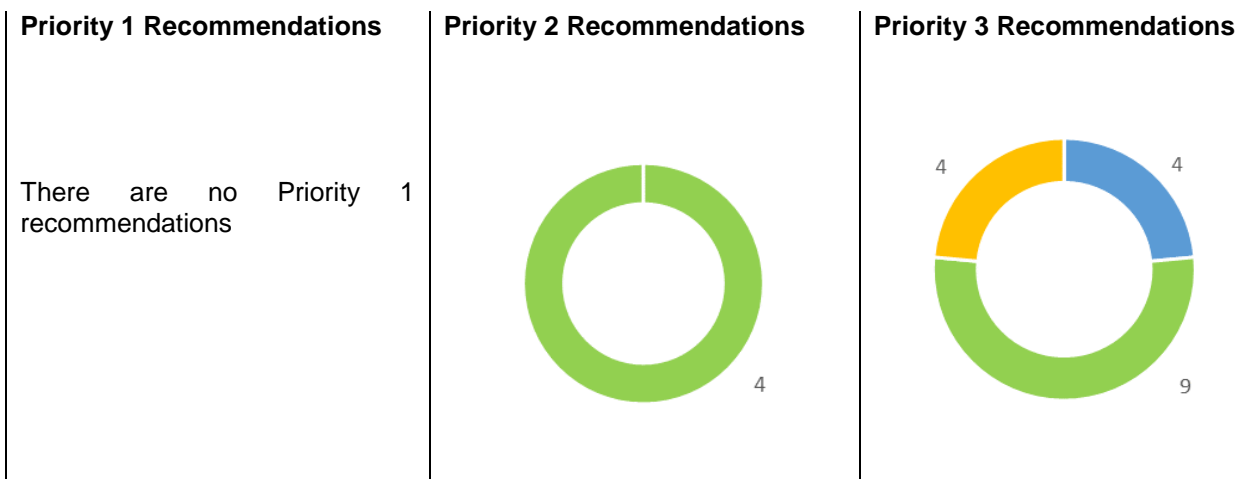
6. All staff responsible for audit recommendations are asked to review progress on the implementation of recommendations. Managers were asked to "self-certify" the action which had been taken in respect of the SWAP recommendation.
7. A report to Audit and Governance Committee (A&GC) in November 2019 provided an update on the progress of SWAP audit recommendations and the progress in meeting these. This report identified 12 recommendations that were due to be completed in the period October 2018 – September 2019 that weren't completed. Two of the twelve recommendations outstanding at the point of the last report in November are yet to be completed. These recommendations are linked to the implementation of new software to support Early Years settings; details of these two recommendations are at the start of appendix one.
8. For the period October 2019 to April 2020 there were 33 recommendations that were due to be completed. The table on the next page summarises the priority of these recommendations, the responsible directorate and the status at the end of April (i.e. whether they have been completed).

		Complete	Incomplete
Priority 3	Adults & Communities	1	7
	Children & families	2	1
	Economy & Place	4	
	Corporate Services	10	
	TOTAL	17	8
Priority 2	Adults & Communities	1	3
	Children & families		
	Economy & Place		
	Corporate Services	4	
	TOTAL	5	3
Priority 1	Adults & Communities		
	Children & families		
	Economy & Place		
	Corporate Services		
	TOTAL	-	-

9. Of the 33 recommendations due for completion between September and April, 76% were made at Priority 3, the lowest level of recommendation.
10. Of all recommendations in this period, 22 have been reported by officers as completed; this equates to 67%. Detail on the audit recommendations which have yet to be completed are found in appendix 1. This includes a revised completion schedule.
11. Progress of school audits are not included within this report; completion of recommendations are the responsibility of each individuals schools governing body.

Recommendations due in May 2020 and beyond

12. At its meeting in November, the committee requested that they are able to understand the totality of all recommendations made and not just those which were already been due for completion. Officers have been asked to RAG rate all future recommendations, indicating confidence of completion of the activity within proposed timescales.
13. There are currently 21 recommendations that have due dates beyond 30 April 2020. The status of these recommendations is shown in the graph below:



Blue – Complete

Amber – delays possible

Green – On track

Red – delays likely

14. At present, 81% of recommendations due in the future are either on track, or have been completed already. A narrative is provided in Appendix 3 in relation to those recommendations which have not been completed.

External Audit Recommendations

15. At its meeting in July 2018, A&GC requested that updates also be provided on progress made on recommendations made by external audit. There were two recommendations made by Grant Thornton as part of its annual report, both originally rated as amber (medium effect on control). One was complete when last reported in November, with the other recommendation, in appendix 2, referring to the council's preparation of group accounts, recommending that consideration be given to the expansion of the Annual Governance Statement to cover the group activities, which would include Hoople, incomplete. Although still incomplete, response to the recommendation will be included in the draft Annual Governance Statement due to be published in June.

Community impact

16. 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 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 meets its corporate plan priority to secure better services, quality of life and value for money.

Equality duty

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

Further information on the subject of this report is available from
Paul Harris, Tel: 01432 383675, email: Paul.Harris1@herefordshire.gov.uk

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.
18. 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 progress report we do not believe that this will have an impact on our equality duty.

Resource implications

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

Legal implications

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

Risk management

21. There is no risk associated with the recommendations of this paper; visibility of progress against recommendations promotes good governance. However, internal audit recommendations are raised as a result of gaps in controls or deficiencies identified during reviews, therefore incomplete and overdue items inherently increase the council's exposure to risk.

Consultees

22. None

Appendices

Appendix 1 SWAP audit recommendations due before 30 April 2020

Appendix 2 External audit recommendations

Appendix 3 SWAP recommendations due in May 2020 and beyond

Background papers

None

Recommendations due before 30 September 2019 and still not completed

Audit	Recommendation	Priority	Target date	Latest update	Status	Owner
<i>Children and Families</i>						
ICT Access Controls - Adults Wellbeing Applications - Children's Wellbeing Applications	1.2 We recommend that the Education Systems Manager (CWB) carries out a manual, annual review of nursery staff who have access to the Sentinel Early Years and Nurseries applications and to re-enforce the message regarding settings notifying the Council immediately when a member of Nursery staff leaves, to avoid any possibility of inappropriate data sharing.	2	18-Oct-18 Revised to 31-Mar-20 2nd revised date TBD	Currently in the process of migrating all of the data across from Sentinel in to Synergy in order to implement the new NEF software. The database will hold provider, setting, staff, child and contact information. Prior to school and nursery closures data forms had been issued for settings to	In progress	Schools and Assets Team Leader
ICT Access Controls - Adults Wellbeing Applications - Children's Wellbeing Applications	1.4 We recommend that the Education Systems Manager - Children's Wellbeing liaises with the service leads to establish a local procedure to ensure that leavers are notified and removed promptly from the Sentinel application. We also recommend that the Education Systems Manager is added to the Business World - leaver notification email distribution list.	3	18-Oct-18 Revised to 31-Mar-20 2nd revised date TBD	complete and return (via Anycomms) in order for the audit process to be completed. However the project is currently on hold for staff; training from Servelec, the software provider, cannot go ahead and therefore cannot be cascaded on end users. Secondly, nursery staff across the county have been furloughed and therefore cannot complete the data collection sheets.	In progress	Schools and Assets Team Leader

Recommendations due between 1 October 2019 – 30 April 2020

Audit	Recommendation	Priority	Target date	Latest update	Status	Owner
<i>Children and Families</i>						
Property Maintenance - Schools	We recommend that a simple set of procedures be set up for compilation of the annual maintenance programme planning spreadsheet, and for the planning and approval of additional / emergency works.	3	31-3-20 Revised to 30-06-20	Work is underway to ensure that recommended procedures are in place and will be consulted upon.	In progress	Interim Education and capital Manager
<i>Adults and Communities</i>						
AWB Contract Monitoring - Quality Assurance Strategy 2018/19	We recommend that a dedicated meeting timetable be put in place to discuss progress on the process changes introduced by the Quality and Improvement Manager, to give a formal opportunity for staff to put forward queries, and discuss changes that they are looking to implement for their area of work, in order to ensure a consistent approach. A record of approved changes should be maintained. Consideration should also be given to including the templates and guidance into a user guide / manual, which will aid a consistent approach going forward, and will be a valuable tool for new staff.	3	31-3-20 Revised to 31-10-20	Dedicated timetable in place to enable team to meet (outside of a team meeting) and discuss review / revise / adapt process changes and templates - fortnightly. A suite of templates that are branded, consistent in approach but recognising the difference in service areas, i.e. care homes, supported living, care@ home etc. are being tried and tested. New starters will be the indicator as to how well the templates and guidance notes have been developed and used.	In progress	Quality and Improvement Manager

Recommendations due between 1 October 2019 – 30 April 2020

Audit	Recommendation	Priority	Target date	Latest update	Status	Owner
AWB Contract Monitoring - Quality Assurance Strategy 2018/19	We recommend that an agreement be reached on the method of recording and reporting KPIs for domiciliary care, which will provide an efficient solution to the staff, and that this be developed / implemented within a reasonable timescale.	3	31-3-20 Revised to 31-10-20	There are no KPI's within the current contract that can be reported on. The Senior Commissioning officer for Care @ Home, Brokerage Manager and the Quality & Compliance Officer with Care @ home portfolio meet monthly to review the risk matrix of services. As the Care @ Home contract is currently being reviewed / retendered, meaningful KPI's will form part of the new specification.	In progress	Quality and Improvement Manager
Broker Placement - Provision of residential and nursing care	We recommend that the Assistant Director All Ages Commissioning undertake the following regarding the care placement process: <ul style="list-style-type: none"> • Review of the broker placement process to improve efficiency. • The need for the brokerage request form to be a mandatory task within Mosaic • The benefits of a more integrated working approach between operational staff and the Brokerage Team • The need for Mosaic to be able to report on the non-use of the Brokerage Request Form. 	2	30-4-20 Revised to 31-10-20	Brokerage are now located within the Commissioning team in Plough. A review of the function and processes is underway.	In progress	Assistant Director, All Ages Commissioning

Recommendations due between 1 October 2019 – 30 April 2020

Audit	Recommendation	Priority	Target date	Latest update	Status	Owner
Broker Placement - Provision of residential and nursing care	We recommend that the Head of Care Commissioning (A&C) undertakes the following: <ul style="list-style-type: none"> Evaluates the establishment needed within Brokerage, with consideration of the skills required to deliver the care home provision necessary Introduces a process for case load prioritisation with allocation performed by the Brokerage Team Leader Establish a performance management process to support and improve individual's skills and output where necessary. 	3	1-4-20 Revised to 31-10-20	An agreed definition of urgent response will be created with Head of Operations to enable case load prioritisation and response time. As broker review report will include a skills and knowledge gaps and training plan to support development	In progress	Head of Care Commissioning (A&C)
Broker Placement - Provision of residential and nursing care	We recommend that the Head of Care Commissioning (A&C) works with the Performance Team Lead to produce a report, which covers all elements of the demand for the provision of residential and nursing care.	2	1-4-20 Revised to 31-10-20	A broker dashboard will be produced and reported into the Commissioning and Programmes Board on a monthly basis with the other performance information. Time has been requested from performance to support this development.	In progress	Head of Care Commissioning (A&C)
Continuing Healthcare Funding Process	We recommend that the CHC Dispute Policy should be viewed with consideration given to any changes required, in particular the timeframe for a meeting to be arranged for cases subject to the dispute resolution process at level two. Once the policy is formally agreed between the Council and the CCG it should be signed off.	2	30-4-20 Revised to 31-10-20	Local authority commissioners will continue to pursue resolution through the JCB.	In progress	Assistant Director, All Ages Commissioning

Recommendations due between 1 October 2019 – 30 April 2020

Audit	Recommendation	Priority	Target date	Latest update	Status	Owner
Continuing Healthcare Funding Process	We recommend that a formal written backdating protocol is developed and approved between the Council and the CCG.	2	30-4-20 Revised to 31-10-20	Local authority commissioners will continue to pursue resolution through the JCB.	In progress	Assistant Director, All Ages Commissioning
Healthy Lifestyle Service 2019/20	We recommend that the Healthy Lifestyles and Wellbeing Information Manager: <ul style="list-style-type: none"> • Provides guidelines to increase the number of engagements achieved through community groups and organisation to allow a larger audience to be reached for the targeted groups • In the next and subsequent financial years targeted engagements for priority groups should incorporate a measure of expected achievement to monitor success 	3	31-3-20 Revised to 31-10-20	Service community engagement guidelines will be reviewed during 20/21 to target priority groups and also to reflect any required social distancing measures.	In progress	Healthy Lifestyles and Wellbeing Information Manager
Healthy Lifestyle Service 2019/20	We recommend that the Healthy Lifestyles and Wellbeing Information Manager ensures: <ul style="list-style-type: none"> • The Healthy Lifestyle Specialist populates the 121 agenda to accurately reflect their work status, to allow the Healthy Lifestyles and Wellbeing Information Manager to improve monitoring to identify training needs, improved outcomes and efficiencies • Progress against PDP objectives is evaluated on a regular basis appropriate to the development required • Questions on the DCRS are re-visited to determine if it would be beneficial to make other fields mandatory • A feedback form is developed for group activities 	3	30-4-20 Revised to 30-06-20	1.Awaiting decision on proposal to recruit a team lead for the service. 2. Data fields have been reviewed on DCRS; however may require further review during the financial year (20/21) 3.Service feedback questionnaire is live on the system for all trainers to send/ complete with clients. The service is also gathering case studies to demonstrate service outcomes.	In progress	Healthy Lifestyles and Wellbeing Information Manager

Recommendations due between 1 October 2019 – 30 April 2020

Audit	Recommendation	Priority	Target date	Latest update	Status	Owner
	<ul style="list-style-type: none"> • Healthy Lifestyle Specialist as part of the individual and group activities seek to obtain a completed feedback form from the client who participated in the event. This request could be monitored as part of the PDP process. 					
Healthy Lifestyle Service 2019/20	<p>We recommend that the Healthy Lifestyles and Wellbeing Information Manager confirms that procedures are reviewed to verify:</p> <ul style="list-style-type: none"> • Alignment to the current processes • Compliance with Herefordshire Council Policy Writing Procedures, March 2018. 	3	<p>31-3-20 Revised to 31-3-21</p>	Alignment of these policies will form part of the 20/21 work plan in advance of their review date.	In progress	Healthy Lifestyles and Wellbeing Information Manager

Issue and risk	Recommendation	Management response	Progress update	Status	Owner
<p>The Council now prepares group financial statements however the Annual Governance Statement appears to be focussed on the Council with limited reference to the subsidiary company, Hoople. The code confirms that where there is a group relationship, the review of the internal control systems shall include group activities.</p>	<p>We therefore recommend that management look to expand the Annual Governance Statement in future years to cover the group activities.</p>	<p>The Council will consider adopting this going forward.</p>	<p>The Annual Governance Statement is due to be published at the end of June and will include reference to group activities.</p>	<p>Incomplete until approval of Annual Governance Statement.</p>	<p>Chief Finance Officer and s.151 Officer</p>

Recommendations due beyond April 2020

Audit	Recommendation	Priority	Target date	Latest update	RAG rating	Owner
<i>Children and Families</i>						
External Residential and Fostering Placements 2018/19	We recommend that where issues have been identified with foster carers registered with a particular provider, quality checks should be carried out on other foster carers registered with the provider that the Council is using, or where they are out of county, should be requested through the framework.	3	1-July-20	QA monitoring visits are an ongoing task. Visits to be made to placements on an announced visit during the duration of placement or reactionary unannounced basis when concerns are raised.	Green	Placement Team Manager
External Residential and Fostering Placements 2018/19	We recommend that a review of Placement Manager's tasks should be carried out, and procedure notes put in place where no documents currently exist. The procedures should be prepared in line with the Herefordshire Council Policy Writing Procedures – March '18, available on the intranet.	3	1-July-20	Procedure notes to be written that are applicable to manager tasks.	Amber	Placement Team Manager
<i>Adults and Communities</i>						
Broker Placement - Provision of residential and nursing care	<p>We recommend that the Assistant Director All Ages Commissioning undertakes the following regarding the provision of residential and nursing care:</p> <ul style="list-style-type: none"> • Providing the brokerage team access to task the brokerage request form to view once submitted • A short-term solution to ensure that the available placements information provided to the Locality Team staff from the brokerage team is as up to date as is reasonably possible • If eBroker is not able to rectify their reporting function in the timescale given how will the Council manage the available provision in the long term • Roles and responsibilities of both the Brokerage team and the Locality team staff should be reviewed to align to the broker placement process determined under recommendation 1.1.1 above • Guidance documents to be updated to ensure both the Brokerage team and the Locality team staff are clear regarding their responsibilities and how they should be performed. 	3	31-Jul-20	Brokerage are now located within the Commissioning team in Plough. A review of the function and processes is underway and will be complete by the end of March 20. A new project is also commencing to review and improve the Councils approach to complex care cases; this will include a review of the brokerage activities linked to this area.	Green	Assistant Director, All Ages Commissioning

Audit	Recommendation	Priority	Target date	Latest update	RAG rating	Owner
Broker Placement - Provision of residential and nursing care	<p>We recommend that the Assistant Director All Ages Commissioning ensures:</p> <ul style="list-style-type: none"> • Negotiators of care placements receive appropriate training and supporting documented guidance • A uniform and consistent approach to agreeing costs with providers is implemented to tackle the above rate of inflation increases to control costs • The average fee paid should be evaluated to understanding why it significantly exceeds the usual standard fee. 	2	31-Oct-20	Fee reviews for 20/21 are nearing completion. A new approach (as noted above for complex care) is commencing. Mechanisms for setting fees and fully costed care plans will be included in the commissioning work plan for 20/21.	Green	Assistant Director, All Ages Commissioning
Local Enterprise Resources Team	<p>We recommend that Head of Community Commissioning and Resources undertakes the following:</p> <ul style="list-style-type: none"> • Determines the corporate objectives, Health and Wellbeing strategy and Talk Community deliverable the LERT service objectives should focus on • Approves the service objectives and plan • Identifies the key performance indicators to be measured both qualitatively and financial and verify the information captured is correct e.g. statistics for hate crime • Agree the frequency of monitoring for both service and staff once the service requirements are agreed • Provide support to the Local Enterprise Service Manager so the appropriate performance monitoring mechanism is set up. 	3	31-Oct-20	<ol style="list-style-type: none"> 1. Agreed format for logging key information. Some returns from staff members outstanding. 2. Procedure for telephone box removal consultation drafted, awaiting input from governance support, prior to sign off. 3. Procedure for channel panel guidelines drafted, with some slight revisions needed to follow HC procedure template. 	Green	Head of Community Commissioning and Resources
<i>Economy and Place</i>						
Cemeteries & Crematorium	<p>We recommend that Direct Services Manager ensure banking takes place regularly to reduce the risk of the Councils insurance limits being exceeded. Further to this, the Direct Services Manager must consider the insurance limits for transporting money when the banking is completed.</p>	3	11-Dec-20		Complete	Direct Services Manager
Cemeteries & Crematorium	<p>We recommend that Direct Service Manager ensures services provided by the crematorium are put on hold until payment is received for account holders who have overdue invoices.</p>	3	11-Nov-20		Complete	Direct Services Manager
Trading Standards	<p>We recommend that the Trading Services Manager:</p> <ul style="list-style-type: none"> • reviews the required frequency for compliance visits for Explosive and Fireworks Licence to be carried out ensuring thereafter that visits are completed at the 	3	25-Jul-20	A check form was created and used in November 2019 when the explosives inspections were carried out.	Green	Principal Trading Standards Officer

Audit	Recommendation	Priority	Target date	Latest update	RAG rating	Owner
	<p>agreed frequency.</p> <ul style="list-style-type: none"> Ensures that when visits are completed the date of visit is recorded in Civica Ensures a record of checks completed is retained in a format that the Trading Services Manager is satisfied with. 					
<i>Corporate Services</i>						
Treasury Management	<p>We recommend that the Cash flow procedure notes should be reviewed and updated as required.</p> <p>We further recommend that the reconciliation procedures are reviewed and updated to contain more detail as to the processes.</p>	3	30-Jun-20	Procedure notes are in the process of being updated.	Green	Head of Corporate Finance
Treasury Management	<p>We recommend that the Payroll Team provide the Corporate Finance Team with details of the monthly payroll figures when the payroll is run.</p>	3	30-Jun-20		Complete	Head of Corporate Finance
Main Accounting 2019/20	<p>1.1</p> <p>We recommend that the Payroll Manager ensures that:</p> <ul style="list-style-type: none"> the monthly payroll analysis relating to the previous period's payroll payments be made promptly each month to the Transactional Officer via email to facilitate prompt completion of the salaries & wages bank reconciliation <p>We further recommend that the Senior Team Leader (Finance) ensures that:</p> <ul style="list-style-type: none"> Salaries & Wages procedures be reviewed and updated as required, with both the review date and next review date noted on the documents. 	3	30-Jun-20		Complete	Corporate Finance Manager
Reserves Management	<p>1.1</p> <p>We recommend that a brief outline of intention be put into next financial year's Statement of Accounts to state what the Council will review if the strategic reserves are maintained at an average of over the 5% limit of net total budget for the fy2019-20.</p>	3	31-May-20	The intention will be added as a footer to the reserves note in the accounts that will be published at the end of June 2020. The intention will be added as a footer to the reserves note in the accounts that will be published at the end of June 2020	Green	Head of Corporate Finance
Members Allowances and Expenses 2019/20	<p>1.1a</p> <p>We recommend that the Democratic Services Manager ensures that a full review of the current process is completed to address the control weaknesses identified.</p>	2	31-May-20	Governance support assistants have written out to all members to offer one-to-one training on	Green	Democratic Services Manager

Audit	Recommendation	Priority	Target date	Latest update	RAG rating	Owner
	<p>This includes ensuring:</p> <ul style="list-style-type: none"> • Members complete expense claims consistently, accurately and with sufficient detail, this may require additional training to Councillors, • Claims are scrutinised appropriately and rejected if they are not in line with the policy including sufficient narrative, evidence of receipts. Where clear receipt evidence is not available other proof should be requested e.g. invoices/bank statements • Consideration is given to a centralised calendar and clarity regarding what constitutes a reasonable event is outlined, • The 14 potential duplicate claims are investigated further, • Consideration is given to generic drop down box responses for some claims e.g. regular committee meetings. • Consideration is given to an automatic process of approving expenses of a certain value with spot checks carried out to provide additional assurance. 			<p>submitting expenses claims an ongoing basis.</p> <p>Scrutiny of members expenses occurs via the GSAs for claims over £100. In line with the recommendation below, for all claims under £100, members can submit these via business world and subjected to the auditing protocols in place for claims under £100. This change in practice took place 10 April, 2020.</p> <p>There is a centralised calendar which highlights all member training/meeting events which allows democratic services to triangulate the events being claimed for by members. This is routinely maintained and updated.</p> <p>The generic drop down boxes has been investigated, but the business world technology does not support this request. The main reason this was suggested was due to members claims being misspelt in some instances.</p>		
Members Allowances and Expenses 2019/20	1.3a We recommend the Democratic Services Manager considers including specific guidance amounts for subsistence in the Councillors allowance scheme.	3	31-May-21	No action taken – which is as expected - awaiting commencement of the IRP.	Amber	Democratic Services manager and Democratic Services Officer
Members Allowances and Expenses 2019/20	1.4a We recommend that the Democratic Services Manager ensures: • The Allowance Scheme is updated to outline the	3	31-May-20	This work is underway, however, it is taking on a new dimension for some members. Covid 19 means that our	Amber	Democratic Services Manager/Governance support assistants and Information Governance

Audit	Recommendation	Priority	Target date	Latest update	RAG rating	Owner
	arrangements relating to data limits and personal usage of the mobile phone <ul style="list-style-type: none"> • An annual review is completed regarding mobile phone usage and allocations • Prompt response to contracts that have reached their limit is taken to ensure the Council achieve value for money. 			meetings are being carried out virtually. For some members with weak broadband but strong mobile coverage, they are using their smartphones to attend virtual meetings. This has led to significant increases in data usage for some members. This is being actively monitored and managed by the Democratic Services Manager.		
Members Allowances and Expenses 2019/20	1.5a We recommend that the Democratic Services Manager ensures a standard operating procedure document exist to cover the full processes in relation to member expense approval.	3	31-May-20	This is underway and will need to be undertaken in coordination with Business World colleagues.	Amber	Democratic Services Manager
Income Charging 2019/20	1.1 We recommend the Chief Finance Officer ensures a review of the current income charging principles is carried out including consideration as to whether a corporate Income Charging Policy Document/procedure document would be beneficial.	3	30-Oct-20	Currently being reviewed.	Green	Head of Management Accounting/Chief Finance Officer
Savings Targets 2019/20	1.1 We recommend that the Chief Finance Officer ensures that all savings proposals are supported with a formal documented plan/proposal that includes: <ul style="list-style-type: none"> • Detail as to how the savings will be achieved including financial rationale/calculation that has been validated by relevant officers • Costs that will be incurred to achieve the savings target, • Responsible officer(s) and required officer sign off, • Status of achievement of status including monetary achievement and reasonableness of achievement. 	2	31-Oct-20	Verto is being used to record and monitored savings plans. Initial meetings have set up options for reporting progress, these are currently being reviewed. The Verto and business world interface is also in being progressed. The action is on track.	Green	Head of Management Accounting
Savings Targets 2019/20	1.2 We recommend that the Chief Finance Officer reviews the current RAG categorisation used to report against performance of savings targets. When a method of categorisation is agreed upon officers should retain justification/rationale for categorisation and guidance	3	31-Oct-20	This is included in the Verto solution.	Green	Head of Management Accounting

Audit	Recommendation	Priority	Target date	Latest update	RAG rating	Owner
	should be available to staff relating to categorisation. Checks should be completed to ensure performance reporting is accurate and correct.					
Savings Targets 2019/20	1.3 We recommend that the Chief Finance Officer ensures a corporate process is developed to ensure savings targets that are identified as not being achieved are actioned/escalated. Non achievement or changes to savings targets should be reported with the quarterly performance report.	2	31-Dec-20	This is included in the scope of the Verto solution.	Green	Head of Management Accounting
Savings Targets 2019/20	1.4 We recommend the Chief Finance Officer ensures consistent regular monitoring of performance targets takes place across the directorates.	3	31-Oct-20	This is included in the scope of the Verto solution.	Green	Head of Management Accounting

Blue	Green	Amber	Red
Projects/programmes/activities that have been completed	Projects/programmes/activities that are progressing as planned and outputs will be delivered to agreed specification within agreed timescales.	Projects/programmes/activities that are experiencing obstacles that may prevent the delivery to agreed specification, timescales or costs but there is confidence that delivery can be brought back on target.	Projects/programmes/activities that are experiencing obstacles that are likely to prevent the successful delivery to agreed specification, timescales or costs and significant involvement is necessary to bring that project back in line with original expectations or revised plan for delivery is needed



Meeting:	Audit and governance committee
Meeting date:	Tuesday 16 June 2020
Title of report:	Health and wellbeing board review and suggested amendments to the constitution
Report by:	Director for adults and communities

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All wards)

Purpose

To consider the suggested amendments to the council's constitution proposed by the health and wellbeing board for recommendation to Council.

Recommendation(s)

That:

- (a) having regard to the health and wellbeing board review, the amendments to the constitution as set out in appendix 1 be recommended to full Council for adoption, with implementation following Annual Council; and
- (b) the technical changes to the constitution to be made by the monitoring officer as set out in paragraphs 15 and 16 of this report be noted.

Alternative options

1. To reject the proposed amendments and retain the current constitution unamended: this is not recommended as the amendments have been proposed in order to improve clarity

and to provide the opportunity for closer, more integrated, local partnership working on well evidenced local health and wellbeing priorities.

2. To propose alternative or additional amendments: it is open to the committee to propose that consideration be given to alternative or additional amendments. However, additional time may be required to consult with the health and wellbeing board as necessary.

Key considerations

Health and wellbeing board review

3. Following the elections in May 2019, the chairperson of the health and wellbeing board, with the agreement of the current membership, commissioned a review of the board's function, membership and deliverables.
4. This coincided with the publication of the Local Government Association's (LGA) report '[What a difference a place makes: the growing impact of health and wellbeing boards](#)' which highlighted good performing boards across the country and the factors that made them successful. The review was facilitated and supported by the LGA.
5. The review examined the current strategic landscape across health, social care and work of wider partners, and the role of the board in providing leadership and helping to bring coherence to the new ways of working that connect communities, place and system.
6. At the meeting in public on 10 February 2020, the board considered the outcomes and new arrangements in the [health and wellbeing board review and future working](#) report.
7. The board agreed an updated vision:

Herefordshire residents are connected into communities to be resilient; lead fulfilling lives; are emotionally and physically healthy and feel safe and secure.

Underpinned by five priorities:

- *Supporting our residents to eat well, drink safely and get active*
- *Supporting our residents to live life to the full whatever their age*
- *Supporting vulnerable residents of all ages to live and age well*
- *Supporting the mental and emotional wellbeing of all our residents of all ages*
- *Developing communities to help keep people connected*

With the following cross-cutting themes:

- *Collaborative partnership working to maximise our resources across the county*
- *Ensuring services, support and opportunities are equitable and accessible to all*
- *Improving quality of life through healthy ageing*
- *Co-producing with communities and stakeholders to help people connect and engage with the board*
- *Identify climate change action in all aspects of operational delivery*
- *Supporting and enhancing our workforce skills and opportunities*

- *Building resilience across communities and all sectors*
 - *Improving social mobility including housing, economic opportunities and learning*
8. To ensure that the board is fit for purpose in a changing health and social care environment, and recognising the need to explore the wider determinants of health and wellbeing, the board wishes to expand its core membership to include representatives from: health partners - commissioners and providers; the council - councillors and all directors; police; fire and rescue; strategic partnership boards; and Healthwatch Herefordshire.
 9. To encourage board members to give the meetings in public the appropriate level of priority, it was also recommended that the attendance and substitution arrangements be clarified in the constitution. However, in consultation with the monitoring officer and with the support of the chairperson, it will be suggested to the board that a board development workshop be arranged, following approval of the amended membership, in order to explore further the new working arrangements for the board, the roles and expectations for those serving on the board, and any further changes necessary.

Proposed amendments to the constitution to be recommended to full Council

10. The composition, appointment of the chairperson and vice-chairperson, voting arrangements, and role of the health and wellbeing board are set out in the constitution in part 2, article 8 (planning, licensing and other functions), paragraphs 2.8.7-2.8.14.
11. It is recommended that the composition of the board at paragraph 2.8.9 be amended to include additional board members, as shown in appendix 1 to this report.
12. The additional organisations and services identified have been approached to confirm their participation in the work of the board. The existing constituent organisations and services were also invited to confirm the most appropriate executive or non-executive member to serve on the board.
13. The statutory and other functions of the board are set out in the constitution in part 3, section 5 (other functions), paragraphs 3.5.22 - 3.5.24. No amendments to the functions of the board are being recommended at this time.

Technical changes to the constitution to be made by the monitoring officer

14. The monitoring officer has delegated authority to make technical changes (grammatical, formatting, and consistency) or those required by law.
15. Paragraph 2.8.9 of the constitution currently identifies as members of the health and wellbeing board 'The chair of Herefordshire clinical commissioning group' and 'The Accountable Officer of Herefordshire clinical commissioning group'. The four clinical commissioning groups in Herefordshire and Worcestershire became a single organisation in April 2020, therefore the references will be updated to show the new NHS Herefordshire and Worcestershire Clinical Commissioning Group and the appropriate non-executive and executive titles to serve on Herefordshire's health and wellbeing board.
16. Paragraph 2.8.9 of the constitution also currently identifies as a member of the health and wellbeing board 'The chair of 2gether NHS Foundation Trust'. Responsibility for the delivery of Herefordshire's mental health and learning disability services was transferred in April 2020, therefore this will be updated to show Worcestershire Health and Care NHS Trust.

Community impact

17. The revised vision, priorities and cross-cutting themes align to the county plan 2020-2024 for Herefordshire Council, including the community ambition 'strengthen communities to ensure everyone lives well and safely together'. In addition, these also align to the NHS long term plan which identifies the need for action on prevention and health inequalities.
18. The health and wellbeing board has a statutory function for the joint strategic needs assessment of health and wellbeing needs for the county (Understanding Herefordshire) which has informed the review. The board also has a statutory duty to encourage integrated working.
19. The constitution is a key part of the council's governance arrangements and sets out how the council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The format of the content of any amendments to the constitution should help make these arrangements clearer to understand and how the public can effectively engage with them.
20. The proposed amendments will support the health and wellbeing board to deliver its statutory and other functions efficiently and effectively.

Equality duty

21. 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.
22. 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.
23. The council and its partners are committed to equality and diversity using the public sector equality duty (Equality Act 2010) to eliminate unlawful discrimination, advance equality of opportunity and foster good relations. All equality considerations are taken into account.
24. It is not envisaged that the recommendations in this report will negatively disadvantage the following nine groups with protected characteristics: age, disability, gender, reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
25. The health and wellbeing board aims to deliver better outcomes for the residents of Herefordshire and supports the council in proactively delivering its equality duty under the act. This is through improving the health and wellbeing of people in Herefordshire by

enabling them to take greater control over their own health and the health of their families, and helping them to remain independent within their own homes and communities. There are no negative impacts for looked after children or with respect to the council's corporate parenting role.

Resource implications

26. None arising from the recommendations. The council already makes provision within its existing budgets to enable publication of the constitution on its website and to ensure that members and officers have the training necessary to ensure awareness and understanding of the requirements within the constitution.
27. Any additional resource implications, such as officer time and expenses, associated with the new working arrangements will be accommodated within existing staff resources and budgets, and will be kept under review.
28. The board has a statutory function to approve the better care fund plan and quarterly reports, with cabinet and Council approval of budgets. This report does not recommend for this to change. Board members have budget and resource oversight within their own organisations or services.

Legal implications

29. Health and wellbeing boards were established under the Health and Social Care Act 2012 to act as a forum in which key leaders from local health and social care work together to improve the health and wellbeing of their local population.
30. The core membership of health and wellbeing boards is prescribed in section 194 of the Health and Social Care Act 2012 as follows:- at least one councillor, director of adult services, director of children's services, director of public health, representative of the local Healthwatch, representative of each relevant clinical commissioning group and such other persons as the local authority thinks appropriate. Before appointing any other person to be a board member, the local authority must consult with the health and wellbeing board. The health and wellbeing board has been consulted and deemed appropriate membership
31. The council must prepare and keep up to date a constitution in accordance with s37 of the Local Government Act 2000. The council's constitution sets all the basic rules governing the health and wellbeing board, including composition and role, functions and procedures. Paragraph 2.8.9 of the constitution provides the membership. The role of the board is to carry out the statutory functions as required by the Health and Social Care Act 2012, and any other functions delegated to it, as set out in paragraph 3.5.22 of the constitution.
32. The recommendations in the report comply with the legislation and statutory requirements

Risk management

33. If the council's constitution is not accurate, up to date and understood then there is a risk that governance arrangements are not clear and robust leaving the council open to judicial review, contractual challenge or financial risk. The proposed amendments seek to mitigate this risk by improving clarity within the constitution about the governance arrangements for the health and wellbeing board.

34. The risks for the board will be managed by a health and wellbeing board risk register which will be reported through the council's appropriate governance structure and via the adults and communities directorate risk register. The key risk for ensuring the board's effectiveness is appropriate leadership and membership, and the influence and control within constituent organisations and services. If the proposed changes are not embedded, the opportunity to change will be minimal, which will have an impact on the residents of Herefordshire, future services, communities and resources.
35. Scrutiny of the board is within the remit of the adults and wellbeing scrutiny committee.

Consultees

36. The current members of the health and wellbeing board have been consulted and have contributed to the review through a series of workshops. This included representation from key health partners, Healthwatch Herefordshire, appropriate cabinet members and directors of the council.
37. The vision, priorities, cross-cutting themes, and proposed membership were discussed and supported at the board meeting in public on 10 February 2020.

Appendices

- Appendix 1 Suggested amendments to constitution part 2, article 8 (planning, licensing and other functions)

Background papers

None identified.

Article 8 - Planning, licensing and other functions

This article describes the following committees which council has established:

- (a) The planning and regulatory committee
- (b) Health and wellbeing board
- (c) Employment panel
- (d) Standards panel

2.8.1 Planning and regulatory committee

2.8.2 Composition

2.8.3 The committee comprises 15 councillors, one of whom will be appointed by Council to be the standing chairperson of the licensing sub-committee.

2.8.4 Role

2.8.5 The committee:

determines applications for planning and listed building consents which are not decided by an officer; and

its licensing sub-committee fulfils the council's licensing duties not undertaken by an officer.

2.8.6 The committee may establish one or more sub-committees consisting of three members of the planning and regulatory committee to fulfil functions delegated to the licensing sub-committee as set out in the functions scheme at part 3 section 5.

2.8.7 Health and wellbeing board

2.8.8 Composition

2.8.9 The following shall be members of the health and wellbeing board:

The Cabinet member health and wellbeing*

The Cabinet member children and families*

The Leader of the Council*

The chair of Healthwatch Herefordshire*

[The chief fire officer of Hereford & Worcester Fire and Rescue Service](#)

The chair of [NHS Herefordshire and Worcestershire Clinical Commissioning Group](#)*

The [managing director](#) of [NHS Herefordshire and Worcestershire Clinical Commissioning Group](#)

[The chair of Herefordshire Community Safety Partnership](#)

[The chair of Herefordshire Safeguarding Adults Board](#)

[The chair of Herefordshire Safeguarding Children and Young People in Herefordshire Partnership](#)

[The managing director of Taurus Healthcare](#)

[The superintendent for Herefordshire of West Mercia Police](#)

The [managing director](#) of Wye Valley NHS Trust
The chair of [Worcestershire Health and Care NHS Trust](#)

Director for adults and communities*

Director for children and families*

[Director for economy and place](#)

Director of public health *

A representative from NHS England, for the purpose of preparing the joint strategic needs assessment or health and wellbeing strategy or where the health and wellbeing board is considering a matter that relates to the exercise or proposed exercise of the NHS Board's commissioning functions. *

2.8.10 Council has delegated authority to the Leader of the Council to appoint the chairperson of the board annually from the members of the executive appointed to the board; one of the board members representing [NHS Herefordshire and Worcestershire Clinical Commissioning Group](#) will be appointed vice chairperson annually by the board.

2.8.11 The members of the board marked with an * are those specified in the Health and Social care Act 2012, the other board members are additional as deemed appropriate by council after consultation with the board.

2.8.12 All board members shall be voting members unless the council otherwise directs.

2.8.13 Role

2.8.14 The board will carry out the statutory functions as required by the Health and Social Care Act 2012, and any other functions delegated to it, as set out in part 3 section 5 of the constitution.

2.8.15 Employment panel

2.8.16 Composition

2.8.17 The employment panel comprises five councillors.

2.8.18 Role

2.8.19 To fulfil specific employment functions in relation to specified senior management roles; to review the annual pay policy statement for recommendation to Council; and to be a consultee on employee terms, conditions and employment policies.

2.8.20 Independent panel

2.8.21 Council has appointed an independent panel as a committee of the Council, comprising only independent persons (at least two) appointed in accordance with procedure rule 4.9.26 to review the decision to dismiss statutory officers (in accordance with JNC agreements) and prepare a report for Council.

2.8.22 Standards panel

2.8.23 Composition

2.8.24 The standards panel will consist of an independent person (who will chair the panel); three members of the audit and governance committee and a parish councillor nominated by Herefordshire Association of Local Councils. Where an independent person is not available, one of the members from the audit and governance committee shall chair the panel.

2.8.25 Role

2.8.26 To consider and determine complaints that cannot be (a) resolved by the monitoring officer or (b) on appeal.

2.8.27 To undertake an annual sample review of decisions by the monitoring officer under the code of conduct complaints process.



Meeting:	Audit and governance committee
Meeting date:	Tuesday 16 June 2020
Title of report:	Confidential reporting code (Whistleblowing)
Report by:	Solicitor to the council (monitoring officer)

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To review and agree changes to the council's whistleblowing policy

Recommendation(s)

That:

- (a) the policy as attached at appendix 1 is reviewed and**
- (b) any changes agreed.**

Alternative options

1. To not review the policy, this is not recommended as it is a function of the committee to maintain an overview of this policy.
2. To not make any changes, this is not recommended as the policy can be improved.

Key considerations

3. This policy plays an important part in meeting the council's commitment to openness, honesty and ethical propriety and compliments the objectives of a number of other council policies for example the anti-fraud and bribery policy and the code of conduct for qualifying employees of the council.
4. The policy is intended to encourage and enable employees to raise concerns with the council without fear of victimisation, subsequent discrimination or embarrassment.
5. The policy was last reviewed in 2017 and was wholly rewritten. The wholesale review was undertaken by the constitution working group with comments from the employee improvement group.
6. A review of the use of the policy since 2017 and trends is set out below;

Municipal year	Total number of complaints	Risk identified				
		Staffing	Safeguarding	Reputation	Financial	Law & governance
17/18	5	1	1	1	1	1
18/19	11	3	3	3	2	0
19/20	8	2	0	0	3	3
20/21	0					

7. The current suggested changes are based upon the operation of the scheme from the view of the monitoring officer.
8. The proposed changes;
 - Detail what happens when a councillor discloses information that would ordinarily be classed as whistleblowing
 - Provides an external check and balance with all reports being discussed with internal audit, to ensure all concerns are not dealt with within the council
 - Provides suggested clarity in some areas of process.
 - Updates the contact details for the national whistleblowing charity.
9. The policy is well understood and the process is now streamlined and recorded. There have been no complaints about how the policy operates.
10. Once the new policy is agreed a communication with staff will be sent out to ensure that all staff are aware of the policy and how they can raise concerns. It is important to ensure that all staff are aware of these provisions.

Community impact

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

Equality duty

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

A public authority must, in the exercise of its functions, have due regard to the need to -
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
13. The review of the code will seek to ensure that, the council fully complies with the public section equality duty.

Resource implications

14. None arising from the recommendations.

Legal implications

15. None arising from the recommendations.

Risk management

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

Consultees

17. Internal and external audit were invited to review the policy. External audit have to remain fully impartial from such consultations under their ethical rules and were therefore unable to provide any comment. Internal audit had no comments and no additional suggested changes.

Appendices

18. None.

Background papers

None identified

Section 5 - Whistleblowing policy

5.5.1 Whistleblowing is viewed by the council as a positive act that can make a valuable contribution to the council's efficiency and long-term success. It is not disloyal to colleagues or the council to speak up.

5.5.2 If you are considering raising a concern you should read this policy first. It explains:

- the type of issues that can be raised
- how to raise a concern,
- what the council will do, and
- how the employee raising the concern will be protected

5.5.3 What is the aim of the policy and when does it apply?

5.5.4 Aims of the policy

5.5.5 This policy encourages employees of Herefordshire council who have serious concerns about any aspect of the council's work to come forward and voice those concerns. Enabling employees to feel confident in raising serious concerns **within** the council rather than ignoring a problem or making a report to an external body.

5.5.6 The policy is designed to ensure that employees can raise their concerns about wrongdoing or malpractice in good faith within the council without fear of victimisation, subsequent discrimination, disadvantage or dismissal.

5.5.7 The policy provides avenues for employees to receive a response to the concerns raised.

5.5.8 Scope of this policy

5.5.9 This policy is intended to enable those who become aware of wrongdoing in the council affecting some other person or service, to report their concerns at the earliest opportunity so that they can be properly investigated.

5.5.10 The whistleblowing policy is not intended to replace existing procedures:

- If your concern relates to your own treatment as an employee, the council's HR policies will apply.
- Complaints from members of the public should be raised as a corporate complaint [\[link\]](#)

- Complaints about misconduct by elected members, will be dealt with under the member and officers code or code of conduct complaints process [\[link\]](#)
- Complaints by elected members should be raised with the chief executive or relevant director.

5.5.11 Who can raise a concern under this policy?

5.5.12 The policy applies to all:

- employees of Herefordshire council*
- employees of contractors working for the council, for example, agency staff, builders and drivers, where the contractor has agreed to adopt the council's policy.

5.5.13 * If you are employed in, working with or assisting Herefordshire schools there will be a specific whistleblowing policy in your school for you because of the special relationship that exists with the schools' governing bodies. You will need to ask your head teacher for a copy of the policy.

[The policy does not apply to councillors, however where a disclosure is made this policy is usually followed.](#)

5.5.14 What should be reported?

5.5.15 Any serious concerns that you have about service provision, the conduct of officers, members of the council or others acting on behalf of the council that:

- make you feel uncomfortable in terms of known standards;
- are not in keeping with the council's constitution and policies;
- fall below established standards of practice that the council subscribes to
- are in breach of the officer or councillor code of conduct; or
- are improper.

5.5.16 These might relate to:

- conduct which is an offence or a breach of the law (a criminal offence has been committed or failing to comply with any other legal obligation)
- disclosures related to miscarriages of justice
- racial, sexual, disability or other discrimination
- health and safety of the public and/or other employees
- intentional damage to the environment
- unauthorised use of public funds or other assets
- possible fraud and corruption
- abuse of power for financial or other gain

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- neglect or abuse of clients, or
 - other unethical conduct.

5.5.17 This list is not exhaustive.

5.5.18 Safeguards

5.5.19 Legal rights

5.5.20 The Public Interest Disclosure Act 1998 gives legal protection to employees against being dismissed or suffering any detriment from their employer as a result of disclosing certain serious concerns.

5.5.21 The council will not tolerate harassment or victimisation (including informal pressures) and will take action to protect employees who raise a concern in the public interest.

5.5.22 The council recognises that the decision to report a concern can be a difficult one to make. If you honestly and reasonably believe what you are saying is true, you have nothing to fear because you will be doing your duty to your employer, your colleagues and those for whom you are providing a service.

5.5.23 Confidentiality

5.5.24 All concerns will be treated in confidence and every effort will be made not to reveal your identity if that is your wish. If disciplinary or other proceedings follow the investigation, it may not be possible to take action as a result of your disclosure without your help, so you may be asked to come forward as a witness. If you agree to this, you will be offered advice and support.

5.5.25 Anonymous Allegations

5.5.26 This policy encourages you to put your name to your allegation whenever possible. If you do not tell us who you are it will be much more difficult for us to protect your position or to give you feedback. This policy is not ideally suited to concerns raised anonymously. Only another employee could raise the matter on your behalf.

5.5.27 Concerns expressed anonymously or by another employee are much less powerful but they may be considered at the discretion of the council. In exercising this discretion the factors to be taken into account would include:

- the seriousness of the issue raised
- the credibility of the concern, and

- the likelihood of confirming the allegation from other sources

5.5.28 Untrue Allegations

5.2.29 If you make an allegation in good faith, reasonably believing it to be true, but it is not confirmed to be so, the council will recognise your concern and you have nothing to fear. If however, you make an allegation frivolously, maliciously or for personal gain, appropriate action that could be taken may include disciplinary action.

5.5.30 Raising a Concern

5.5.31 Who should you raise your concern with?

5.5.32 This will depend on the seriousness and sensitivity of the issues involved and who is suspected of the wrongdoing. You should normally raise concerns with [one of the following](#):

- Your Line Manager
- Your Director
- The Monitoring Officer or Deputy Monitoring officer
- The Chief Executive
- Internal Audit

5.5.33 If, exceptionally, the concern is about the Chief Executive of the council your concern should be raised with your Director who will decide how the matter will be considered.

5.5.34 How to raise a concern

5.5.35 You may raise your concern by telephone, in person or in writing. The earlier you express your concern, the easier it is to take action. You will need to provide the following information:

- the nature of your concern and why you believe it to be true
- the background and history of the concern (giving relevant dates).

5.5.36 If your concerns are raised verbally then a written record will be taken.

5.5.37 Although you are not expected to prove beyond doubt the truth of your suspicion, you will need to demonstrate to the person contacted, that you have a genuine concern relating to suspected wrongdoing or malpractice within the council and there are reasonable grounds for your concern.

5.5.38 You may wish to consider discussing your concern with a colleague first and you may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.

5.5.39 You may invite your trade union, professional association representative or a friend to be present for support during any meetings or interviews in connection with the concerns you have raised.

5.5.40 What the council will do

5.5.41 The council is committed to giving concerns raised through the policy thorough consideration whilst responding as quickly as possible. We will also be open and transparent with people raising concerns and those subject to whistleblowing, explaining when information can and cannot be shared.

5.5.42 First any person receiving a concern should immediately inform the monitoring officer. The monitoring officer will acknowledge receipt of the concern and ~~assess if this is the appropriate procedure to raise the concern~~ and inform internal audit of the disclosure.

5.5.43 Secondly your concerns will need to be tested, this is not the same as either accepting or rejecting them.

5.5.44 The overriding principle for the council will be the public interest. In order to be fair to all, including those who may be wrongly or mistakenly accused, an appropriate lead (ordinarily the relevant line manager) will be identified by the monitoring officer to undertake initial enquires.

5.5.45 Where appropriate, after initial enquires have been made, the matters raised may:

- be further investigated by the council, internal audit, or through the disciplinary/grievance or standards process
- be referred to the police
- be referred to the external auditor
- be referred and put through established child protection/abuse procedures
- form the subject of an independent inquiry

5.5.46 Within ten working days of a concern being raised, the monitoring officer will have had the initial enquiry undertaken and will confirm in writing to you:

- indicating how the council proposes to deal with the matter i.e. telling you whether further investigations will take place and if not, why not

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- supplying you with information on any support mechanisms as appropriate
- ~~telling you whether further investigations will take place and if not, why not~~
- Confirming how the matter can be taken further as set out in section 6 of this policy.

5.5.47 The amount of contact between you and the officer considering the issues will depend on the nature of the matters raised, the potential difficulties involved and the clarity of your information. You may be interviewed to ensure that your disclosure is fully understood.

5.5.48 While the council cannot guarantee that the outcome will be as you wish, it will handle the matter fairly and in accordance with this policy. You need to be assured that your disclosure has been properly addressed. Unless there are any legal reasons why this cannot be done, you will be kept informed of the progress and outcome of any investigation, maintaining security and confidentiality for all parties as far as possible. You will not however be provided with any report or other correspondence created investigation and dealing with your disclosure.

5.5.49 How the Matter can be Taken Further

5.5.50 This policy is intended to provide you with an avenue within the council to raise concerns. The council hopes you will be reassured with any action taken. If you are not, and you feel it is right to take the matter outside the council, the following are the council's prescribed contacts:

- the External Auditor
 - Jon Roberts, Partner and Head of Assurance, Grant Thornton, email: jon.roberts@uk.gt.com
- your trade union
- the police
- other relevant bodies prescribed by legislation – the council's Monitoring Officer or [Protect \(see details below\)](#) ~~Public Concern at Work~~ will be able to advise you who you can contact

5.5.51 If you raise concerns **outside** the council you should ensure that it is to one of these prescribed contacts. A public disclosure to anyone else could take you outside the protection of the Public Interest Disclosure Act and of this policy.

5.5.52 You should not disclose information that is confidential to the council or to anyone else, such as a client or contractor of the council, except to those included in the list of prescribed contacts.

5.5.53 This policy **does not** prevent you from taking your own legal advice.

5.5.54 Review of the policy

5.5.55 The council's Audit and Governance Committee will review this policy.

5.5.56 Corporate recording and monitoring

5.5.57 The Monitoring Officer will maintain a corporate register containing all disclosures that are brought to their attention. All officers allocated to look into a concern must ensure the Monitoring Officer is provided with sufficient details for the corporate register.

5.5.58 The Monitoring Officer will review the corporate register and ~~produce an annual report for advise~~ internal audit. The ~~report review~~ will include a summary of the concerns raised, to which department they related, the post to which the concerns related (if not confidential) and any lessons learned. The report will not include any employee names. The aim of this is to ensure that:

- the council and/or the relevant department learns from mistakes and does not repeat them, and
- for consistency of approach across the departments

5.5.59 If you are unsure whether to use this policy or want independent advice at any stage, you may contact the independent charity **Protect (formerly Public Concern at Work)** on ~~020 3117 2520~~ **020 7404 6609**. Their advisers can give you free confidential advice on how to raise a concern about serious malpractice at work.

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Meeting:	Audit and governance committee
Meeting date:	Tuesday 16 June 2020
Title of report:	Re-thinking Governance Working Group - Progress update
Report by:	Solicitor to the Council

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To update the committee on the work of the re-thinking governance working group.

Recommendation(s)

That:

- (a) The committee comment on the progress to date of the working group.**

Alternative options

1. The committee could not receive a progress update at this time. This is not recommended as the committee is due to make recommendations on the governance model for the council at the meeting of full Council in October 2020.

Key considerations

2. At its meeting on 11 October 2019 Council resolved that:
 - a) the Audit and Governance Committee oversee a review of governance models for a recommendation to Council no later than October 2020;
 - b) the review be undertaken by a cross-party working group, reporting to the Audit and Governance Committee, to contain representation from each political group, from the executive, scrutiny and other functions. The Monitoring Officer be authorised to determine membership following consultation with political group leaders;
 - c) the review should follow guidance from the Local Government Association and from the Centre for Public Scrutiny guidance; 'Rethinking Governance: Practical steps for councils considering changes to their governance arrangement'; and
 - d) the review be undertaken having regard to the following guiding principles;
 - i. To maximise member engagement and participation in decision making
 - ii. Ensure decision making is informed, transparent and efficient
 - iii. Welcome public engagement
 - iv. Enable member and officers to perform effectively in clearly defined functions and roles
 - v. To assess any resource implications for any proposed changes.

3. At the audit and governance meeting on 28 November 2019, the committee agreed:
 - (a) the timetable and arrangements for the review of the council's models of governance, as set out at appendix 2, are approved;
 - (b) the scope of the review incorporates the effectiveness of our partnerships governance arrangements in meeting the guiding principles and the impacts of any recommendations on partners;
 - (c) the planned biennial review of the constitution is not progressed pending the outcome of the review of models of governance; and
 - (d) the committee receive a report in January 2020 setting out the proposed amendments to the process for public and member questions at scrutiny set out in paragraph 12, option 2, of the report and, as necessary, recommends that changes to Council; and
 - (e) the committee receive a progress report from the review of governance models working group in March 2020.

4. Since the November meeting, the working group membership of the working group has slightly changed.

5. The current membership of the working group is:

Member	Substitute member	Political Group	Function
Councillor Bolderson		Conservatives	Audit and Governance
Councillor Bartlett	Councillor Toynbee	Green	Scrutiny

Councillor Watson	Councillor Hardwick	Herefordshire Independents	Planning and Regulatory
Councillor Seldon	Councillor Harvey	It's Our County (Herefordshire)	Cabinet
Councillor James	Councillor Andrews	Liberal Democrats	Employment Panel
Councillor Hunt	Councillor Matthews	True Independents	Scrutiny

6. The timetable presented to this committee in November has been updated to reflect current progress and is attached as appendix 1. The working group met on 27 January and 7 February. Both meetings were facilitated by the Centre for Public Scrutiny (CfPS).

7. At the meeting on 27 January, the working group discussed:

- the needs and expectations of the council, together with considering
- What councillors' expectations are on how they want to be involved in decision-making, policy development, etc.
- Setting out the basics on governance change and what the remainder of the process would entail.

At the meeting on 7 February, the working group discussed:

- Developing design principles.
- Using the outcomes from Workshop 1 to put together a set of principles that will be used to evaluate and decide on new structural models or changes to existing structure. Gap analysis and discussion on suitable design options
- Agreeing more detailed expectations around policy development, decision-making, and how the functions of scrutiny and review of performance might be carried out. Also exploring how this will intersect with the way the council, and councillors, engage with local people.
- Design options and experiences of other councils
- Implications for change
- Shaping change and building consensus

8. The working group agreed to invite all councillors to a workshop on 18 March 2020 in order to obtain views to assist the working group in its considerations. Regrettably these workshops were postponed due to the Covid 19 pandemic and replaced by a webinar hosted by CPfS. All members were invited and 37 were able to attend remotely to hear the presentation.

9. A questionnaire to all councillors has been devised by the group, and sent to all councillors on 4 June, to gather views so that the assessment of the current situation can be completed before the group considers any solutions and recommendations. The questionnaire also asks councillors if in light of the pandemic the review should be paused.
10. The next report will be to committee in September once the working group has undertaken a review of areas where changing structures, culture and/or practice could provide solutions and assessed the potential pros and cons (including risks) of the cultural and structural solutions to identify a preferred option (including looking at how effectively these operate in other comparator councils).

Community impact

11. 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. 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. Periodic reviews of the models of governance adopted by the council and the established processes and culture are valuable ways in which we can demonstrate how we uphold the code of corporate governance.
12. The council is responsible, as a corporate parent, for providing the best possible care and safeguarding for children who are looked after by the council, and as part of this must consider the impact of decision making on looked after children and care leavers. Any review of models of governance and mechanisms for stakeholder engagement in decision-making must consider how this responsibility may best be discharged.

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. Any review of governance models and decision making processes must ensure this duty is demonstrably upheld and promoted

Resource implications

15. The review is being undertaken using existing resources. As agreed by committee external support from CfPS has been sought and payment is within the approved £6,000 budget.

Legal implications

16. The council is required to have a constitution. This review will provide the basis for any proposed changes to the current constitution

Risk management

17. There is a real risk of not meeting the date of October 2020 as directed by council. The working group will be responsible for ensuring that timescales are met and will provide updates to the audit and governance committee as part of their work programme. The work is currently a little delayed due to the Covid 19 pandemic, but until the outcome of the assessment is undertaken by the end of July, it is not known if the October 2020 deadline will be met.
18. There is also a risk that all members are not engaged in the process and their views are not made known to the working group. The establishment of a cross party working group was aimed to address this but given mixed attendance additional steps may be necessary to ensure all members are aware of the work being undertaken in the group.

Consultees

19. None.

Appendices

Appendix 1 Revised timetable for the Re-thinking Governance Working Group

Background papers

None identified.

**Re-thinking Governance Working Group
Timetable**

Step/activity	Who	When	CfPS Step	Completed
<i>Step i) Plan the approach and assess current position</i>				
Confirm role of working group	Audit & Governance Committee	19/11/2019		√
Confirm external support from CfPS	Audit & Governance Committee	19/11/2019		√
Confirm whether scope includes impacts on partners	Audit & Governance Committee	19/11/2019		√
Confirm expectations re engagement	Audit & Governance Committee	19/11/2019		√
Assess how decisions are currently made (who by, what/how information about decisions is made available, how member engagement in decision making is enabled, the relationship between the executive and scrutiny, public and stakeholder engagement in decision making, partnership decision-making; mechanisms for review of implemented decisions, budget, and performance)	Working Group	27 January 2020	Workshop 1	√
Review current arrangements against the guiding principles established by Council to identify areas for improvement focus	Working group – facilitated by CfPS	7 February 2020	Workshop 2	√
All members’ webinars	Solicitor to the council	23 -24 April 2020		√
All member questionnaire	Working group	4- 25 June		
Progress Report to audit and governance committee	Solicitor to the council	16 June 2020		
<i>Step ii) Agree design principles</i>				
Guiding principles established	Council	October 2019		√
<i>Step iii) Think of ways to meet the guiding principles and put a plan in place</i>				
Identify areas where changing culture and/or practice that could provide solutions	Working group	By end July 2020	Workshop 3	
All Members’ Seminar	Solicitor to the council	If required		
Identify potential structural solutions	Working group	By end July2020	Workshop 3	
Assess potential pros and cons (including risks) of the cultural and structural solutions to identify a preferred option (including looking at how	Working group – facilitated by CfPS	By end August2020	Workshop 4	

**Re-thinking Governance Working Group
Timetable**

effectively these operate in other comparator councils)				
Produce recommendations for consideration by Council	Working group report to Audit & Governance Committee	September 2020		
	Audit & Governance Committee report to Council	October 2020		
	Resolution by Council	October 2020		
<i>Step iv) Make the change</i>				
Review constitution to align it to any decision made by Council	Monitoring Officer, using working group as a reference group, and reporting to Audit and Governance Committee	By end March 2021		
Independent Remuneration Panel undertake review of member allowances scheme in light of any decision made by Council	Monitoring Officer to co-ordinate	By end March 2021		
Approve revised constitution and allowances scheme	Council	Annual meeting May 2021		
Implementation of any changes		From annual Council May 2021		
<i>Step v) Return to the issue after a year and review how things have gone</i>				
Undertake a survey of members to capture views	Monitoring Officer	June 2022		
Determine whether the changes have produced the intended outcome and, if not, identify further actions.	Audit & Governance Committee	September 2022		



Meeting:	Audit and governance committee
Meeting date:	Tuesday 16 June 2020
Title of report:	Work programme update
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.

Recommendation(s)

THAT:

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

Alternative options

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

Reasons for recommendations

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

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

Key Considerations

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

Community impact

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

Equality duty

- 6 This report does not impact on this area.

Financial implications

- 7 There are no financial implications.

Legal implications

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

Risk management

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

Consultees

- 10 The chief finance officer, monitoring officer, chairperson and vice-chairperson have contributed to the work programme.

Appendices

Appendix 1 – work programme for audit and governance committee

Background papers

- None identified.

Audit & Risk Committee Work Programme - Constitutional Activity		Meeting								
Audit & Governance Committee Constitution		Report	May	June	July	September	October	November	January	March
3.5.9	The purpose of an audit 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									
3.5.10	Internal Audit	Internal Audit								
a	To consider the Head of Internal Audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements	1. Internal Audit Plan & Internal Audit Charter 2. Progress Report on internal audit plan (see part b for timing) 12. Internal Audit Annual Opinion	2020/21 Plan & Charter		Opinion					2021/22 Plan & Charter
b	To consider summaries of specific Internal Audit reports and the main issues arising and seek assurance that action has been taken where necessary	2. Progress Report on internal audit plan		Progress Report	Progress Report	Progress Report	Progress Report	Progress Report	Progress Report	Progress Report
c	To consider reports dealing with the management and performance of the providers of Internal Audit Services									
d	To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale	3. Tracking of internal and external audit recommendations		Tracking Report			Tracking Report			Tracking Report
e	To be able to call senior officers and appropriate members to account for relevant issues within the remit of the Committee	2. Progress Report on internal audit plan (see part b for timing)								
f	The Committee will not receive detailed information on investigations relating to individuals. The general governance principles and control issues may be discussed, in confidential session if applicable, at an appropriate time, to protect the identity of individuals and so as not to prejudice any action being taken by the Council									
3.5.11	External Audit	External Audit								
a	Review and agree the External Auditors annual plan, including the annual audit fee and annual letter and receive regular update reports on progress	4. Annual Audit fee letter 5. External Audit progress update (see part b for timing) 3. Tracking of internal and external audit recommendations (see part 3.5.10d for timing)	Audit Fee							Annual Letter Annual Plan
b	To consider specific reports from the External Auditor	21. Annual Audit Letter 22. External Audit Annual Plan		Progress Report	Progress Report	Progress Report	Progress Report			Progress Report
c	To meet privately with the External Auditor once a year if required	5. External Audit progress update								
d	To comment on the scope and depth of external audit work and to ensure it gives value for money	Not required to be scheduled on workprogramme								
e	To recommend appointment of the council's local (external) auditor	No specific activity required as part of normal questioning activity								
f	Ensure that there are effective relationships between external and internal audit that the value of the combined internal and external audit process is maximised.	Not required to be scheduled on 20/21 workprogramme								
3.5.12	Governance									
a	To maintain an overview of the council's Constitution, conduct a biennial review and recommend any changes to council other than changes to the contract procedure rules, finance procedure rules which have been delegated to the committee for adoption	15. Re-thinking Governance Update 20. Accounting Policy Update 23. Contract & Finance Procedure Rules		Re-thinking Governance		Re-thinking Governance		Policy Update	Procedure Rules	
b	To monitor the effective development and operation of risk management and corporate governance in the council	6. NMITE Update Report 8. Workprogramme 10. Corporate Risk Register	NMITE Workprogramme	Risk Register Workprogramme	Workprogramme	Workprogramme	Risk Register Workprogramme	Workprogramme	Workprogramme	Risk Register Workprogramme
c	To maintain an overview and agree changes to the council policies on whistleblowing and the 'Anti-fraud and corruption strategy'	9. Whistleblowing policy 16. Anti-fraud & corruption strategy		Whistleblowing			Anti-Fraud & Corruption			
d	To oversee the production of the authority's Statement on Internal Control and to recommend its adoption	18. Statement of Accounts								
e	To annually conduct a review of the effectiveness of the council's governance process and system of internal control which will inform the Annual Governance statement	13. Annual Governance Statement 24. Annual Governance Statement Progress Report					Draft	Final		Progress Report
f	The council's arrangements for corporate governance and agreeing necessary actions to ensure compliance	24. Annual Governance Statement Progress Report								Progress Report
g	To annually review the council's information governance requirements	17. Information Governance Review 13. Annual Governance Statement 24. Annual Governance Statement Progress Report					Draft	Final		Progress Report
h	To agree the annual governance statement (which includes an annual review of the effectiveness of partnership arrangements together with monitoring officer, s151 officer, cabinet guardian and equality and compliance manager reviews)									
i	To adopt an audit and governance code									
j	To undertake community governance reviews and to make recommendations to Council	Last completed 2018. This is on an as required basis and therefore not scheduled								
3.5.13	Waste Contract									
a	To review, in conjunction with external advisers advising the council as lender, the risks being borne as a result of the funding provided by the council to Mercia Waste Management Ltd and consider whether the risks being borne by the council, as lender, are reasonable and appropriate having regard to the risks typically assumed by long term senior funders to waste projects in the United Kingdom and best banking practice	11. Energy from Waste Loan Update								
b	To monitor the administration of the loan to the waste project in line with best banking practice having regard to any such external advice, including the terms of any waivers or amendments which may be required or are desirable	11. Energy from Waste Loan Update								
c	Consider what steps should be taken to protect the interests of the council as lender in the event of a default or breach of covenant by Mercia Waste Management Ltd, and make recommendations as appropriate to Council, the council's statutory officers or cabinet as appropriate to ensure the appropriate enforcement of security and litigation in relation to the loan to Mercia Waste Management Ltd	11. Energy from Waste Loan Update								
d	Consider and recommend appropriate courses of action to protect the position of the council as lender to the waste project: (i) make recommendation as appropriate to Council with regards to its budget and policy framework and the loan to the waste project (ii) generally to take such other steps in relation to the loan within the scope of these terms of reference as the committee considers to be appropriate.									
3.5.14	Code of Conduct: To promote and maintain high standards of conduct by members and co-opted members of the Council									
a	To support Town and Parish Councils within the county to promote and maintain high standards of conduct by members and co-opted members of the Council	14. Annual Code of Conduct Report								
b	To recommend to Council the adoption of a code dealing with the conduct that is expected of members and co-opted members of the Council	Part of Re-thinking Governance Review to be scheduled in next year's workprogramme.								
c	To keep the code of conduct under review and recommend changes/replacement to Council as appropriate	Part of Re-thinking Governance Review to be scheduled in next year's workprogramme.								
d	To publicise the adoption, revision or replacement of the Council's Code of Conduct	Part of Re-thinking Governance Review to be scheduled in next year's workprogramme.								
e	To oversee the process for the recruitment of the Independent Persons and make recommendations to Council for their appointment	7. Remuneration of independent persons Recruitment done on an ad hoc basis and not scheduled for 2020/21	Remuneration							
f	To annually review overall figures and trends from code of conduct complaints which will include number of upheld complaints by reference to individual councillors within unitary, town and parish councils and when a code of conduct complaint has been upheld by the Monitoring Officer or by the Standards Panel, after the option of any appeal has been concluded, promptly to publish the name of the councillor, the council, the nature of the breach and any recommendation or sanction applied.	14. Annual Code of Conduct Report								
g	To grant dispensations under Section 33 (2)(b)(d) and (c) Localism Act 2011 or any subsequent amendment	On an ad hoc basis only and not scheduled for 2020/21								
h	To hear appeals in relation to dispensations granted under section 33 (2)(a) and (c) Localism Act 2011 by the monitoring officer	On an ad hoc basis only and not scheduled for 2020/21								
3.5.15	Accounts									
a	To review and approve the Statement of Accounts, external auditor's opinion and reports on them and monitor management action in response to the issues raised by external audit.	18. Statement of Accounts 19. External Auditor Report						Statement & Report		

