

Agenda

Audit and Governance Committee

Date: **Monday 31 July 2023**

Time: **10.00 am**

Place: **Conference Room 1, Herefordshire Council Offices,
Plough Lane, Hereford, HR4 0LE**

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

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Agenda for the meeting of the Audit and Governance Committee

Membership

Chairperson **Councillor David Hitchiner**
Vice-chairperson **Councillor Aubrey Oliver**

Councillor Chris Bartrum
Councillor Frank Cornthwaite
Councillor Peter Hamblin
Councillor Robert Highfield
Councillor Mark Woodall

Agenda

		Pages
1.	<p>APOLOGIES FOR ABSENCE</p> <p>To receive apologies for absence.</p>	
2.	<p>NAMED SUBSTITUTES (IF ANY)</p> <p>To receive details of any councillor nominated to attend the meeting in place of a member of the committee.</p>	
3.	<p>DECLARATIONS OF INTEREST</p> <p>To receive declarations of interest in respect of items on the agenda.</p>	
4.	<p>MINUTES</p> <p>To approve and sign the minutes of the meeting held on 23 June 2023.</p> <p>HOW TO SUBMIT QUESTIONS</p> <p>Deadline for receipt of questions is 9.30 am on Wednesday 26 July 2023. Questions must be submitted to councillorservices@herefordshire.gov.uk. Questions sent to any other address may not be accepted.</p> <p>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 www.herefordshire.gov.uk/getinvolved</p>	11 - 26
5.	<p>QUESTIONS FROM MEMBERS OF THE PUBLIC</p> <p>To receive any questions from members of the public.</p>	
6.	<p>QUESTIONS FROM COUNCILLORS</p> <p>To receive any questions from councillors.</p>	
7.	<p>INTERNAL AUDIT ANNUAL OPINION 2022/23</p> <p>The purpose of this report is to enable the committee 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 by considering the head of internal audit's annual report and opinion, and the level of assurance it gives over the council's corporate governance arrangements.</p>	27 - 52
8.	<p>INTERNAL AUDIT - "LIMITED" OPINION REPORTS Q1 2023/24</p> <p>The purpose of this report is to consider the risks and associated mitigations outlined in the internal audit reports on Registration Services and Housing Solutions - Financial Processes.</p>	53 - 76
9.	<p>UPDATE ON INTERNAL AUDIT RECOMMENDATIONS</p> <p>To review the progress of audit recommendations implementation.</p>	77 - 134

10. CORPORATE RISK REGISTER

To consider the status of the council's corporate risk register in order to monitor the effectiveness of risk management within the performance management framework.

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11. ANNUAL REPORT ON CODE OF CONDUCT

To enable the committee to be assured that high standards of conduct continue to be promoted and maintained. To provide an overview of how the arrangements for dealing with complaints are working together with views from the latest standards panel sampling review.

To Follow

12. WORK PROGRAMME

To consider the work programme for the committee.

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13. DATE OF NEXT MEETING

[Wednesday 27 September 2023 3.00 pm](#)

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www.herefordshire.gov.uk/downloads/file/1597/hereford-city-bus-map-local-services-

**The Seven Principles of Public Life
(Nolan Principles)**

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

Guide to the Audit and Governance Committee

The Audit and Governance Committee comprises seven members of the council and may also include an independent person who is not a councillor but is appointed by council and has the same voting rights as other members of the committee.

Councillor David Hitchiner (Chairperson)	Independents for Herefordshire
Councillor Aubrey Oliver (Vice-Chairperson)	Liberal Democrats
Councillor Chris Bartrum	Liberal Democrats
Councillor Frank Cornthwaite	Conservative Party
Councillor Peter Hamblin	Conservative Party
Councillor Robert Highfield	Conservative Party
Councillor Mark Woodall	The Green Party

The Audit and Governance Committee is responsible for proving assurance on the council's audit, governance (including risk management and information governance) and financial processes in accordance with the functions scheme.

The committee shall:

- (a) review and examine, and where required in depth examine, matters relating to internal audit, external audit, risk management, governance, assurance statement, anti-fraud and anti-corruption arrangements as well as any other function to meet the Council's audit committee requirements
- (b) enhance and promote the profile, status and authority of the internal audit function and to demonstrate its independence
- (c) contribute towards making the authority, its committees and departments more responsive to the audit function
- (d) review compliance with the relevant standards, code of conduct, codes of practice and corporate governance policies
- (e) act within the Council's Constitution.

Minutes of the meeting of the Audit and Governance Committee held in Conference Room 1, Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Friday 23 June 2023 at 10.00 am

Committee members present in person and voting: Councillors: Polly Andrews, Frank Cornthwaite, Peter Hamblin, Robert Highfield, David Hitchiner (Chairperson), Aubrey Oliver (Vice-Chairperson) and Mark Woodall

Others in attendance: P Barber (Director, Grant Thornton), G Beal (Public Sector Assurance VfM Specialist, Grant Thornton), J Coleman (Democratic Services Manager), J Davies (Principal Auditor, South West Audit Partnership), I Halstead (Assistant Director, South West Audit Partnership), R Hart (Head of Strategic Finance), A Lovegrove (Director of Resources and Assurance), H Merricks-Murgatroyd (Democratic Services Officer), S O'Connor (Head of Legal Services and Deputy Monitoring Officer), A Rees-Glinos (Democratic Services Support Officer), Pete Stoddart (Cabinet Member Finance and Corporate Services) and D Upton (Senior Lawyer, Corporate Services)

1. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillor Chris Bartrum.

2. NAMED SUBSTITUTES

Councillor Polly Andrews was present as the substitute for Councillor Chris Bartrum.

3. DECLARATIONS OF INTEREST

No declarations of interest were made.

4. MINUTES

The minutes of the previous meeting were received.

RESOLVED:

That the minutes of the meeting held on 13 March 2023 be confirmed as a correct record and be signed by the Chairperson.

5. QUESTIONS FROM MEMBERS OF THE PUBLIC

Questions received from members of the public and the responses given, including a supplementary question and the response, attached as Appendix 1 to the minutes.

6. QUESTIONS FROM COUNCILLORS

A question received from a councillor and the response attached as Appendix 2 to the minutes.

7. PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY Q4 2022/23

The Assistant Director, South West Audit Partnership (SWAP) advised the committee that SWAP provided the internal audit service to the council and made the following comments about the cycle of internal audit activity: the internal audit plan would be updated bi-annually to ensure that the plan was agile and reflected changing risks and corporate priorities; a progress report would be provided quarterly, including an indicative opinion in terms of the internal control environment; and an annual report would be provided to summarise the work undertaken during the year and to provide an opinion on overall arrangements, as well as key recommendations.

The Assistant Director drew attention to the 'Report on Internal Audit Activity, Quarter 4 2022/23' (Appendix A to the report) and highlighted the following:

- i. 46 assignments had been completed;
- ii. internal audit work was on track to deliver an annual audit opinion;
- iii. the indicative annual audit opinion for 2022/23 was 'reasonable';
- iv. 100 actions had been identified to date and agreed with the client;
- v. the overall coverage of strategic risks and corporate objectives had been assessed as 'adequate' at this point;
- vi. advisory and special investigation work was being undertaken;
- vii. there were no high corporate risks identified in the quarter but control assurance was 'limited' in relation to Registration Services, Housing Solutions, and the Leavers Process with details to be reported to the next meeting of the committee;
- viii. SWAP would be migrating to a new audit management system in Quarter 2 2023/24 which would provide real-time dashboards to officers and members; and
- ix. Annex 2 (agenda pages 32 - 37) provided a table of audits by status.

In response to questions, the Assistant Director advised that:

1. The committee could seek assurance that the identified risks had been mitigated in terms of the audits with limited opinions.
2. The details of the special investigations would remain confidential until the end of formal processes.
3. Training would be provided for committee members on the new dashboards in due course.

Resolved: That the committee

- a) **has reviewed the areas of activity and concern and is satisfied that necessary improvements have been outlined; and**
- b) **has noted the report and has considered the assurances provided and the recommendations which the report makes.**

Action(s)

2023/24-001 That training be provided to committee members on the new audit management system dashboards.

8. INTERNAL AUDIT PLAN AND CHARTER 2023/24

The Assistant Director, South West Audit Partnership (SWAP), introduced the report, drew attention to the 'Internal Audit Plan 2023-23 and Internal Audit Charter' paper (Appendix 1 to the report), and highlighted the following:

- i. the factors that had influenced the proposed internal audit plan;
- ii. the intended coverage of the key corporate objectives and risks, under the headings of 'environmental', 'economy', and 'community', as well as core assurance areas;
- iii. risk coverage missing from the plan included 'Ash Dieback (Chalara)';
- iv. the 2023/24 internal audit programme of work would be equivalent to 900 days;
- v. details of those jobs in progress or scheduled; and
- vi. the pipeline of the next assignments to be undertaken.

In response to questions:

1. The Assistant Director said that matters such as Ash Dieback did not align easily with internal audit work but it was understood that the council had arrangements in place to mitigate this risk; the Chairperson noted that this featured as risk CRR.67 in the Corporate Risk Register. The Director of Resources and Assurance commented on the role of Balfour Beatty Living Places in terms of the public realm and the handling of potential risks on behalf of the council, and suggested that a paper could be provided to committee members.
2. With reference made to a risk identified in the 'Report on Internal Audit Activity, Quarter 4 2022/23' (agenda page 26), the Assistant Director said that there was no intention currently to look at 'Waste Collection Vehicles' specifically. The Director of Resources and Assurance advised that the council was undertaking a procurement process to appoint a new contractor to handle waste collection services. The Assistant Director confirmed that 'Waste Strategy / Contract' was identified in the pipeline, and this risk could be considered in that piece of work.
3. The Assistant Director said that the audit assignments in progress or scheduled were informed by professional judgement rather than prioritisation. Some committee members suggested that consideration should be given to prioritisation.
4. With attention drawn to matters outlined in the 'Auditor's Annual Report on Herefordshire Council 2021/22' (agenda page 283) in relation to the 'Hereford City Centre Transport Package', the Assistant Director said that the status of priority actions that followed from the investigation would be reported to the committee.
5. With reference made to the Internal Audit Charter (agenda pages 55 – 57), the Assistant Director advised that SWAP had a number of internal quality review processes and an external quality review was undertaken every three years; the last review in 2021 found SWAP to be compliant with the required standards. It was noted that the charter promoted independence and objectivity.

Resolved: That

- a) **the internal audit plan and pipeline of future work to ensure there is sufficient coverage and delivery to give an annual opinion be approved; and**
- b) **the internal audit charter be approved.**

Action(s)

2023/24-002 That a paper on Ash Dieback, particularly in relation to the role of Balfour Beatty Living Places in handling potential risks, be provided to committee members.

9. EXTERNAL AUDITOR'S DRAFT ANNUAL PLAN 2022/23

The Director, Grant Thornton UK LLP advised the committee that the responsibilities of the external auditor were twofold, to provide an opinion on the council's financial statements and to issue a Value for Money conclusion, and the Annual Plan set out the detail of the approach to discharging these responsibilities.

The Director explained:

- i. that planning and risk assessment had informed the draft Annual Plan 2022/23;
- ii. the process for undertaking substantive testing on the accounts;
- iii. the challenges presented by the national timeline;
- iv. that the council was one of few councils that had met the deadline for producing draft accounts by the end of May 2023 and the aspiration was to issue an opinion by the end of September 2023;
- v. the increasing complexity of local government accounts, including group accounts;
- vi. that materiality had been determined to be £9.0m for the council and £9.1m for the group;
- vii. the significant risks identified (agenda pages 69 - 72) were 'default risks' that would apply to most councils audited by Grant Thornton;
- viii. further details were provided about the approach to the risks relating to management over-ride of controls, the valuation of land and buildings and investment properties, and the valuation of pension fund net liability;
- ix. further details were provided about the approach to Value for Money work;
- x. the indicative audit fee for 2022/23 was £164,302; and
- xi. the 2021/22 final audit fee had been reduced by £1500 (to £190,167) following submission of the additional fees to Public Sector Audit Appointments.

On behalf of the committee, the Chairperson welcomed the work that was being undertaken to meet the statutory deadlines.

In response to questions, the Director commented on:

1. The increasing financial pressures in the public sector and why this could increase the risk of financial misreporting but it was emphasised that there was no indication of this in Herefordshire in the work undertaken to date.
2. The reasons for the higher audit fee in 2021/22, in part driven by an infrastructure issue nationally which required further work in all councils.
3. An overview was provided of the resource provided from international offices, predominantly in India and the Philippines, to support the capacity of UK based audit teams. There was a brief discussion about the labour and skills shortages in the sector and the associated risks.
4. How the budget setting process could continue in councils where the accounts were still open, albeit without confirmation of the accuracy of assumptions.

Resolved: That:

- a) **The 'Herefordshire Council Audit Plan, year ending 31 March 2023', Appendix A to the report, be approved;**
- b) **The 'Informing the audit risk assessment', Appendix B to the report, be noted; and**
- c) **The committee did not determine any further recommendations it wished to make to maximise the value of the combined internal and external audit processes at this time.**

10. DRAFT ANNUAL GOVERNANCE STATEMENT 2022/23

The Head of Strategic Finance presented the draft Annual Governance Statement (AGS) for 2022/23, the key points included:

- i. the AGS formed part of the Draft Statement of Accounts (see minute 11 below);
- ii. the AGS provided an overview of the governance arrangements for the year ended 31 March 2023;
- iii. the review of effectiveness demonstrated how the council had complied with the seven principles of the CIPFA / Solace Framework and identified areas where arrangements could be strengthened further; and
- iv. an update on progress with the action plan would be reported to the committee later in the year.

The Chairperson drew attention to paragraphs 11-13 of the report (agenda page 127) and, as referenced in a question received from a councillor and the response (Appendix 2 to the minutes), it was noted that the financial threshold required for the publication of a Record of Operational Decision would continue as £50k and any potential change to this threshold in the future would be reported to the Audit and Governance Committee for consideration.

Resolved:

The committee has determined that the Draft Annual Governance Statement, Appendix 1 to the report, reflects the risk environment the council is operating in and that the areas where controls could be strengthened are appropriate.

(Note: There was a short adjournment before the next item)

11. 2022/23 DRAFT STATEMENT OF ACCOUNTS

The Head of Strategic Finance presented the 2022/23 Draft Statement of Accounts, the key points included:

- i. the accounts had been prepared in accordance with the International Financial Reporting Standards (IFRS);
- ii. Herefordshire Council was part of the 30% of local authorities that had published the Draft Statement of Accounts in accordance with the statutory deadline of 31 May 2023 for public inspection and for external audit;
- iii. attention was drawn to the principal sections and to the fact that the document had been streamlined, whilst maintaining compliance with the required standards;
- iv. the external auditor had highlighted additional audit procedures in respect of the valuation of land and buildings and investment properties, and the valuation of pension fund net liability (minute 9 (External Auditor's Draft Annual Plan 2022/23) above;
- v. the council relied upon independent professional expert valuers and actuaries, with the results being subject to internal challenge and external audit testing; and
- vi. the financial outturn position for 2022/23 was an overspend of £5.6 million and this differed to the comprehensive income and expenditure statement as a result of technical accounting adjustments.

On behalf of the committee, the Chairperson thanked the officers involved for the efficient preparation of the Draft Statement of Accounts.

Officers responded to questions from committee members:

1. The Director of Resources and Assurance outlined the principal assumptions used by the actuaries in relation to Pension Fund Liability.
2. The Head of Strategic Finance explained: the setting of a balanced budget by Council in February; the monitoring of performance, with this reported to Cabinet quarterly; the use of the financial resilience reserve; and the consideration being given to reserve balances as part of medium term planning.
3. The Head of Strategic Finance commented on the increase in unusable reserves, principally due to the pension reserve, and confirmed that reserves were monitored throughout the year, with updates provided to Cabinet on the planned use of reserves.
4. The Head of Strategic Finance provided an overview of the sector issue around the accounting for infrastructure assets and the review undertaken during 2022/23 on the useful life of different elements. The work to be undertaken by the external auditor was also outlined.

Resolved:

That the Audit and Governance Committee note the draft, unaudited Statement of Accounts for 2022/23.

12. EXTERNAL AUDITOR'S ANNUAL REPORT 2021/22

The Director and the Public Sector Assurance VfM Specialist, Grant Thornton UK LLP presented the 'Auditor's Annual Report on Herefordshire Council 2021/22', Appendix 1 to the report, the key points included:

- i. The report focussed on the arrangements in place during the financial year 2021/22, with an acknowledgement that various matters had moved on in the intervening period.
- ii. Attention was drawn to the headline auditor judgments (agenda page 271) in respect of the criteria: financial sustainability (no significant weaknesses identified; no improvement recommendations) / governance (no significant weaknesses identified; two improvement recommendations) / and improving economy, efficiency and effectiveness (three significant weaknesses identified in 2020/21 remain).
- iii. Attention was also drawn to the explanatory note on recommendations (agenda page 304) which identified: there were no statutory recommendations; there were three key recommendations; and there were a number of improvement recommendations.
- iv. The level of reserves had been considered as part of the financial sustainability criteria.
- v. In terms of the significant weakness 'Failure to meet the statutory needs of children within its Children's Social Care Services', it was acknowledged that the council had made this its highest priority and was working with the Commissioner for Children's Services on actions to deliver improvements.
- vi. In terms of the significant weakness 'Not effectively contract managing its public realm contract', the report reflected some of the improvements that had been made.
- vii. In terms of the significant weakness 'Continuing to contract with a dormant company', there was a need to document clearly how the council would manage any risk.
- viii. The improvement recommendations for governance (agenda pages 286 – 287) included a suggested single record of all external regulator and internal audit priority recommendations, and suggested consideration of the appointment of independent members to the Audit and Governance Committee.

The Director commented that the appointment of independent members was good practice, particularly to address any gaps in skills and to provide further challenge, but acknowledged potential issues in terms of recruitment. The committee briefly discussed the potential skills and experience required from independent members.

The Chairperson suggested that a report be prepared on the criteria for independent members, with analysis of the situation in similar local authorities. It was recommended that this be added to the work programme for the committee for its September 2023 meeting.

- ix. The improvement recommendations for improving economy, efficiency and effectiveness (agenda pages 294 – 295) included the suggested consideration of the County Plan 2020-2024 and its supporting delivery plan to ensure they take

account of the Children's Services Improvement Plan, and a suggested review of the governance arrangements for Hoople Ltd.

- x. Attention was also drawn to the follow-up of previous key recommendations (agenda pages 296 – 300).

The committee discussed elements of the annual report, the principal points included:

1. Further to point vii., there was a discussion about the position with Balfour Beatty Living Places and it was confirmed that, informed by internal and external legal advice, the council was satisfied with the arrangements and with the documentation provided.
2. Further to point v., the Public Sector Assurance VfM Specialist commented on the reliance upon the evidence provided by the Commissioner for Children's Services.
3. Further to point vi., the Public Sector Assurance VfM Specialist noted that improvements had been made to procurement and contract management arrangements during 2022/23 and effectiveness would be tested.
4. Further to point viii., the Head of Strategic Finance commented on the potential to consider how priority recommendations were presented to the committee.
5. It was questioned whether the workforce strategy should be included in the work programme for the committee. (Note: see minute 14 (Work programme) below)

Resolved:

That the committee has reviewed the external auditor's report, has noted its findings and recommendations, and has considered the management responses.

13. WHISTLEBLOWING POLICY

The Head of Legal Services and Deputy Monitoring Officer reported that the Whistleblowing Policy had been updated in response to recommendations made at previous meetings ([minute 57](#) and [minute 78](#) of 2022/23 refer). At the request of the committee, further time had been provided to the unions to respond to a consultation on the policy and Unison had now confirmed that it had no concerns with the policy. It was also reported that internal audit had undertaken a review of the existing policy and a final report was awaited.

The key points of the discussion included: the function of the committee to review and agree periodic updates to the policy; the scope of the policy; statistics in relation to staff retention subsequent to the raising of a concern may not be available given the anonymous reporting of some concerns; and the circumstances where a concern might be reported to the police or other appropriate agency by the Monitoring Officer.

Resolved:

That the revised Whistleblowing Policy and associated guidance, set out at Appendix A to the report, be agreed.

14. WORK PROGRAMME

The work programme for the committee for 2023/24 was considered.

Further to point 5. in minute 12 above (External Auditor's Annual Report 2021/22), the Head of Strategic Finance advised that a paper on 'Review of the Human Resources and Workforce Strategy' had been considered by the Scrutiny Management Board at a meeting on [17 January 2023 \(link\)](#) and that it may feature in its future work programme.

It was noted that the work programme could be adjusted during the year and members could identify any potential items of further business to the Chairperson.

Resolved:

That the work programme for the Audit and Governance Committee be agreed.

15. DATES OF FUTURE MEETINGS

Meeting dates for the remainder of 2023/24 were noted and, with an adjustment to the September 2023 meeting date, agreed as follows:

[Monday 31 July 2023 10.00 am](#)

[Wednesday 27 September 2023 3.00 pm](#)

[Tuesday 24 October 2023 2.00 pm](#)

[Tuesday 28 November 2023 2.00 pm](#)

[Tuesday 30 January 2024 2.00 pm](#)

[Tuesday 26 March 2024 2.00 pm](#)

[Tuesday 21 May 2024 2.00 pm](#)

The meeting ended at 12.30 pm

Chairperson

Agenda item 5 – Questions from members of the public, plus supplementary question and response

Public Question 1

From: Mr Parkinson, Hereford

Current Whistleblowing Policy states (5.5.30):

'if you feel that the matter is so serious that you cannot discuss it with any of the above, please contact the chief executive at Herefordshire Council, internal audit or the monitoring officer at Buckinghamshire Council'

However, the proposed revised Whistleblowing Policy does not give potential whistleblowers the option to contact the monitoring officer of another council (5.7) this discourages potential whistleblowers raising concerns.

Including the option to contact an external monitoring officer would encourage whistleblowing.

Many professionals should raise concerns. For example, the Professional Standards of social workers (England) includes Section 6: Promote ethical practice and report concerns. A section in the policy highlighting this would encourage potential whistleblowers to speak.

Will the Committee recommend my suggested amendments to the revised Whistleblowing Policy?

Response to Public Question 1

Our view is that the option to make a referral to another council's monitoring officer is no longer needed as far better options have been provided within the revised policy. They allow the worker to make a referral to their manager, the head of service, their director or the Monitoring Officer. In addition, the worker can make referrals to a number of third party prescribed bodies and the policy includes links to the full list of such bodies that is maintained by the Government. In addition, if workers remain uncomfortable or unsure about these extensive arrangements or they need assistance or guidance, then the policy refers to support that is available from Protect protect-advice.org.uk who are an independent national whistleblowing charity. Protect are able to advise and signpost the worker and they provide a 5 days a week confidential advice line to whistleblowers.

In relation to referrals from professionals, the Council treats all worker referrals the same irrespective if they have a professional status and the policy applies to all with equal effect. Professionals are aware of their individual obligations of their professional bodies and we do not consider an amendment to be needed.

Public Question 2

From: Ms Reid, Hereford

The draft Statement of Accounts 2022/23 (Accounts) states (page 10):

"The £9.6 million overspend in Children and Young People reflects the significant pressures facing the Directorate in respect of increases in unit cost prices, inflation and rising demand for placements and transport services in 2022/23."

However, the latest Local Authority Interactive Tool (LAIT) statistics (31/3/2022) show that the rate of children in care in Herefordshire was about twice that of its Statistical Neighbours' average (number since increased).

Per FOI2022/01890 the average weekly costs for each child in care were (12/1/23):

- Fostering: £315
- Fostering agencies: £890
- Children's homes: £5,066

The net base budget for 2023/24 for Looked-After Children is over £28.7 million (Cabinet meeting, 26/1/23).

Should the Accounts be amended to mention that the high rate/number of Looked-After Children in Herefordshire was a major contributor to the Directorate's overspend in 2022/23?

Response to Public Question 2

The council's accounts are prepared in accordance with proper accounting practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code), supported by International Financial Reporting Standards.

All expenditure transactions in respect of Children's Services during the year have been included in the accounts and these will now be subject to testing by external audit as required by the Accounts and Audit Regulations 2015. The Audit and Governance Committee is confident that the external auditors are fully aware of pressures in Children's Services and will focus an appropriate amount of attention on the recording of expenditure in this area.

The council is required to include a narrative report which provides summary information about the financial position and performance during the year.

The report summarises the key pressures facing the Directorate and these include increased demand in 2022/23. A final version of the accounts will be published following completion of the statutory audit by the council's external auditors.

Supplementary question a)

The Statement of Accounts 2022/23 includes (page 15):

"The council's Looked After Children (LAC) population is higher than our statistical neighbours and continues to require significant resources to support."

I think "is considerably higher" would be a truer statement.

"Sufficiency strategy" (ie enough foster placements etc) is on the Corporate Risk Register (30/1/23, A&G meeting). Of course, if the number of children in care is reduced, sufficiency is mitigated.

Actions to reduce the number of children in care include by investing in:

- Early Help
- Reunification of children with families
- Family Group Conferences

And they accord with the law and good practice.

Early Help is under-resourced (Cabinet meeting, 22/6/23) yet the average cost of one child in care (fostering agency) for a year is over £46,000.

Should the “Further actions required” on the Corporate Risk Register be updated to include Early Help etc?

Response to supplementary question a)

Thank you for your question, we are very much aware of your concerns in this area in the council. As we move forward, looking at the risk register, we will take your comments into account and meanwhile I will make sure that the Corporate Director, Children and Young People is aware of your concerns.

Agenda item 6 – Questions from Councillors

Councillor Question

From: Councillor Liz Harvey

The Governance Statement reports that a 5x increase has been made in the financial threshold above which the record of officer decisions (RoOD) are made public. This increases the minimum from £50,000 to £250,000.

I have asked the Leader and Officers upon whose authority this change has been agreed, and under what powers officers have made this change. I have been advised that no decision was taken by any cabinet member and that officers consider this decision to be 'technical' and are relying upon the delegation given at Annual Council in 2022 for them to make minor technical changes (formatting, spelling, legal) to the constitution.

This is not a technical change. It reduces the transparency of the operation of this council and I request that the committee consider whether this decision has been properly taken and whether this change has been properly made.

Response to Councillor Question

Thank you for your question. As you know this has been discussed over recent days. It has been agreed following those discussions that the financial threshold for the record of officer decisions will continue as £50k. If going forward this needs to be increased then officers will bring a paper to Audit and Governance for our consideration. Thank you once again for raising this issue.



Title of report: Internal Audit Annual Opinion 2022/23

Meeting: Audit and Governance Committee

Meeting date: Monday 31 July 2023

Report by: Head of Internal Audit / Head of Strategic Finance

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose

The purpose of this report is to enable the committee 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 by considering the head of internal audit's annual report and opinion, and the level of assurance it gives over the council's corporate governance arrangements.

Recommendation(s)

That:

- a) **The committee note the report and consider the assurance provided by the annual opinion report.**

Alternative options

1. There are no alternative recommendations. This summary of the findings of internal audit and the opinion are not matters which the committee may alter.

Key considerations

2. The annual report is required to ensure that the committee is informed of the internal audit work undertaken in 2022/23.

3. The report provides an overall opinion, reached in light of the work undertaken, on the adequacy and effectiveness of the council's governance, risk management and control processes. The work of internal audit supports the annual governance statement and action plan.
4. Sufficient internal audit work has been carried out to enable the head of internal audit to draw a reasonable conclusion about the adequacy and effectiveness of the council's risk management, control and governance processes.
5. In the opinion of the head of internal audit, and having considered the balance of audit work, the assurance levels provided and outcomes together with the response from senior management and the audit and governance committee, the head of internal audit can offer 'reasonable assurance' in respect of the areas reviewed during the year. The control framework is adequate and controls to mitigate key risks are generally operating effectively, although some controls need to improve to ensure business objectives are met. Where this is the case, there has been a positive response to ensuring that action is taken to improve the adequacy of controls.

Community impact

6. 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.

Environmental impact

7. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
8. Whilst this is a decision on back office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

Equality duty

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

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

 - a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
10. The 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 an annual opinion report, we do not believe that it will have an impact on our equality duty.

Resource implications

11. 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.

Legal implications

12. Section 5 of the Accounts and Audit Regulations 2015 require the council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
13. It is a function of this committee, under 3.5.10 (a) of the council's constitution to consider the head of internal audit's annual report and opinion, and the level of assurance it can give over the council's corporate governance arrangements.

Risk management

14. 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

15. None.

Appendices

Appendix A – Internal Audit Annual Opinion Report 2022/23.

Background papers

None identified.

In partnership with



Appendix A

Herefordshire Council

Internal Audit Annual Opinion Report 2022/23

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Internal Audit Annual Opinion – 2022/23: ‘At a Glance’

Annual Opinion



There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.

The Headlines

	47 reviews were delivered as part of the 2022/23 rolling Internal Audit Plan. The work includes assurance, special investigation, advisory and follow up reviews. 80% of internal audit reports gave a substantial or reasonable assurance opinion.
	There were no areas of corporate high risk, but there were areas of significant concern about: <ul style="list-style-type: none"> Financial Control – Commitments and Payment Processes Grant Administration Oversight of some external and internal regulators actions
	There has been sufficient audit coverage across areas of key risk to allow internal audit to make an informed annual opinion.
	Assurance for the internal audit opinion was taken from consideration of the work of other Assurance Providers, the follow up process, the work of the Counter Fraud Team and Risk Management. Mitigating actions were generally implemented, but improvements should be made to resolve long-standing agreed actions.
	Completion of a baseline assessment for the maturity of fraud. fraud risk assessment and alignment with internal audit work allows the Council to identify their current position, and structure plans to improve fraud prevention, detection and investigation.

Internal Audit Assurance Opinions 2022/23

Substantial	3
Reasonable (inc. Grant Certifications)	21
Limited	6
No Assurance	0
Other (inc. advisory, special investigations & follow ups)	17
Internal Audit Agreed Actions 2022/23	
Priority 1	3
Priority 2	53
Priority 3	44
Total	100



Executive Summary

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Internal Audit provides an independent and objective opinion on the effectiveness of the Authority's risk management, control and governance processes.

The Internal Audit Charter, which is reviewed annually by this Committee, guides the work of Internal Audit and is based around the existing International Professional Practices Framework (IPPF).



Purpose

The Head of Internal Audit (SWAP Assistant Director) should provide a written annual report to those charged with governance to support the Authority's Annual Governance Statement (AGS). This report should include the following:

- An opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment.
- The potential for the occurrence of fraud and how the organisation manages fraud risk.
- Disclose any qualifications to that opinion, together with the reasons for the qualification.
- Present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies.
- Draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement.
- Provide the opportunity to review the work undertaken during the year, and summarise the performance of the Internal Audit function against its performance measures, criteria and standards; and
- Comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content and the Annual Internal Audit Opinion given.



Background

The Internal Audit service for Herefordshire Council is provided by SWAP Internal Audit Services. The team's work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. The work of the team is guided by the Internal Audit Charter which is reviewed annually.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. This report summarises the activity of the Internal Audit team for the 2022/23 year.

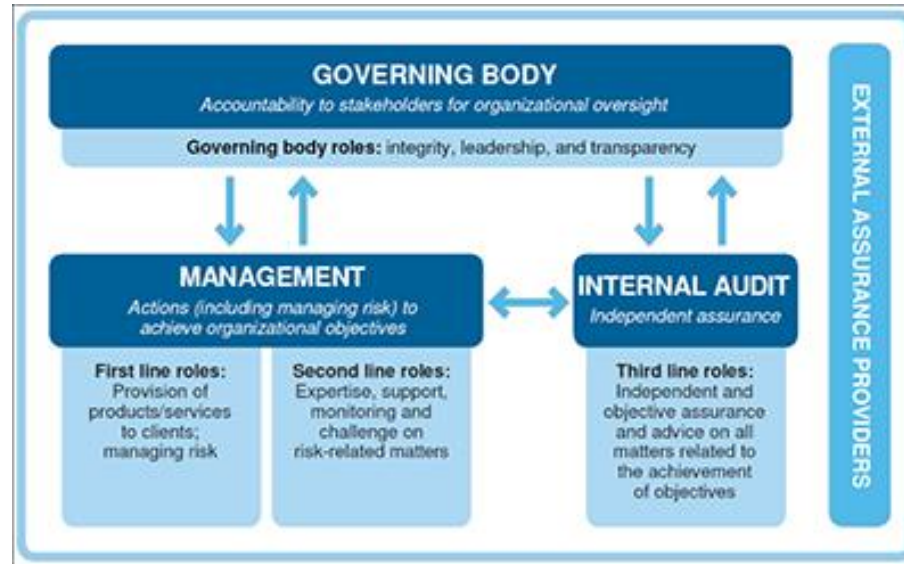
Executive Summary

Across the next year the Institute of Internal Auditors (IIA) is planning a significant change to the current International Professional Practices Framework (IPPF) which will ultimately be known as The Global Internal Audit Standards.

SWAP is contributing to the consultation on the proposed new Global Internal Audit Standards. As such SWAP will be reviewing the Charter as further information becomes available from the IIA and will bring a revised charter to the Committee.

In the meantime, we will continue to operate in accordance with our existing charter.

The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines model shown below.



Three Lines Model

To ensure the effectiveness of an organisation's risk management framework, the Audit and Governance Committee and senior management need to be able to rely on adequate line functions – including monitoring and assurance functions – within the organisation.

The 'Three Lines' model is a way of explaining the relationship between these functions and as a guide to how responsibilities should be divided:

- the first line – functions that own and manage risk.
- the second line – functions that oversee or specialise in risk management, compliance.
- the third line – functions that provide independent assurance.



Annual Opinion

The Head of Internal Audit (SWAP Assistant Director) is required to provide an opinion to support the Annual Governance Statement and to comply with the Public Sector Internal Audit Standards.

Internal Audit has not reviewed all risks and assurances relating to Powys County Council and cannot provide absolute assurance on the internal control environment. Senior Management and Members are ultimately responsible for ensuring an effective system of internal control. Internal Audit Coverage is considered adequate to provide an overall opinion.

On the balance of our 2022/23 audit work for Herefordshire Council, enhanced by the work of external agencies, I am able to offer a **Reasonable Assurance** opinion in respect of the areas reviewed during the year.

The Annual Opinion is made based on the following sources of information:

- Completed audits (during the year 2022/23) which evaluate risk exposures (including new and emerging risks) relating to the organisation's governance, operations and information systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations.
- Observations from consultancy/advisory support.
- Follow up of previous audit activity, including agreed actions.
- Significant/material risk where management has not accepted the need for mitigating action.
- Notable changes to the organisation's strategy, objectives, processes or IT infrastructure.
- Assurances from other providers, including third parties, regulator reports etc.

The following are considered key pieces of audit work that support the annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control:

- Key Financial Controls
- Grant Certification Assurance Work
- Special investigations
- Technology Framework Reviews
- Baseline Assessment for the Maturity of Fraud and a Fraud Risk Assessment



Executive Summary

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Part of the audit opinion must be based on the outcomes and concerns identified from the annual body of work.

Most areas reviewed were found to be adequately controlled and whilst there were some concerns regarding certain aspects of the control environment, there were no areas of significant corporate risk reported to the committee during the year in question.

The main themes of control weakness for 2022/23 were:

- Financial Control – Commitments and Payment Processes in Services
- Grant Administration
- Regulator Actions



Annual Opinion- Control Theme

Key themes on control issues found during the year 2022/23 were:

Financial Control – Commitments and Payment Processes	
Issues around Service teams not adopting commitment accounting, possibly due to lack of resource, reluctance or a lack of understanding about the process and/or why it is required. Audits where this was specifically identified are outlined below:	
<p>Disabled Facilities Grant: The team was adopting a process of recording costs relating to individual grant expenditure on a spreadsheet and notifying Finance in monthly meetings, rather than posting commitments to Business World at the time that it a quotation for works was identified/approved.</p>	<p>Impact – this individual grant was ring-fenced, but a proportion of the grant allocation could still be used for other funding streams allowable under the grant terms and conditions, aside from Disabled Facilities Grant payments. Thus, without commitment accounting, there was a risk of a budget shortfall for such works.</p>
<p>Biodiversity Net Gain Grant – this grant could not be signed off within the required timescale, owing to the client team not having committed their expenditure against the grant on Business World. We identified a lack of understanding of the requirement to post committed costs on Business World when it was identified, thus leaving no evidence of this for Finance or ourselves for the purpose of carrying out the audit.</p>	<p>Impact – <i>proposed grant expenditure that is not clearly committed on Business World can cause issues for Finance in terms of inaccurate carry forward figures where a grant can be spent across two financial years. In addition, grant expenditure that is not committed on Business World cannot be included as legitimate spend for the purpose of sign-off of grant expenditure by Internal Audit. Hence, the Council is at risk of losing out on funding.</i></p>
<p>Housing Solutions Financial Processes – lack of commitment accounting around one spending stream (maintenance charges for temporary accommodation).</p>	<p>Impact – the maintenance charge sums incurred at the end of a tenancy would always occur, but as there was no budget allocation or commitment on Business</p>

	World for these, there was a risk of a budget shortfall for the service
<p>Payment Authorisation Outside of Financial Management System – The interim Head of Corporate Finance and Deputy Section 151 raised concerns with SWAP Internal Audit about the lack of evidence of controls for her to approve payment made outside of Business World. The specific concern was the lack of documentation to provide assurance that the originator and approver had undertaken checks and validation of payments prior to submission to her. The Interim Deputy 151 Officer was receiving an email approval payment request without evidence of appropriate checks. Although a number of Service areas were identified where this was an issue, the full extent was not verified. Services included foster carers’ payments, foster placements and respite care.</p>	<p>Impact- The Briefing Paper concluded that the Council needed to consider whether these payments can be approved from within the financial management system to reduce the risk of errors, omissions, or fraud.</p>
<p>Actions:</p> <p>Swap to deliver awareness training about the importance of financial and administrative control by Services when delivering grants.</p> <p>A task group was set up to further investigate the foster carers’ payments, while a number of other considerations were also put forward. The Chief Finance Officer also requested that SWAP Audit review the proposed new processes, and at a later date when embedded, complete a further audit. That review is currently ongoing.</p>	

Executive Summary

These are areas of concern but do not represent high corporate risks i.e., failure to deliver the Council corporate objectives.



Annual Opinion – Control Themes

<p>Grant Administration:</p> <p>There was lack of knowledge of administration requirements and/or inconsistent financial processes. Specific audits where this was identified are show below:</p> <p>Homelessness Prevention Grant – concerns around financial administration processes including accounting structures, ineligible transactions, segregation of duties and the payment authorisation process. A review led to an agreement with the Director: Community Wellbeing for SWAP Internal Audit to carry out the Housing Solutions Financial Processes audit which we have completed; this gave a limited assurance opinion.</p> <p>Universal Funding: Drug Awareness Grant and Adult Weight Management Grant – there was a lack of knowledge within the Public Health Team over the requirements for administration of grant funding, in terms of:</p> <ul style="list-style-type: none"> • maintaining clear records relating to services provided by third party organisations; • end of year financial reconciliations where grants were carried forward from one financial year to the next; • retention of journal request documentation, particularly around legitimate staffing costs. <p>Adult Social Care Infection Control and Testing Fund (Round 4) – governance weaknesses were identified around a lack of approval documentation for discretionary payments and adherence to grant timeframes, lack of segregation of financial duties, and a lack of retained evidence, specifically relating to interim reports that were required to be submitted to the funding body.</p> <p>Biodiversity Net Gain Grant – there was a lack of both committed expenditure and supporting evidence for planned expenditure, which prevented sign-off of the grant by the due deadline.</p> <p>Impact – Proposed grant expenditure that is not clearly committed on Business World or supported by adequate documentary evidence may not be eligible for inclusion in a grant claim, thus the Council may lose out on grant funding or must repay grant funding. Also, the Council may not maximise the potential benefits of the funding available for the benefit of residents.</p> <p>Actions:</p> <p>Owing to issues identified on two grants in the Public Health Directorate, SWAP Internal Audit Services has met with team members to deliver some training as to requirements for grant administration. Staff within the Service now have a better understanding of requirements. We are currently in consultation with the S151 and Deputy S151 Officers and the Corporate Grants Team as to how we can support provision of further guidance/training across other directorates where lack of financial knowledge around administration of grant funding has been identified as an issue.</p>

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These are areas of concern but do not represent high corporate risks i.e., failure to deliver the Council corporate objectives.



Annual Opinion

Oversight and Implementation of Regulator Actions

The Council does not have a corporate process for monitoring, reviewing and reporting on internal review and external reports, as is required for internal audit reports. The audit review that highlighted this is outlined below:

Registration Services

The General Register Office (G.R.O.) had notified the Registration Service of serious outstanding issues identified during their January 2022 inspection; they detailed these in their Stock and Security Assurance: February 2022 report. The Council had received a warning from the G.R.O. stating the requirement for immediate improvements to be made to the Service, owing to the lack of a response to their February 2022 recommendations.

Internal audit undertook a review that found significant concerns on:

- Security and Access
- Failure to address previously identified issues made by other regulators
- Stock Control & Record keeping

The review found that there was no effective corporate oversight over all inspection reports. Had this been in place, the issues identified in the Registration Service internal review report would have been tracked and addressed, which would have mitigated the control weakness at the earliest opportunity.

Impact: Failure to have oversight over the actions from regulators reviews could increase the likelihood of fraud and error or impact on the delivery of council services.

Action: Internal Audit will look to promote assurance mapping across the Council. SWAP is currently engaging with the Council's performance Team to support the real time tracking of known actions through its audit management system.

Executive Summary

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Internal Audit had reasonable coverage of Corporate Risk throughout the 2022/3 financial year.

The 2023/24 agile audit plan is aligned to the latest corporate and directorate risks.



Audit Coverage of Key risks

There has been “Good” or “Some” audit coverage on 6 out of 8 strategic risks identified by the Council.

The coverage map presented to Governance and Audit Committee throughout the year demonstrates that there is a strong linkage between risk and internal audit work.

The risk management process has been revised throughout the year with amended strategic risks. This coverage will become more embedded as integrated risk management further matures across the Council.

Other Areas of Assurance

Internal Audit are aware of external inspection reports on

- Audit of Accounts and pension Fund 2021/2
- AGS- Annual Governance Statement 2021/2 and Draft AGS 2022/23
- Ofsted -Inspection of Herefordshire local authority children’s services
- Anti-Fraud, Corruption & Bribery Annual Report 2022

Internal Audit has active participation in the Children’s Services Taskforce whose remit is to address concerns raised in the inspection report.



Areas of Additional Assurance

Oversight by other Assurance Providers

The assurance model is defined on page 2 of this report.

It is appropriate to draw upon evidence provided from the Council’s second line including:

- Governance -Senior Corporate Leadership Team (CLT) , Cabinet and Committees (including Scrutiny)
- Risk Management (strategic/ service/ project and also in resilience planning and management)
- Performance Management and Business Planning

Key third line assurances relevant to 2022/23 include those areas where external bodies have reported serious concerns about the operation and management of Children’s Services. Children’s Services are subject to significant governance and reporting structures which provide a comprehensive trail (and narrative) to support the assurance landscape.

SWAP is not aware of any significant and material corporate risks arising from the work of these assurance functions that would impact on the internal audit opinion. SWAP Internal Audit Services have also noted the significant findings from the assurance providers reports and will be working with Herefordshire Council to ensure sufficient coverage in these areas in the subsequent financial year where appropriate.

Executive Summary

Fraud and Risk

Internal Audit facilitated a fraud risk self-assessment exercise in 2021/22 to enable the work programme to be focused on several higher risk areas during the year. A further refresh by SWAP together with Council Officers in 2022/23 has guided the future work programme.

The Council's Counter Fraud Team have extended and further improved the fraud risk assessment for 2022/23.

There has been good coordination between Internal Audit and Counter Fraud Team in 2023.

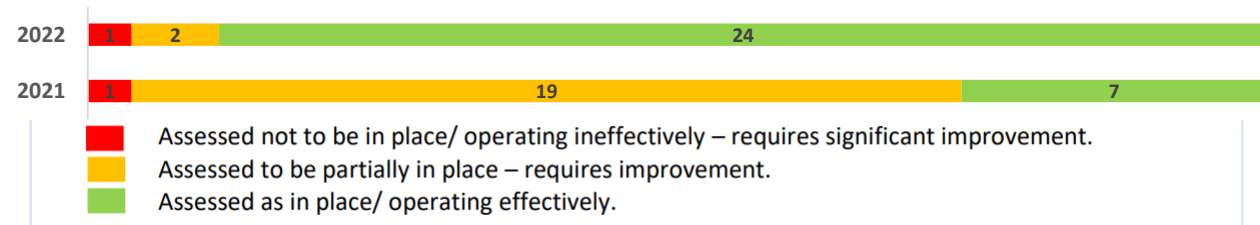
SWAP will work with the Council to implement the outstanding actions of the Fraud baseline maturity assessment.



Fraud Risk Assessment and Risk Management

Counter Fraud

An initial fraud maturity baseline review was undertaken in 2020-21 by SWAP that has been subject to a follow up review in 2022/23. The baseline assessment provides the organisation with a corporate view of the organisation's fraud maturity, in line with the Fighting Fraud and Corruption Locally Strategy 2020. SWAP is pleased to report excellent progress has been made since the first review (2021) and this is shown in the chart below. In the latest 2022 assessment (April 2022), the fully compliant areas increased from 7 to 24. The remaining 3 outstanding actions have either been implemented or are on the way to implementation post the follow up exercise and will be reflected in the next baseline assessment.



Risk Management

The Council recognised that its approach to risk needed to be more strategic and more consistent to be sure that the council's leadership was directing attention and council resources to where they will have the most impact. The Chief Executive and CLT are leading a major transformation programme and as part of this process will ensure that excellent risk management is a visible priority for the whole organisation.

The Council has already taken steps throughout 2022/23 toward a more strategic approach and a more visible corporate grip on risk.

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Executive Summary

Control and Mitigating Risk

Generally, the Council implement the actions arising from internal audit reports.

However, a significant number of long-standing recommendations were outstanding in September 2022 and some priority 2 action remained outstanding from follow-up audits.

The Committee should look to seek assurance that risks are being successfully mitigated in the next action tracking report by the performance Team.

Internal Audit are in dialogue with the Performance Team to support real-time action tracking using a SWAP Audit Management System. The results can be shared with Members using a dynamic dashboard.



Implementation of Agreed Actions

The Council's Corporate Performance team report periodically to the Audit and Governance Committee with an update about the agreed actions from the audit work completed. The last update in November 2022 provided the following information.

IA Action – Pre-March 22		
Complete	5	19%
Outstanding	22	81%

IA Actions – April to September 2022		
Complete	22	73%
Outstanding	8	27%

In addition to this SWAP Internal Audit Services carry out follow-up work on audits which have an opinion of limited assurance and will consider previously agreed actions as part of all audit work completed.

Audit Name	Status	Outcome	Mitigated Risk
Payroll	Complete	1 x Priority 2 outstanding	Most High Priority Actions remediated - Some risk
Pool Cars	Complete	2 x Priority 2 outstanding	Most High Priority Actions remediated – Some risk
Building Maintenance & Cleaning	Complete	1 x Priority 2 outstanding	Most High Priority Actions remediated – Some risk

Generally, the follow up work and action tracking confirms the responsive nature of management at Herefordshire Council in implementing agreed actions to mitigate exposure to areas of significant risk. However, we have identified that there are long standing unresolved actions that may expose the Council to risk.

Over the year, the Internal Audit Team have found Senior Management of Herefordshire Council to be supportive of Internal Audit. In addition, there is a good relationship with Management where they feel they can approach the Internal Audit Team openly in areas where they perceive potential problems.

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Summary of Audit Work 2022/23

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

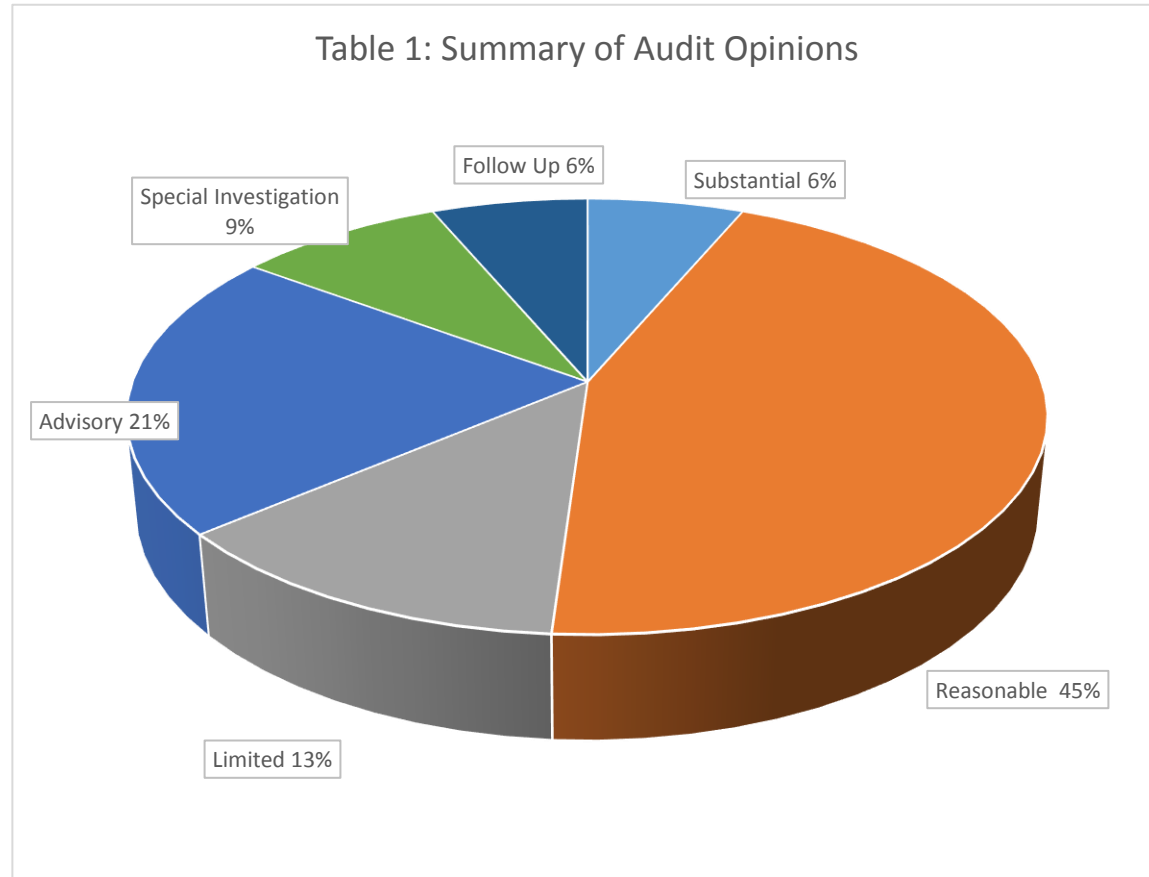
Assurance Definitions

No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.



Summary of Audit Opinion

Table 1 below indicates the spread of assurance opinions across our work during the past year.



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.

SWAP has a dedicated data analytics Team that support internal audit work to increase coverage and make more insightful findings.

SWAP Dashboards will give real-time control and performance data in 2023/24.



Added Value

Throughout the year, SWAP strives to add value wherever possible i.e., going beyond the standard expectations and providing something 'more' while adding little or nothing to the cost.

Benchmarking

During the year we have provided benchmarking data across either the SWAP partnership or the wider reach of the Local Authority Chief Auditors Network (LACAN) for:

- School Thematic Review
- Direct Payments-Adults
- Adult Safeguarding pathway
- Delegated Decisions

Innovations and Enhancements to our Audit Process

We have seen the continued use and embedding of the innovations and enhancements we made during the 2022/23 financial year including:

- The move to a new audit management system during the year. The benefit of improved visibility and agility of a real time system that will be granted to the Client in 23/24 through dashboards.



Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS).



SWAP Performance

SWAP’s performance is subject to regular monitoring and review by both the SWAP Board of Directors and the Owners Board. The respective outturn performance results for Herefordshire Council for the 2022/23 year are as follows:

Performance Target	Average Performance
<u>Customer Satisfaction Questionnaire</u>	
Feedback 95%	100%

SWAP work is completed to comply with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Under these standards we are required to be independently externally assessed at least every five years to confirm compliance to the required standards. SWAP was recently assessed in February 2020 and confirmed that we are in conformance to PSIAS.

Attribute Standard 1300 of the IPPF requires Heads of Internal Audit to develop and maintain a Quality Assurance and Improvement Programme (QA&IP). Standard 1310 continues this dual aspect by stating that the programme must include both internal and external assessments. This acknowledges that high standards can be delivered by managers, but it also implies that improvements can be further developed when benchmarking is obtained from outside the organisation and the internal audit function. Following our External Assessment, we have pulled together our QA&IP and included additional improvements and developments identified internally that we want to make, as aligned to SWAP’s Business Plan. The QA&IP is a live document and will be regularly reviewed by the SWAP Board to ensure continuous improvement and delivery on our actions.

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Table of Audits by Status									
Date on Pipeline	Audit	Directorate	Corporate Risk / Reason for inclusion in Plan / Brief outline of scope	Status	Opinion	No of Recs	Agreed Actions		
							P1= Fundamental P2= Important P3 = Useful		
							1	2	3
21/22	School Governance- Thematic Review	Children & Young People	Review the effectiveness of governance arrangements in schools	Complete	Advisory	0	0	0	0
21/22	Local Authority Covid 19 Test and Trace Contain Outbreak Management Fund Grant 2021/22: No 31/5518	Public Health	To provide assurance that the conditions of the Local Authority Community Testing Funding Grant are applied	Complete	Reasonable	0	0	0	0
Q1 20/21	Local Authority Test and Trace Support Payment Scheme Funding Grant Determination 2020/21: No:31/5789 - October, November, and December	Resources & Assurance	To provide assurance that the conditions of the Local Authority Support Payment Grant are applied	Complete	Reasonable	0	0	0	0
Q1 21/22	Local Authority Test and Trace Support Payment Scheme Funding Grant 2020/21: No:31/5789 (January, February, March)	Resources & Assurance	To provide assurance that the conditions of the Local Authority Community Testing Funding Grant are applied	Complete	Reasonable	0	0	0	0
Q1 21/22	Local Authority Community Testing Funding Grant Determination 2020/21: Nos 31/6054, 31/6097	Resources & Assurance	To provide assurance that the conditions of the Local Authority Community Testing Funding Grant Determination 2020/21: Nos 31/6054, 31/6097, and 31/6147 are adhered to and that all expenditure claimed is eligible within the scheme.	Complete	Reasonable	0	0	0	0
21/22	Protect and Vaccinate Grant Determination 2021/2022 No 31/5912	Community Wellbeing	To provide assurance that the terms of the Protect & Vaccinate Grant Determination (2021/22) (No.31/5912) have been adhered to.	Complete	Reasonable	0	0	0	0
21/22	Property Flood Resilience Support Scheme (Bellwin/ Resilience Management) - Quarter 1	Economy & Environment	To provide assurance that Herefordshire Council has complied with DEFRA Property Flood Resilience Recovery Support Scheme (2020) Local Authority Guidance April 2020, in the authorisation of owner's expenditure on their property.	Complete	Substantial	0	0	0	0

Table of Audits by Status									
Date on Pipeline	Audit	Directorate	Corporate Risk / Reason for inclusion in Plan / Brief outline of scope	Status	Opinion	No of Recs	Agreed Actions		
							P1= Fundamental P2= Important P3 = Useful		
							1	2	3
21/22	Property Flood Resilience Support Scheme (Bellwin/ Resilience Management) Quarter 2	Economy & Environment	Grant Certification (Quarterly Review with End of Scheme Report).	Complete	Substantial	0	0	0	0
Q2 22/23	Payment Authorisation outside of Financial Management System	Resources & Assurance	The Interim Head of Corporate Finance (Deputy 151 Officer) requested that SWAP Internal Audit Services verify the controls in place within service areas, for requests received for payment approval outside of the financial management system (Business World).	Complete	Advisory	0	0	0	0
Q1 22/23	Supporting Families – Quarter 1 22/23	Children & Young People	Grant Certification (Monthly Review with Quarterly Report)	Complete	Reasonable	0	0	0	0
Q1 22/23	Homelessness Prevention Grant (HPG) (2021/22) [No. 31/5546] & [No. 31/5863]	Community Wellbeing	To ensure that grant funding spend has been accordance with the grant terms and conditions.	Complete	Limited	0	0	0	0
For 22/23	S106 Holmer Road - Special Review	Economy & Environment	SWAP Internal Audit Services was commissioned by the Chief Finance Officer to complete a special review in relation to concerns raised by the Chief Executive regarding how the decision was made that there is no legal basis for the council to request the payment of part of the section 106 Transport Contribution assigned to the Holmer West Link.	Complete	Special Investigation	1	0	0	1
21/22	Fraud Risk Assessment	Resources & Assurance	Ongoing advisory work to update and maintain the Fraud Risk Assessment	Complete	Advisory	0	0	0	0
21/22	Court of Protection – Special Review Phase 1	Community Wellbeing	Restricted Disclosure - Authorised by S151 officer. Will be reported to Committee when appropriate.	Complete	Special Investigation	16	0	14	2

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Table of Audits by Status									
Date on Pipeline	Audit	Directorate	Corporate Risk / Reason for inclusion in Plan / Brief outline of scope	Status	Opinion	No of Recs	Agreed Actions		
							P1= Fundamental P2= Important P3 = Useful		
							1	2	3
For 22/23	Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance Blocks) Specific Grant (2021/22): and Pothole Fund Specific Grant (2021/22): No.31/5506	Economy & Environment	To ensure that grant funding spend for 2021/22 has been accordance with the grant terms and conditions.	Complete	Reasonable	0	0	0	0
For 22/23	Bus Subsidy Ring-Fenced (Revenue) Grant 2021/22	Economy & Environment	To ensure that grant funding spend for 2021/22 has been accordance with the grant terms and conditions.	Complete	Reasonable	0	0	0	0
For 22/23	Supporting Families – Quarter 2	Children & Young People	Grant Certification (Monthly Review with Quarterly Report)	Complete	Reasonable	0	0	0	0
For 22/23	Public Health Grant Process	Public Health	Request of Chief Finance Officer to provide assurance that funding has been spent and achieved intended objectives/outcomes.	Complete	Limited	10	0	5	5
For 22/23	Baseline Assessment for the Maturity of Fraud – 2 nd Phase	Resources & Assurance	Follow up of baseline assessment to demonstrate progress in fraud maturity.	Complete	Advisory	0	0	0	0
21/22	Court of Protection-Additional Work Phase 2	Community Wellbeing	Restricted-Additional request for work from the CFO. Will be reported to Committee when Appropriate.	Complete	Special Investigation	n/a	n/a	n/a	n/a
Q2 22/23	Drug Treatment: Universal Grant Funding (31/5494)	Public Health	SWAP was informed on 26/8/22 that this grant funding required CIA sign off. Funding of £220, 000 had been provided by PHE.	Complete	Limited	0	0	0	0
21/22	Payroll Follow Up	Resources & Assurance	To provide assurance agreed actions have been implemented.	Complete	Non-Opinion	1	0	1	0

Executive Summary

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Table of Audits by Status									
Date on Pipeline	Audit	Directorate	Corporate Risk / Reason for inclusion in Plan / Brief outline of scope	Status	Opinion	No of Recs	Agreed Actions		
							P1= Fundamental P2= Important P3 = Useful		
							1	2	3
For 22/23	Disabled Facilities Grant	Community Wellbeing	Section 31 Grant Certification requiring C.I.A. sign off	Complete	Reasonable	0	0	0	0
Q3 22/23	Whistleblowing - Complaint	Children & Young People	Initial review of allegation requested by Director: Resources & Assurance, in order to establish whether there is possible fraudulent activity, and hence the requirement for a fraud investigation.	Complete	Advisory	0	0	0	0
21/22	Infection Control and Testing	Community Wellbeing	Assurance that the grant monies have been spent correctly and achieved desired outcomes (note: not grant certification work).	Complete	Reasonable	4	0	1	3
21/22	Direct Payments	Community Wellbeing	To provide assurance that the Council has processes and procedures in place to appropriately deal with potential fraud or mis use of direct payment funds via direct payment cards and that supporting processes and procedures are in place across adult social care teams to assist in identifying and dealing with fraud.	Complete	Reasonable	6	0	0	6
Q3 22/23	Supporting Families – Quarter 3	Children & Young People	Grant Certification (Monthly Review with Quarterly Report)	Complete	Reasonable	1	0	0	1
Q3 21/22 (req'd for Jan 23)	Adult Weight Management Services Grant	Public Health	This grant requires Chief Internal Auditor sign off by the end of January 2023. Notified December '22.	Complete	Reasonable	0	0	0	0
For 22/23	Technology Framework Review	Corporate (ICT)	Identified as an area for further work via the Cyber Security Framework audit.	Complete	Advisory	0	0	0	0
Q2 22/23	Registration Service	Governance & Law	Financial and procedural review of registration of Births, Deaths, and Marriages	Complete	Limited	11	3	7	1
22/23	Court of Protection- Special Investigation -Phase 3	Community Wellbeing	Restricted-Additional request for work from the CFO. Will be reported to Committee when Appropriate.	In progress	Special Investigation	n/a	n/a	n/a	n/a

Table of Audits by Status									
Date on Pipeline	Audit	Directorate	Corporate Risk / Reason for inclusion in Plan / Brief outline of scope	Status	Opinion	No of Recs	Agreed Actions		
							P1= Fundamental	P2= Important	P3 = Useful
							1	2	3
Q2 22/23	Housing Solutions Team Financial Processes	Community Wellbeing	New area following concerns raised during grant certification process about admin and financial processes	Complete	Limited	10	0	6	4
Q2 21/22	Green Homes Grant Phase 2	Economy & Environment	Section 31 Grant Certification requiring C.I.A. sign off	Complete	Reasonable	0	0	0	0
Q4 21/22 FOR 22/23	NNDR	Resources & Assurance	Key Financial Controls. Liability and Billing including discounts and exemptions.	Complete	Reasonable	4	0	0	4
Q4 21/22 FOR 22/23	Treasury Management	Resources & Assurance	Key Financial Controls - Full Audit	Complete	Substantial	2	0	0	2
Q2 21/22	Green Homes Grant – Phase 1	Economy & Environment	To ensure that grant funding spend has been in accordance with the grant terms and conditions. This grant is with Legal and a further inspection regime is being undertaken.	Complete	Reasonable	0	0	0	0
Q4 21/22 (req'd. for Q4 22/23)	Pool Cars Follow Up	Economy & Environment	Provide assurance previously agreed actions in the limited assurance report have been completed. Data analysis of usage to be completed if data allows.	Complete	Non-Opinion	3	0	2	1
For 22/23	Building Maintenance and Cleaning Agreement Follow Up	Economy & Environment	Provide assurance previously agreed actions in the limited assurance report have been completed.	Complete	Non-Opinion	1	0	1	0
Q4 21/22 (req'd. for Q4 22/23)	Supporting Families – Quarter 4	Children & Young People	Grant Certification (Monthly Review with Quarterly Report)	Complete	Reasonable	0	0	0	0
Q4 21/22 FOR 22/23	Main Accounting System	Resources & Assurance	Key Financial Controls	Complete	Reasonable	1	0	1	0
Q3 22/23	Disabled Facilities Grant Process	Community Wellbeing	Required to provide assurance around the processes for administration of the Disabled Facilities Grant.	Complete	Reasonable	13	0	5	8

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Table of Audits by Status									
Date on Pipeline	Audit	Directorate	Corporate Risk / Reason for inclusion in Plan / Brief outline of scope	Status	Opinion	No of Recs	Agreed Actions		
							P1= Fundamental P2= Important P3 = Useful		
							1	2	3
21/22	Leavers Process	Corporate	Provide assurance control framework operating effectively between service areas, HR and IT. Ensuring Councils assets are protected.	Complete	Limited	16	0	10	6
Q2 22/23	Grant Administration – Working Group	Corporate	Support grant administration and control arrangements to be more efficient and effective.	Complete	Advisory	0	0	0	0
Q3 22/23	Supporting Families - DLUHC / HC Consultation Process	Children & Young People	Meetings with the DLUHC National Lead for Supporting Families, with regard to the updated SF Programme that has just been introduced. Involvement had been requested by SF Team & DLUHC, to ensure adequate audit coverage of the programme, and to discuss amount of audit coverage required for 23/24 to provide assurance as to compliance with programme t&cs.	Complete	Advisory	0	0	0	0
22/23	Payment System- Childrens Services Taskforce	Resources & Assurance	Following on from the advisory work completed at the beginning of the year assurance that implemented control frameworks are operating effectively.	Complete	Advisory	0	0	0	0
Q4 22/23	Biodiversity Net Gain Grant	Economy & Environment	Grant certification to enable approval of central government fun	Closed	Reasonable	0	0	0	0
Q1 22/23	Data Quality/Data Management	Corporate	Response from CLT to thematic issue raised in Internal Audit Progress Reports 2021/22.	Complete	Advisory	0	0	0	0

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Title of report: Internal Audit- “Limited” Opinion Reports Q1 2023/24

Meeting: Audit and Governance Committee

Meeting date: Monday 31 July 2023

Report by: Head of Internal Audit / Head of Strategic Finance

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose

The purpose of this report is to consider the risks and associated mitigations outlined in the internal audit reports on Registration Services and Housing Solutions – Financial Processes.

Recommendation(s)

That:

- a) **The committee note the reports and be assured that the risks outlined in the internal audit reports on Registration Services and Housing Solutions-Financial Processes have been suitably mitigated.**

Alternative options

1. There are no alternative recommendations. This summary of the findings of internal audit and the opinion are not matters which the committee may alter.

Key considerations

2. The report and actions plan on Registration Services (Appendices A and B) highlights control weaknesses in the following areas:
- Building and Assets security

- Service Managers had failed to address the recommendations from previous inspection reports
 - The Council had no corporate oversight of these issues and non response
 - Poor stock control of certificates
 - Inadequate financial records but no evidence of fraud
3. The report provides an overall opinion of “Limited Assurance” and contains 11 agreed actions (3 x Priority 1, 7 x Priority 2 and 1 x Priority 3). The Registration Service were responsive to the audit and have responded positively to the issues raised.
 4. The committee should receive an update from the Management of Registration Services on the delivery of the agreed actions and be assured that control issues are being addressed (Appendix D).
 5. The report and actions plan on Housing Solutions - Financial Processes (Appendix C) highlights control weaknesses in the following areas:
 - Inadequate checking of payments made by purchase card.
 - Payments are being made from the imprest account that should be made through the appropriate financial systems. These also lacked supporting documentation and approval.
 - There are continuity and resilience issues as much of the financial processing is reliant on a single individual.
 - End of tenancy maintenance costs, somewhat unknown, are not budgeted for.
 6. The report provides an overall opinion of “Limited Assurance” and contains 10 agreed actions (6 x Priority 2 and 4 x Priority 3). The Housing Services Team were responsive to the audit and have responded positively to the issues raised.
 7. The committee should receive an update from the Management of Housing Solutions on the delivery of the agreed actions and be assured that control issues are being addressed.

Community impact

8. 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.

Environmental impact

9. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire’s outstanding natural environment.
10. Whilst this is a decision on back office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council’s Environmental Policy.

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 an annual opinion report, we do not believe that it will have an impact on our equality duty.

Resource implications

13. 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.

Legal implications

14. Section 5 of the Accounts and Audit Regulations 2015 require the council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
15. It is a function of this committee, under 3.5.10 (a) of the council's constitution to consider the head of internal audit's annual report and opinion, and the level of assurance it can give over the council's corporate governance arrangements.

Risk management

16. 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

17. None.

Appendices

Appendix A – Internal Audit Report – Registration Services

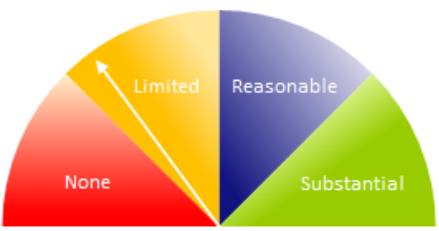
Appendix B -Internal Audit Agreed Action Plan - Registration Services

Appendix C - Internal Audit Report and Action Plan on Housing Solutions - Financial Processes

Background papers

None identified.


Audit Objective To ensure that the Registration Service is adhering to the General Register Office (G.R.O.) regulations and requirements, and that recommendations from their Stock and Security Assurance inspection (February 2022) are being implemented.

Assurance Opinion		Number of Actions		Risks Reviewed	Assessment
 <p>Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.</p>	Priority	Number	There is non-compliance with the Registration Service Act 1953 and the General Register Office (G.R.O.) regulations, which may lead to financial loss and reputational damage to the Council.	Medium	
	Priority 1	3			
	Priority 2	7			
	Priority 3	1			
	Total	11			

Audit Scope
 The audit included a review of the following areas:

- (i) follow up of the recommendations from the G.R.O. Report of February 2022;
- (ii) follow up of the recommendations from the Registration Services Full Service Review (in-house review, 4th October 2021);
- (iii) controlled stationery stock control processes at the Registration Service offices (Town Hall, Hereford);
- (iv) income control and budget monitoring processes for the service to ensure that management has mitigated the risk of any potential irregular financial practices occurring. We agreed with senior management that we would review income records over the past two years as part of this key control area, in response to the GRO having expressed concerns over the potential for irregular financial practices. However all parties recognised that it will not be possible to carry out a reconciliation of income to the Council’s financial management system (Business World) if record keeping within the Service had been poor.

Key Findings

 We found that controls in place regarding the allocation of keys to members of the Registration Service staff were poor. During site visits to the Town Hall, Hereford, a container with a variety of keys was shown to us; a senior member of staff stated that staff had been having their own keys cut. Subsequent enquires confirmed that this was a historic issue.

We submitted a request for a list of keyholders to the building to Facilities Management, however, it took over a week for them to provide this. It later transpired that they had contacted the Head of Practice Management (Governance & Law) to enquire as to whether she held keys, and to request that she complete an authorisation form if she did. This demonstrated that reliance cannot be placed on the level of accuracy around the Facilities Management Team’s keyholder records, and that they do not have a robust process in place for issue, monitoring and recovery of keys. This also casts doubt over their controls in respect of keys issued to staff for other Council Buildings.

As a consequence of this, we recommended the immediate recovery of all building keys within the Registration Service. However, despite the Head of Practice Management (Governance & Law) informing staff of the requirement to return all keys with immediate effect, this process proved difficult. In addition, as no guarantee can be provided that all keys have been or will be recovered, we have recommended that all Town Hall external locks be changed, with consideration also to be given to ensuring that there is a security pad on each of the doors which requires the reading of an ID badge, or alternatively, for a security code to be input.

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Key Findings



Management for the Service has failed to physically secure the assets and property of the Council which increases the risk of theft or loss. Confirmation of this is demonstrated in the findings of both the Registration Service Review report (commissioned internally) of October 2021 and the G.R.O. Security and Assets Assurance Report of February 2022. Management’s disregard for both reports despite their adverse findings and requirement for prompt remedial action led to the Council being placed at risk of the G.R.O. appointing a Commissioner to oversee the Service.



The Council does not have a corporate process in place for commissioning, monitoring, follow up and reporting of findings from internal (non-Internal Audit) and external review reports. Therefore, there is a risk that other reviews commissioned around the organisation could be either ignored should management choose to do so, or are lost where there is a change of management.

There is an urgent need for this matter to be addressed as a corporate issue, with implementation of a central commissioning process for reviews, along with a reporting, monitoring and follow up process. All reports should be shared with assurance providers (including Internal Audit), so that these can be accounted for as part of the audit planning process, and should also then be fed into a future assurance mapping project.



Management of the Service has not implemented the majority of remedial actions outlined in the external regulator report and thus has failed to mitigate the risks which exposes the Council to financial loss and reputational damage.

A review of actions taken against the 17 recommendations from the G.R.O.’s February 2022 report confirmed that although all have been recorded on the Service Action Plan, drawn up by the Head of Practice Management (Governance & Law) in July 2022, we were only able to confirm that three had been completed. We have recommended that the Service Action Plan be updated at regular intervals to detail the current status of the recommendations and date of last review, along with the updating of target dates where these have changed.



Management has failed to effectively control and monitor the use of valuable stock items. There are poor controls in place for storage of stock, which can allow stock to be used out of sequence, or for Registrars to select stationery assigned to other Registrars. In addition, the stock control records were also found to be weak, with a lack of consistency in their layout. There are also no frequent stock takes, despite this being a G.R.O. requirement. Reconciliations to income and spoils have also not been completed.



Summary of Potential for Fraud:

The potential for fraudulent activity within the Service had been raised by the G.R.O. during their January 2022 inspection, reported in February 2022. They had expressed concerns regarding items of stock (750 certificates) that could not be located at that time, along with the potential for irregular financial practices. The certificates were not found until July 2022 following the transfer of the Service to the Governance & Law Directorate. The new Service manager: the Head of Practice Management (Governance & Law), instructed staff to carry out a thorough search which led to the certificates being found. The Proper Officer at the time of the inspection in January 2022 (who has since left the Service) had failed to report the missing certificates to the police until June 2022, which highlighted a complete disregard for the G.R.O.’s report, and the potential consequences for the Council should those certificates be used fraudulently.

A review of the income records and reconciliation procedures during the audit demonstrated that there had been a lack of controls in place, ranging from poor record keeping, a lack of segregation of duties, irregular banking of income and no reconciliations between stock issue records (which were also poor) and Business World. Owing to this, it is not possible to ascertain whether there has been any fraudulent activity over recent years.

While the risk of income being unaccounted for / understated in the financial records has been mitigated, as cash or cheques are no longer accepted as of 1st November 2022 (only card payments are accepted now), controls over the storage and issue of stock, as well as accounting for/reconciliation of spoils, remain a risk. It is therefore important that robust stock recording and reconciliation processes are introduced to ensure that all used certificates and spoils can be accounted for and used stock is balanced to income.

Assessment of Potential for Fraud:

Prior to the audit, we identified that there was potential for fraud within the following areas:

Potential for Fraud	Mitigation / Residual Risk
1) Potential theft of controlled stationery (blank certificates), owing to poor stock control records, and poor storage methods, both in the strong room and when stock pads in current use are held in the office during the day.	While the latter has been addressed, stock control records and storage within the strong room still require enhancements. These issues have been addressed within the findings in Appendix 1.
2) Lack of any controls over income collection, banking and reconciliation.	<p>While this has been addressed through the cessation of cash and cheques being accepted by the Service, it is not possible to ascertain whether all income has been accounted for over the past few years, owing to a lack of controls / acceptable processes in the following areas:</p> <ul style="list-style-type: none"> (i) Income has been paid in in bulk for different income types (e.g., births, deaths, marriages) rather than being paid in against different project codes; (ii) Income had been left for several weeks without being paid in, thus making reconciliation much more difficult; (iii) Details of cheques paid in were not recorded clearly, or in some cases, not recorded at all on the bank deposit slips; (iv) There was no segregation of duties between receipt and banking of income. Registrars paid in their own income, thus removing any level of control / challenge. <p>The lack of controls detailed above have made it impossible for the Practice Management Officer to carry out any reconciliations further back than August 2022, thus meaning that it is not possible to ascertain whether there has been any fraud committed in terms of income for the Service.</p>

Background Information / Summary

Background:

The Director: Resources and Assurance requested an audit of the Council’s Registration Service in August 2022. The Head of Practice Management had brought the Service issues to his attention after having been assigned the task of overseeing the Service improvements required by the G.R.O. in July 2022 following the transfer of the Service to the Law & Governance Directorate. The G.R.O. had notified the Registration Service of serious outstanding issues identified during their January 2022 inspection; they detailed these in their Stock and Security Assurance: February 2022 report. The G.R.O. had reviewed ten criteria during their visit to the Registration Service offices at the Town Hall in January 2022. Of those criteria, two had been classed as high assurance, one was limited assurance, while the remaining seven were classed as low assurance. This led to the G.R.O. reporting that the Council “maintains Low security in relation to the security arrangements around the receipt, storage and use of the secure certificate stock held as assessed against the criteria”, thus requiring immediate action.

Responsibility for the Service was moved from the Economy & Environment Directorate to the Law and Governance Directorate in July 2022 as part of a Council senior management restructure. The Head of Practice Management (Governance and Law) was assigned the task of overseeing the Service and addressing the 17 recommendations included in the February 2022 report. The Council had received a warning from the G.R.O. stating the requirement for immediate improvements to be made to the Service, owing to the lack of a response to their February 2022 recommendations. The G.R.O. arranged to visit the Registration Service offices at the Town Hall on 13th September 2022, by which time, management was required to submit an action plan to cover the issues covered in the G.R.O. report of February 2022.

Summary of Progress:

Although there is still much to be done, the Head of Practice Management (Governance and Law) has made considerable progress in improving the poor working practices and security issues within the Service. Problems within the Registration Service have been exacerbated by both long-term and additional recent staffing issues. Such is the extent of these issues, improvement that will bring a favourable assessment of the level of risk from the G.R.O. is taking a number of months to drive forward. That however should not detract from the progress already made.

The Head of Practice Management (Governance and Law) assigned a member of her team (a Practice Management Officer) to the Service, in order to address the pressing issues of reconciling and banking cash and cheques that had been held in one of the strong rooms at the Town Hall, and also to ascertain the completeness of the income records and supporting documentation from the past two years. Owing to these banking and reconciliation process issues, which have proved to be longstanding, the decision was taken to remove all cash from the premises, and make payments ‘card only’ or online for the Service.

The Head of Practice Management (Governance and Law) has drawn up a Service Action Plan to address all issues raised in both the Internal Review Report of October 2021 and the G.R.O. Report of February 2022. In addition, she has liaised with Shropshire Council’s Registration Service, and arranged for members of their team to assess processes and provide training and advice for Herefordshire Council’s team; this arrangement is supported by the G.R.O. There is also a Service restructure in progress, which the Head of Practice Management is leading on. This is designed to ensure clear roles and responsibilities are set out in accordance with the G.R.O.’s requirements. This would raise Service costs, however the Service is required to improve performance to meet statutory timescales, as well as improving current processes in line with G.R.O. requirements. The consultation process ended on 3rd January 2023.

During the course of the audit, the Superintendent Registrar ceased working for the Service.

Appendix 1

Findings & Action Plan

Finding 1

Town Hall Building Security / Access Issues:

There are significant failings in the control of keys for access to the Town Hall itself, and for the office, strong rooms and safes. It was confirmed by a senior officer during the audit that Registration Service staff have been having their own keys cut. Evidence indicates that this has been occurring over a number of years, and records of keyholders which should be maintained by Facilities Management have been proven to be inaccurate and unreliable. A SWAP Internal Audit request for a list of keyholders to the Town Hall took a week to be provided, and during that time, a follow up request was met with the response that they were working on it.

During a site visit, a plastic container with a variety of keys was shown to the Auditor. While this container had been placed in the strong room until the keys could be sorted out and identified, it was not known at the time what the keys were for. This was promptly brought to the attention of the Head of Practice Management (Governance and Law) who removed the keys from the premises; subsequent checks carried out by the Head of Practice Management (Governance and Law) on the keys confirmed that 18 of the keys were current, and gave access to the Town Hall side door, as well as safes, albeit safes that are currently not in use.

The Head of Practice Management (Governance and Law) has instructed all Registration Service staff to return all building keys as a matter of urgency. However, despite this request on 18th October 2022 which was endorsed by the Director: Governance and Law, there are still keys that are known to be outstanding. However, owing to the historical issues with regard to staff having had their own keys cut, it would be advisable to change the lock to the side door of the building at the earliest opportunity. Access via ID badges as an additional control, as per other buildings, should also be considered. The possibility that keys to other outer doors may also be held by unauthorised members of staff should also be considered, with a view taken on whether locks to those doors should be changed as well.

It is appreciated that this will need to be co-ordinated through Facilities Management, with careful consideration given to who should be entitled to keys and for what purpose. Appropriate controls should be applied to ensure that staff understand their responsibilities as key holders.

Action

I have forwarded a document to the auditor outlining the main area of concern raised by the audit, current practice and areas of proposed review and / or improvement.

To note, procedures exist and are signed off by Information Governance around keys and ID badges and services have previously been briefed where keys are issued. Where relevant, services will be reminded annually of the process and importance of an up to date key register and control. The Registration Service appear to have copied keys contrary to the agreed, signed procedure without FM knowledge nor consent. ID access cards are updated by FM upon receipt via the Business World system of a leaver/ starter/ change of appointment or role.

FM did seek to verify that the SWAP audit was legitimate with Information Governance and that key register details could be shared as they had not originally been part of the audit. On 25th October, the FM Custodians were asked to verify with each service in the building and cross reference the key lists they held with the service.

The Town Hall building requires a Paxton ID card as well as a key to gain access out of hours and the Registrars rooms are all controlled by Paxton access locks, not keys. Where weddings or other events are booked out of normal office hours, an FM Custodian is the one who opens/ closes and is based there to monitor access to the rest of the building.

As a result of this incident, it is proposed to change the barrels of the side and back door at the Town Hall and conduct a review of who needs access so that a secure system can be implemented that does not impede service delivery nor tenant access.

Priority	1	SWAP Reference	
Responsible Officer	Strategic Assets Delivery Director		
Timescale	February 2023		

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Finding 2	Action												
<p><u>Security: Storage Unit Key Control:</u> Although the Service now has two key safes on the wall of the main Registrars’ office, we observed that they were not being used as had been intended by the Head of Practice Management (Governance and Law). On visiting the office on 11th October, 2022, I found that the new key safe was open and empty on the wall, even though this had been installed by Facilities Management as an urgent job eight days before. Staff were also unaware of how often the combination should be changed on the larger key safe, and were of the view that there were no written procedures around key safe usage and controls.</p> <p>Although the Head of Practice Management (Governance and Law) has ensured that the new key safe is now in use, it is advisable for a process document to be drawn up, setting out the details of keys that should be held in each, e.g., keys to the strong rooms, safes, Registration Service offices, desks and cupboards, who should have access to each, and the requirements for changing the access codes.</p> <p>Owing to the current and historical issues around staff having keys cut, rules around key cutting (types of keys that can be replicated and those that must not be) should also be included, with staff required to sign this document to state that they understand and agree with this policy.</p>	<p>The main registration office, where the key safes are stored, has now been closed to the public. This provides further security for staff, confidential information and documents, and the keys.</p> <p>The restructure includes a proposal for three Registration Support Assistants who will undertake an administrative role which will include responsibility for changing key codes. A procedure note for this will also be provided for clarity.</p> <table border="1" data-bbox="1131 702 2116 874"> <tr> <td data-bbox="1131 702 1377 750">Priority</td> <td data-bbox="1377 702 1624 750">2</td> <td data-bbox="1624 702 1859 750">SWAP Reference</td> <td data-bbox="1859 702 2116 750"></td> </tr> <tr> <td data-bbox="1131 750 1624 798">Responsible Officer</td> <td colspan="3" data-bbox="1624 750 2116 798">Head of Practice Management</td> </tr> <tr> <td data-bbox="1131 798 1624 874">Timescale</td> <td colspan="3" data-bbox="1624 798 2116 874">February 2023</td> </tr> </table>	Priority	2	SWAP Reference		Responsible Officer	Head of Practice Management			Timescale	February 2023		
Priority	2	SWAP Reference											
Responsible Officer	Head of Practice Management												
Timescale	February 2023												

Finding 3	Action												
<p><u>Internal Review Report:</u> Although the recommendations from the Internal Review Report have been included in the Service Action Plan (July’22), some of the proposed actions have yet to be addressed in any form, although the Head of Practice Management (Governance and Law) all have target dates set against the actions, but as only actions to date are recorded, there is nothing set out to state how the recommendation will be addressed.</p> <p>It would be beneficial to expand on the current format within the plan, and include details of progress made; the building in of regular review dates for the plan would also enhance the process.</p>	<p>Progress made is already included in the plan. As the Superintendent Registrar has now left the Authority, the plan will need to be revisited and updated accordingly. Shropshire Council will be providing three months of intensive support starting January 2023, which will also address some of the issues raise in the audit and the service action plan. The plan will be updated and reviewed quarterly.</p> <table border="1" data-bbox="1131 1212 2116 1401"> <tr> <td data-bbox="1131 1212 1377 1260">Priority</td> <td data-bbox="1377 1212 1624 1260">2</td> <td data-bbox="1624 1212 1859 1260">SWAP Reference</td> <td data-bbox="1859 1212 2116 1260"></td> </tr> <tr> <td data-bbox="1131 1260 1624 1308">Responsible Officer</td> <td colspan="3" data-bbox="1624 1260 2116 1308">Head of Practice Management</td> </tr> <tr> <td data-bbox="1131 1308 1624 1401">Timescale</td> <td colspan="3" data-bbox="1624 1308 2116 1401">January 2023</td> </tr> </table>	Priority	2	SWAP Reference		Responsible Officer	Head of Practice Management			Timescale	January 2023		
Priority	2	SWAP Reference											
Responsible Officer	Head of Practice Management												
Timescale	January 2023												

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Finding 4	Action									
<p><u>Herefordshire Council Internal and External Reviews:</u> An internal review of the Registration Service was commissioned in 2021, with the final report having been issued in October 2021. However, no action was taken on this. The process was not helped by staff/management changes, however, the recommendations should have been addressed through an action plan.</p> <p>The Council does not have a corporate process for commissioning, monitoring, reviewing and reporting on internal review reports, as is required for internal audit reports. Had this been in place, the issues identified in the Registration Service internal review report would have been tracked and addressed, which should have triggered some service improvements prior to the G.R.O. reviews.</p> <p>Without an effective and transparent process in place for internal reviews, there is a high risk of these being ignored or lost, which can occur in particular where there is a turnover of staff. This is an area that needs to be addressed urgently, to ensure that where there has been a need for a review, but this has been commissioned outside of the internal audit planning process, the findings and recommendations from these reviews are not lost, but are monitored and reported on in the same way as for internal audit reports.</p>	<p>Reviews of services should be carried out by suitably qualified providers / individuals, who are subject matter experts and are independent from the Council.</p> <p>The scope of any reviews should be agreed by the relevant director in conjunction with the Head of Internal Audit to ensure that it is appropriate for the review to be carried out by third party rather than being included in the pipeline of internal audit work.</p> <p>The recommendations of reviews should be included in the tracking processes that exist within the Council for tracking internal audit recommendations.</p> <p>The Council’s finance procedure rules will be updated to include confirm the Council’s position on reviews of services.</p> <table border="1" data-bbox="1131 646 2105 853"> <tr> <td data-bbox="1131 646 1377 694">Priority</td> <td data-bbox="1377 646 1624 694" style="background-color: red; color: white; text-align: center;">1</td> <td data-bbox="1624 646 2105 694">SWAP Reference</td> </tr> <tr> <td data-bbox="1131 694 1624 774">Responsible Officer</td> <td colspan="2" data-bbox="1624 694 2105 774">Director: Governance & Law / Director: Resources & Assurance</td> </tr> <tr> <td data-bbox="1131 774 1624 853">Timescale</td> <td colspan="2" data-bbox="1624 774 2105 853">February 2023</td> </tr> </table>	Priority	1	SWAP Reference	Responsible Officer	Director: Governance & Law / Director: Resources & Assurance		Timescale	February 2023	
Priority	1	SWAP Reference								
Responsible Officer	Director: Governance & Law / Director: Resources & Assurance									
Timescale	February 2023									

Finding 5	Action									
<p><u>Stock Control:</u> The current method of holding stock is unsatisfactory. Although unopened / not in use packs are held in the strong room (lockable fireproof room), they are stored on shelves which allows for certificate pads to be taken from the wrong pile, i.e., from stocks held by other Registrars or the Superintendent Registrar. A review of stock records confirms that this has happened, along with packs being used in the wrong order.</p> <p>More secure methods of holding stock need to be considered, in order to restrict Registrars access to their own stocks of certificates, while still retaining the stock in the strong room. Options could be lockable storage boxes to be held on the shelves, which would only be accessible by the relevant Registrar, or by installing lockable cabinets in the strong room. This would make Registrars accountable for their own stock, while safeguarding that stock against being accidentally or otherwise moved by another member of the team.</p>	<p>Metal lockable cabinets have been ordered which will be placed in each of the registration officers’ rooms to secure their certificate stock. This means they will be separated and avoid any potential mix-up. The advice from Shropshire is that only the registers need to be held in the fireproof strong rooms.</p> <p>With the implementation of the restructure and support of Shropshire Council, the current 1A, 1B and 1C registers will be replaced with just one register. which will be the responsibility of the Senior Registration Officer (as the Registrar for Herefordshire).</p> <p>Shropshire Council staff will be advising and training staff to implement robust recording, usage, monitoring and checks of all stock.</p> <table border="1" data-bbox="1131 1300 2105 1468"> <tr> <td data-bbox="1131 1300 1377 1348">Priority</td> <td data-bbox="1377 1300 1624 1348" style="background-color: orange; text-align: center;">2</td> <td data-bbox="1624 1300 2105 1348">SWAP Reference</td> </tr> <tr> <td data-bbox="1131 1348 1624 1404">Responsible Officer</td> <td colspan="2" data-bbox="1624 1348 2105 1404">Head of Practice Management</td> </tr> <tr> <td data-bbox="1131 1404 1624 1468">Timescale</td> <td colspan="2" data-bbox="1624 1404 2105 1468">February 2023</td> </tr> </table>	Priority	2	SWAP Reference	Responsible Officer	Head of Practice Management		Timescale	February 2023	
Priority	2	SWAP Reference								
Responsible Officer	Head of Practice Management									
Timescale	February 2023									

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<p>Finding 6</p> <p><u>Stock Control Records:</u> There are inconsistencies in the way that stocks of certificates are being recorded by the Registrars. SWAP Audit Service carried out a stock take of certificates held in the Strong Room on 1st November 2022, but the records that we were directed to by staff did not contain details of that stock. Subsequently, further stock records for three Registrars were forwarded to us, but these did not reconcile to our stock take records. There was also a lack of information contained within the records, along with a lack of consistency as to how the stock usage was recorded. We did not receive a record of the Superintendent Registrar’s stock, at the same time that we received the additional Registrars’ stock records, but received a copy of this at a later date.</p> <p>Advice should be taken from the Shropshire County Council trainer so that the team can implement a stock control record that is compliant with the requirements of the G.R.O. The team would benefit from drawing up a written procedure document to ensure a consistent approach is taken and also to provide guidance for any new staff in the future. This should run alongside the G.R.O. handbook, but should set out in further detail the processes that staff need to follow to ensure that all new stock is correctly and promptly received, checked and recorded, all stock removed from the main strong room stock is accounted for at all times, and that both used and spoiled stock are clearly and promptly recorded.</p>	<p>Action</p> <p>Shropshire Council staff have supported Herefordshire Council Registration Service staff to be able to audit their stock and submit their annual orders correctly. These have all been received and acknowledged correctly to G.R.O.</p> <p>Shropshire Council staff will be working intensively with Herefordshire Council Registration Service staff from January 2023 to ensure stock control and cash book records are put in place, and that these are properly used as required by G.R.O. and Council assurance requirements. Process notes will be developed as part of this support package.</p>												
	<table border="1"> <tr> <td>Priority</td> <td style="background-color: #FFD700;">2</td> <td>SWAP Reference</td> <td></td> </tr> <tr> <td>Responsible Officer</td> <td colspan="3">Head of Practice Management</td> </tr> <tr> <td>Timescale</td> <td colspan="3">March 2023</td> </tr> </table>	Priority	2	SWAP Reference		Responsible Officer	Head of Practice Management			Timescale	March 2023		
Priority	2	SWAP Reference											
Responsible Officer	Head of Practice Management												
Timescale	March 2023												

<p>Finding 7</p> <p><u>Spoiled Certificates:</u> There is a lack of consistency in the way that the staff are both retaining and recording their spoiled certificates. There is no written process for recording and retaining spoils. Staff are referred to the G.R.O. processes for general office practices, however, those are not prescriptive enough, and a separate document should be drawn up and retained, so as to promote a consistent approach. The Superintendent Registrar’s current practice of filing spoils in order of batch use, along with a log of used/spoiled certificates is the method that SWAP Audit would recommend. This would also aid the reconciliation process.</p> <p>Staff are also unclear as to how long they need to retain copies of their spoiled certificates, as they are not financial records. There is no guidance within the G.R.O.'s procedures, therefore, it would be advisable to retain two years plus current year, until this can be clarified with a G.R.O. representative.</p>	<p>Action</p> <p>Shropshire Council staff will be working intensively with Herefordshire Council Registration Service staff from January 2023 to ensure stock control processes and records are put in place, including spoilt certificates, and that these meet Council assurance requirements.</p> <p>Process notes will be developed as part of this support package.</p>												
	<table border="1"> <tr> <td>Priority</td> <td style="background-color: #FFD700;">2</td> <td>SWAP Reference</td> <td></td> </tr> <tr> <td>Responsible Officer</td> <td colspan="3">Head of Practice Management</td> </tr> <tr> <td>Timescale</td> <td colspan="3">March 2023</td> </tr> </table>	Priority	2	SWAP Reference		Responsible Officer	Head of Practice Management			Timescale	March 2023		
Priority	2	SWAP Reference											
Responsible Officer	Head of Practice Management												
Timescale	March 2023												

Finding 8

Income Records / Reconciliation:

Income reconciliations had not been carried out prior to Head of Legal Practice (Governance and Law) being assigned the task of overseeing service improvements in July 2022. Owing to this, she appointed a member of her own team to attempt a reconciliation of income received since April 2021. However, the income records have been found to be of such poor quality that it has not been possible for this to be done. Issues that have contributed to this have included:

- income types not being consistently split between separate account codes for births, deaths and marriages when paid in;
- income not being paid in promptly, and sometimes left for multiple weeks before being banked;
- insufficient details having been recorded on the composite paying in slips meaning that there is no breakdown of cash and cheques paid in, or what certificate purchases the income relates to.

As a consequence of this, it has not been possible to ascertain whether all income has been paid in during this period of time, or indeed whether there has been any fraudulent activity, i.e., theft of Council income.

In addition, to there having been no reconciliations, there has been no segregation of duties over receipt and banking of income, with each Registrar having been responsible for their own takings.

On commencing the task of addressing the shortfalls in income controls, the Practice Management Officer identified that large sums of income, running into hundreds of pounds, had been left in cash tins in the strong room. Although she addressed this and paid it in, it highlighted an issue of large sums of cash being taken to the bank by staff, which in itself put them at risk. The Head of Legal Practice (Governance & Law) has therefore taken the decision that the Service would only accept card/online payments from 1st November 2022.

This has eliminated the risk of cash/cheques been misappropriated, however, there is still a requirement for card income to be reconciled, to ensure that all certificates recorded as issued have been paid for. This process must include a review of the spoils records, to ensure that all of these have been correctly accounted for.

In order to enhance the controls around income reconciliation, it is advisable to ensure that the Superintendent Registrar and the Registrars do not reconcile their own income. This could be achieved either by arranging for them to reconcile a colleague’s income, or preferably for an independent member of staff to carry out all reconciliations, with any discrepancies being reported to the Head of Legal Practice (Governance and Law) for review.

Action

Shropshire Council staff will be working intensively with Herefordshire Council Registration Service staff from January 2023 to ensure stock control and cash book records are put in place, and that these are properly used as required by GRO and Council assurance requirements. They will also look at all income reports to ensure these correctly provide all necessary information to support reconciliation purposes. Process notes will be developed as part of this support package.

With the implementation of the restructure and support of Shropshire Council, the current 1A, 1B and 1C registers will be replaced with just one register which will be the responsibility of the Senior Registration Officer (as the Registrar for Herefordshire). It is a legal requirement of a Registrar to ensure that their stock and income are reconciled and accounted for correctly.

The new Registration Support Assistants roles will have a responsibility for reconciling card and online payments allowing for separation of duties.

Priority	1	SWAP Reference	
Responsible Officer		Head of Practice Management	
Timescale		February 2023	

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<p>Finding 9</p> <p><u>Information Technology / Digital Services:</u> The service is hindered by poor technology, notably in terms of the website, online forms, and income reconciliation processes. The Service does not have online booking system, and therefore has to take bookings through emails and by phone. The current forms do not allow for customers to specify all required levels of service provision on one request form, along with the split of income types.</p> <p>The Service would benefit from investment in its website, new online forms for requests, and an online booking system, which would significantly streamline processes, reduce staff time on tasks that could be digitalised and aid the reconciliation processes for the team.</p>	<p>Action</p> <p>Proposals for website improvement and online forms have already been designed. ICT and finance colleagues have been engaged with these improvements for some time but progress has been slow due to implementation of a new CRM. A project manager has now been allocated to Registration Services improvement project and therefore progress should be made much more quickly.</p> <p>It is expected that the service will need to procure a specific registration booking system to meet service requirements and a procurement exercise will need to be undertaken followed by implementation and training in a new system. It is expected this will take up to 6 months.</p> <table border="1"> <tr> <td>Priority</td> <td style="background-color: #FFD700;">2</td> <td>SWAP Reference</td> <td></td> </tr> <tr> <td>Responsible Officer</td> <td colspan="3">Director: Governance & Law</td> </tr> <tr> <td>Timescale</td> <td colspan="3">March 2023</td> </tr> </table>	Priority	2	SWAP Reference		Responsible Officer	Director: Governance & Law			Timescale	March 2023		
Priority	2	SWAP Reference											
Responsible Officer	Director: Governance & Law												
Timescale	March 2023												


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<p>Finding 10</p> <p><u>Petty Cash / Procurement Card:</u> The petty cash tin has been stored in one of the strong rooms alongside the Registrars' individual cash tins, however, the Practice Management Officer found that this had been used as a float for change, and the wrong amounts of money had been returned to the petty cash tin, thus leaving a much higher balance than the issued amount for the Service.</p> <p>The Head of Practice Management (Governance and Law) took the decision to dispense with the petty cash account and switch to a procurement card; this has now been done. It is important though that this is well controlled by the Service, so as to ensure that use is monitored and that there is adequate segregation of duties in place between usage and reconciliations. It would also be advisable for the Head of Practice Management (Governance and Law) to review Business World transaction reports for this over the coming months to ensure that the full details of all purchases are being recorded, and that the card is only being used for legitimate items of expenditure.</p>	<p>Action</p> <p>Budget reports will be checked monthly with particular attention to be paid to those transactions.</p> <table border="1"> <tr> <td>Priority</td> <td style="background-color: #FFD700;">2</td> <td>SWAP Reference</td> <td></td> </tr> <tr> <td>Responsible Officer</td> <td colspan="3">Head of Practice Management (Governance and Law)</td> </tr> <tr> <td>Timescale</td> <td colspan="3">January 2023</td> </tr> </table>	Priority	2	SWAP Reference		Responsible Officer	Head of Practice Management (Governance and Law)			Timescale	January 2023		
Priority	2	SWAP Reference											
Responsible Officer	Head of Practice Management (Governance and Law)												
Timescale	January 2023												

<p>Finding 11</p>	<p>Action</p>		
<p><u>Document Retention:</u> The Registration Service’s Document Retention Schedule is out of date. The version provided by the Superintendent Registrar is dated September 2019 and contains insufficient information to guide staff.</p>	<p>With the support of Shropshire staff, the retention schedule will be updated, stored on the team shared drive and shared with suggested parties.</p>		
<p>The document should be updated to include all types of documentation that the Service needs to retain, i.e., certificate copies and spoils, records of used certificates and income records. The updated version should be made available to all staff and should be easily accessible. A copy should also be forwarded to the Modern Records Unit so that it can be formally recorded on the Council’s intranet.</p>	<p>Priority</p>	<p>3</p>	<p>SWAP Reference</p>
<p>Responsible Officer</p>		<p>Head of Practice Management</p>	
<p>Timescale</p>		<p>March 2023</p>	

Audit Objective

To review financial processes and controls within the Service to provide assurance that Service's budgets are being utilised in accordance with the requirements of the Team's Service Plan and statutory responsibilities.

Assurance Opinion	Number of Actions
 <p>Limited (Medium) - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited</p>	Priority
	Priority 1
	Priority 2
	Priority 3
	Total

Priority	Number
Priority 1	0
Priority 2	6
Priority 3	4
Total	10






Risks Reviewed

Financial control deficiencies within the Service may lead to budget overspends while also increasing the risk that fraudulent requests for financial support may be processed in good faith owing to poor segregation of duties and/or a lack of management oversight.

Assessment

Medium

Key Findings

	<p><u>Management Overview of Spend on Procurement Cards:</u> There is currently a lack of management checks on p-card transactions which is contrary to the requirements of the P-Card Policy. There is a risk that the use of a procurement card can be abused and not identified without a management overview.</p>
	<p><u>Homeless Loans Payments:</u> Payments are being processed through the Imprest account for suppliers that are set up on Business World This is inefficient, and increases the risk of duplicate payments, as payments cannot be identified clearly against suppliers on Business World.</p>
	<p><u>Imprest Accounts Authorisation and Supporting Documentation for Payments:</u> There is lack of detailed supporting documentation for payments made and there is not a clear audit trail of the authorisation process by the two required signatories.</p>
	<p><u>Staff Resources:</u> There is a risk to service delivery as all processing is left to one member of the team.</p>
	<p><u>Commitment Accounting:</u> Large expense can be incurred at the end of every tenancy for maintenance and repairs, but no commitment is made for this on Business World</p>

Audit Scope

The agreed audit scope consisted of the following:

- Budgetary control- responsibilities within the team, meetings, monitoring and project codes.
- Imprest accounts- processes, segregation of duties and reconciliation
- Processing of orders and payments – segregation of duties, authorisation levels
- Homelessness loans – are they still in place if not what has replaced them and look at process followed.

Background / Summary

An audit of the Housing Solutions Team Financial Processes was undertaken by SWAP Internal Audit Services as part of the agreed 2022/23 Internal Audit Plan, following some control weaknesses identified during the recent grant audits for the Service, and was informed by a comprehensive risk assessment and through discussions with senior management.

Concerns raised during the previous grant certification process relating to the administration and financial processes within the service.

The purpose of the audit was to provide assurance on the adequacy of the controls and procedures that are in place.

Appendix 1

Findings & Action Plan

Finding 1	Action												
<p><u>Management Overview of Spend on Procurement Cards</u></p> <p>There is currently no management overview and approval of individuals spend on their procurement cards (P-cards), which is contrary to the Procurement Card Policy. Budget holders are required to review procurement card usage for their staff, in order to identify errors, inappropriate spend, and manage the risk of fraud.</p> <p>This is leaving the use of the Service’s procurement cards open to abuse if users are not challenged at any time on their spend.</p>	<p>1st training session for cardholders to code their own cards has taken place, further training is required. An issue remains with the account management officer (PBIRO) being able to see the coding and check – or whether this responsibility falls with the budget manager (FU). Some cardholders have yet to get access to the SDOL website to enable them to code their transactions. A further review of P-Card usage will be carried out to e.g. set up business accounts with providers to reduce the need to use P-cards.</p> <table border="1" data-bbox="1137 497 2119 646"> <tr> <td>Priority</td> <td style="background-color: #FFD700;">2</td> <td>SWAP Reference</td> <td>AP#995</td> </tr> <tr> <td>Responsible Officer</td> <td colspan="3">Fidelis Ukwenu</td> </tr> <tr> <td>Timescale</td> <td colspan="3">30th April 2023</td> </tr> </table>	Priority	2	SWAP Reference	AP#995	Responsible Officer	Fidelis Ukwenu			Timescale	30 th April 2023		
Priority	2	SWAP Reference	AP#995										
Responsible Officer	Fidelis Ukwenu												
Timescale	30 th April 2023												
<p><u>Procurement Card Transaction Input and Coding</u></p> <p>P-card transactions are currently being input by the Performance Budget & Income Resource Officer; however, this is contrary to the P-Card Policy. It is a requirement of the policy for the card holder to input their transactions via Nat West SDOL. Each card holder signs up to the terms and conditions of use, and therefore must comply with this.</p>	<p>1st training session for cardholders to code their own cards has taken place, further training is required. An issue remains with the account management officer (PBIRO) being able to see the coding and check – or whether this responsibility falls with the budget manager (FU). Some cardholders have yet to get access to the SDOL website to enable them to code their transactions. A further review of P-Card usage will be carried out to e.g. set up business accounts with providers to reduce the need to use P-cards.</p> <p>Some cardholders are as yet, unable to gain access to the SDOL website to enable them to code.</p> <table border="1" data-bbox="1137 1066 2119 1204"> <tr> <td>Priority</td> <td style="background-color: #FFD700;">2</td> <td>SWAP Reference</td> <td>AP#1210</td> </tr> <tr> <td>Responsible Officer</td> <td colspan="3">Fidelis Ukwenu</td> </tr> <tr> <td>Timescale</td> <td colspan="3">30th April 2023</td> </tr> </table>	Priority	2	SWAP Reference	AP#1210	Responsible Officer	Fidelis Ukwenu			Timescale	30 th April 2023		
Priority	2	SWAP Reference	AP#1210										
Responsible Officer	Fidelis Ukwenu												
Timescale	30 th April 2023												

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Finding 3	Action		
<p><u>Homeless Loans Payments</u></p> <p>Although very few homelessness loan payments are now made (seven new loans have been made in 2022/23 totalling £4,466.64), there is a concern that the payments are raised through the Imprest account. This is not necessary especially for suppliers who are already set up on Business World (BW) e.g., Housing Associations.</p> <p>A clear audit trail can be seen on BW from the source document through to payment.</p>	Suppliers such as Registered Providers (RP's) will have to provide invoices in the future. The need for smaller "one-off" suppliers to supply invoices will cause potential homelessness due to the slow payment process, so Imprest forms & load sheets can continue to be used for these suppliers.		
	Priority	2	SWAP Reference AP#973
	Responsible Officer		Fidelis Ukwenu
	Timescale		30 th April 2023
Finding 4	Action		
<p><u>Imprest accounts authorisation and supporting documentation for payments.</u></p> <p>Seven of the 25 Imprest payments tested had none or insufficient supporting evidence for the payments to be made and no clear authorisation process.</p> <p>There was not clear evidence of the required two authorised signatories for all payments that are made through the Imprest account.</p> <p>The Covid-19 pandemic brought its problems with an easy work through for authorisation in many areas, but it is essential that there is a clear audit trail with supporting evidence and authorisation for all payments made through the Imprest account.</p>	The agreed process will be followed i.e. obtaining two signatories (via e-mail forwarding process). Forwarding of e-mails will provide an e-mail trail showing requestor and approvers in all cases which we hope will meet this requirement.		
	Priority	2	SWAP Reference AP#945
	Responsible Officer		Fidelis Ukwenu
	Timescale		30 th April 2023
Finding 5	Action		
<p><u>Process and Procedure Notes</u></p> <p>There are currently spend procedure and procedure reasoning notes in place, however these do not provide details of the processes that have to be followed for specific tasks.</p> <p>These processes and procedure notes are important to have in place to help ensure that any delegated officer can complete a task if the regular officer is unavailable.</p>	Review the current procedure documents, update them and add missing ones		
	Priority	2	SWAP Reference AP#1209
	Responsible Officer		Fidelis Ukwenu
	Timescale		31 st May 2023

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Finding 6	Action		
<u>Staff Resources</u>	This will be picked up in a review of the housing service that is currently being conducted by Ewen Archibald. (Head of Community Commissioning and Resources)		
There is currently only one member of staff in the Housing Solutions Team that processes requisitions, and goods receipted. This a risk to the service delivery if this member of the team were to leave or have long term sick or annual leave.	Priority	2	SWAP Reference AP#991
	Responsible Officer	Ewen Archibald	
	Timescale	31 st October 2023	

Finding 7	Action		
<u>Cash Imprest Account (Petty Cash)</u>	Agreed – and will be closed at the earliest opportunity.		
The Cash Imprest account is no longer used and should now be reconciled and closed.	Priority	3	SWAP Reference AP#1211
	Responsible Officer	Fidelis Ukwenu	
	Timescale	30 th April 2023	

Finding 8	Action		
<u>Imprest - Cheque Book Account</u>	Final review & close Imprest account at the earliest opportunity.		
If cheque book is still in use/available for the Imprest account, the signatories must be reviewed and updated accordingly otherwise the cheque book account should be closed.	Priority	3	SWAP Reference AP#1212
	Responsible Officer	Fidelis Ukwenu	
	Timescale	30 th April 2023	

Finding 9	Action		
<u>Use of Imprest account when Business World could be used.</u>	We have agreed that the imprest process will only be used for one-off suppliers mostly landlords for the prevention of homelessness.		
Some payments that are made through the Imprest account could be made through Business World when there is already a supplier set up. This would provide a clear audit trail, and less administration and time involved than the longer process of raising the payment through the Imprest account which requires two authorisations and the preparation of a load sheet before being passed for payment.	Priority	3	SWAP Reference
	Responsible Officer	Fidelis Ukwenu	
	Timescale	30 th April 2023	

Finding 10	Action		
<u>Commitment Accounting</u>	Liaise with TA team to ascertain the mandatory costs associated with void works and then add an account/analysis code with budget attributed to it		
At the end of a tenancy, a maintenance charge is incurred. Unfortunately, this is always an unknown cost as it is not known if repairs will be required in the premises. No commitment is made on Business World to allow for this additional expense, although there will always be an expense incurred, as the tenant will eventually leave. Therefore, it would be prudent to consider placing a commitment to this expense against the cost code at the outset, or a separate budget allocation to a dedicated account code.	Priority	3	SWAP Reference
	Responsible Officer	Janet Shortland	
	Timescale	31 st May 2023	

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Meeting: Audit and Governance Committee**Meeting date: Monday 31 July 2023****Report by: Philippa Wride, Head of Practice Management /
Superintendent Registrar****Update on Registration Services Internal Audit Report February 2023**

To support the improvements required in the service, the Programme Management Office has provided a Project Manager and Co-ordinator to track and monitor all recommendations from the internal service review, GRO stock and security audit and internal audit findings.

Shropshire County Council Registration Managers were commissioned to provide intensive support to the service between January and April 2023, with a focus on security and control of stock, recording of income and General Register Office (GRO) compliance aspects.

Updates regarding the internal audit findings include:

Security and Stock Control

- Access to Town Hall and Registration Offices is only via id badge; staff no longer hold keys to the building
- Access to the Town Hall is only permitted when custodians are on site
- New processes, stock records, cashbooks and daily banking sheets has been implemented for all registers
- Process has been implemented for recording and destruction of spoilt certificates
- GRO quarterly stock checks are now in place
- Staff have been provided with the GRO's statutory document retention schedule.

Financial records

- Significant work has been undertaken to improve financial coding and referencing of online and card payments as the configuration of systems does not allow for tracing of individual payments to a specific certificate or ceremony booking, through to the budget reports. This was raised with s151 Officer and work continues to address remaining issues.
- There is no cash dealt with in the office. The service only takes online and card payments; the petty cash was surrendered.

IT and Digital Services

- Web pages have been updated and improvements made on existing online forms ie ordering a copy certificate
- Hoople ICT are now building online processes including online appointment booking system which is not expected to be in full operation until December 2023. Discussions are ongoing about customer services taking over the phone line as part of the council's Thrive Programme.



Title of report: Update on Internal Audit Recommendations

Meeting: Audit and Governance Committee

Meeting date: 31 July 2023

Report by: Head of Corporate Performance

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose

To review the progress of audit recommendations implementation.

Recommendation(s)

That:

- a) **The status of current audit recommendations be reviewed and the committee determine any recommendations it wishes to make in order to provide further assurance that actions 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 seeks to assure the committee that actions in response to audit recommendations are being suitably prioritised, in turn reducing the risk to the council.

Key considerations

2. South West Audit Partnership (SWAP) provides the internal audit services for the 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 any actions required, the person responsible and an agreed target implementation date.
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-report on the action which had been taken in respect of the SWAP recommendation and the overarching status.
7. 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.
8. The last report to the committee in November 2022 provided an update on audit recommendations. At this meeting, it was reported that there were 30 recommendations that were overdue; a combination of recommendations which had been previously reported to the committee as overdue (22), and those which were due between March 2022 and September 2022 that hadn't been complete as planned (8). Updates have been sought on these remaining recommendations from responsible owners identified at the point of finalising the audit. These updates identified that 15 recommendations have since been completed; 1 deferred; and 14 remain outstanding. Further details on all recommendations can be found at Appendix A, along with revised completion dates. The table below provides an update status for those recommendations that were overdue at September 2022.

		CWB	C&YP	E&E	Corp. Centre
Priority 1	Complete				
	Incomplete				
Priority 2	Complete		4	1	4
	Incomplete			3	
Priority 3	Complete		5		1
	Incomplete	1		1	9
	Deferred	1			
Total	Complete		9	1	5
	Incomplete	1		4	9
	Deferred	1			

9. Between October 2022 and March 2023, a further 36 recommendations were due for completion. The table below provides an update status for these recommendations, split by priority and directorate.

		CWB	C&YP	E&E	Corp. Centre
Priority 1	Complete				2
	Incomplete				1
Priority 2	Complete	2			5
	Incomplete	4			3
Priority 3	Complete	5	1		2
	Incomplete	4		3	4
Total	Complete	7	1		9
	Incomplete	8		3	8

10. Of the audit recommendations which became due for completion since the last committee, 47% have been completed. Further details on the recommendations, and the update provided can be found in Appendix A.
11. In addition to recommendations due for completion before this meeting, an update is provided below giving an indication of progress being made against recommendations due in the future.

	Priority 1	Priority 2	Priority 3	Total
Complete		1	1	2
On track			1	1
Delays possible				
Delays likely			1	1

12. Of the future recommendations, 75% of these are on track to be completed within planned timescales, or have already been completed. A further narrative on these items can be found in Appendix A.

Community impact

13. 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 service planning, financial management, risk management and internal controls are important components of this performance management system. By monitoring the implementation of audit recommendations, assurance is given that risks are being effectively managed and that the council is taking action to meet its corporate plan priorities to secure better services, quality of life and value for money.

Environmental impact

14. This report is based on internal audit and the response of the council to its recommendation, as such there are minimal environmental impacts.

Equality duty

15. 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.

16. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

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

Legal implications

18. There are no legal implications arising directly from the recommendations in this report.

Risk management

19. There are no risks associated with the recommendations of this paper and visibility of the progress being made against audit recommendations promotes good governance. However, internal audit recommendations are raised as a result of gaps in our controls or deficiencies identified within processes reviewed, therefore incomplete and overdue items inherently increase the council's exposure to risk.

20. At its meeting of 13 March 2023, committee received a paper on the ['Review of approach to strategic risk management'](#) which set out the principles and the approach that the Council was taking for managing corporate risks. At that time it was anticipated that training for senior officers, members and managers would have been delivered at the start of the municipal year, which would lead to a CLT workshop to review and agree on the strategic risks for the organisation. The training is now scheduled for early summer, following which a strategic risk register will be developed for future presentation to this committee.

Consultees

21. None.

Appendices

Appendix A - Recommendations

Background papers

None identified

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
Income Charging 2019/20 PREVIOUSLY OVERDUE	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 Revised to 31-July-21 Revised to 31-Mar-22 Revised to 10-Feb-23	The Council's transformation (THRIVE) includes a service cost recovery program being carried out by PWC.	Complete	Head of Management Accounting/Chief Finance Officer
Staff Car Parking - Business Passes PREVIOUSLY OVERDUE	1.2.1 We recommend that the Assistant Director of Technical Services ensures: <ul style="list-style-type: none"> Managers and staff business pass holders are reminded of the requirement to return parking passes if an officer leaves or transfers to a new role, A centralised record of returned passes is populated in a consistent manner to identify details of all passes that are required to be returned including the leaving/role change date or the date that the pass was destroyed to allow Parking Services to pursue unreturned passes as part of the solution under recommendation 1.1, Where the manager fails to obtain a staff business pass, where the officer is leaving or transferring the service should be charged for the cost of a season ticket for the pro rata amount remaining time left on the parking pass. 	3	31-Jan-21 Revised to 31-Dec-21 Revised to 27-Jun-22 Revised to 31-Mar-23 Revised to 31-Jan-24	The preferred option to take forward are with the Corporate Director to consider. Initially the system developed would not have worked, and the virtual system proposed has received a lot of feedback from staff during the consultation. We are aiming to bring in a system which minimises the impact on staff so need to bring in carefully.	In progress	Parking Strategy and Processing Manager
Staff Car Parking - Business Passes PREVIOUSLY OVERDUE	1.1 We recommend that the Assistant Director for Technical Services ensures that: <ul style="list-style-type: none"> A solution is identified and implemented to provide a master list of active pass holders with appropriate reports to allow monitoring to be simplified, All existing pass holders are checked for 	2	30-Apr-21 Revised to 31-Dec-21 Revised to 27-Jun-22 Revised to 31-Mar-23	The preferred option to take forward are with the Corporate Director to consider. Initially the system developed would not have worked, and the virtual system proposed has received a lot of feedback from staff during the consultation. We are aiming to bring in a system which	In progress	Parking Strategy and Processing Manager

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	general compliance with the Staff Car Parking Policy - Business Passes April 2019 annually.		Revised to 31-Jan-24	minimises the impact on staff so need to bring in carefully.		
Commercial Properties/Rents 2020/21 PREVIOUSLY OVERDUE	1.1 We recommend that all procedures and processes, along with escalation protocols, are documented to aid business continuity and these documents should then be made available to the team on a shared drive.	3	28-Feb-21 Revised to 31-May-21 Revised to 31-Mar-22 Revised to 31-Aug-22 Revised to 31-Dec-22 Revised to 31-Oct-23	The Corporate Landlord Model has been approved. Now that a Commercial & Investment Manager has been appointed, a Commercial Strategy document will be provided under the Strategic Asset Management Framework along with a Corporate Asset Procedure document. These are due by October 2023 and will set out the process and procedures around management of the commercial estate.	In progress	Senior Estate Manager
Commercial Properties/Rents 2020/21 PREVIOUSLY OVERDUE	1.5 We recommend that the Revenues Team carry out formulae checks prior to issuing Excel spreadsheet reports to ensure the integrity of the information being provided to Council services. The arrears reports should also detail the invoice number and date to clearly identify which invoices are in arrears. Any amounts paid off from individual invoices should also be clearly noted to show any outstanding balances.	2	31-Mar-21 Revised to 31-Jul-21 Revised to 30-Nov-21 Revised to 30-Sep-22 Revised to 31-Dec-22	This report went live on 02.11.2022 and is emailed through and utilised when the Revenues Team Leader completes the monthly reporting (including invoices numbers etc as requested earlier in this audit request). The monthly meetings are continuing to run and enabling the Revenues Team to work closely to resolve issues and queries from tenants. We have also now agreed the use of enforcement agents for rent arrears which went live last week. This audit element can be completed as the process is confirmed and monthly meetings are taking place to continue effective recovery of any debt.	Complete	Revenues Manager
Education, Health and Care (EHC) Plan - Annual Review PREVIOUSLY OVERDUE	Further investigation is to be undertaken by the service area on the 47 EHC Plans not recorded on the Synergy system as having an annual review.	2	31-Jul-21 Revised to 05-Nov-21		Complete	Senior SEN Officer
EHC Plan - Annual Review	To look at the data analysis completed to understand which cases did not meet the	3	30-Sep-21 Revised to		Complete	Senior SEN Officer

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
PREVIOUSLY OVERDUE	timescale, to understand why the timescale was not met in order to ensure that the system can provide fewer cases out of timescale.		19-Nov-21			
EHC Plan - Annual Review PREVIOUSLY OVERDUE	1. Review of workflow to see if it can be improved to streamline the process so it is more user friendly. 2. Training of officers on the new workflow process.	3	30-Sep-21 Revised to 31-Dec-21		Complete	Senior SEN Officer
s106 Agreement PREVIOUSLY OVERDUE	<p>Daily management and monitoring of the S106 agreements is undertaken through the population of a series of spreadsheets with the master spreadsheet being the key record. The master spreadsheet, contribution spreadsheet, expenditure(leaders) spreadsheets and the individual S106 agreements were examined during the audit. However, there are other spreadsheets populated such as Open Space and Legal monitoring worksheets which were not reviewed and provide more granular information on the specific category.</p> <p>The review identified inconsistencies between the spreadsheets and three of the ten S106 agreements examined as part of the audit. Examples of discrepancies are as follows:</p> <p>Ref 141278</p> <ul style="list-style-type: none"> • Education gain - S106 agreement stated that the contribution was to be indexed but no indexed amount is shown on the master or the contribution spreadsheet. • Off Site Indoor Play - Master spreadsheet shows the gain type and the gain received amount of £5176, which did not match the amount spent. <p>Ref 160613</p> <p>A duplicate entry on the master spreadsheet with one set of entries</p>	3	08-Feb-22 Revised to 01-Jun-22 Revised to 1-May-23 Revised to 1-Oct-23	<p>The section 106 system has been incorporated into the project to replace Civica. The Service Director Economy and Growth discussed the development of the Civica replacement business case at the project board on 12 July 2023.</p> <p>It was decided to finalise as far as possible the business case for a replacement system by end of July 2023 to submit into the capital programme request process.</p> <p>The business case will make clear this is a Thrive priority for the Directorate, and should be considered as such corporately. We will therefore also pursue a prioritisation of the capital funding and seek a quick decision (through the current capital programme review) to replace the system.</p>	In progress	Planning Obligations Manager

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>shown as no activity had occurred and the other gain types for the same reference illustrated that the monies had been received.</p> <p>Ref 103302</p> <p>On the S106 agreement all the gain types of offsite play/open space, education, libraries and transport are all shown to be indexed, yet no entry on the master spreadsheet has indexation recorded. Furthermore, there is no record of any funds received for any gain type for ref 103302, which is the superseded number for ref DCCE0009/0093/F. The earlier number was checked but no record could be found.</p> <p>Offsite play/open space gain type on the master spreadsheet is shown as £3,360 (exc. indexation), yet on the S106 agreement it shows £10,000 plus indexation. The Open site play/open space gain type of £10,000 is shown as spent on the Expenditure Spreadsheet between 1 April 2019 to 31 March 2020 but no record is shown on the Contribution spreadsheet of this gain type or any other being received apart for transport.</p> <p>It is accepted that managing and monitoring the S106 agreements through a series of spreadsheets, where each worksheet has to be manually updated errors may happen. Moreover, continually updating multiple spreadsheets is not an efficient use of time.</p> <p>In addition, in a discussion on financial record keeping on Open Spaces gain type the Planning Obligations Manager advised that details may be stored on CIVICA or a note is made on the master spreadsheet.</p>					

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>In future she confirmed that the information will be held in one area only, therefore no recommendation is to be made.</p> <p>It was noticed that on the contribution spreadsheet the progress to spend column is not dated to identify the timeframe of the entry. Similarly, on the Expenditure (Leaders) spreadsheet there is no timeframe recorded for the governance sign off.</p>					
<p>Support for Young People who are NEET 2020-21</p> <p>PREVIOUSLY OVERDUE</p>	<p>2. Monitoring of 16–24-year-olds with an Education Health and Care plan who are NEET.</p> <p>There is no formal performance measurement of 16–24-year-olds with an Education Health and Care plan who are NEET. There is also no mention of this cohort in relation to NEET in the Council’s County Plan or the Delivery Plan. Consideration should be given to the introduction of a corporate or a directorate performance indicator so that the effectiveness of the Council’s actions is measured.</p>	3	<p>31-Jul-21 Revised to 31-Jan-22 Revised to TBD</p>		Complete	Senior Adviser Post 16 Learning and Skills
<p>Support for Young People who are NEET 2020-21</p> <p>PREVIOUSLY OVERDUE</p>	<p>3. Council Website Information</p> <p>The Council’s website has a page entitled Support for young people not in education, employment or training (NEET); but the information is out of date. It requires updating and monitoring to ensure accurate information and/or signposting for all the schemes is stated.</p>	3	<p>31-May-21 Revised to 31-Dec-21 Revised to TBD</p>	<p>The Council website has been updated. The website will continue to be monitored and updated as appropriate.</p>	Complete	Senior Adviser Post 16 Learning and Skills
<p>Non Domestic Rates (NDR)</p> <p>PREVIOUSLY OVERDUE</p>	<p>A total of five accounts were selected from the weekly NDR Valuation Office Agency (VOA) reports dated 26 January 2021 and 16 February 2021. Accounts were examined to check the accuracy of information held on Academy and the timeliness of notification to the Valuation</p>	3	<p>31-Dec-21 Revised to 30-Sep-22 Revised to 31-Mar-23 Revised to 1-Sep-23</p>	<p>We are now working on the backlog to work towards our goal of referring new properties to the VOA within 10 days but this will take some time. Due to another Energy rebate announcement and the 2023 Revaluation whilst we have got the work in a more manageable position we</p>	In progress	Council Tax and Business Rates Manager

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>Office (VO) of new or altered properties. The following was identified:</p> <p>Capturing of notes on the system</p> <ul style="list-style-type: none"> • One of the five valuations billing notifications checked had incomplete notes captured within Academy. During the audit, the Team Leader stated the importance of system notes to record what has happened on an account, Timeliness of notifying VO • Two entries were processed in 1 day and reported to the VO. • One entry was processed in 4 days and reported to the VO. • One entry was processed and notified within 12 days. • One entry took in excess of 28 days to be processed and notified to the VOA. <p>At the close out meeting it was confirmed that a timeframe to notify the VO had been piloted as part of the Planning Project (which includes Building Control). However, because of the impact of COVID 19 it had been too early to assess if the timeframe was set at the correct level. This will be revisited as part of the project.</p>			are still working towards the target of 7-10 days. We are also due to start projects up again in May with Planning being one of the first projects and will include a review of how we report to the Valuation Office.		
<p>Commercial / Strategic Investments</p> <p>PREVIOUSLY OVERDUE</p>	<p>2. Payment process control issue</p> <p>A control issue was identified in the Council's payments process. The usual payments authorisation process can be by-passed if Council expenditure is deducted from a payment to the Council and there is no purchase order or invoice. The finding in paragraph 1 is an example of this and effectively £172k of Council expenditure was not authorised.</p>	2	<p>31-Jan-22 Revised to 25-Jul-22 Revised to 31-Dec-22</p>	The process subject to audit in the review undertaken in Q1 of 2021 was informed by transaction analysis provided by the managing agent. In October 2021, management of the shopping centre was taken over by Hoople Ltd and transactions since that date have been recorded separately in dedicated cost centres in the council's finance system. These transactions are subject to appropriate review through automated controls within the software and in accordance with the Financial Procedures Rules.	Complete	Head of Corporate Finance

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
Accounts Receivable PREVIOUSLY OVERDUE	We have found that the Debt Recovery Policy and monthly reporting procedure are still not up to date. These documents need to be updated to ensure that staff have the necessary detailed guidance to be able to complete tasks. In addition, little progress has been made to agree arrangements for referring cases for court action; there are outstanding issues around whether this can sit within the Revenues Team as previously done or needs to be referred to Legal Services. This needs to be agreed and set out within the Debt Recovery Policy, in order for the Revenues Team to be able to progress cases where further action may be required over the coming year.	2	30-Nov-21 Revised to 30-Sep-22 Revised to 31-Mar-23	Arrears reports for Social Care and Property Services went live 02.11.2022 and the reports are used to produce further reporting for each area; therefore this element can be closed. Debt Recovery policy was signed off and published on the Herefordshire Council website, confirmation received on 09.03.2023.	Complete	Revenues Manager Head of Corporate Finance
Main Accounting (Follow-Up) PREVIOUSLY OVERDUE	The Senior Team Leader (Transactional Team) agreed to train another officer within the Transactional Team to be able to complete the Council Tax/National Non Domestic Rates/Housing Benefit control accounts reconciliation. However, agree that we need to have someone in the Transactional Team who is also trained; this will be started in January 2020 and completed by April 2020	3	31-Dec-21 Revised to 30-Jun-22 Revised to 31-Dec-22 Revised to 31-Jul-23	This was completed end of January 2023. However, Transactional Team Leader left the company 06.04.2023. Training was started with another member of the team in January 2023 and this will continue and will be completed end of July 2023.	In progress	Senior Team Leader (Transactional Team)
Adult Social Care - Provider Payments & Client Contributions PREVIOUSLY OVERDUE	Provider invoices on hold Following the previous audit, the Transactional team reduced the invoices on hold (disputed invoices) relating to adult social care non-residential payments. However, because of the COVID pandemic and the additional resource pressures placed on the team the disputed invoices relating to adult social care have increased. The Senior Transactional Finance Team Leader has explained that temporary changes to processes because of the COVID 19	3	31-Dec-21 Revised to 31-Aug-22 Revised to 31-Mar-23 Revised to 31-Jul-23	There is a process in place for reviewing the disputed invoice list on a regular basis. Portal has not gone live currently so will continue with the current process. The actions in the original response have been implemented and the work on the disputed invoices remains ongoing, work is being carried out daily to reduce the disputed.	In progress	Senior Transactional Finance Team Leader

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>pandemic have resulted in further invoices being placed on hold. Therefore, the current list of invoices on hold may not be fully reflective of invoices where there is a dispute with the provider and instead are a result of the temporary processes put in place during the pandemic. A cleanse of the invoices on hold is needed, and where there is a dispute, this needs to be resolved with the provider to ensure the client contribution debt is raised correctly. The Senior Transactional Finance Team Leader acknowledged there is a risk that a client is overcharged as their invoice is raised before the provider invoice is resolved. However, she explained this is outweighed by the adverse impact caused by large, delayed client invoices being raised. Further investigation to be carried out relating to the reporting function of invoices on hold from the system and consideration of the implementation of the portal and the impact on the invoices on hold/queries from the providers. There is a risk that the Council has a backlog of invoices to pay to providers, as well as a financial impact on providers if they are not paid. However, the Senior Transactional Finance Team Leader is confident this accounts for a very small percentage of the invoices currently on hold. Improvements to reporting from the system would provide this oversight.</p>					
Adult Social Care - Provider Payments & Client Contributions	Procedure documents – provider payments The Senior Transactional Finance Team Leader is in the process of reviewing and updating the procedure documents covering the payments to adult social care providers (non-	3	31-Dec-21 Revised to 31-Jul-22 Revised to 31-Mar-23 Revised to	Portal not been implemented, no progress since last update on review of procedures. Delay with portal implementation is due to portal failing access testing.	In progress	Senior Transactional Finance Team Leader

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
PREVIOUSLY OVERDUE	residential) from the Abacus system. This needs to be completed with further consideration to be given to the procedure documents once the portal has been implemented. Financial and reputational impact to the Council is a risk if staff are not following procedures and are paying providers incorrectly.		31-Jul-23			
Adult Social Care - Provider Payments & Client Contributions PREVIOUSLY OVERDUE	Gap analysis Whilst gap analysis was completed following the first audit, significant changes to process have been implemented since. With more changes planned with the implementation of the portal a further gap analysis would be beneficial. The Head of Prevention and Support had already identified this gap analysis exercise would be valuable as there are several complex processes involved which overlap several teams. The Welfare and Financial Assessment Team Manager highlighted that consideration should be given as to whether project management support would be useful due to the range of teams this end-to-end review covers. Procedure documents Alongside this gap analysis exercise a review of all procedure documents should be completed to ensure they are reflective of the new processes that have been implemented. In addition, the Council may wish to consider whether an internal audit could support the end-to-end review once the portal is implemented and embedded. This will include overlaps with the brokerage team, debtor's team and the transactional team and will require their involvement. However separate actions have been agreed regarding the update of the procedure documents covering the	3	31-May-22 Revised to 31-Dec-22 Revised to 31-Jul-23 Revised to 31-Dec-23	Ability Net identified a number of accessibility issues 5 high priority issues 59 medium priority issues 9 low priority issues The software provider has confirmed the high level ones, along with a significant number of medium ones, will be addressed in release 23.1 but no official date for this release has been provided. An estimated date of mid July 2023 has been provided. It is not clear whether this release will include updates to enable use of the provider portal to process residential payments. In light of the above the planned gap analysis work cannot be started until 3 months post live implementation. An estimated target date of 31 Dec 2023 is therefore provided.	In progress	Head of Prevention and Support Welfare and Financial Assessment Team Manager

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	processes they are responsible for. The Council must ensure all roles and responsibilities are clearly reflected in					
Adult Social Care - Provider Payments & Client Contributions PREVIOUSLY OVERDUE	Debtors Policy & Procedure Documents It is recognised that the process for adult social care debt recovery including roles and responsibilities has been documented (flow diagram) however, the Debt Recovery Policy requires updating to include the new debt recovery process (for Adult Social Care) as agreed at the core Directorate Leadership Team Meeting. It has been agreed as part of the Accounts Receivable 2020/21 audit that the Debt Recovery Policy will be updated in November 2021. This action was agreed by the Head of Corporate Finance. Therefore, no further action required as part of this audit. Procedure documents within the Debtors team require updating (currently are basic Mosaic instructions) to reflect the new adult social care debt recovery processes. The Council must ensure all roles and responsibilities are clearly defined and reflected in documents/guidance. Referred to in more detail in 'other considerations' section.	3	31-May-22 Revised to 30-Sep-22 Revised to 31-Mar-23 Revised to 30-Jun-23	The policy has been confirmed as published on 09.03.2023. An accounts receivable manual is in place for the main roles within Revenues however the procedure notes for Adult Social Care are awaiting the final process to be completed whereby all procedure notes will be written (not written prior to the system provision is completed as it could affect the system elements which would then mean many changes having to be made). The final area being looked at is the comms between Revenues and Social Care teams via Mosaic - this has been delayed due to annual leave, periods of sickness and end of year however this is in test status now just awaiting a final test by the Revenues Team Leader and WFAT Team Leader.	In progress	Revenues Manager
Adult Social Care - Provider Payments & Client Contributions PREVIOUSLY OVERDUE	Debt Recovery Resources need to be allocated to ensure debt recovery processes and specifically the Mosaic debt recovery workflow - red file case review process carried out by the Revenues Manager is completed. The Councils debt position has been impacted by the COVID 19 Pandemic, but consideration needs to be given as to whether additional resources would be beneficial with the aim of reducing the Council's adult social care aged debt figure. Current aged debt position for adult social care is £4.2	3	31-May-22 Revised to 30-Sep-22 Revised to 31-Mar-23 Revised to 30-Jun-23	Status codes have been discussed and a list formulated. Now need Business World Systems to put this in to live and move all diary coded accounts to a new field. This may take some time due to the current workload held by the Business World and this is an adhoc piece of work that they simply need to try and 'fit into their schedule'.	In progress	Revenues Manager

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>million (Aged debt report from Finance Manager). Supressed Invoices The Revenues Manager has identified there is a backlog of historic invoices with complaint codes e.g., supressed debts. Resources need to be allocated to clear the suppressed invoices and pursue active debt recovery. The Revenues Manager explained that where there are multiple invoices for one account the team will only put one complaint code on one invoice rather than a complaint code on each invoice. This reduces the number of diary dates for the teams to manage. The current system does not allow for a customer account to be placed on hold. Officers are trained to look at the whole account when reviewing/chasing. However, this means that the Council are not able to easily identify what level of debt is currently suppressed.</p>					
<p>Adult Social Care - Provider Payments & Client Contributions</p> <p>PREVIOUSLY OVERDUE</p>	<p>Adult Social Care Aged Debt - Reporting There are two different ways adult social care debt can be reported, the Finance Manager (Adults and Communities) uses the charging codes to summarise the debt whereas the Revenues Manager has highlighted her report summarises the debt per cost centre. Whilst some of the difference between these reports will be timing there is a risk that the Council may have different information when reviewing adult social care debt. The Council needs to ensure there is a consistent method of reporting that captures all outstanding adult social care debt. Mosaic Debt Recovery Workflow – Reporting There is no known way of reporting those cases in the debt recovery workflow in mosaic i.e., number of cases</p>	3	<p>31-May-22 Revised to 30-Sep-22 Revised to 31-Mar-23 Revised to 30-Jun-23</p>	<p>This is an on-going in depth project, one which is constantly evolving as the project meetings take place. For example a new process for change is the diary date and status reporting which will allow us to see what status an invoice is at (e.g. awaiting write off, in dispute, on Mosaic referral and so on).</p>	In progress	Revenues Manager

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>and value of these cases. In addition to this the new Mosaic debt recovery workflow would benefit from being modified to allow cases to be distinguished by a status for example: reviewed – court action, reviewed – write off and waiting for review. This would give the Council further insight when monitoring and reporting on debt. Link from Business World to Mosaic There does not appear to be a clear method to identify in Business World those cases that have transferred to the Mosaic debt recovery workflow as they are just marked with the common complaint codes (diary dates) used. The Revenues Manager needs to consider how these cases can be cross referenced to allow for accurate reporting. It is however recognised officers record notes on Business World for example if an officer opened a diary date notes would identify it is a case that is being progressed through the Mosaic Debt Monitoring process. Update of coding within Business World Some adult care cases are identified using historic codes CCV and SCV, for consistency it would be beneficial to update these to the relevant new codes used Fairer Charging (FCH) and Care Home Market (CHM) this will assist with debt reporting.</p>					
<p>Building Maintenance and Cleaning Agreement</p> <p>PREVIOUSLY OVERDUE</p>	<p>The specifications for the new contracts to replace those extended via waivers at the start of the agreement have still not been written. This highlights the risk of a similar situation occurring to that with the security contract held by Capel Security. That contract waiver had the shortest timescale (six months), but waivers are</p>	2	<p>31-Mar-22 Revised to 30-Sep-22 Revised to 31-Mar-23</p>	<p>Services are now covered by a contract on a fixed term basis. Any new services will be procured following the HC contract procurement rules so as to demonstrate value for money. Contracts that have been awarded will be entered on both the council's and Hoople's contract register and automatic</p>	Complete	Capital Programme and Maintenance Manager

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>also in place for 13 others, along with an agreement for Hoople to use any one of 25 contractors to carry out reactive maintenance works as and when required. All except two of these arrangements could continue for the next 12 months, with two exceptions (Rielloa: UPS; 24 month waiver, & Sentinel Security: CCTV Maintenance & Door Access Controls £77,512; 18 month waiver). If further delays lead to waivers having to be extended, there is a risk of costs increasing into next financial year, or opportunities to save on existing costs through combining current arrangements into fewer contracts being lost.</p>			<p>notifications have been set up to inform in advance when existing contracts are due to expire so that they can be reprocured in a timely manner before their expiry date.</p>		
<p>EHCP Preparation for Adulthood</p> <p>PREVIOUSLY OVERDUE</p>	<p>Seven young people with EHC plans detailing their complex needs were selected from the data sets provided. The purpose of the audit was to determine the extent to which the planning in the EHCP supported their preparation for adulthood as they progressed through their transition years 9, 11 and where available year 14.</p> <p>The EHC plans were reviewed in depth to identify references to outcomes and provision that would be regarded as supporting their preparation for adulthood. This was to provide assurance that there was evidence of planning during the transition years, to assist the individual to maximise their potential for independence.</p> <p>As confirmed by the Senior SEN officer owing to the severity of their needs, i.e., severe learning difficulties and/or significant medical or physical needs experienced by the seven young people in</p>	3	30-Oct-21 Revised to 31-Jul-22	<p>SWAP undertook a follow up of the EHCP preparing for adulthood audit in April and May 2023.</p> <p>Lead by the SEND team between August 2022 and January 2023 multi -agency EHCP thematic audits of health and social care have been undertaken which includes PFA outcomes.</p> <p>A multi-agency PFA specific EHCP audit was undertaken between February 2023 and April 2023.</p> <p>Findings and recommendations have been reported to the SEND Partnership Group and SEND Assurance Board. These have informed the priorities and actions of the SEND strategy work streams.</p>	Complete	Head of Additional Needs

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>the sample, progression in adulthood may be more limited in comparison to those with less severe needs. However, for these young people, for example, the ability to communicate the need for a drink is an important step towards independence.</p> <p>For the seven cases sampled it was identified that there were references to measures to be taken to support preparation for adulthood within the capabilities of the individual.</p> <p>Following the close out meeting the Head of Additional Needs advised that it is important to recognise that outcomes and provision that support preparation for adulthood are integral to the education, health, and care sections of the EHC Plan and will not be described in the plan as a discrete single section. However, the audit did identify that reference to health and social care within the designated section of the EHC plan was limited to identify preparation for adulthood.</p> <p>Reference to limitations of health and social care information is further reported below and in Appendix 2. The absence of clearly defined information limited the ability to track progress during the transition years from year 9 onwards.</p> <p>SWAP was advised that there is a national review of SEND which may have an impact on the current format of the template and that the Herefordshire plan format has to include the nationally prescribed sections.</p>					
EHCP Preparation for Adulthood	Internal Audit reviewed one sample in depth with the Senior SEN Officer, to determine if the EHC plan was aligned to the Herefordshire Multi-agency Protocol	2	31-Jul-22	SWAP undertook a follow up of the EHCP preparing for adulthood audit in April and May 2023.	Complete	Head of Additional Needs

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
PREVIOUSLY OVERDUE	<p>for Children and Young People with Disabilities and Complex Needs. Not all elements were relevant, for example employment plans, owing to the limited capability of the young person being reviewed. Internal Audit selected a number of items from the protocol to assess.</p> <p>Owing to the response to the single sample it was agreed with the Senior SEN Officer that this could be the same for other cases, so no further testing was performed. The audit was unable to assess the support provided through collaboration with multi-agencies. Within the Herefordshire Multi-agency Protocol for Children and Young People with Disabilities and Complex Needs there is a:</p> <ul style="list-style-type: none"> • Checklist within the protocol to verify all elements are acted upon, and • Case escalation procedure. <p>However, the Senior SEN Officer was unaware of this guidance within the protocol. Additional work to embed the Preparation for Adulthood protocol and its detailed procedures needs to take place. This will ensure that all clients receive the full range of services and support that they need.</p>			<p>The Herefordshire Preparation for Adulthood protocol is an overview document. It should be a clear guide as to 'who does what when' during the Preparation for Adulthood period (formally 14-25 years). Standard operating procedures have been developed and implemented to support the transition from children social care to adult social care services.</p> <p>The local offer website has been improved and now includes videos e.g. what a PFA EHCP review looks like Local offer special educational needs and disabilities – Herefordshire Council</p>		
EHCP Preparation for Adulthood PREVIOUSLY OVERDUE	<p>Ofsted report October 2016</p> <p>In October 2016 OFSTED and the Care Quality Commission (CQC) Local Area Inspection reported that Education, Health and Care (EHC) plans, were too education focussed and did not include sufficient detail of health and social care needs (where these needs occurred). The action plan prepared, implemented and monitored was requested, to verify</p>	2	30-Nov-21 Revised to 31-Jul-22	<p>SWAP undertook a follow up of the EHCP preparing for adulthood audit in April and May 2023.</p> <p>Lead by the SEND team between August 2022 and January 2023 multi -agency EHCP thematic audits of health and social care have been undertaken which includes PFA outcomes.</p>	Complete	Head of Additional Needs

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>controls weaknesses in respect of health and social care had been addressed. To date Internal Audit has not received the information.</p> <p>The seven EHC plans reviewed were assessed as being heavily weighted on education. Therefore, the audit cannot provide assurance that the weakness identified on health and social care have been addressed.</p> <p>Annual review, Health and Social Care information</p> <p>Officers advised that over time details in the main body of the EHC plan information may be superseded as more relevant material becomes available. However, the Senior SEN Officer confirmed that Section K of the EHC plan template 'Advice and Information' should show all sources of both historical and current information.</p> <p>The audit showed all seven samples had gaps in reference to historic information under annual reviews, health and medical advice and social care advice, where activity would be expected annually. With incomplete information the most appropriate outcomes for adulthood may not be achieved. The output from this assessment is captured for each case under Appendix 2</p>			<p>Findings and recommendations have been reported to the SEND Partnership Group and SEND Assurance Board. These have informed the priorities and actions of the SEND strategy work streams.</p> <p>All advice (historical and recent) is included in section K</p>		
<p>EHCP Preparation for Adulthood</p> <p>PREVIOUSLY OVERDUE</p>	<p>Poor document management</p> <ul style="list-style-type: none"> • NHS reference 6400390340 was to be included in the test sample, but the officer could not locate the EHC plans, • NHS reference 7013040258 was selected for inclusion in the test sample, but the original document had been overtyped. The officer looked for the original PDF, but this could not be located. 	2	30-Nov-21 Revised to TBD	<p>All plans are recorded on Synergy. There have not been any further instances where we have found plans to be over-typed since the original audit. Training has been provided to the team.</p> <p>All advice historical and recent is recorded in section K We refer to the code of practice page 162.</p>	Complete	Head of Additional Needs

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<ul style="list-style-type: none"> Two of the data sets - Children with Disabilities and the Education, Health and Care plan did not consistently state the NHS reference for the individual. The findings identified may have significant consequences on the quality of the service delivered, which could result in regulatory scrutiny. <p>Quality assurance Internal Audit observed that there was inconsistency on what was recorded as a source document in Section K of the EHC Plan.</p>					
Payroll 2020-21 PREVIOUSLY OVERDUE	<p>Holding Account Reconciliations: Whilst there is a monthly holding account reconciliation, there is a backlog of queries and the level of possible errors/amendments required cannot be accurately estimated however Senior Management confirmed they remain within an acceptable tolerance. Currently the monthly holding account reconciliations have no management oversight and differences have been written off where may have been there are no other opportunities to recover the funds.</p> <p>There is a requirement for Senior Finance Managers to conduct a review of staffing resources to ensure that monthly queries are addressed, and that the backlog is cleared. The current policy for writing off outstanding amounts in the holding accounts would also benefit from being updated to reflect that where possible, these sums are cleared/recovered.</p> <p>A further deep dive review of the holding accounts by SWAP Internal Audit Service is recommended within the short-term, once progress has been made in</p>	2	31-Dec-21 Revised to 30-Jun-2022 Revised to 31-Mar-2023	All control account reconciliations are subject to monthly review to ensure that reconciling items are resolved in a timely manner.	Complete	Head of Strategic Finance

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	addressing these issues, to provide some assurance around records of payments to HMRC.					
Development Regeneration Programme <i>DUE IN PERIOD</i>	<p>At the start of the Overarching Agreement Development and Regeneration Programme (DRP) in June 2018 a governance structure was put in place. At the highest internal level there was the Economic Development Programme Board, where concerns would be escalated from the Development Regeneration Partnership Programme Boards for both Keepmoat Homes Ltd and Engie.</p> <p>Communications in more recent times appear to have faltered with Keepmoat Homes Ltd. The last agenda and minutes for the DRP Programme Board: HC and Keepmoat is dated 3 March 2020 with no evidence of formalised communication beyond this point through this body. The Keepmoat attendance and meeting spreadsheet for 2020 shows that meetings were scheduled to take place on 25 June 2020 and 15 October 2020, but no records were available on the shared drive to show they proceeded.</p> <p>Under the DRP Project Group- Keepmoat electronic folder notes and actions dated 4 November 2020 it is recorded that the Bromyard Depot and Holme Lacy site were discussed. There appeared to be a partnership relationship between Herefordshire Council and Keepmoat Homes Ltd up until November 2020. It is unclear if there was further engagement beyond this date.</p> <p>Both the Chair of the programme board and the original Senior Responsible Officer at Herefordshire Council for</p>	3	31-Oct-22 Revised to summer 2023	Economic Plan finalised in January and Economy and Place Board being recruited. Local Plan, Hereford Masterplan being amended to reflect new administration priorities prior to consultation. Investment strategy being developed. Until these areas of work are completed, it is not possible to determine any priorities to be taken forward through the DRP.	In progress	Corporate Director Economy and Environment

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>Keepmoat Homes Ltd, are no longer at the organisation to enquire what happened. This finding would suggest that Herefordshire Council may have failed to maintain even limited ongoing communications with Keepmoat Homes Ltd, unlike the continued relationship with the other partner Engie.</p> <p>At the DRP Programme Board: HC & Engie on 1 September 2021 the interim Director for Economy & Place stated that Hereford Council is developing the Hereford City Masterplan and Herefordshire Big Plan for the next 30 years. Therefore, it is likely to be 12 months before Herefordshire Council is in a position to consider any project activity with Equans (previously Engie). Internal Audit is unaware if as a courtesy this information was communicated to Keepmoat.</p> <p>The Council should consider future communications within the DRP partners to allow a good working relationship to be maintained.</p>					
<p>Oral Health Needs Assessment (OHNA)</p> <p>PREVIOUSLY OVERDUE</p>	<p>Explore the feasibility of undertaking a health equity audit of access to dental services in Herefordshire, specifically related to 'at-risk groups' (e.g. Looked after children, vulnerable older adults, people who are homeless or refugees, those with a learning disability).</p>	3	30-Sep-22	<p>This has been carefully considered and is not a priority at the moment since significant issues are already known through the data. These are being resolved through commissioning by NHSE and are updated at the Children's Improvement Board meetings.</p>	Deferred	Consultant in Public Health
<p>Oral Health Needs Assessment (OHNA)</p> <p>DUE IN PERIOD</p>	<p>Seek opportunities to influence the common risk factors and wider determinants for poor oral health, obesity and other key public health issues i.e. smoking, high-risk drinking. For example through encouraging public service settings to be 'health promoting' and influencing local relevant planning decisions.</p>	3	<p>31-Mar-23 Revised to 31-Mar-24</p>	<p>A draft Health Impact Assessment Toolkit has been developed and awaiting a working to finalise (by March 2024). Work underway to address common risk factors through activities such as the Schools Food Pilot (completed by July 23).</p>	In progress	Consultant in Public Health

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
Main Accounting PREVIOUSLY OVERDUE	Eleven set of procedures covering key processes were assessed. All were clear, contained adequate detail, with staff aware of their existence and easily accessible on the shared drive. However, ten of the eleven procedures sampled required improvements in document management to align to the Policy Writing Procedures 2020. The key omissions identified are: <ul style="list-style-type: none"> • Name of document • Summary outlining the purpose • Author (job title) • Owner of the procedure • Approved person and date • Published date • Review date • Ref for version control 	3	31-Jul-22 Revised to 31-Mar-23 Revised to 31-Dec-23	Has not been a priority due to increased work pressure from children's services	In progress	Senior Team Leader (Transactional Team)
Pool Cars PREVIOUSLY OVERDUE	The process of transferring the data from the vehicle log sheets into a workable electronic format from which the recharges can be compiled is a cumbersome one. Records are often incomplete, and coding can be incorrect, which requires additional work from the Sustainability and Climate Change Officer to request/correct the information. The spreadsheets can also be prone to errors, which were found to have occurred during 2019/20. The current electronic booking system for the pool cars should be enhanced to require the users to input their mileage and journey details, which will then allow the production of a more comprehensive report which can be used to facilitate the recharging process. Early notification to managers by email as confirmation of the pool car booking or as a prompt to them for non-completion of vehicle mileage details by their employee would also be advisable. This would allow for management oversight of the use of pool cars It would be beneficial to review	2	30-Apr-22 Revised to 14-Nov-22	New intranet booking system and automatic recharges linked to BW went live on 5th December 2022. A series of new user guidance documents and videos are available on the intranet. Staff are asked to complete tick boxes to say that they have read, understood and will comply with all the guidelines.	Complete	Sustainability and Climate Change Officer

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	booking system upgrades after three months to assess its effectiveness and correct any issues identified, thus ensuring it meets its objectives.					
Pool Cars <i>DUE IN PERIOD</i>	There is insufficient data available at present to accurately gauge whether there is a need to retain all current pool cars, although it is clear from reviewing the booking records that are available that there are periods of time when some cars are not in use. The Service should initially look to encourage use of pool cars across the Council over the coming months and follow this with a review of usage six months after this has taken place, in order to ascertain whether current fleet numbers can be justified or whether some pool cars can be relinquished. This review should also take into account the two pool cars currently loaned to Wye Valley Trust (WVT) should they no longer wish to retain them past the current loan end date of 31st March 2022.	3	31-Dec-22 Revised to 31-Dec-23	New online pool car booking and automatic recharge system launched in Dec 2022 with accompanying supporting videos, guidance documents etc. to encourage use – including updates in Chief Executive’s newsletter. Analysis delayed to enable a full 2022/23 usage analysis. This will now be included in a wider staff business travel/pool use and corporate fleet review that will be presented to DLT in Sept 2023, with follow up and actions later in the year.	In progress	Sustainability and Climate Change Officer
Pool Cars <i>DUE IN PERIOD</i>	There have been no cost increases over the last six years for the administration of the pool car scheme. Although some analysis was recently carried out on the cost, that would not have been based on accurate and up to date records, as we have identified some vehicle mileage sheets and bookings that have not been recharged. It would therefore be beneficial to carry out further analysis on the cost of the scheme once there is enough accurate data to base this on, i.e., at least six months after the upgrades to the booking system have been made. A costing review also encompasses a review of fuel purchases, made using the fuel	3	31-Dec-22 Revised to 31-Dec-23	Analysis delayed to enable a full 2022/23 usage analysis. This will now be included in a wider staff business travel/pool use and corporate fleet review that will be presented to DLT in Sept 2023, with follow up and actions later in the year.	In progress	Sustainability and Climate Change Officer

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	cards attached to the car key. However, fuel use is not monitored on an ongoing basis. Consideration should be given to this task, so that fuel usage can be monitored against mileage to ensure that it is reasonable. A review of fuel costs is outside the scope of this audit.					
Green Homes Grant PREVIOUSLY OVERDUE	The unspent Green Homes Grant funding should have been returned to BEIS in October 2021. As at the 23rd of March 2022, the unspent funding has not been repaid. The final expenditure figure is not yet finalised, as the final invoice from the contractor (Everwarm) is in dispute. Arrangements to repay the majority of the unspent grant funding need to be finalised immediately, with funding returned to BEIS. Audit Services has also been informed that there will be a further adjustment to the final invoice in respect of pre EPCs that have been charged for where the grant applications did not proceed. A further adjustment will also be required for the Council's administration costs, as a maximum 15% can be retained by the Council for this. We would recommend that additional legal advice is sought to ascertain the legal position should the Council decide to return all remaining funds to BEIS, hence leaving no funds available to pay Everwarm and refusing any future requests for payment. There is a risk that BEIS will demand full payment.	2	30-Apr-22 Revised to 30-Nov-22 Revised to 30-Sep-23	Following SWAP sign-off in April 2023 for the compliant properties, a further £5,360 was returned to BEIS with a balance of funding withheld pending meeting with Trustmark and formal instruction from BEIS. HC Legal position to be clarified- July/August '23 Meeting to take place with Trustmark- August '23 Further advice sought from BEIS- September '23.	In progress	Senior Project Manager
Customer Services FUTURE	Customer Services could explore further opportunities to capture management information, which may be relevant and inform the Customer Service Strategy.	3	31-Dec-23	The new account and CRM will provide improved management data especially around channel shift. Data we currently collate has been shared with the contractors undertaking the Digital and Customer Strategy.	Complete	Service Director Communities

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
Customer Services <i>DUE IN PERIOD</i>	<p>The audit reviewed the customer service processes in place once calls were transferred from Blueschool House to other service areas. To identify telephone calls transferred from Blueschool House to service areas was a manual exercise completed by CSO between 28 January and 4 February 2022. This is seen as a current system weakness that call transferred routes could not be easily identified. Internal audit selected four areas with a higher level of traffic as follows: • Highways • Planning • Environmental Health and Trading standards (EHTS) • Council Tax (CT) /NDR Owing to the nature of the operations within the service areas there may be no correlation between their Customer Service Standards and that of Herefordshire Council web information on Customer Standards. This could cause public confusion and possible reputational damage to the Council for providing inaccurate web information where people are communicating with service areas. There needs to be clarity on the definition of what constitutes a customer service enquiry, which is expected to comply with the Herefordshire Council Customer Service standards. Revenue & Benefits service standard for mailbox enquiries is fourteen working days to respond, whereas the Herefordshire Council Customer Service Standard is ten working days. The Acting Council Tax and Business Rates Manager confirmed that the discrepancy needs to be looked at to determine if the internal service standard needs to be aligned to the Council.</p>	3	31-Dec-22 Revised date TBC	<p>The council is working with consultants to develop a Customer Services and Digital Strategy; the document has not been circulated wider at this time. The Thrive transformation work around customers will include how customer service standards are aligned across the council.</p>	In progress	Service Director Communities

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Significant Partnerships <i>DUE IN PERIOD</i>	To update the self-assessment forms based on: <ul style="list-style-type: none"> • Making clear the email address and website will be published information and should relate back to the partnership information, • To include the officers email address (as would be helpful for further audits – not necessary internally as already on the council system), • Consider changes to question 3.4. regarding accountability, • Include director's name and title in the sign off section, • It remains optional to provide further information. 	2	31-Jan-23	The council identifies and defines its significant partners as those where contractual and governance arrangements exist and the council's role and obligations are agreed via legal contracts. Governance over partnership activity is provided by representation on relevant bodies and performance of partners is monitored through the council's contract management arrangements. This activity is considered to be an effective method of governance which provides assurance of the effectiveness of the council's activity with significant partners and partnership self-assessment forms will no longer be used. Governance arrangements are considered as part of the Director Assurance Statements which inform the council's Annual Governance Statement which is subject to external audit.	Complete	Deputy 151 Officer
Significant Partnerships <i>FUTURE</i>	The Corporate Leadership Team (CLT) will be presented with the self-assessments at the level of completion at the deadline, along with the draft Annual Governance Statement. This will enable CLT to understand the quality of the self-assessments, address any inadequacies and consider any risk in relations to the operation of significant partnerships. Once considered acceptable by CLT (as one of the lines of defence of assurance) presented to Adult and Governance Committee as a further line of defence to consider risk and mitigations – including link officers and directors attending committee to answer gaps in controls. Consideration should be given to the role of co-ordinating and facilitating the completion of the self-assessments with	2	30-Apr-23	The council identifies and defines its significant partners as those where contractual and governance arrangements exist and the council's role and obligations are agreed via legal contracts. Governance over partnership activity is provided by representation on relevant bodies and performance of partners is monitored through the council's contract management arrangements. This activity is considered to be an effective method of governance which provides assurance of the effectiveness of the council's activity with significant partners and partnership self-assessment forms will no longer be used. Governance arrangements are considered as part of the Director Assurance Statements which inform the	Complete	Deputy 151 Officer

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	the departure of the Service Director Corporate Service who took a hands on approach, operationally and strategically.			council's Annual Governance Statement which is subject to external audit.		
Public Health Grant Process <i>DUE IN PERIOD</i>	The Council's Health & Wellbeing Strategy was last published in 2017. As a result, the aims, objectives, and performance against these are out of date, and may not reflect the most recent strategic aims and objective. In addition, the Council may find it difficult to monitor performance against key targets or objectives. The County's Plan and Market Statement had been revised and covered the period 2020-2024 which has been the main driver for public health across the county alongside supporting the NHS with the delivery of the NHS Long Term Plan. It is apparent that the existing Health & Wellbeing Strategy has not driven effective change across the local system. The finding has been acknowledged by the Director of Public Health, who confirmed a new Strategy is being drafted.	2	31-Mar-23	A new Health and Wellbeing Strategy was ratified by the Health and Wellbeing Board in April 2023. A formal launch of the new strategy is taking place on 12/7/23	Complete	Director of Public Health
Public Health Grant Process <i>DUE IN PERIOD</i>	Each Public Health initiative or scheme falls within a Service area which has a budget holder/budget manager. However, the monitoring process for use of Public Health Funds and any re-badged or Reserve Funding re-invested is not formalised. Further discussions with key staff involved in the review confirmed that any re-badged or re-invested funding has been seen as more of an accounting adjustment historically and has not been undertaken in conjunction with the relevant Director. In addition, open dialogue with how this funding is utilised does not normally take place unless	2	31-Mar-23 Revised to 30-Sep-23	A review of the Public Health Grant is underway. The review process has been agreed with the Office for Health Improvement and Disparities.	In progress	Director of Public Health

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>initiated by Finance. This may result in uncertainty of roles & responsibilities, inconsistencies in processes applied and a lack of management oversight as to how funds and reserves funds are being utilised and compliance with grant conditions.</p>					
<p>Public Health Grant Process</p> <p><i>DUE IN PERIOD</i></p>	<p>Whilst it is acknowledged that the Council has a Health and Wellbeing Board for which the Director of Public Health attends as one of the lead officers and member, there is no formal reporting mechanism or process, such as an internal Public Health Board in place to discuss and scrutinise how Service Directors are spending the grant monies received. The absence of any formal reporting processes and mechanism has resulted in:-</p> <ul style="list-style-type: none"> ➤ no evidence and narrative produced to evidence how Public Health re-badged monies across the Council complies with the Funding Terms & Conditions. It is acknowledged that some of the re-badged funding activities and outcomes are mandatory. ➤ no KPIs having been set up for those Public Health activities delivered internally by other Services and for re-badged monies that have been re-allocated from reserves. (Key Performance Indicators (KPIs) are only attached to the Public Health commissioned contracts that are managed by the Public Health Service.) ➤ the performance of each of the commissioned/contracted services not being summarised and reported on through a dashboard over recent times. This has occurred due to the Covid 19 	2	31-Mar-23 Revised to 30-Sep-23	A review of the Public Health Grant is underway. The review process has been agreed with the Office for Health Improvement and Disparities.	In progress	Director of Public Health / s151 Officer

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>pandemic and the standing down of many national data set requirements. While some performance monitoring and data collection has continued, this has not been reported.</p> <p>The current arrangements may result in missed opportunities for Management to proactively manage, monitor, scrutinise and challenge the delivery of the Public Health budget. Further discussions with the Director of Public Health confirmed that a Public Health Board could be considered in the future. Initial discussions have taken place regarding such arrangements, and other considerations are being explored.</p> <p>The move of Public Health to the existing Communities and Wellbeing Directorate provides a further opportunity to utilise existing meetings to provide oversight of how the grant is spend, although the grant is not confined to this directorate.</p>					
<p>Public Health Grant Process</p> <p><i>DUE IN PERIOD</i></p>	<p>Although there are robust contract management and performance monitoring arrangements for those Public Health Services commissioned and contracted out, there is no oversight from Public Health or any other Services for several Services that are delivered and managed internally.</p> <p>As a result, it is not clear whether the funding and any re-badged or re-invested Funding is spent on Public Health linked schemes and eligible outcomes. In addition, the Council may be unable to demonstrate to Office for Health Improvement and Disparities (OHID) that the use of funding is compliant with the terms and conditions of the grant.</p> <p>A clear and concise written agreement</p>	2	31-Mar-23 Revised to 30-Sep-23	A review of the Public Health Grant is underway. The review process has been agreed with the Office for Health Improvement and Disparities.	In progress	Director of Public Health

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	between the Public Health Directorate and individual Service teams would be of benefit to ensure that these arrangements are formalised.					
Public Health Grant Process <i>DUE IN PERIOD</i>	The review confirmed that the total of the Public Health Reserves as of 31st March 2022 was Cumulatively £2.41M, dating back to 2012/13. The previous Director of Public Health had initially nominated values of the Reserves plan to projects, but this was not progressed. Therefore, historic reserve funds had not been sufficiently profiled and utilised to maximise the delivery of Public Health initiatives. It is acknowledged that Covid-19 significantly impacted the value, profiling, and utilisation of historic reserves. During this period, corporate Public Health activities and other front-line services had been diverted due to the pandemic, and therefore, 'business as usual' activities were temporarily halted at all levels. This also extended to partner agency and other stakeholders, such as GP practices and Children Centres, which were closed because of the pandemic.	2	31-Mar-23 Revised to 30-Sep-23	A plan to spend public health reserves has been drafted.	In progress	Director of Public Health
Public Health Grant Process <i>DUE IN PERIOD</i>	Whilst it is acknowledged that the Public Health Grant Funding Grant Terms and Conditions provide details on the requirements and guidance on the reporting/governance arrangements, there is no formal reference to, or specific deadlines set for Local Authorities to submit the Year-End Statement of Assurance which requires the Chief Executive Officer / Section 151 Officer and the Director of Public Health's sign-off. In the absence of any formal reporting deadlines set by the relevant Governing	3	31-Mar-23 Revised to 30-Sep-23	This will form part of the review of the Public Health Grant being undertaken.	In progress	s151 Officer / Senior Finance Business Partner

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	Body, the Council may wish to consider establishing and setting their own internal reporting deadlines to submit this information. This will help ensure roles, responsibilities and timescales are defined and adhered to. This also promotes good working practices across different Service areas.					
Public Health Grant Process <i>FUTURE</i>	There was no evidence provided of Service Plans documenting and demonstrating how re-badged or re-invested reserve funding is being used to meet Public Health outcomes or is compliant with the grant terms & conditions. Where appropriate, the Council should consider ensuring Service Plans document and demonstrate how re-badged monies are being used. This will help ensure compliance with the grant terms & conditions.	3	31-Jul-23 Revised to 30-Sep-23	This will form part of the review of the Public Health Grant being undertaken.	In progress	Director of Public Health
Public Health Grant Process <i>DUE IN PERIOD</i>	The allocation of Public Health Grant investment fund (the allocation of the Public Health Ring Fenced Funding to other Council Services) has historically been a Finance process rather than being driven by the Public Health Team. The allocation of any reserves has been 'an accounting adjustment' rather than an informed decision-making process. Consideration should be given to identifying the Services that will be in receipt of PHG investment monies at the beginning of each financial year and/or at the earliest convenient opportunity.	3	31-Mar-23 Revised to 30-Sep-23	This will form part of the review of the Public Health Grant being undertaken.	In progress	s151 Officer
Public Health Grant Process <i>DUE IN PERIOD</i>	The current Public Health Team structure dated June 2022 does not contain a dedicated Business Manager. The absence of a Business Manager makes it difficult to undertake business and sector specific	3	31-Mar-23	Interviews for a Public Health Business Officer are taking place on 14/7/2023 where it is anticipated that an appointment will be made.	Complete	Director of Public Health

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	<p>tasks such as benchmarking exercises relating to the Public Health Grant Funding Spend and Performance. In addition, there are several posts that are fixed term until September 2023. Consequently, there may be a risk that the current structure of the Service does not lend itself to effectively monitor current or future delivery outcomes of the Public Health Grant Funding. The current structure may lead to business continuity and resilience related issues. Consideration could be given to including such a role when the next Service restructure is carried out or could be put forward as part of a business case.</p>					
<p>Public Health Grant Process</p> <p><i>DUE IN PERIOD</i></p>	<p>The Council's Finance Team maintains records on all streams of Public Health Funding. This extends to external grant funding which includes schemes such as the Adult Weight Management and Substance Misuse, along with reserves that have cumulatively built up over several years. However due to historic working processes, the allocation of the investment monies is not always shared or made available across all Service areas. This may affect the oversight and monitoring arrangements of how the grant is used. It is acknowledged that there are good working relationships and evidence of collaboration between the Public Health Directorate and key financial officers across many public health funded areas and activities has been noted. All key officers are keen to move away from the historic ways of working where</p>	3	31-Mar-23 Revised to 30-Sep-23	It is anticipated that this action will be resolved as part of the review of the grant currently being undertaken. This involves liaising with financial accountants across the council and subject matter experts.	In progress	Director of Public Health / Senior Finance Business Partner

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	appropriate and continue working in collaboration.					
Direct Payments <i>DUE IN PERIOD</i>	Identification of a Potential Fraud Risk within Adult Social Care All Herefordshire Council officers complete the annual mandatory fraud awareness e-learning training. Adult Social Care (ASC) Services social workers interviewed confirmed that fraud specific training for their area of expertise could be beneficial to alert them to potential threats. The Counter Fraud Manager stated that in the future, a financial abuse toolkit will be developed, but currently other priorities take precedence. The Director: Community Wellbeing supports the delivery of fraud specific training for ASC officers. Four officers were asked if they were aware of Herefordshire Council's Counter Fraud Manager. The Service Director knew the name of the officer, the Senior Officer said they were aware that there would be one, and the two social workers were less certain. This response was despite the completion of the mandatory fraud awareness e-learning. A publication called 'Fighting Fraud and Corruption Locally- a Strategy for the 2020s' highlighted the need for alignment of the Council's fraud strategy to the safeguarding responsibilities. The Counter Fraud Manager was contacted and confirmed that there is not a common position between the corporate fraud strategy and the West Midlands Safeguarding Policy and Procedures used by the Safeguarding Team. In addition, the absence of the fraud risk on Council's risk registers was a surprising finding, particularly after the misappropriation of public funds	3	(a) 30-Apr-23 (b) 31-Mar-23 Revised to 30-Sep-23	The Counter Fraud department has been unable to commence bespoke fraud awareness training within ASC to date, due to ongoing priorities in Fraud Risk Management and due to a number of projects within other service areas. This has included an influx of fraud referrals that the Counter Fraud Manager has had to process and investigate. Bespoke Counter Fraud training in Social Care is on the annual fraud plan, and whilst this task is yet to be delivered, it is high on the agenda, but will now require a revised target date for completion. Fraud risks are in the process of being entered onto service risk registers and should be reportable from September.	In progress	Corporate Director, Community Wellbeing / Counter Fraud Manager

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	<p>exacerbated as a result of the pandemic. However, the Counter Fraud Manager confirmed that there have been mitigating circumstances that have delayed the integration of a fraud risk into all risk registers. Delays have been caused through staff movements within the Corporate Performance structure which has resulted in a delay in the department sourcing an adequate new risk management system.</p>					
<p>Direct Payments</p> <p><i>DUE IN PERIOD</i></p>	<p>External and internal Council direct payment publications External and internal Council direct payment publications were reviewed to ascertain the advice provided, in respect of potential fraud or misuse of direct payment cards. SWAP Internal Audit made their own selection of external documents published on the Herefordshire Council internet, so the findings identified are relevant for the information reviewed. The Principal Auditor, now on maternity leave agreed that Internal Audit would review the internal procedural documents provided by the Team Leader, Direct Payments. Following the close out meeting, the Team Manager (Welfare and Financial Assessment) provided evidence of documents, where fraud is referenced. These were in place prior to the audit but were not made available during the review. For example, the Direct Payment Agreement states the different types of fraud and alerts recipients of potential outcomes if fraud is detected. In addition, the direct payment remittance includes a fraud notice in the footer. Furthermore, it is noted that there is a link to the fraud</p>	3	28-Feb-23	<p>The fact sheets have been updated to include additional information about social care fraud. Contact details for help with understanding the document, and other accessibility requirements have been added to the four documents where this was missing. Version numbers have been added to all fact sheets for document control. An additional social care fraud web page has been added as a “call to action” button on the right hand side of the direct payments and direct payment card webpages. This page provides details about what constitutes social care fraud, action that can be taken, and how to report it. Document management control is now in place for the internal documents. Note – The card booklet hasn’t been updated at this time for the following reasons;</p> <p>This was sourced from an external supplier and includes images of the card, The current card contract expires in 8 months, so it is not cost effective to make minor changes to the text at this time. We</p>	Complete	Team Manager (Welfare and Financial Assessment)

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	<p>prevention privacy policy is at the bottom of the direct payment web page. However, this is at the end of a large list of documents and a member of the public may select the document they want, without scrolling to the bottom of the page to find it. This identifies that there is some good quality reference to fraud within some documentation. However, it highlights the need for document housekeeping to be undertaken to check that all external documents are up to date and relevant. All reviewed publications should be compliant with the 'Writing and Publishing Council Plans, Policies and Procedures 2020-2023.' Hereford External Direct Payment Publications Nine published support and advice managing direct payment factsheets were checked. The information is generally comprehensive, but there are areas that require attention as follows:</p> <ul style="list-style-type: none"> • Within six of the nine documents where fraud should be a consideration, there is an inconsistent message. The communication on all publications should be stronger stating the consequence of committing a potential fraud or misuse of the direct payment card. • Five publications made reference to the availability of advice, help with understanding the document, translation into other languages, accessibility to the publication in other formats, whereas this is absent from the other four documents. • Document management is absent from six of the nine publications reviewed. The Team Manager (Welfare and Financial Assessment) has a list of the documents examined. 			<p>will make the required changes the next time the booklet is updated. Note – The Easy Read guide hasn't been updated for the following reason; The communications team are currently procuring a licence for easy read images. Once this is in place we will be reviewing our easy read content and will update the guide at this time.</p>		

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	<p>Direct Payment Team Internal Procedures</p> <p>None of the twelve internal procedures reviewed had document management in place. The procedures provide guidance to officers on how to monitor direct payments usage, identify potential anomalies and fraud or misuse. However, other questions not covered by the documents reviewed show a flexibility in approach, depending on circumstances such as: ' Who is contacted first/at the same time the Counter Fraud Manager or the Locality Manager'? Reply-'This would depend on the nature of the fraud, but if it affects the individual's care and support the locality manager would be made aware first.' Where there are optional choices, basic guidance should be provided to allow a consistent approach. In addition, there were other omissions in the procedures provided for review, for example the absence of the completion of a lessons learnt exercise and the reporting of outcomes. There is no specific fraud checklist/procedure that covers who does what, when and why specific tasks are completed.</p>					
<p>Direct Payments</p> <p>FUTURE</p>	<p>Adult Social Care Internal Procedures</p> <p>No Adult Social Care (ASC) procedures were provided. A Locality Manager confirmed that ASC Strength Based Assessment procedures make no reference to suspected fraud or misuse of direct payment cards and the action to be taken if the event arises. The West Midlands Adult Safeguarding Policy & Procedures adhered to by the Safeguarding team make reference to fraud. The regional policy and procedures states the need to use this alongside a</p>	3	30-Apr-23 Revised to 30-Sep-23	<p>Tri.x on-line resources are now being used for Herefordshire Council Procedures, Practice Guidance, and Tools for Adult Social Care. This is for use by practitioners across all adult social care teams. The content for direct payments has been reviewed and updated. Specific guidance relating to social care fraud will be added to the content at the next opportunity to submit changes. Estimated target date September 2023</p>	Delayed	Service Director Social Care Delivery / Team Manager (Welfare and Financial Assessment)

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	<p>Local Authority's own guidance on fraud. The Service Director, Social Care Delivery confirmed at the close out meeting that separate procedures would be a duplication and that social care staff follow corporate policies and the Direct Payment procedures. Social care staff interviewed confirmed that they did not have access to the Direct Payment team procedures. Moreover, the Team Manager (Welfare and Financial Assessment) stated that these were internal direct payment team procedures. The two senior officers agreed that they could work collaboratively in the delivery of procedures suitable for the two service areas. To guarantee a consistent approach in the identification and handling of potential fraudulent or misuse of direct payments, support should be obtained from the Counter Fraud Manager.</p>					
<p>Direct Payments</p> <p><i>DUE IN PERIOD</i></p>	<p>Senior Practitioners' Development Meetings were requested with two senior practitioners to discuss the direct payments process within Adult Social Care. Both parties stated that they had joined the service area within the last six months and felt Internal Audit should interview someone more experienced. Later it was found that both individuals, although holding supervisory positions, fill interim posts, so this may have contributed to their reply. A social care worker interviewed advised that a senior practitioner allocated an Operation Input request from the workflow, that had been completed and moved to the next stage of management review. However, the manager re-allocated the completed work, which may indicate a lack of</p>	3	31-Mar-23 Revised to 30-Nov-23	<p>The Counter Fraud department has been unable to commence bespoke fraud awareness training within ASC to date, due to ongoing priorities in Fraud Risk Management and due to a number of projects within other service areas. This has included an influx of fraud referrals that the Counter Fraud Manager has had to process and investigate. Bespoke Counter Fraud training in Social Care is on the annual fraud plan, and whilst this task is yet to be delivered, it is high on the agenda, but will now require a revised target date for completion.</p>	Not started	Service Director Social Care Delivery

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	<p>knowledge on the use of Mosaic. The Service Director Social Care Delivery believes that this is an isolated incident. SWAP Internal Audit is aware that the recruitment and retention of staff is difficult nationally. However, it is important that whether a permanent or interim person is in post, they are confident with the processes and systems used, particularly with flexible working. Support is available to improve an officer's knowledge and experience. A Business System Analyst and a Performance Officer provide Mosaic system induction and refresher training. In addition, the Team Leader, Direct Payments provides detailed induction training. The completion of a skill assessment spreadsheet would identify persons requiring support.</p>					
<p>Direct Payments <i>DUE IN PERIOD</i></p>	<p>Control verification Undetected fraud may have a detrimental impact on the Council's ability to deliver services, so robust detective and preventative controls need to be in place. For example, the Team Leader, Direct Payments delivered an Induction presentation in March 2022 at the County Locality team meeting. The presentation stated that prior to reviewing a support plan, a social worker should check Mosaic for the outcome of previous direct payment monitoring reports, to be aware of possible issues such as contribution arrears, non-payment of top-up and inappropriate spend. The two social care staff who participated in the audit confirmed that Mosaic notes would be checked, but not monitoring reports. Verification that direct payment</p>	3	31-Jan-23	<p>A prompt has been provided on Mosaic attached to review documentation to ensure that as part of preparation for a review, direct payments monitoring reports will be discussed with the Direct Payments team.</p>	Complete	Service Director Social Care Delivery

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	<p>monitoring reports are routinely checked as part of a Strength Based Assessment (SBA) should be completed as part of the Strength Based Review (SBR). These two measures consistently completed would enhance the control framework. Assurance should be validated that the controls are operating effectively.</p>					
<p>Direct Payments</p> <p><i>DUE IN PERIOD</i></p>	<p>Management Information The Adult Performance Team produces a quarterly report that includes management information on safeguarding concerns raised with the Safeguarding Locality Team. Data is anonymised and reported by safeguarding category. This is presented at the DLT meeting by the Performance Lead. Internal Audit was provided a copy of the safeguarding dashboard with confirmation that with appropriate permission it could be available to the Team Leader, Direct Payments. The safeguarding dashboard includes the following data concern source, number of concerns raised, type of alleged abuse, location of abuse, etc., this information may be useful to the Team Leader, Direct Payments. Access to the safeguarding dashboard information may provide a more holistic view of the risk of fraudulent or misuse activity of direct payments within ASC. This could inform future fraud mitigation activity.</p>	3	31-Mar-23	Direct Payments team lead has access to monthly reporting.	Complete	Service Director Social Care Delivery
<p>Adult Social Care Infection Control and Testing Fund (Round 4)</p> <p><i>DUE IN PERIOD</i></p>	<p>Governance weaknesses In most instances, governance standards were good. However, there were two common themes identified owing to the absence of management approval at an operational level. Details are as follows: 1. Discretionary payments - there was no approved documentation, which outlined</p>	2	28-Feb-23	<p>Appropriate governance arrangements have been put in place for any future grant allocations. This is the responsibility of the Service Director All Ages Commissioning and includes:</p> <ul style="list-style-type: none"> Formal decision logs for any agreed allocations. 	Complete	Corporate Director Community Wellbeing / Service Director All Ages Commissioning

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	<p>the principles applied to determine what activity was acceptable to meet the grant criteria, not covered by the guidelines. Internal Audit was provided with two examples of Outlook calendar entries for July and August 2021 where discussions took place. One meeting included the Service Director - All Ages Commissioning and the former Head of Commissioning and the Joint Strategic Finance Lead. However, no record was maintained to confirm acceptable inclusions for discretionary payment, 2. Payments issued outside the grant timeframe – grant guidelines state that funding should be fully spent in infection prevention and control and testing by 30 September 2021. There was no formal approval record to support discretionary payments of £172,735.41, issued to service providers outside the timeframe permitted under the grant. The funding had been provisionally allocated. However, there was a delay in payment because of pertinent information awaited from the service provider. It is accepted that there was a short timeline to distribute, monitor and report on the funding, whilst maintaining compliance with the terms and conditions of the grant. However, this was the fourth round of government funding so the expectation was that a high-level approved directive was in place. There is the risk that if officers leave or are on long term sick their knowledge is lost. Therefore, if a future challenge occurred there is no information to support the decision principle. One senior decision maker has left the Council and the other one, the</p>			<ul style="list-style-type: none"> • Central collation of all records on a Teams site. • Formal record of any exceptional approvals relating to timescale or discretionary payments • Central record of all submitted grant returns. 		

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	<p>Service Director, All Ages Commissioning leaves at the end of December 2022. The Joint Strategic Finance Lead confirmed that details would have been discussed but no formal records maintained. He confirmed that owing to the grant timescale, he had to act quickly. Records would have been better in non-pandemic times.</p> <p>The Council should have adequate guidance to demonstrate why a payment meets the criteria of a grant. To maintain expected levels of governance, it is good practice to hold supporting evidence of the criteria adopted and approval given to confirm that non-standard payments meet the terms and conditions of the grant. Secondly, as the Herefordshire Council Chief Executive and the Interim Director, Adults & Communities were the signatories of the Assurance Statement, there was the anticipation that Herefordshire Council would have checked with the Department of Health and Social Care if allocated payments could be made outside the grant timeframe. In addition, formal approval should have been evidenced, based upon the Scheme of Delegation requirement. Internal Audit requested the Assurance Statement Round 4, rather than the Round 3 one that was provided. Currently, the Statement requested remains outstanding at the time of the report preparation.</p>					
Adult Social Care Infection Control and Testing Fund (Round 4)	<p>On -Line Adult Social Care Infection Control Fund Application The on-line Adult Social Care Infection Control Fund Application was required to be completed by service providers,</p>	3	28-Feb-23	Written advice given to CLT with example wording to go in grant application forms.	Complete	Director of Governance and Law

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<i>DUE IN PERIOD</i>	seeking grant funding. A fraud declaration was to be included within the application, but was absent from the final version distributed and required to be signed by service providers. There is a chain email from the former Head of Care Commissioning to the former Solicitor to the Council requesting acceptance of the contents of the application discussed. Unfortunately, the approval record is unavailable because both parties are no longer employees of the Council. The absence of the fraud declaration from the application demonstrates a weakness in quality checks. This omission would place the Council in a weaker position if legal proceedings ensued.					
Adult Social Care Infection Control and Testing Fund (Round 4) <i>DUE IN PERIOD</i>	Segregation of financial duties The Joint Strategic Finance Lead took responsibility for the calculation and checking that the mandatory payments made to service providers were correct. It is a key financial control that an individual does not complete both tasks to avoid potential errors, omissions or fraudulent activity being committed. The calculations should be checked and approved as accurate by a separate finance officer, before submission for authorisation of the payment. The Internal Auditor completed 'spot checks' on a number of formulae driven calculations, with no issues identified. However, excel formulae can break, which may produce errors. Therefore, a second officer should have reviewed the payment output prior to a request for disbursement approval. The absence of this financial control has been identified in the 2022-23 fiscal year in other service areas. Therefore, action	3	Immediate	The Segregation of duties has been made.	Complete	Head of Strategic Finance (Deputy 151)

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	should be taken to mitigate this reoccurring risk.					
Adult Social Care Infection Control and Testing Fund (Round 4) <i>DUE IN PERIOD</i>	Overtyping of Annex D reporting Department of Health and Social Care return 1 Sept 2021 The Council was required to report the grant expenditure to the Department of Health and Social Care (DHSC) at two points in time. This activity was completed without the DHSC requesting additional information. However, a record of the interim report was unavailable because it was overwritten in the preparation of the final return. It is good practice to retain all versions of reports, so a full audit trail is available if queries arise at a later date.	3	28-Feb-23	All versions of reports are retained as part of the central record established under the action for Finding 1 above.	Complete	Corporate Director Community Wellbeing / Service Director All Ages Commissioning
Registration Service <i>DUE IN PERIOD</i>	Town Hall Building Security / Access Issues: There are significant failings in the control of keys for access to the Town Hall itself, and for the office, strong rooms and safes. It was confirmed by a senior officer during the audit that Registration Service staff have been having their own keys cut. Evidence indicates that this has been occurring over a number of years, and records of keyholders which should be maintained by Facilities Management have been proven to be inaccurate and unreliable. A SWAP Internal Audit request for a list of keyholders to the Town Hall took a week to be provided, and during that time, a follow up request was met with the response that they were working on it. During a site visit, a plastic container with a variety of keys was shown to the Auditor. While this container had been placed in the strong room until the keys could be sorted out and identified, it was not known at the time what the keys were for. This was promptly brought to the	1	28-Feb-23	Barrels to doors were changed as outlined on 14th Feb and keys reissued with a register updated.	Complete	Strategic Assets Delivery Director

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	<p>attention of the Head of Practice Management (Governance and Law) who removed the keys from the premises; subsequent checks carried out by the Head of Practice Management (Governance and Law) on the keys confirmed that 18 of the keys were current, and gave access to the Town Hall side door, as well as safes, albeit safes that are currently not in use. The Head of Practice Management (Governance and Law) has instructed all Registration Service staff to return all building keys as a matter of urgency. However, despite this request on 18th October 2022 which was endorsed by the Director: Governance and Law, there are still keys that are known to be outstanding. However, owing to the historical issues with regard to staff having had their own keys cut, it would be advisable to change the lock to the side door of the building at the earliest opportunity. Access via ID badges as an additional control, as per other buildings, should also be considered. The possibility that keys to other outer doors may also be held by unauthorised members of staff should also be considered, with a view taken on whether locks to those doors should be changed as well. It is appreciated that this will need to be co-ordinated through Facilities Management, with careful consideration given to who should be entitled to keys and for what purpose. Appropriate controls should be applied to ensure that staff understand their responsibilities as key holders.</p>					

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Registration Service <i>DUE IN PERIOD</i>	<p>Security: Storage Unit Key Control: Although the Service now has two key safes on the wall of the main Registrars' office, we observed that they were not being used as had been intended by the Head of Practice Management (Governance and Law). On visiting the office on 11th October, 2022, I found that the new key safe was open and empty on the wall, even though this had been installed by Facilities Management as an urgent job eight days before. Staff were also unaware of how often the combination should be changed on the larger key safe, and were of the view that there were no written procedures around key safe usage and controls. Although the Head of Practice Management (Governance and Law) has ensured that the new key safe is now in use, it is advisable for a process document to be drawn up, setting out the details of keys that should be held in each, e.g., keys to the strong rooms, safes, Registration Service offices, desks and cupboards, who should have access to each, and the requirements for changing the access codes. Owing to the current and historical issues around staff having keys cut, rules around key cutting (types of keys that can be replicated and those that must not be) should also be included, with staff required to sign this document to state that they understand and agree with this policy.</p>	2	28-Feb-23 Revised to 30-Jun-23	<p>Registration Support Assistants have been appointed into role and are still in induction phase.</p> <p>Shropshire carried out a mini compliance audit and have initiated further security measures to offices and metal locking cabinets (see below).</p> <p>Procedure note not drawn up due to lack of staff capacity.</p>	In progress	Head of Practice Management
Registration Service <i>DUE IN PERIOD</i>	<p>Internal Review Report: Although the recommendations from the Internal Review Report have been included in the Service Action Plan (July'22), some of the proposed actions have yet to be</p>	2	31-Jan-23	<p>Plan is updated quarterly. Shropshire Council are currently coming to the end of their support arrangement; we are reviewing progress made and outstanding issues. The improvement work in</p>	Complete	Head of Practice Management

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	addressed in any form, although the Head of Practice Management (Governance and Law) all have target dates set against the actions, but as only actions to date are recorded, there is nothing set out to state how the recommendation will be addressed. It would be beneficial to expand on the current format within the plan, and include details of progress made; the building in of regular review dates for the plan would also enhance the process.			registration services is being supported by the PMO with a project plan and board in place.		
Registration Service <i>DUE IN PERIOD</i>	Herefordshire Council Internal and External Reviews: An internal review of the Registration Service was commissioned in 2021, with the final report having been issued in October 2021. However, no action was taken on this. The process was not helped by staff/management changes, however, the recommendations should have been addressed through an action plan. The Council does not have a corporate process for commissioning, monitoring, reviewing and reporting on internal review reports, as is required for internal audit reports. Had this been in place, the issues identified in the Registration Service internal review report would have been tracked and addressed, which should have triggered some service improvements prior to the G.R.O. reviews. Without an effective and transparent process in place for internal reviews, there is a high risk of these being ignored or lost, which can occur in particular where there is a turnover of staff. This is an area that needs to be addressed urgently, to ensure that where there has been a need for a review, but this has been commissioned	1	28-Feb-23	This has been raised with Corporate Directors to remind them of their obligations of making sure that any actions from internal service reviews are implemented or if not a record is kept of why not. This is a matter for each service area and ultimately the Director to manage.	Complete	Director of Governance and Law / Director of Resources and Assurance

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	outside of the internal audit planning process, the findings and recommendations from these reviews are not lost, but are monitored and reported on in the same way as for internal audit reports.					
Registration Service <i>DUE IN PERIOD</i>	Stock Control: The current method of holding stock is unsatisfactory. Although unopened / not in use packs are held in the strong room (lockable fireproof room), they are stored on shelves which allows for certificate pads to be taken from the wrong pile, i.e., from stocks held by other Registrars or the Superintendent Registrar. A review of stock records confirms that this has happened, along with packs being used in the wrong order. More secure methods of holding stock need to be considered, in order to restrict Registrars access to their own stocks of certificates, while still retaining the stock in the strong room. Options could be lockable storage boxes to be held on the shelves, which would only be accessible by the relevant Registrar, or by installing lockable cabinets in the strong room. This would make Registrars accountable for their own stock, while safeguarding that stock against being accidentally or otherwise moved by another member of the team.	2	28-Feb-23	Metal cabinets are in place in the offices and stock has been moved to each registrar's office. Stock has been checked; obsolete and surplus stock has been transferred or has been destroyed in line with GRO requirements. All staff have been shown how to record stock. The list of Herefordshire staff and their particular roles which is required by GRO has been updated and leavers, new starters or role changes have been	Complete	Head of Practice Management
Registration Service <i>DUE IN PERIOD</i>	Stock Control Records: There are inconsistencies in the way that stocks of certificates are being recorded by the Registrars. SWAP Audit Service carried out a stock take of certificates held in the Strong Room on 1st November 2022, but the records that we were directed to by staff did not contain details of that stock. Subsequently, further stock records for	2	31-Mar-23 Revised to 30-Jun-23	Cashbooks (including stock control) are now in place for all registers and for SR stock. Process notes have been provided by Shropshire which require finalising for Herefordshire. Procedure note not drawn up due to lack of staff capacity.	In progress	Head of Practice Management

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>three Registrars were forwarded to us, but these did not reconcile to our stock take records. There was also a lack of information contained within the records, along with a lack of consistency as to how the stock usage was recorded. We did not receive a record of the Superintendent Registrar's stock, at the same time that we received the additional Registrars' stock records, but received a copy of this at a later date. Advice should be taken from the Shropshire County Council trainer so that the team can implement a stock control record that is compliant with the requirements of the G.R.O. The team would benefit from drawing up a written procedure document to ensure a consistent approach is taken and also to provide guidance for any new staff in the future. This should run alongside the G.R.O. handbook, but should set out in further detail the processes that staff need to follow to ensure that all new stock is correctly and promptly received, checked and recorded, all stock removed from the main strong room stock is accounted for at all times, and that both used and spoiled stock are clearly and promptly recorded.</p>					
<p>Registration Service</p> <p><i>DUE IN PERIOD</i></p>	<p>Spoiled Certificates: There is a lack of consistency in the way that the staff are both retaining and recording their spoiled certificates. There is no written process for recording and retaining spoils. Staff are referred to the G.R.O. processes for general office practices, however, those are not prescriptive enough, and a separate document should be drawn up and retained, so as to promote a consistent approach. The Superintendent</p>	2	31-Mar-23	<p>Spoiled certificates have been dealt with and a process note is in place for these to be dealt with.</p>	Complete	Head of Practice Management

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>Registrar's current practice of filing spoils in order of batch use, along with a log of used/spoiled certificates is the method that SWAP Audit would recommend. This would also aid the reconciliation process. Staff are also unclear as to how long they need to retain copies of their spoiled certificates, as they are not financial records. There is no guidance within the G.R.O.'s procedures, therefore, it would be advisable to retain two years plus current year, until this can be clarified with a G.R.O. representative.</p>					
<p>Registration Service</p> <p><i>DUE IN PERIOD</i></p>	<p>Income Records / Reconciliation: Income reconciliations had not been carried out prior to Head of Legal Practice (Governance and Law) being assigned the task of overseeing service improvements in July 2022. Owing to this, she appointed a member of her own team to attempt a reconciliation of income received since April 2021. However, the income records have been found to be of such poor quality that it has not been possible for this to be done. Issues that have contributed to this have included: • income types not being consistently split between separate account codes for births, deaths and marriages when paid in; • income not being paid in promptly, and sometimes left for multiple weeks before being banked; • insufficient details having been recorded on the composite paying in slips meaning that there is no breakdown of cash and cheques paid in, or what certificate purchases the income relates to. As a consequence of this, it has not been possible to ascertain whether all income has been paid in during this period of time, or indeed whether there</p>	1	28-Feb-23 Revised to TBC	<ul style="list-style-type: none"> - Coding structure in place and being updated in pay.net and online forms. - referencing on pay.net improved to be able to identify payments to individuals and therefore should help easier reconciliation of income - Shropshire unable to reconcile BW income to Cashbooks and pay.net reports. Awaiting support from finance colleagues once final accounts finished. 	In progress	Head of Practice Management

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>has been any fraudulent activity, i.e., theft of Council income. In addition, to there having been no reconciliations, there has been no segregation of duties over receipt and banking of income, with each Registrar having been responsible for their own takings. On commencing the task of addressing the shortfalls in income controls, the Practice Management Officer identified that large sums of income, running into hundreds of pounds, had been left in cash tins in the strong room. Although she addressed this and paid it in, it highlighted an issue of large sums of cash being taken to the bank by staff, which in itself put them at risk. The Head of Legal Practice (Governance & Law) has therefore taken the decision that the Service would only accept card/online payments from 1st November 2022. This has eliminated the risk of cash/cheques been misappropriated, however, there is still a requirement for card income to be reconciled, to ensure that all certificates recorded as issued have been paid for. This process must include a review of the spoils records, to ensure that all of these have been correctly accounted for. In order to enhance the controls around income reconciliation, it is advisable to ensure that the Superintendent Registrar and the Registrars do not reconcile their own income. This could be achieved either by arranging for them to reconcile a colleague's income, or preferably for an independent member of staff to carry out all reconciliations, with any discrepancies being reported to the Head of Legal Practice (Governance and Law) for review.</p>					

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
Registration Service <i>DUE IN PERIOD</i>	Information Technology / Digital Services: The service is hindered by poor technology, notably in terms of the website, online forms, and income reconciliation processes. The Service does not have online booking system, and therefore has to take bookings through emails and by phone. The current forms do not allow for customers to specify all required levels of service provision on one request form, along with the split of income types. The Service would benefit from investment in its website, new online forms for requests, and an online booking system, which would significantly streamline processes, reduce staff time on tasks that could be digitalised and aid the reconciliation processes for the team.	2	31-Mar-23 Revised to 31-Oct-23	The website is now updated, with some minor improvements to existing online forms. Work with PWC was undertaken for a new online process to be developed for booking a ceremony; this is now with ICT to "build". This includes an online appointment booking system. Current indications from ICT are that this will be ready in Sept 2023. Online processes for registering a death and birth have been discussed with ICT; the rollout of this will be dependent on the availability of the online appointment booking system. Whilst new staff are being recruited, the volume of calls, walk-ins and emails to the service requires significant staffing capacity, meaning statutory duties, other service improvements and training is being delayed further. The service has received a number of complaints which are the result of the pressure on the team. Further work was undertaken on income reconciliations which identified issues of the pay.net system not adequately recording information in BW. Concerns regarding the fact that assurance of income recording and reconciliation could not be provided was raised with the Director of Resources in April 2023. Improved coding and referencing information has been introduced though this will take some time to work through to aid reconciliation work.	In progress	Director of Governance and Law
Registration Service <i>DUE IN PERIOD</i>	Petty Cash / Procurement Card: The petty cash tin has been stored in one of the strong rooms alongside the Registrars' individual cash tins, however, the Practice Management Officer found that this had	2	31-Jan-23	Part of normal budget management oversight and routine.	Complete	Head of Practice Management

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
	<p>been used as a float for change, and the wrong amounts of money had been returned to the petty cash tin, thus leaving a much higher balance than the issued amount for the Service. The Head of Practice Management (Governance and Law) took the decision to dispense with the petty cash account and switch to a procurement card; this has now been done. It is important though that this is well controlled by the Service, so as to ensure that use is monitored and that there is adequate segregation of duties in place between usage and reconciliations. It would also be advisable for the Head of Practice Management (Governance and Law) to review Business World transaction reports for this over the coming months to ensure that the full details of all purchases are being recorded, and that the card is only being used for legitimate items of expenditure.</p>					
<p>Registration Service</p> <p><i>DUE IN PERIOD</i></p>	<p>Document Retention: The Registration Service's Document Retention Schedule is out of date. The version provided by the Superintendent Registrar is dated September 2019 and contains insufficient information to guide staff. The document should be updated to include all types of documentation that the Service needs to retain, i.e., certificate copies and spoils, records of used certificates and income records. The updated version should be made available to all staff and should be easily accessible. A copy should also be forwarded to the Modern Records Unit so that it can be formally recorded on the Council's intranet.</p>	3	31-Mar-23 Revised to 30-Jun-23	<p>The GRO have a statutory retention schedule covering retention of current documents. This along with historical documents retention details and local arrangements e.g. spoiled certificates need to be reflected in the service retention schedule document needs to be updated.</p> <p>Staff are adhering to requirements.</p>	In progress	Head of Practice Management

Audit name	Recommendation	Priority	Target date	Update	Status	Owner
Supporting Families <i>DUE IN PERIOD</i>	Two Mosaic case files showed incorrect residential addresses for some family members we mentioned this in the follow up discussions with the Supporting Families Data Co-ordinator and will require the case workers to verify the correct residential addresses in order to prevent data breaches from occurring.	3	31-Jan-23	The addresses are correct.	Complete	Supporting Families Data Co-ordinator



Title of report: Corporate Risk Register

Meeting: Audit and Governance Committee

Meeting date: Monday 31 July 2023

Report by: Head of Corporate Performance

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose

To consider the status of the council's corporate risk register in order to monitor the effectiveness of risk management within the performance management framework.

Recommendation(s)

That:

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

Alternative options

1. The committee could choose not to review the Corporate Risk Register. This is not recommended as regular monitoring should provide assurance that risk is being managed effectively within the council.

Key considerations

2. In accordance with the council's Performance Management Framework (PMF) and associated Risk Management Plan, it is the committee's role to ensure that risk management is effectively managed and in line with the processes set out in the PMF.
3. Risks are identified as part of daily council business, self-assessment as part of business planning processes, as well as a result from regulator and audit activity. As these risks are identified, they are scored based on the likelihood and impact, using the methodology within the Risk Management Plan (RMP). Risks are reported and escalated based on their residual

Further information on the subject of this report is available from
Appy Reddy, Tel: 01432 383675, email: Appy.Reddy2@herefordshire.gov.ukl

or current score. The council's Corporate Risk Register therefore holds the highest, most immediate risks across the organisation; the table below provides a summary of risks based on their scores, the associated monitoring required and the action necessary.

	Green	Yellow	Amber	Red
	Low	Medium	High	Extreme
Score	1-4	5-8	9-15	16-25
Register*	Service		Directorate	Corporate
Action	Unlikely	Might	Should	Must
Review frequency	Quarterly	Monthly	Monthly	Monthly

- NB: Risks that appear on the Corporate Risk Register will also appear on their relevant Directorate and Service Risk Registers

4. It is the responsibility of risk owners to ensure that risk scores are regularly reviewed and scores, controls and future mitigating activity are updated where necessary.
5. At its meeting of 13 March 2023, committee received a paper on the '[Review of approach to strategic risk management](#)' which set out the principles and the approach that the Council was taking for managing corporate risks. At that time it was anticipated that training for senior officers, members and managers would have been delivered at the start of the municipal year, which would lead to a CLT workshop to review and agree on the strategic risks for the organisation. The training is now scheduled for early summer, following which a strategic risk register will be developed for future presentation to this committee.
6. At the Audit and Governance Committee, members agreed with the principles for a more strategic approach, requesting to view the strategic risk register once finalised, with recommendations for it to be cross-cutting and cross-organisation and reflect the council's inter-relationship with the external impacts, and requested that the finalised approach to strategic risk, be presented to a meeting of the Committee which is scheduled for September.

Corporate risk register

7. The heat map below shows the current risks on the council's Corporate Risk Register as at June 2023. References and the full details of the risks can be found at Appendix A.

Corporate Risk Register - June 2023

		IMPACT			
		4		5	
LIKELIHOOD	5	CR.74 -- CR.82 *		CR.67 --	
	4	CR.61 -- CR.63 -- CR.69 -- CR.70 -- CR.71 -- CR.72 --	CR.75 -- CR.77 -- CR.80 -- CR.81 --	CR.60 -- CR.64 -- CR.68 --	
		Directorate RR (9 - 15)	Service RR (5 - 8)	Service RR (1 - 4)	
		CR.78			
		-- No Change E Escalated D De-escalated		★ New in quarter ↑ Residual Risk Increased ↓ Residual Risk Decreased	

8. Since the last report to committee (January 2023), there has been one new corporate risk; one de-escalated; and one corporate risk closed:
- a) A closure of the risk in relation to CRR.79 Herefordshire fuel poverty level
 - b) A de-escalation of the risk in relation to CRR.78 Impact of statutory direction
 - c) A new risk in relation to CRR.82 Contract Fleet Lease Expiry
9. The table below provides a breakdown of the current corporate risks by directorate, as well as the number of risks currently being managed at directorate level.

	Corporate Risks	Directorate Risks*
Community Wellbeing	3	19
Children and Young People	5	6
Economy and Environment	8	37
Corporate Support	0	11
Total	16	73

* Includes corporate risks

10. Directorate risk registers can be found at appendices B-E. A summary of changes across directorate risk registers is found in the table below.

	Community Wellbeing	Children and Young People	Economy and Environment	Corporate Support
New risk			2	
Closed risk	4	2	7	2
Escalated	2			
De-escalated from DRR		2	2	13
Increased score				
Reduced score				
No change	17	6	35	11

* Some risks have both increased in residual score and escalated to the Directorate Risk Register; in this instance, the table above only counts these risks in the escalation row.

Community impact

11. 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.

Environmental impact

12. This decision itself has minimal environmental impacts, however effective risk management will increase the likelihood of the council achieving its strategic objectives, including to "protect and enhance our environment and keep Herefordshire a great place to live".

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

Resource implications

15. There are no resource implications arising from this report, however effective risk management should increase the likelihood of the council delivering its budget.

Legal implications

16. There are no legal implications arising directly from this report.

Risk management

17. There are no direct risks as a result of this report. It is clear that we still have some way to go to embed the new approach. By reviewing the corporate risk register on a regular basis, greater assurance is given that the council manages its risk effectively.

Consultees

18. None.

Appendices

Appendix A - Corporate risk register

Appendix B - Community wellbeing directorate risk register

Appendix C - Children and young people directorate risk register

Appendix D - Economy and environment directorate risk register

Appendix E - Corporate centre directorate risk register

Background papers

None identified.

Ref	Risk Description	Opened	Risk score before controls (LxC)	Existing Controls in Place	Risk score after controls (LxC)	Risk Appetite	Further actions required	Risk Owner
CRR.60	Development of Sufficiency strategy to support best value model IF: the sufficiency strategy is not effective in a timely manner in order to meet outcomes for C&YP THEN: high costs demands in order to meet service need will continue within the budget	Jun-21	25 (5*5)	<ul style="list-style-type: none"> •Panels have been implemented to ensure robust monitoring and approval of all placements. •Data and information systems shared between the service, finance teams, and the placement team have been strengthened. •Revision of the sufficiency strategy. •Employment of Marketing Officer to promote recruitment of in-house Foster Carers 	20 (4*5)	Further mitigation required	<ul style="list-style-type: none"> •Working with Commissioning to support the review of contracts and inform future sufficiency and needs •Reviewing of current contracts to ensure value for money. •Develop and implement a recruitment and retention model to increase fostering, short breaks / respite provision and emergency foster care. •Commissioning to continue market development and considerations to be given to block purchase •Develop options and business case for potential future residential provision •Consideration to be given to increase rate for in-house Foster Carers 	Service Director, Safeguarding and Family Support
CRR.61	Market workforce economy IF: the current limited capacity within the social care workforce continues THEN: will there will be a significant impact on availability of services - this is currently affecting the Domiciliary care sector in particular and qualified nurse and management and other roles amongst care homes.	Mar-17	16 (4*4)	External market workforce project underway. It is working collaboratively with local NHS partners and others to deploy innovative and proactive approaches to attracting people to careers in the Health and Care sectors. Regular provider forums with commissioned services and close monitoring of market capacity and responses.	16 (4*4)	Further mitigation required	Ensuring that the Adult Social Care agenda is high on priority list for other Directorates and wider system partners. Working with economic partners on master planning to shape the future market. The council is using its contractual arrangements to support the care sector in sustaining and developing the workforce by encouraging providers to enhance the terms & conditions and pay rates of care workers. Taking all opportunities to highlight through regional and national networks the need for different approaches to enabling sufficient supply of workers into the care workforce. Investment in alternative complementary provision to formal home care, including informal carers offer, extension of Shared Lives and micro providers, all form part of the directorate transformation strategy.	Corporate Director, Community Wellbeing

Ref	Risk Description	Opened	Risk score before controls (LxC)	Existing Controls in Place	Risk score after controls (LxC)	Risk Appetite	Further actions required	Risk Owner
CRR.63	<p>Hereford City Centre Transport Package</p> <p>IF the balance of land payments and costs are higher than the allocated budget THEN this could result in the land budget being exceeded which would further reduce the budget available for the remaining scheme elements. If this further reduction was too significant then it may not be possible to meet the objectives of the business case without further capital funding.</p> <p>This increase would arise from both an increase in value of the claim and also possible costs associated with the matter being referred to the upper land tribunal.</p>	Oct-20	20 (4*5)	Continue to pursue a negotiated settlement in conjunction with specialist agents. Consider mediation as an alternative to settling through upper land tribunal Seek specialist CPO legal support to rebute claim through tribunal.	16 (4*4)	Further mitigation required	Weekly discussions continuing with LSH, PM and BW. Further planning and Counsel advice being sought.	Service Director Environment and Highways
CRR.64	<p>Inability to recruitment and retain social care staff and other key roles within the service</p> <p>IF: Unable to retain and recruit social care staff and other key roles</p> <p>THEN: Retention and recruitment to critical key roles of experienced staff will not be achieved</p>	Jun-21	25 (5*5)	<ul style="list-style-type: none"> •We have a small, dedicated recruitment team in Children's Services to ensure recruitment is consistently done in a timely manner •We have a dedicated senior HR lead supporting the service •We have introduced a Market Forces supplement and a recruitment and retention bonus •A new recruitment microsite has been established •We have an exception for MOU for social work agency post with a review after six months •We are having conversations about fixed term contracts for certain interim staff 	20 (4*5)	Further mitigation required	<ul style="list-style-type: none"> •Further develop the marketing in respect of the recruitment microsite •Refresh our total reward package - look at other features and benefits e.g. 9 day fortnight, enhanced recruitment and retention bonus etc •Complete the job families and career progression work; ensure the learning offer supports this; advertise as part of our employment offer •Use up to date research to understand generational and cultural needs of our own and prospective staff •Engage recruitment agency to assist in the recruitment of permanent staff •Raising positive profile of Herefordshire Children's Services 	Corporate Director, Children and Young People

Ref	Risk Description	Opened	Risk score before controls (LxC)	Existing Controls in Place	Risk score after controls (LxC)	Risk Appetite	Further actions required	Risk Owner
CRR.67	Ash Dieback (Chalara) IF: An action plan is not adopted to deal with the onset of Ash Die Back within the County boundaries THEN: the authority faces significant unplanned financial burden linked to removal of a significant percentage of tree stock and an increased liability linked to personal injury and third party damage claims.	Oct-16	25 (5*5)	Cross service "working group" being set up to assess the situation and pull together a council wide response to the risk. 2016 Report and 'way forwards' plan produced for relevant consultation and refinement. Draft 'endorsed' by national advisor to DEFRA, DEFRA and FERA officers and more progressed local authorities (Devon, Suffolk, Kent). Hfds Chalara Action Plan being kept updated ready for use as needed. The concern being raised to DMT. BBLP working on programme of work for network improvement with respect to trees on the network. This is planned once programme of work is understood HC will look to fund and mitigate further.	25 (5*5)	Further mitigation required	Review of current controls in place, and risk to be completed by March 22, due to the unknown number of Ash Trees and location, high level of risk remains.	Service Director Environment and Highways
CRR.68	Waste Collection Vehicles - lead time for supply of new vehicles IF: Supply chain issues continue THEN: there is a risk that we will not be able to secure the required new waste collection vehicles in time for the mobilisation of the new waste collection service in Nov 23.	Feb-22	25 (5*5)	Soft market testing undertaken to engage potential suppliers - confirmed supply chain risks and potential 12 month+ lead times. ITT currently live for technical support to develop service spec in order to commence procurement for collection contract Identified at Project Board as a risk for escalation to the programme board	20 (4*5)	Further mitigation required	Contacting Local Authority Recycling Advisory Committee (LARAC) to ask members for their current experience or knowledge of delivery expectations. Contacting the Chartered Institution of Wastes Management to ask for their current experience or knowledge of delivery expectations. Contacting the Environmental Services Association to ask for their current experience or knowledge of delivery expectations. Contacting vehicle suppliers directly through market engagement exercise. (Extend current contract with SLR who have just completed soft market test). FCC to provide cost outline for extending current collection service to April 2024.	Service Director Environment and Highways
CRR.69	Hereford City Centre Improvement (HCCI) Programme IF Delivery of HCCI is not delivered to programme THEN this could increase revenue pressure on Public Realm	Nov-21	16 (4*4)		16 (4*4)	Further mitigation required	Need to understand the potential revenue pressure and work in to annual plan and funding requirements	Service Director Environment and Highways

Ref	Risk Description	Opened	Risk score before controls (LxC)	Existing Controls in Place	Risk score after controls (LxC)	Risk Appetite	Further actions required	Risk Owner
CRR.70	Hereford City Centre Improvements - delivery within LEP timescale IF The ability to deliver required works within the timescale of the LEP funding cannot be met THEN resulting in possible loss of funding.	Apr-21	20 (4*5)	Develop robust spend profile and programmes to focus on individual elements of the project that have been developed previously. Continue regular cabinet member and cabinet briefings to establish requirements to progress governance decisions. Identify delivery routes that will support required spend profile.	16 (4*4)	Further mitigation required		Service Director Environment and Highways
CRR.71	Hereford City Centre Improvement - decision making and VFM IF LEP decision making drive poor decision making and VFM	Apr-21	25 (5*5)	Regular project reviews to ensure VFM and robust decision making	16 (4*4)	Further mitigation required		Service Director Environment and Highways
CRR.72	Adult Social Care Reform IF the expected numbers of current self funders become eligible for ASC without an appropriate level of Government funding THEN financial pressures on the Council to deliver individuals care and support needs will be unsustainable.	Aug-22	16 (4*4)	Budgetary provision for existing cohort and growth has been built into next years budget based on this years demand. Modelling of service users and if they are self funders to enable us to better understand who and where individuals are and their needs. System development for an online financial assessment form has been approved. This will enable service users to undertake their own assessments and upload their own documents potentially freeing up key staff. Regular DLT meetings to review, monitor and implement actions to mitigate financial pressures. Regular liaison between Director Community Wellbeing and Section 151 Officer, in addition both roles attend West Midlands ADASS meetings and link in with regional and national updates	16 (4*4)	Further mitigation required	The directorate's Transformation Strategy recognises the risk and is focused on improving ways of working to mitigate the future impacts of reform. In particular, a root and branch review of end to end financial processes will be a key mitigation for this risk.	Corporate Director, Community Wellbeing

Ref	Risk Description	Opened	Risk score before controls (LxC)	Existing Controls in Place	Risk score after controls (LxC)	Risk Appetite	Further actions required	Risk Owner
CRR.74	School Assets IF: The condition of school estate continues to deteriorate with insufficient budget to maintain school assets proactively THEN: There may be an increase in costs due to unplanned significant spend	Jun-21	20 (5*4)	The capital programme board is now chaired by the DCS as part of the overview and monitoring in line with corporate infrastructure	20 (5*4)	Further mitigation required	<ul style="list-style-type: none"> The capital programme is being managed by the project managers office as agreed by the corporate infrastructure. This is a permanent risk as schools will continue to require maintenance and there is currently an underfunding of maintenance works (priority 1); there good oversight on this risk and mitigation continues to drive this work forward alongside the need for additional funding. A capital request for £2.7m has been made which would look to remove the emergency and Priority 1 backlog 	Service Director Education, Skills and Learning
CRR.75	SEND inspection - Risk of adverse inspection IF: We fail to prepare adequately for the SEND Inspection in a robust manner THEN: This will have an impact on the service and the progress on improvement of the service to meet the needs of the SEND children in Herefordshire	Sep-22	16 (4*4)	<ul style="list-style-type: none"> Peer review undertaken and feedback received to enable the service to prepare for inspection DfE support in place and LGA fortnightly support in place. Bedford Borough SLIP Support commissioned SEND data dashboard in development. SEND strategy, delivery plan and SEF signed off. Local offer updated. Staffing has stabilised. 	16 (4*4)	Further mitigation required	<ul style="list-style-type: none"> Quality of EHCP must improve. Quality Assurance Framework introduced. Policies procedures and documentation need to be reviewed and updated to ensure that the organisation are in a robust position prior to inspection taking place. Engagement Strategy needs to be developed and implemented. 	Service Director Education, Skills and Learning
CRR.77	Increase in out of county educational placements IF: There is an increase in out of county educational placements for EHC Plan Pupils THEN: This places pressures on SEN Funding	Sep-22	16 (4*4)	<ul style="list-style-type: none"> Review is underway in terms of sufficiency of placements in county; and work is underway to reduce reliance on out of county placements 	16 (4*4)	Further mitigation required	<ul style="list-style-type: none"> Free school special schools bid to increase capacity in county submitted. 	Service Director Education, Skills and Learning
CRR.80	Supply chain capacity IF: There remains insufficient capacity in the supply chain to meet the increasing demand (public and school transport) THEN: The service will be unable to deliver statutory/socially necessary services and contracting costs will increase	Nov-22	25 (5*5)	Procurement DPS open for suppliers to join at any time. Personal Transport Budget scheme to reduce reliance on provided transport.	16 (4*4)	Further mitigation required	<ul style="list-style-type: none"> Consider options to relax taxi licence policy/fees to attract more drivers to the market, or/and increase in house vehicle fleet. 	Service Director Environment and Highways

Ref	Risk Description	Opened	Risk score before controls (LxC)	Existing Controls in Place	Risk score after controls (LxC)	Risk Appetite	Further actions required	Risk Owner
CRR.81	Reviews - capacity, timeliness and statutory duty of care. IF we are unable to recruit permanent staff THEN we will be unable to complete reviews of existing clients in a timely way or carry out assessments of potential new clients which means we would not meet our statutory duty under the Care Act.	Dec-22	20 (5*4)	Daily triage of changing needs by locality managers to ensure that those most in need are reviewed. Use of agency staff to undertake more complex reassessments and reviews. Retention payments for some key staff and welcome payments to attract staff alongside an ongoing recruitment campaign. A new banding for Assessment and Enablement Officers has been introduced at HC7 so that they can undertake complex cases and this has stabilised the AEO workforce. This forms part of a root and branch career development pathway. We are currently undertaking the process to commission an agency to undertake 300 review cases.	16 (4*4)	Further mitigation required	Recruitment and retention is a key strand of the recently launched transformation strategy. Consideration of Market Forces Supplement for existing staff for a time limited period while a new practice model is developed with an associated staffing and pay structure. Our position re staffing has not deteriorated, Numbers of social workers is much the same as previously but our new assessment officer posts has started to improve in recruiting resource.	Service Director Social care delivery
CRR.82 (NEW)	Contract Fleet Lease Expiry IF: the risk that BBLP fleet leases expire in September 23 are not renewed or replaced THEN the council could incur loss of service and additional costs for short term hire up to Aug 24 as no contract extension has been confirmed.	Feb-23	20 (5*4)	CMT have instructed BBLP to prepare and submit a full fleet replacement programme that sets out which assets have expiry leading up to Aug 24. This will be evaluated to develop the optimised method to ensure that assets are available.	20 (5*4)	Further mitigation required	BBLP have now submitted the information, existing fleet and plant will remain in place under the end of 23/24. New assets will be required from April 24. Further EW to be raised to BBLP to ascertain options. Business case to be developed to determine costs and VFM.	Service Director Environment and Highways

Risks de-escalated from the corporate risk register

CRR.78	Impact of Statutory Direction IF: We are unable to demonstrate and or meet the Department for Education's (DFE) expectations as set out in the statutory notice to improve THEN: We could face more formal statutory intervention with the risk of the removal of children services from the councils control into a children's trust	Sep-22	20 (4*5)	Project management support in place together with governance arrangements. Regular oversight on progress is monitored by the Children's Commissioner, the Children's Improvement Board, CLT, Cabinet and Scrutiny Additional resources in place. New suite of performance and management information reports being developed and introduced.	20 (4*5)	Further mitigation required	Too soon to see impact of mitigation This is being kept under review	Corporate Director, Children and Young People
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Ref	Risk Description	Opened	Risk score before controls (LxC)	Existing Controls in Place	Risk score after controls (LxC)	Risk Appetite	Further actions required	Risk Owner
Closed risks								
CRR.79	Herefordshire fuel poverty level IF/AS: Fuel poverty levels in the county rise (the latest sub-regional statistic (2018) is above the national average) THEN: There is a public health and reputational risk that we are not addressing fuel poverty levels and moving forward incidences of excess winter deaths and costs to health, social care will rise.	Oct-17	16 (4*4)	Keep Herefordshire Warm continues to work and be monitored in line with the service level agreement- the awareness and outputs of the scheme increased significantly between 2015/16 and 2020/21 and provision has increased proportionately. As a result of this the Council has made its intent to work under the new ECO4 scheme. Fuel Poverty has also been identified as a priority by the county's Health & Wellbeing Board. * Warm Homes Fund applications successful - Over £1m funding to delivery urban and rural first time central heating systems in Hfds and Shrops, as well as fayre oaks home park project. Improving links with Public Health team * Also have £0.48m GHG LAD funding to support install of renewable and energy efficiency measures in the county. * GHG LAD 2 underperformance due to COVID and challenges around supply chain although mitigation has been put into effect to ensure the best outcome possible. * GHG LAD3 allocation made, currently undertaking governance to accept and implement. * Climate reserve funding allocated for retrofit supply chain skills (PAS 2035) development and development of new able to pay energy audit project Other controls include the £150 Council tax rebate	16 (4*4)	Further mitigation required	* HC to link in more effectively to JSNA (no cost) and H&W Board. * KHW to develop revised communications strategy in conjunction with HC Comms team, this is likely to centre around social media and a run and distribution of leaflets. * HC to interrogate data sources and formulate priority areas for targeting and work with other funding streams such as Household Support Fund to target residents. * HC to explore and bid into further funding streams targeted at relieving fuel poverty including LAD, HUG, GHG, and WHF. These are generally adhoc opportunities from government and other 3rd party funders. * Finalise countywide retro-fit strategy to further support future external funding opportunities including a bid for corporate capital to fund next steps. Currently working with Climate and Nature Partnership board subgroup to review deliverables. * Despite grants and other support available to residents the significant price rises in the cost of living, especially energy costs this financial year mean that the % of the population in fuel poverty is likely to increase significantly. * Herefordshire Council likely to receive £7m allocation under Sustainable Warmth Competition	Service Director Environment and Highways

Community Wellbeing Directorate Risk Register March 2023

		Impact					
		2	3	4	5		
Mar-23	Likelihood	5					
		4	N/A	PH.06	AC.01 AC.51 AC.52		
		3	N/A	AC.36 AC.37 AC.41	AC.06 AC.08 AC.39 AC.47 E AC.48 AC.49 PH.01	PH.03 PH.04 PH.05 PH.07	
		2	N/A	N/A	N/A	AC.53 E	

Reference	Description	Corporate Risk
AC.01	<p>Market workforce economy</p> <p>IF: the current limited capacity within the social care workforce continues THEN: will there will be a significant impact on availability of services - this is currently affecting the Domiciliary care sector in particular and qualified nurse and management and other roles amongst care homes.</p>	Yes (CRR.61)
AC.06	<p>Staffing & Recruitment</p> <p>IF: we are unable to recruit to key worker roles THEN there will be a risk to delivering our services placing residents at risk</p>	
AC.08	<p>Use of Temporary Accommodation</p> <p>IF: the availability of temporary accommodation fails to match demand THEN this will mean that we are unable to meet our statutory duties under the Housing Act 1986 and Homelessness Reduction Act 2017</p>	
AC.36	<p>Talk Community development & growth in voluntary and community sector</p> <p>IF the development and growth of the volunteer base across the county doesn't increase within all demographics THEN the opportunity to develop support through volunteers will reduce and impact on areas of future delivery.</p>	
AC.37	<p>Talk Community reduced funding in voluntary and community sector</p> <p>IF the voluntary and community sector have reduced funding or funding ceases to organisations THEN the organisations and support</p>	

	will reduce across the county which will impact on supporting vulnerable people.	
AC.39	Staffing & Recruitment for Occupational Therapy IF the current vacancies are not filled THEN this could impact on service delivery and staff health and well being	
AC.41	Housing Benefit Decision Making The recent pattern of decisions around housing benefits claims for supported housing raises continuing risk that commissioning budgets will need to carry higher levels of cost for services than in the past. Continuing concerns and formal representations from supported housing providers indicates risk of more services being withdrawn or providers not competing to provide them.	
AC.47	Eligibility and Statutory obligations – Care Act 2014 IF a domiciliary care package cannot be sourced THEN with increasing volumes of people not receiving their assessed care packages this may result in harm to the individual or even their death. Additionally, numbers of people receiving care in line with their assessed needs will grow. Potentially increasing pressures on budgets and teams.	
AC.48	Eligibility and Statutory obligations – Care Act 2014 - Financial Implications IF a domiciliary care package cannot be sourced THEN individuals may be placed in an alternative care pack for example residential. Nursing or Direct Payments (dom care package outside of the dom care framework) to meet their care needs, these care packages tend to be more expensive and are a budget pressure.	
AC.49	Provision for unpaid family carers. The current approach to carers is strengths based, community focused and promoting independence and the draft strategy from 2021 will continue and expand on this. However, this strategy is not yet signed off. Furthermore, the recent approach has seen very low levels of spend by the council directly related to carers or their needs, by regional or national comparisons. The Council may not be able to effectively meet the needs of all unpaid family carers. There is also a risk that carers will challenge this and seek public and media profile of the council's relatively low resourcing of carers.	
AC.51	Adult Social Care Reform IF the expected numbers of current self-funders become eligible for ASC without an appropriate level of Government funding THEN financial pressures on the Council to deliver individuals care and support needs will be unsustainable.	Yes (CRR.72)
AC.52	Reviews - capacity, timeliness and statutory duty of care IF we are unable to recruit permanent staff, THEN we will be unable to complete reviews of existing clients in a timely way or carry out assessments of potential new clients which means we would not meet our statutory duty under the Care Act.	Yes (CRR.81)
AC.53	Talk Community reduction of budget IF there is a reduction of budget for Talk Community THEN there will be reduced impact across the population of Herefordshire, increase in demand on services and reputational implications for Herefordshire Council	

PH.01	Removal of ring-fence around Public Health budget IF there is increased call on Public Health Budget to off-set council savings due to inflationary pressures THEN any reduction or reallocation to the grant reduces the councils ability to meet demand led services e.g. increased demand as a consequence of the pandemic e.g. growing mental health problems, suicides rates, obesity, winter deaths, sexual health LARC replacements etc.	
PH.03	Substance use recovery service and vacancies IF the Substance Use Recovery service is unable to fill vacancies THEN contract may not be fulfilled and population health outcomes will be poorer	
PH.04	Demand for services post Covid and capacity to meet this IF long waiting times for Long Acting Reversible contraception continues THEN GP practices will face challenging payments and costs to deliver LARCS. This may result in some practices saying it isn't financially viable.	
PH.05	Risk of inflationary pressures placed on existing contracts with providers Contracts don't include any uplift	
PH.06	Oral health and dentist access IF access to dentists remains a challenge in the county THEN there is a risk to the work to improve oral health which includes messaging about visiting dentists for check-ups and access to fluoride varnish etc.	
PH.07	Another Pandemic and resource and capacity to meet it IF there is another significant pandemic THEN Public Health and the Council would have limited capacity and staff resource to step into key roles and manage the outbreak.	

Closed Risks		
PH.02	Fixed term roles and permanent staff to meet demand IF current fixed term contracts end in March 2023 and there are no extensions or permanent roles created THEN Public Health will have less staff to deliver a wide range of services.	
AC.34	Discharge to Assess Funding WHEN NHS funding of discharge to assess model to manage hospital discharges during the Covid 19 outbreak ended 31st March 2022. Capacity has been maintained, funded by reserves generated from underspending in previous years. There is sufficient funding for the services to be retained up to 31st March 2023, after which available recurrent funding is not sufficient to maintain current capacity. THEN without sufficient capacity and appropriate funding of pathway resources for example, bedded care that can be accessed in a timely way; responsive and safe discharge outcomes for patients may not be achieved. We are however now witnessing emerging post D2A and community pressures due to inflationary pressures and workforce challenges in the market challenging capacity to pick up cases.	
AC.35	Talk Community facilitation & Coordination in voluntary and community sector	

	<p>IF the facilitation and coordination of the voluntary and community sector isn't developed THEN the growth in the sector will be disparate and gaps in support will increase.</p>	
AC.38	<p>Talk Community adoption by internal and external partners IF Talk Community is not adopted by internal and external partners to address the population health, inequalities and well-being agenda THEN the support to the residents of Herefordshire could be less effective and impactful and the Talk Community strategy will not be implemented.</p>	

Children and Young People Directorate Risk Register June 2023

		Impact			
		2	3	4	5
Likelihood	5		CF.06 --		
	4	N/A		CF.11 -- CF.13 --	CF.01 -- CF.02 -- CF.05 --
	3	N/A			
	2	N/A	N/A	N/A	

Reference	Description	Corporate Risk
CF.01	Inability to recruitment and retain social care staff and other key roles within the service IF: Unable to retain and recruit social care staff and other key roles THEN: Retention and recruitment to critical key roles of experienced staff will not be achieved	Yes (CRR.64)
CF.02	Development of Sufficiency strategy to support best value model IF: the sufficiency strategy is not effective in a timely manner in order to meet outcomes for C&YP THEN: high costs demands in order to meet service need will continue within the budget	Yes (CRR.60)
CF.05	School Assets IF: The condition of school estate continues to deteriorate with insufficient budget to maintain school assets proactively THEN: There may be an increase in costs due to unplanned significant spend, school closures and possible health and safety implications	Yes (CRR.74)
CF.06	Special School Demand IF: Demand continues for special school places, we are not be able to place locally and we might run out of independent and non-maintained places within daily travel THEN: There is a risk to the High Needs budget which in turn carries a reputational risk, there is a risk of legal challenge as we will not be able to meet need and children might unnecessarily placed residentially disrupting family life. The high needs budget is now in deficit and the council carries this risk.	
CF.11	SEND inspection - Risk of adverse inspection IF: Some aspects of SEND provision are at risk in inspection due to pressures in the system including capacity of staffing arrangements, including across the partnership - health and commissioning, to deliver statutory services THEN: This will have an impact on the	Yes (CRR.75)

	service and the progress on improvement of the service to meet the needs of the SEND children in Herefordshire	
CF.13	Increase in out of county educational placements IF: There is an increase in out of county educational placements for EHC Plan Pupils THEN: This places pressures on SEN Funding (High Needs Block and local authority transport budgets - both in deficit positions)	Yes (CRR.77)

Risks de-escalated to service risk register		
CF.07	Storing and recording of records IF: We fail to store records in the correct manner and comply with information governance policy THEN: Critical key data in respect of the child's journey could be lost, mislaid or not used; which, would potentially impact on the outcomes for the child and family.	
CF.14	Impact of Statutory Direction IF: We are unable to demonstrate and or meet the Department for Education's (DFE) expectations as set out in the statutory notice to improve THEN: We could face more formal statutory intervention with the risk of the removal of children services from the council's control into a children's trust	Yes (CRR.78)

Closed risks		
CF.04	Multi Agency Safeguarding Hub IF: We do not create an integrated MASH then there will be inconsistent decision making will occur THEN: Children will not be safeguarded in a timely manner	
CF.08	ICT Systems IF: The technology ICT systems/ platforms are not utilised to the full potential THEN: We fail to provide consistent service delivery for children and families in Herefordshire	

Economy and Environment Directorate Risk Register June 2023

		Impact				
		2	3	4	5	
Likelihood	5	EE.06 EE.07 EE.21 EE.38	EE.46 EE.47	EE.54 *	EE.15	
	4	N/A	EE.09 EE.39 EE.51	EE.23 EE.27 EE.32 EE.33 EE.50	EE.12	
	3	N/A	EE.02 EE.31	EE.19 EE.24 EE.25 EE.26 EE.30 EE.34 EE.35	EE.36 EE.37 EE.41 EE.48 EE.49 EE.56 *	EE.04 EE.13 EE.14 EE.28
	2	N/A	N/A	N/A	EE.53	

Reference	Description	Corporate Risk
EE.02	Food Hygiene Inspection Program IF: there is non-compliance with the Food Standards Agency (FSA) Code of Practice with regards to the interventions at D & E rated food businesses THEN: possible FSA intervention and increased public health risk	
EE.04	Waste management services contract - resourcing of review IF: we do not appropriately resource the review THEN: there is a risk that we may not meeting the tight timescales to be able to re--procure a new service in time	
EE.06	Destination Hereford - last year of secured DfT funding IF: There is no follow up funding opportunity to apply to OR if we are unsuccessful in this if there is a next funding round THEN: the vast majority of the Destination Hereford project will finish in Sept 2022	
EE.07	Herefordshire on street cycle hire scheme (Beryl) IF: we are unable to secure additional external funding THEN: there will be a £125k revenue pressure in 22/23.	
EE.09	Corporate Energy Bills IF: Forecasted energy prices for next year do not start to decline THEN: The cost of energy bills for the council's corporate estate will rise considerably next year (in the region of 17-19% for gas and 11-14% for power). This is currently estimated by WME at ~£120k for 2022/23.	
EE.12	Waste Collection Vehicles - lead time for supply of new vehicles IF: Supply chain issues continue THEN: there is a risk that we will not be able to secure the required new waste collection vehicles in time for the mobilisation of the new waste collection service in Nov 23.	Yes (CRR.68)
EE.13	Wetlands IF: Wetlands are to deliver the required phosphate reduction to enable housing development in the Lugg catchment areas THEN: The delivery of these wetlands must be driven at pace to ensure that (1) the effective moratorium is unblocked ASAP and (2) the requirement to spend £1m of the LEP grant by 31/3/22 is met so that the £1m LEP funding does not have to be returned.	
EE.14	Ecology Resource IF: The ecology team does not get additional resource THEN: The delivery of their statutory role in planning consultations will not be met and the internal expertise to deliver many of the council's environmental actions within the corporate plan will also be at risk.	
EE.15	Ash Dieback (Chalara) IF: An action plan is not adopted to deal with the onset of Ash Die Back within the County THEN: the authority faces significant risk and liability linked to personal injury and third party claims. The current significant risk on the network is in the Public Realm and Property. There is a significant risk of unplanned financial burden linked to removal of a significant percentage of tree stock on council land and the potential impact of trees adjacent to the Public Realm and Property. Chalara also poses a significant risk to the county's biodiversity as the loss of the county's ash population would also have wider negative impacts for woodland biodiversity and ecology.	Yes (CRR.67)

EE.19	Severe Weather and other Emergencies IF: Severe weather, or other major emergencies events occur (for example severe and prolonged winter periods) the need will exceed programmed operational resources THEN: The service will need to call on corporate revenue reserves if it is to continue to meet the Council's duties as a highway authority.	
EE.21	Local flood risk management strategy IF: The implementation of the LFRMS is not fully embedded THEN: HC will not be able to manage local flood risk in a more co-ordinated way and won't be able to help individuals, communities, businesses and authorities understand and manage flood risk within the county.	
EE.23	HCCI - Delivery of HCCI programme could increase revenue pressure on Public Realm Council promoted schemes such as HCCI - programme could increase revenue pressure on Public Realm due to asset management.	Yes (CRR.69)
EE.24	HCCI - WPD sub-station IF A new location for the WPD substation and the replacement works are not progressed. THEN The ability to progress the next phase of construction and meet the LEP spend requirements for 21/22 financial year may be compromised.	
EE.25	Infrastructure Projects IF Projects are to be let through open procurement outside the public realm contract THEN There may be delays to scheme progression or significant pressure on resources to meet the scheme delivery and management requirements.	
EE.26	Hereford City Centre Transport Package - BP garage IF there is a delay to concluding the claim received for the BP Garage THEN significant costs may be incurred if the matter is taken to a tribunal.	
EE.27	Hereford City Centre Transport Package - land budget IF the balance of land payments and costs are higher than the allocated budget THEN this could result in the land budget being exceeded which would further reduce the budget available for the remaining scheme elements. If this further reduction was too significant then it may not be possible to meet the objectives of the business case without further capital funding. This increase would arise from both an increase in value of the claim and also possible costs associated with the matter being referred to the upper land tribunal.	Yes (CCR.63)
EE.28	Phosphate Pollution in Lugg Catchment IF: 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 a 'plan led' rather than a 'policy led' county.	

EE.30	CCTV - camera location IF funding isn't available to upgrade or provide additional CCTV cameras in Hereford city due to the installation of trees impeding the views of CCTV THEN there is a possibility that the service will cease delivery, or need to provide a reduced service.	
EE.31	Hereford City Centre Transport Package - upper land tribunal Increase in costs associated from both an increase in value of the claim and also possible costs associated with the matter being referred to the upper land tribunal.	
EE.32	HCCI - delivery within LEP timescale IF The ability to deliver required works within the timescale of the LEP funding cannot be met THEN resulting in possible loss of funding.	Yes (CRR.70)
EE.33	HCCI - decision making and VFM IF LEP decision making drive poor decision making and VFM	Yes (CRR.71)
EE.34	HCCI - exceed budget IF Proposed works exceed budget	
EE.35	HCCI - change in aspirations IF The aspirations of the current cabinet diverge from the existing scheme requiring more substantial changes to be made impacting costs and programme.	
EE.36	HCCI - contractor sub-performance IF Contractor sub-performance may affect the quality, programme and cost of the project.	
EE.37	HCCI - emerging cost pressures IF There are emerging cost pressures on a number of the HCCI elements which require careful decision making. It should be noted that the below are estimates made on the 'worst-case' scenario.	
EE.38	Green Homes Grant Local Authority Delivery (GHG LAD) phase 2 project IF: Funding is not defrayed for green home measures by project end THEN: allocated Herefordshire funding will need to be returned to Midlands Net Zero Hub (MNZH)	
EE.39	Green Homes Grant LAD 1a project IF contractor evidence is not provided of scheme (MoU) compliance THEN further funding may need to be returned to BEIS.	
EE.41	Road conditions programme IF: The ongoing programme of road condition improvements is not sustained in accord with the asset management strategy THEN: the overall customer satisfaction with the condition of roads will decrease as a consequence of the deterioration in the highway asset.	
EE.46	Public Realm - Increased inflationary pressure on the Annual Plan budget	
EE.47	Resident Parking Zones Validity IF Resident parking Zones in Hereford are not compliant to the Traffic Regulation Order THEN rectification works will need to be undertaken to correct the situation. The cost and reputational damage could be significant.	

EE.48	Resources (Highways and Transport) IF: Resource levels are not enhanced THEN: The capability to monitor and manage the network is compromised, responses to workload and issues will be limited.	
EE.49	Response to DMMO Applications IF: Resource levels are not enhanced THEN: The capability to monitor and manage the network is compromised, responses to workload and issues will be limited.	
EE.50	Supply chain capacity IF: There remains insufficient capacity in the supply chain to meet the increasing demand (public and school transport). THEN: The service will be unable to deliver statutory/socially necessary services and contracting costs will increase	YES (CRR.80)
EE.51	External staff recruitment (Transport) IF: The challenging recruitment market continues THEN: we will be unable to recruit sufficient numbers of Passenger Assistants and Drivers to deliver statutory services	
EE.53	Contractual Payments. IF: the CMT has insufficient resources to process certain elements of the Cost Of Services Process to Date (COSPTD) THEN the council could incur late payment interest charges and encounter difficulties in posting financial information into Business World (BW) leading to risk of incomplete and out of date financial reporting. This risk would significantly increase if resources were unavailable at Year End and commencement of new contract year.	
EE.54	Contract Fleet Lease Expiry. IF: the risk that BBLP fleet leases expire in September 23 are not renewed or replaced THEN the council could incur loss of service and additional costs for short term hire up to Aug 24 as no contract extension has been confirmed.	YES (CRR.82)
EE.56	Notice to terminate Lease at The Maltings Car Park IF: The council do not have right to renew the lease THEN: the council could lose around 60% of the car park land and lose income circa £110k per annum.	

Risks de-escalated to service risk register		
EE.52	Neighbourhood Planning IF: limited funds are available to progress plans to examination and referendum THEN without the finance to undertake the examinations and referendum the Council would not be able to undertake its statutory duty to progress NDPs to adoption. This would also effect the coverage of development plans in the county.	
EE.20	Highway Condition IF: The maintenance of the highway network continues at the current level THEN: the condition of the network will continue to deteriorate and the cost of rectifying this deterioration will increase with adverse reputational impact.	

Closed Risks		
EE.03	Waste management services contract - best decision IF: we fail to make best decision in regard to WMSC extension THEN: value for money to the council will not be delivered.	
EE.05	Herefordshire fuel poverty level IF/AS: Fuel poverty levels in the county rise (the latest sub-regional statistic (2018) is above the national average) THEN: There is a public health and reputational risk that we are not addressing fuel poverty levels and moving forward incidences of excess winter deaths and costs to health, social care will rise.	Yes (CRR.79)
EE.17	BBBLP Annual Plan Delivery Covid 19 cost IF: additional cost continues to be identified due to the current resource situation (the costs are captured in the AP EW's and RR meetings) THEN: there will be delivery/financial implications for the Annual Plan *Additional funding from government is expected but the extent is not known.	
EE.42	Public Realm - Managing End of Contract - Asset, data	
EE.43	Public Realm - Managing End of contract - performance and budget	
EE.44	Public Realm - Shaping new Contract, performance and contract time	
EE.45	Public Realm - Response to the Audit - contract improvement plan.	

Corporate Centre Directorate Risk Register June 2023

		Impact			
		2	3	4	5
Likelihood	5				
	4	N/A	CS.02		
	3	N/A	CS.01 CS.03 CS.21 CS.27 CS.28	CS.11 CS.12 CS.14 CS.26 CS.33	
	2	N/A	N/A	N/A	

Reference	Description	Corporate Risk
CS.01	Mandatory IG and IS Training IF staff do not complete their mandatory IG and IS training before being given access to business systems THEN this may lead to data breaches or the mis-management of information and risk referral to the Information Commissioner and/or legal challenge with resultant unbudgeted costs and reputational damage for the Council.	
CS.02	Fastershire delivery IF coverage and take up falls short of plans with the revised broadband strategy THEN premises will not be able to take up a service or make the most of investment in the fibre network effecting economic performance and community vitality.	
CS.03	New projects expectations and requirements IF insufficient capacity in procurement team to support due to increasing demand through new project and expectations THEN tender strategies and approaches may fall short of best practice and policy requirements.	
CS.11	Risk of Challenge If staff do not comply with the Contract Procedure Rules and Public Contract Regulations (2015) Then there could be a challenge to the contract award process which could result in a failure to uphold the law, reputational damage and impact	

Reference	Description	Corporate Risk
CS.12	Procurement Support IF tenders are not adequately planned or resourced reflecting addition in grant funded projects and new escalated delivery THEN there may not be sufficient resources within the team to support the procurement process, which could result in delays to projects, inadequate application of best practice, potential for mistakes, business continuity issues and delivery of council goals.	
CS.14	Major Capital Projects IF: We don't deliver Major Capital Projects within budget or within timescale THEN: this will lead to increased costs and reputational damage	
CS.21	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.	
CS.26	Medium Term Financial Strategy IF: the Council does not deliver its MTFS strategy, either through poor budgetary control or inflationary pressures THEN: there is a risk that the organisation will not achieve a balanced budget and risk service failure	
CS.27	Legal recruitment Inability to recruit to the new structure will lead to challenges in managing the demand for legal support	
CS.28	Accountability for grants IF the council does not properly manage grants THEN: the council could be liable for financial and reputational risks	
CS.33	Complaints not being dealt with IF: complaints are not being investigated in a timely manner by the services THEN: then time scales will be missed and escalated to the LGSCO	

Risks de-escalated to service risk register		
CS.04	Legal resourcing Inability to control external fees spend within allocated budget of £400k	
CS.05	SARS Requests IF SARS requests continue to increase to the council THEN there will be increased workload for staff.	
CS.08	Recruitment Strategy IF: the council is unable to recruit and retain the level and scale of staff required 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.	

CS.09	<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>	
CS.10	<p>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.</p>	
CS.13	<p>Records Management If staff do not comply with records management policy, practice and procedures - including using the systems available THEN important information can be lost including for court cases, subject access searches and FOI.</p>	
CS.17	<p>Evacuation of buildings IF we do not have sufficiently trained fire wardens to assist in the evacuation of staff from buildings during a fire THEN the employer may fail in their duty of care to make sure anyone using our buildings can safely evacuate</p>	
CS.18	<p>IT budget If it is not clear on the spend for IT with links to contracted spend THEN there is a risk of overspend.</p>	
CS.22	<p>IT skills and culture IF the workforce do not have the IT skills or the willingness to make the most of technologies THEN the council is not making the most of the tools available to create efficient services or progress service delivery</p>	
CS.23	<p>IT development IF the council does not invest in digital solutions working across the organisation THEN opportunities for better customer engagement, communications and efficient services delivery will be effected and the council will fall behind on what residents and businesses want and what other council can provide. To always be based on should business cases and value for money with return on investment.</p>	
CS.29	<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>	
CS.34	<p>MS Teams IF Staff continue to use MS Team sites to store council documents THEN this may lead to data breaches or the mis-management of information and risk referral to the Information Commissioner and/or legal challenge with resultant unbudgeted costs and reputational damage for the Council</p>	
CS.35	<p>System Access: IF Staff are being given access to business systems without completing a staff induction, mandatory training and/or a third party access agreement THEN this may lead to data breaches or the mis-</p>	

	management of information and risk referral to the Information Commissioner and/or legal challenge with resultant unbudgeted costs and reputational damage for the Council.	
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Closed Risks		
CS.15	<p>EU exit</p> <p>IF: there is uncertainty, inflation and resource restrictions THEN: there may be an impact on the economic and social programmes of the Council and its partners which would impact affordability and result in resource gaps</p>	
CS.36	<p>Implementation of the Elections Act 2022</p> <p>IF: key policy details are not confirmed and secondary legislation not published in adequate time THEN the Returning Officer will be unable to implement the Elections Act 2022. This could result in:</p> <ul style="list-style-type: none"> • Voter ID not being successfully introduced and confusion about which postal votes can be included. Some voters may be disenfranchised leading to a lack of confidence in election results. • Any elections taking place might be undermined. • The returning Officer may struggle to deliver the elections they have personal responsibility for. • The risk of challenge by petition after the election will be higher. • Without more information the necessary systems, including software, cannot be implemented and training cannot be provided. • Certain groups are more likely to be disadvantaged than others, resulting in increased inequalities. • Polling staff will have greater responsibilities, including challenging voters about their ID and including and excluding the postal votes. This may result in recruitment issues for polling station staff. • Postal votes might be rejected incorrectly due to a lack of communication or understanding. <p>Not all polling stations are suitable because they will require privacy areas. There may be insufficient polling stations.</p>	



Title of report: Work programme

Meeting: Audit and Governance Committee

Meeting date: 31 July 2023

Report by: Democratic Services Officer

Classification

Open

Decision type

This is not an executive decision.

Wards affected

(All Wards)

Purpose

To consider the committee's work programme (Appendix A).

Recommendation(s)

- (a) **That, subject to any further updates made by the committee, the work programme for the Audit and Governance Committee be noted.**

Alternative options

1. There are no alternative options, as the committee requires such a programme in order to set out its work for the coming year.
2. Updating the work programme is recommended, as the committee is required to define and make known its work. This will ensure that matters pertaining to audit and governance are tracked and progressed in order to provide sound governance for the council.

Key considerations

3. The routine business of the committee has been reflected as far as is known, including the regular reporting from both internal and external auditors.
4. The committee is asked to consider any adjustments.

Community impact

5. A clear and transparent work programme provides a visible demonstration of how the

Further information on the subject of this report is available from
Ben Baugh, email: ben.baugh2@herefordshire.gov.uk

committee is fulfilling its role as set out in the council's constitution.

Environmental impact

6. Whilst this is an update on the work programme and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

Equality duty

7. This report does not impact on this area.

Resource implications

8. There are no financial implications.

Legal implications

9. The work programme reflects any statutory or constitutional requirements.

Risk management

10. 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


11. The Director of Finance and Assurance / S151 Officer, Director of Governance and Legal Services / Monitoring Officer, and committee members contribute to the work programme; the work programme is reviewed at each meeting of the committee.

Appendices

Appendix A Work programme for the Audit and Governance Committee

Background papers

None identified.

Audit and Governance Committee Constitution		Report	June 2023	July 2023	September 2023	October 2023	November 2023	January 2024	March 2024	May 2024
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.	Internal Audit Plan and Internal Audit Charter Progress Report on internal audit plan (see part b for timing) Internal Audit Annual Opinion	Internal Audit Plan and Audit Charter	Annual Report and Opinion					Internal Audit Plan and Charter Annual Report and Opinion	
b	To consider summaries of specific Internal Audit reports and the main issues arising and seek assurance that action has been taken where necessary.	Progress Report on internal audit plan	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.	Tracking of internal and external audit recommendations		Update on Audit Recommendations Report			Update on Audit Recommendations Report			
e	To be able to call senior officers and appropriate members to account for relevant issues within the remit of the Committee.	No specific activity required as part of normal questioning activity								
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.	Progress report on internal audit plan (see part b for timing)								
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.	Annual audit fee letter External Audit progress update (see part b for timing) Tracking of internal and external audit recommendations (see part 3.5.10d for timing) Auditor's Annual Report External Audit Annual Plan	External Auditor's Annual Report External Auditor's Draft Plan (including indicative fee)		External Audit Findings Report		External Auditor's Annual Report		External Auditor's Draft Plan (including indicative fee)	
b	To consider specific reports from the External Auditor.	External Audit progress update		Progress Report		Progress Report		Progress Report		Progress Report
c	To meet privately with the External Auditor once a year if required.	Not required to be scheduled on work programme								
d	To comment on the scope and depth of external audit work and to ensure it gives value for money.	No specific activity required as part of normal questioning activity								
e	To recommend appointment of the council's local (external) auditor.									
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.	No specific activity required as part of normal questioning activity. External Audit can place limited reliance on Internal Audit Work.								
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.	Accounting Policy Update Contract and Finance Procedure Rules Re-thinking Governance			Report on the potential appointment of independent committee members to the Audit and Governance Committee			Accounting Policy Update (if required) Contract and Financial Procedure Rules Update (if required)		
b	To monitor the effective development and operation of risk management and corporate governance in the council.	Work Programme Corporate Risk Register	Work Programme	Work Programme Risk Registers	Work Programme Approach to Strategic Risk Management Update	Work Programme	Work Programme Risk Registers	Work Programme	Work Programme	Work Programme Risk Registers
c	To maintain an overview and agree changes to the council policies on whistleblowing and the 'Anti-fraud and corruption strategy'.	Whistleblowing Policy Anti-Fraud, Bribery and Corruption Strategy	Whistleblowing Policy			Anti-Fraud, Bribery and Corruption Policy				
d	To oversee the production of the authority's Statement on Internal Control and to recommend its adoption.	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.	Annual Governance Statement	Draft Annual Governance Statement		Final Annual Governance Statement					
f	The council's arrangements for corporate governance and agreeing necessary actions to ensure compliance.	Annual Governance Statement Progress Report				Annual Governance Statement Action Plan Progress Report				

Audit and Governance Committee Constitution		Report	June 2023	July 2023	September 2023	October 2023	November 2023	January 2024	March 2024	May 2024
g	To annually review the council's information governance requirements.	Information Governance Review				Annual Review of Information Access / Governance				
h	To agree the annual governance statement (which includes an annual review of the effectiveness of partnership arrangements together with monitoring officer, s151 officer, caldicott guardian and equality and compliance manager reviews).	Annual Governance Statement Annual Governance Statement Progress Report								
i	To adopt an audit and governance code.									
j	To undertake community governance reviews and to make recommendations to Council.	On an ad hoc basis only								
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.	Energy from Waste Loan Update			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.	Energy from Waste Loan Update			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	Energy from Waste Loan Update			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.	Energy from Waste Loan Update			Energy from Waste Loan Update					
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.	Annual Code of Conduct Report		Annual Monitoring Officer 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.									
c	To keep the code of conduct under review and recommend changes/replacement to Council as appropriate.									
d	To publicise the adoption, revision or replacement of the Council's Code of Conduct.									
e	To oversee the process for the recruitment of the Independent Persons and make recommendations to Council for their appointment.	Recruitment done on an as required basis								
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.	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								
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								
3.5.15 Accounts										
	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.	Statement of Accounts External Auditor Report	Draft Statement of Accounts		Final Statement of Accounts			Statement of Accounts Preparation report		