

Audit Committee

Thursday 21 June 2018

10.00 am Library Meeting Room, Taunton
Town Library



To: The Members of the Audit Committee

Cllr D Ruddle (Chair), Cllr N Bloomfield (Vice-Chair), Cllr M Caswell, Cllr S Coles, Cllr B Filmer, Cllr P Ham, Cllr L Leyshon, Cllr M Rigby and Cllr J Thorne

Issued By Julian Gale, Strategic Manager - Governance and Risk - 13 June 2018

For further information about the meeting, please contact Neil Milne on 01823 359045 or ndmilne@somerset.gov.uk

Guidance about procedures at the meeting follows the printed agenda.

This meeting will be open to the public and press, subject to the passing of any resolution under Section 100A (4) of the Local Government Act 1972.

This agenda and the attached reports and background papers are available on request prior to the meeting in large print, Braille, audio tape & disc and can be translated into different languages. They can also be accessed via the council's website on www.somerset.gov.uk/agendasandpapers



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AGENDA

Item Audit Committee - 10.00 am Thursday 21 June 2018

*** Public Guidance notes contained in agenda annexe ***

1 Apologies for absence

2 Declarations of Interest

Details of all Members' interests in District, Town and Parish Councils will be displayed in the meeting room. The Statutory Register of Member's Interests can be inspected via the Community Governance team.

3 Minutes from the meeting held on (Pages 9 - 12)

The Committee is asked to confirm the minutes are accurate.

4 Public Question Time

The Chairman will allow members of the public to present a petition on any matter within the Committee's remit. Questions or statements about any matter on the agenda for this meeting will be taken at the time when each matter is considered.

5 Service Showcase - Insurance (Pages 13 - 22)

To receive a report and presentation on how Insurance is managed at Somerset County Council.

6 External Audit Update (Pages 23 - 38)

To consider this report from the External Auditors.

7 Internal Audit - Progress Report (Pages 39 - 66)

To consider this report.

8 Internal Audit - Annual Opinion (Pages 67 - 90)

To consider this report.

9 Risk Management Update (Pages 91 - 150)

To consider this report.

10 Debt Management Update (Pages 151 - 158)

To consider this update report.

11 Draft Annual Governance Statement (Pages 159 - 186)

To consider this report.

Item Audit Committee - 10.00 am Thursday 21 June 2018

12 **Committee Future Workplan** (Pages 187 - 190)

To consider this report of future agenda items and reports.

13 **Any other urgent items of business**

The Chairman may raise any items of urgent business.

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Guidance notes for the meeting

1. Inspection of Papers

Any person wishing to inspect Minutes, reports, or the background papers for any item on the Agenda should contact the Committee Administrator for the meeting – Michael Bryant on Tel (01823) 359048 or 357628; Fax (01823) 355529 or Email: mbryant@somerset.gov.uk
They can also be accessed via the council's website on www.somerset.gov.uk/agendasandpapers

2. Members' Code of Conduct requirements

When considering the declaration of interests and their actions as a councillor, Members are reminded of the requirements of the Members' Code of Conduct and the underpinning Principles of Public Life: Honesty; Integrity; Selflessness; Objectivity; Accountability; Openness; Leadership. The Code of Conduct can be viewed at: <http://www.somerset.gov.uk/organisation/key-documents/the-councils-constitution/>

3. Minutes of the Meeting

Details of the issues discussed and recommendations made at the meeting will be set out in the Minutes, which the Committee will be asked to approve as a correct record at its next meeting.

4. Public Question Time

If you wish to speak, please tell Michael Bryant, the Committee's Administrator, by 12 noon the (working) day before the meeting.

At the Chairman's invitation you may ask questions and/or make statements or comments about any matter on the Committee's agenda – providing you have given the required notice. You may also present a petition on any matter within the Committee's remit. The length of public question time will be no more than 30 minutes in total.

A slot for Public Question Time is set aside near the beginning of the meeting, after the minutes of the previous meeting have been signed. However, questions or statements about any matter on the Agenda for this meeting may be taken at the time when each matter is considered.

You must direct your questions and comments through the Chairman. You may not take direct part in the debate. The Chairman will decide when public participation is to finish.

If there are many people present at the meeting for one particular item, the Chairman may adjourn the meeting to allow views to be expressed more freely. If an item on the Agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

An issue will not be deferred just because you cannot be present for the meeting. Remember that the amount of time you speak will be restricted, normally to two minutes only.

5. Exclusion of Press & Public

If when considering an item on the Agenda, the Committee may consider it appropriate to pass a resolution under Section 100A (4) Schedule 12A of the Local Government Act 1972 that the press and public be excluded from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, as defined under the terms of the Act.

6. Committee Rooms & Council Chamber and hearing aid users

To assist hearing aid users the following Committee meeting rooms have infra-red audio transmission systems (Luttrell room, Wyndham room, Hobhouse room). To use this facility we need to provide a small personal receiver that will work with a hearing aid set to the T position. Please request a personal receiver from the Committee's Administrator and return it at the end of the meeting.

7. Recording of meetings

The Council supports the principles of openness and transparency. It allows filming, recording and taking photographs at its meetings that are open to the public - providing this is done in a non-disruptive manner. Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings and a designated area will be provided for anyone wishing to film part or all of the proceedings. No filming or recording may take place when the press and public are excluded for that part of the meeting. As a matter of courtesy to the public, anyone wishing to film or record proceedings is asked to provide reasonable notice to the Committee Administrator so that the relevant Chairman can inform those present at the start of the meeting.

We would ask that, as far as possible, members of the public aren't filmed unless they are playing an active role such as speaking within a meeting and there may be occasions when speaking members of the public request not to be filmed.

The Council will be undertaking audio recording of some of its meetings in County Hall as part of its investigation into a business case for the recording and potential webcasting of meetings in the future.

A copy of the Council's Recording of Meetings Protocol should be on display at the meeting for inspection, alternatively contact the Committee Administrator for the meeting in advance.

8. Operating Principles for Audit Committee

Reports

- i. The reports should be clearly and concisely written. The report template available to officers on the intranet will be used.
- ii. Reports should highlight issues for Member consideration, no matter how difficult or complex, for example:
 - All reports should detail current performance levels.
 - All reports should identify cost implications.
- iii. No report should contain a recommendation “to note” the report.
- iv. Any report, which outlines clear priorities for improvement, should contain recommendations and a detailed action plan with timescales and resources.

Members

- i. Members should be clear about cost and resourcing issues highlighted in clearly and concisely written reports.
- ii. Members should seek to understand the impact of reports on Council performance.
- iii. Members can refer reports / issues back to the Cabinet where there are constructive concerns about services and/or performance.

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AUDIT COMMITTEE

Minutes of a Meeting of the Audit Committee held in the Luttrell Room - County Hall, Taunton, on Thursday 12 April 2018 at 10.00 am

Present: Cllr D Ruddle (Chairman), Cllr S Coles, Cllr N Bloomfield (Vice-Chair), Cllr M Caswell, Cllr B Filmer, Cllr P Ham, Cllr J Lock, Cllr M Rigby and Cllr J Thorne
Also present: Gerry Cox – Chief Executive of South West Audit Partnership (SWAP)

Other Members present:

Apologies for absence:

35 Declarations of Interest - Agenda Item 2

Members of the Audit Committee declared the following personal interests in their capacity as a Member of a District, City/Town or Parish Council:
Cllr M Caswell, Cllr S Coles, Cllr B Filmer, Cllr Ham, Cllr Rigby, and Cllr Thorne.

36 Minutes from the meeting held on 25 January 2018 - Agenda Item 3

The Committee agreed that the minutes of the meeting held on 25 January 2018 were accurate, and the Chairman signed them.

37 Public Question Time - Agenda Item 4

There were no members of the public present, and hence no questions asked, statements/comments made or petitions presented.

38 Review of the South West Audit Partnership (SWAP) - Agenda Item 5

A short presentation was received from Gerry Cox the Chief Executive of SWAP about its progress.

Members considered and discussed the report about the review carried out by the relevant officers into the effectiveness of the internal audit function from the South West Audit Partnership in 2017/18 and for the future.

The Committee sought and received assurances that SWAPs ability to complete the Council's audit work would not be affected by SWAP's on-going expansion including the completion of external auditing work.

The report concluded that SWAP continued to provide an adequate and effective internal audit function for the Council and continued to demonstrate value for money.

Members accepted the report.

39 Partial Audit - Better Care Fund - Agenda Item 6

The Committee considered a report from the Internal Auditors that provided an update following the recommendations received with the Better Care Fund Audit issued last September.

Members were reminded that the Audit had been commissioned to assess the adequacy of the control and procedures in place for the governance and processes of the better care Fund across the Council. The Audit had focussed on the management of the Fund through the Health and Well-Being and Joint Commissioning Board.

Attention turned to the Final Audit attached as an Appendix to the report and the discussion focused on the agreed outcomes and actions arising from the significant findings. It was reported that significant progress had been made against the suggested actions and there was now clear policies for staff to implement to achieve the agreed performance measures.

There was a brief discussion of the report and there was a question about concerns with the high number of priority outcomes and the commitment of managers to address these. Members were assured that these actions will have been taken before the next meeting.

The Committee accepted the report and asked for an update at a future meeting.

40 **Internal Audit - Progress Report - Agenda Item 7**

The Committee considered this report, introduced by the Internal Auditors, that provided an overview and general update of the progress made against the 2017/18 Audit Plan. It was noted that of the audits completed since the last update no significant corporate risks had been identified.

Attention turned to Appendix B of the report that provided a schedule of the audits and it was explained that 2 audits completed in the reporting period had been received a partial assurance. These were in respect of Children's Direct payments and also Adults Risk of Care Provider Failure and there was a brief discussion about each.

It was noted that 33 reports had been completed, 12 were in draft/discussion stage and 15 audits were currently in progress and members noted that all Audits in progress would be at the report stage in time for the Annual Opinion report in June.

There was a discussion about the Care Provider Failure and new providers joining the framework which was resulting in a greater workload and ensuring that work was being completed at the right time and payments were being made appropriately.

There was also discussion about work being carried forward and members were informed that this was lower than last year and was manageable and usual practice.

The report was agreed.

41 **Internal Audit Plan 2018-2019 - Agenda Item 8**

The Committee considered and discussed this report from the Strategic Manager - Finance that summarised the proposed 2018/19 Audit Plan (attached as Appendix A to the report). The Committee was also asked to re-approve the Audit Charter (attached to the report as Appendix B).

The Strategic Manager introduced the report and noted that: it was best practice was for the Committee to approve the Internal Audit Plan and Charter; members were reassured the same number of Audit days available in the 2017/18 Audit Plan 1400 would be retained; also further audit days could be added if required. The Strategic Manager further thanked Internal Audit for their work.

The Committee accepted the report and the 2018/2019 Audit Plan and the Internal Audit Charter were agreed.

42 **External Audit Update - to include ISA 240 responses - Agenda Item 9**

The Committee considered this report, introduced by the Council's External Auditors that provided an overview of the planned scope and timing of the statutory audit of the Somerset Pension Fund. The report provided a detailed summary of the work already undertaken in this regard which included the work under ISA (UK) 240 that set out the Auditor's responsibilities relating to fraud during an audit of financial statements.

The External Auditors also provided an overall progress report and sector update. The report was accepted.

43 **Debt Management Update - Agenda Item 10**

The Committee considered a report and received a presentation on the recovery of outstanding debts as at the end of February, including a comparison with the previous report and equivalent values over the last 12 months. It was noted that the % of debt over 90 days was much reduced and had almost halved since the last report.

The Committee noted that the volume of debts referred for legal recovery was gradually increasing and now stood at 32% of the total.

The report was accepted.

44 **Annual Report of the Committee to Full Council - Agenda Item 11**

The Strategic Manager – Financial Governance introduced the report, which was to come before the May County Council meeting, noting that the Committee had met 6 times during the year.

The report gave general information about the committee and its governance role, with details about the work programme and training.

The report was accepted.

45 **Committee Future Workplan - Agenda Item 12**

The Committee considered and discussed its Forward Work Plan of future agenda items and reports for the remaining scheduled Committee meetings in 2018.

Members were informed that Peter Barber from Grant Thornton would bring the annual fees letter to the June meeting. There would also be a training session for committee members in June ahead of the statement of accounts item in July. Further information regarding the partial assurances for the Better Care Fund and regarding Adult Social Care providers would be brought to the July meeting.

The work plan was accepted.

46 **Any other urgent items of business** - Agenda Item 13

There were no other items for consideration and the Chairman thanked all those present for attending. The meeting closed at 11.28.

(The meeting ended at 11.28 am)

**Cllr Dean Ruddle
Chair of Audit Committee**

Somerset County Council
Audit Committee 21 June 2018

Service Showcase - Insurance

Service Director: Kevin Nacey, Director of Finance, Legal and Governance

Lead Officer: Heather Hall, Service Manager - Insurance

Author: Heather Hall, Service Manager – Insurance and Martin Gerrish, Strategic Manager – Financial Governance

Contact Details: tel (01823) 359865 or e-mail: hmall@somerset.gov.uk

Cabinet Member: Cllr Mandy Chilcott for Resources

Division and Local Member: All

1. Summary/link to the County Plan

- 1.1. Even with the best risk management possible, not every mitigation is going to be successful.

Somerset County Council provides a wide range of services to the public; it has a large workforce and engages with a large number of partner activities to achieve its vision. As a result, it is exposed to a wide variety of risks. Insurance cover is one of the key measures that the County Council puts in place in order to mitigate the larger financial risks where we are deemed liable and to also ensure that our assets and business continuity is covered.

- 1.2. Following on from interested comments from Audit Committee members at Cabinet in February 2018, when the insurance tender renewals were approved, it was agreed to schedule a “service showcase” to provide the necessary assurance to members. This report, which will be supplemented by a short presentation at the public meeting, sets out how Somerset County Council arranges its insurance provision and provides some information to inform members on the service’s performance.

2. Issues for consideration

- 2.1. Members are asked to consider the service information as outlined in this report, and to comment on the service provided.

3. Background Information

3.1. Insurance Team

Somerset County Council’s Insurance Team comprises 7 members of staff. The Service Manager provides overall management and is the technical lead for the County Council. Recently, she has been appointed as the Chair of the South West Local Authority’s Insurance Group. The Service Manager reports to the Strategic Manager – Financial Governance (Deputy s151 Officer).

There is one Claims Officer, who deals with the more complex and costly claims against the County Council, and who manages 2 Insurance Assistants who deal with more routine claims such as highways public liability claims (“pothole claims”) and motor claims.

There is one Technical Insurance Officer, who leads on insurance policies and guidance, who manages an Insurance Assistant who manages the Supply Mutual Fund for schools.

There is one Senior Financial Assistant, who manages payments on behalf of the team and recharges to services from the Insurance Fund. She is also responsible for the team’s web pages and asset register.

In addition to providing a comprehensive service for the County Council, the Insurance Team provides a claim handling service for Taunton Deane.

3.2. In-house management

The service ethos is to manage as many claims as possible in-house (up to a £100,000 claim limit following our last tenders). This has the double benefit of our being able to have greater control over how claims are managed, and at a fraction of the costs, that would be required to have an external insurance service provide these functions.

This requires suitable training for all staff involved, and this is carried out by a variety of means, such as training days hosted by our insurance solicitors, active participation in ALARM (Association of Local Authority Risk Managers) and by a strong internal training and development programme.

Being in house also allows the Insurance Team to interact with services to a greater extent than an external provider would be able to, providing a range of events, communication and advice to them and to schools, seeking to improve operational risk management and minimise the number of successful claims made against the authority. Site visits to schools have been delivered in the past including 16 risk management reviews with our insurer ZM.

Our external insurance solicitors provide training days and advice to the insurance team. The Insurance Fund has recently supported Highways by covering 50% of the cost to send all of their staff who are affected by the New Highway Management Policy on the required qualification training.

In October 2017 and February 2018 Insurance paid and arranged for 31 SCC Officers to attend training on the IOSH (Institute of Occupational Safety and Health) managing safely course; they are now all IOSH qualified.

The aim is to be proactive in our strategies and ensure that Insurance is known to be the support or guidance for any new or ongoing risk to the Council.

Not surprisingly, our in-house services are audited to make sure that they are sufficiently robust in order to assure the external insurers that we are acting in a professional manner and are not going to cause them financial losses.

Therefore, our insurers carried out a “claims audit” in May 2017. The Insurance Team scored 93% (Merit) on this audit, which was a significant improvement on the 2016 audit, which scored 84.4% (Requires Improvement). This Merit score was despite some staff vacancies within the team (now filled) and the implementation of a new dedicated insurance IT system (now completed and working well).

In addition, SWAP carried out an audit on the insurance function in 2017/2018 as part of their review of nationally known fraud targets, to ascertain whether or not there were suitable controls in place. (Insurance fraud is one of the top 10 frauds perpetrated against local authorities). The SWAP audit concluded that the controls in place were good, and made no recommendations as to improvements or to the need for future work.

3.3. External insurance policies

Along with many other local authorities, Somerset does not operate a “ground up” cover (100% externally insured) for the majority of its insurances as this would be prohibitively expensive and therefore not cost effective. This means that not only are smaller value claims managed in-house by the Insurance Team, but that these risks are not insured against with an external provider and fall directly to the County Council.

At the other extreme, not having any external insurance cover at all is an unacceptable financial risk. The more considered debate is the level of deductibles (excesses) that the County Council includes within its external cover. There is a trade-off between the amount of risk the County is willing to accept, set against the amount it is willing to pay for external insurance cover. The lower the deductible, the higher the premium will cost.

This is never an exact science, because it is not possible to know exactly what claims will be made in a given period, or what the extent of the County Council’s liabilities might be. However, it is possible to form judgements from previous claims history and the knowledge of the wider insurance market.

Historically, the County Council has had relatively high levels of deductibles (when benchmarked against other local authorities) meaning that its annual insurance premium costs are probably lower than the average, but that it will meet all the costs up to the deductible limit itself, so potentially exposing itself to more risks. Therefore, the opportunity was taken during the recent tender process to test the market at both the existing deductibles and at a lower limit to reduce our risk exposure.

By way of example, bidders were asked to provide quotes for both Motor Fleet and Public Liability at £250,000 and £1,000,000 deductibles per claim, and Officials Indemnity and Professional Indemnity at £100,000 and £1,000,000 deductibles per claim.

The recent tender exercise resulted in Cabinet approving policies that had lower deductibles in some cases (particularly motor and crime), wider cover in terms of what is insured against (such as our Crime cover as opposed to Fidelity Guarantee cover previously), and the premium costs (excluding Insurance Premium Tax) reduced by £74k per annum (over £0.5m if the covers all run for the maximum 7 years).

A definition of the insurance policies operated by SCC from 1st April 2018 is included at Appendix A to this report. Subsequently to the main tender process, a separate process was run for terrorism cover (a very specialised market) and a new policy obtained that has very low deductibles in the event that there is such an incident. A comparison was carried out for a larger deductible but the cost saving was negligible.

3.4. Claims handling and repudiation rates

A total of 535 Claims were received in the financial year 2017/18 compared to 521 in 2016/17. Of the 535 claims received, 413 were Public Liability claims, of which 389 were claims against the Highways. Typically, at any one point, the Insurance Team will have between 250 and 400 claims open.

On a 4-year claims history (01/04/2014 to 31/03/2018) on all Public Liability claims SCC have a 94% repudiation rate. This means that in 94% of all such instances, Somerset was able to deny liability and no payments to third parties were made at all as a result. This is the result of very good claims procedures and record keeping that allow us to demonstrate that we are not at fault. This is the single key metric to determine performance on claims handling, and recent CIPFA Benchmarking shows that we are above the average performance (typically in the high 80%^s).

Open claims have an average cost per claim of £6,688.04 and the settled claims within this period has a £3,250.44 average cost per claim. Whilst these are reasonable low and deemed acceptable to our insurers through their audit work, this particular statistic is always vulnerable to one large claim, which could skew the figures substantially.

3.5. Insurance Fund

Costs of running the in-house provision, any claims settlements paid out, plus external insurance premiums and legal costs, are managed from year to year through our Insurance Fund. Costs are recharged to services.

A dedicated Insurance Fund is a mechanism that allows us to smooth costs over time for services, and also manage any large claims or spikes in costs. For larger cases, it can easily take more than one financial year to reach a final settlement. Premiums collected annually from services are therefore collected at a relatively stable budget level, and the Fund is used to make payments out as and when they arise.

A project for 2018/2019 is to review the recharges that we make to individual services to best reflect the risks that they present to the authority and the Fund. Some of the recharges are historically set and need to be adjusted. It is hoped that this will also make services improve their risk management processes.

The Insurance Fund is also part of Somerset County Council's financial resilience – it is an earmarked reserve that makes insurance payments without a call on other reserves or budgets. Grant Thornton will assess the adequacy of the Insurance Fund when looking at the County Council's financial position.

At the end of the 2018/2019 financial year, the Insurance Fund "balance" was £8.953m. Of this amount, £4.933m is effectively earmarked for specific known claims, where we have made an assessment of the potential claim values and legal costs if liability is admitted. Whilst the remainder of £4.020m seems a large amount, there are a number of potential financial exposures. There will always be a number of claims that are Incurred But Not Reported (IBNR), where we are unaware of potential liabilities against the County Council. There are also a number of potential historic liabilities that we need to hold balances to meet.

The levels that we are obliged to hold are subject to actuarial review, and the last analysis was that we needed at least £2.93m for these liabilities. With some inflation in claims paid out being noticed across the insurance industry, and with some of the new case law (below), we believe the Fund remains adequate, but the margin is not as great as it might appear.

3.6. External risks in the insurance market

There are always national cases that will have an impact on our insurances, whereby a ruling as to the duties and liabilities in one case will have a profound impact on all local authorities.

Recent case law of note includes (our wording):-

Woodlands V Essex; a school had outsourced swimming lessons that were part of the curriculum. Due to the negligence of the third party provider, a legitimate claim was made. Judgement at the Supreme Court agreed that the authority responsible for the school had a non-delegable duty of care towards the pupil, making them liable for that negligence.

This was not an open ended liability; a local authority will only be held liable for contracted third parties if it is their duty to carry out the relevant function. As local authorities are increasingly seeking to outsource services, it is more important than ever to ensure that those third parties are reasonably competent and able to carry out services on behalf of the local authority. It should be noted, that this case may have far reaching consequences and apply to vulnerable adults, the elderly, patients and prisoners.

CN v Poole Borough Council; this case is to be heard by Supreme Court in July is significant to all those involved in litigating claims in negligence against local social services authorities. CN and GN, aged seven and nine years old, and their mother were rehoused by their local authority to a housing estate. CN suffered from severe physical and learning difficulties and was a 'child in need' under the Children Act 1989. All the agencies around this family were aware of a nearby family on the estate who had persistently engaged in anti-social behaviour. CN, GN and their mother suffered regular and significant harassment and abuse at the hands of these neighbours. The mother had previously asked the local authority to take the children into care. Previously, claims brought on behalf of children who had not been removed from the care of parents, and who were subjected to neglect and abuse, had been struck out. The Courts seem to be taking a different approach with CN so we await this decision and its possible implications.

3.7. Future Plans to develop the service

Innovative and resource providing ideas are continually being thought of and discussed at team meetings to ensure that the whole team keeps our department efficient, effective and relevant. The Insurance team pride themselves on running a dedicated service whose goals are to provide claimants and customers with the information that they require to answer their enquires and claims. We also ensure that we are up to date on the market changes for Insurance and that we keep up to date on case law and changes that the Courts are providing with new judgements.

We have previously run additional support for Taunton Deane as a maternity cover, and have supported Exmoor National Park, and we are looking to offer a wider service to other local authorities.

The **Supply Mutual Fund (SMF)** for LEA schools has been running for 21 years. This is an insurance scheme that partially offsets the costs of staff sickness absence at maintained primary and special schools in Somerset. Claims are met at fixed rates from an annual pool of premiums paid by member schools, and any surplus in the Fund at the end of the year is distributed back to member schools who have not exceeded their premium paid in claims. The Fund is collectively owned by the member schools but administered by the Council's Insurance Section. A Board drawn from member schools and other interested parties provides governance.

Due to more Schools transferring to become Academies the current fund is not sustainable moving forwards. In 2014 we had 170 member schools by 2018 the scheme is down to 131 schools. As with any mutual scheme, there needs to be a quantum to make it viable. In addition, the schools' requirements are changing, with many schools open all year round offering holiday and after school clubs. This produces a greater risk for sickness schemes covering staff on a 52 week basis

SCC Insurance are planning to start a new mutual Fund that will encompass SCC and other Council's LEA Schools, plus Academies, to create a mutual that will be competitive if not better cover than the commercial alternatives, with flexible cover options to suit. North Somerset schools are interested in joining from September 2019.

Somerset and South West Academy Insurance. The Insurance team have been working hard to set up a package insurance available to Academies within Somerset and the South West. This package will be ground up cover for all the insurance policies for an Academy, supplied by one insurer. The Academy Insurance plan will be administered by SCC Insurance and the insurer will pay us a percentage for each policy.

Longer term, the Insurance Team is looking to **provide an insurance service to a wider range of local authorities in the South West** and create a larger single team with more resilience, and with career progression for staff. There are a number of smaller authorities who either buy in this service from the private sector or are reliant on a single staff member.

4. Consultations undertaken

- 4.1. Consultations will always depend on the individual decision being made. For decisions around the terms and conditions of a new Mutual Fund, we will obviously consult with the LEA and with schools.

The Insurance Team will always seek to involve the services in any changes to the policy or any emerging risks.

Technical support is also provided by an external insurance broker.

5. Implications

- 5.1. Our insurance arrangements form a crucial part of the County Council's financial risk management.

6. Background papers

- 6.1. Cabinet Report on Insurance Tenders, February 2018.

Note For sight of individual background papers please contact the report authors

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Brief Outline of each insurance cover provided from 1st April 2018

Property Combined

Building and contents cover for properties owned by SCC or for which they are responsible (including schools). Standard perils include fire, flood, theft, vandalism etc.

Property Owners

Commercial property insurance – owned by SCC and leased to a tenant. Similar perils as above. Minimal excess as there is a tenant (avoiding risk).

Works in Progress

Buildings in the course of construction or improvement, including site security.

Crime with Fidelity Guarantee

Employee fraud or dishonest acts cover.

Combined Liability (Public Liability and Employers Liability)

Employers liability covers when the employee proves that SCC as an employer has failed in their duty of care (e.g. accidents in the workplace)

Public liability covers when the claimant proves that SCC has failed in their duty or have been negligent and caused the claimant to suffer loss or damage (e.g. a tyre hitting the kerb).

Motor Fleet – comprehensive cover

Standard comprehensive motor policy for SCC employees driving our vehicles or hire vehicles for work purposes.

Personal Accident and Travel

School journeys and business travel policy, which covers injury and loss of personal items.

Engineering Inspection

To carry out the inspections under our statutory duty for plant and equipment on SCC premises, e.g. lifts.

Officials Indemnity (OI) and Professionals Indemnity (PI)

Professional indemnity covers a breach of professional duty due to any neglect, error or omission. This applied where SCC is providing a paid service to others.

Officers indemnity covers where SCC are obliged to pay compensation for financial loss by an error committed by an employee.

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Audit Progress Report and Sector Update

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Somerset County Council & Somerset Pension Fund
Year ending 31 March 2018

5 June 2018



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Introduction



Peter Barber

Engagement Lead

T 0117 305 7897
M 07880 456 122
E peter.a.barber@uk.gt.com



David Johnson

Engagement Manager

T 0117 305 7727
M 07825 028 921
E david.a.johnson@uk.gt.com

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

The paper also includes:

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

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website www.grant-thornton.co.uk.

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

Progress at 5 June 2018

Financial Statements Audit

We have issued a detailed audit plan for both the Council and the Pension Fund, setting out our proposed approach to the audit of the 2017/18 financial statements.

Our interim fieldwork is complete and included:

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

The findings from our interim work was reported to the Audit Committee in our April progress report.

The statutory deadline for the issue of the 2017/18 opinion is brought forward by two months to 31 July 2018. The final accounts audit began on the 29 May, for both the Council and the Pension Fund, and the findings will be reported to you in the Audit Findings Reports at the Audit Committee on 26 July.

Value for Money

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

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

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

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

We made our initial risk assessment to determine our approach in December 2017 and reported this to you in our Audit Plan.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2018.

Other areas

Meetings

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

Events

We provide a range of workshops, along with network events for members and publications to support the Council.

Audit Deliverables

2017/18 Deliverables	Planned Date	Status
<p>Fee Letter for Council and Pension Fund Confirming audit fee for 2017/18.</p>	April 2017	Complete
<p>Council's Audit Plan We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2017-18 financial statements.</p>	January 2018	Complete
<p>Pension Fund Audit Plan We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Pension Funds 2017-18 Financial Statements</p>	April 2018	Complete
<p>Interim Audit Findings (Council and Pension Fund) We report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.</p>	April 2018	Complete
<p>Audit Findings Report (Council and Pension Fund) The Audit Findings Reports for both the Council and the Pension Fund will be reported to the July Audit Committee.</p>	July 2018	Not yet due
<p>Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.</p>	July 2018	Not yet due
<p>Annual Audit Letter This letter communicates the key issues arising from our work.</p>	August 2018	Not yet due
<p>Annual Certification Letter This letter reports any matters arising from our certification work carried out under the PSAA contract.</p>	December 2018	Not yet due

Sector Update

Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

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

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

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

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

The Vibrant Economy Index

a new way to measure success

Our Vibrant Economy Index uses data to provide a robust, independent framework to help everyone understand the challenges and opportunities in their local areas. We want to start a debate about what type of economy we want to build in the UK and spark collaboration between citizens, businesses and place-shapers to make their places thrive.

Places are complex and have an intrinsic impact on the people and businesses within them. Economic growth doesn't influence all of the elements that are important to people's lives – so we shouldn't use GDP to measure success. We set out to create another measure for understanding what makes a place successful.

In total, we look at 324 English local authority areas, taking into account not only economic prosperity but health and happiness, inclusion and equality, environmental resilience, community and dynamism and opportunity. Highlights of the index include:

- Traditional measures of success – gross value added (GVA), average workplace earning and employment do not correlate in any significant way with the other baskets. This is particularly apparent in cities, which despite significant economic strengths are often characterised by substantial deprivation and low aspiration, high numbers of long-term unemployment and high numbers of benefit claimants
- The importance of the relationships between different places and the subsequent role of infrastructure in connecting places and facilitating choice. The reality is that patterns of travel for work, study and leisure don't reflect administrative boundaries. Patterns emerge where prosperous and dynamic areas are surrounded by more inclusive and healthy and happy places, as people choose where they live and travel to work in prosperous areas.
- The challenges facing leaders across the public, private and third sector in how to support those places that perform less well. No one organisation can address this on their own. Collaboration is key.

Visit our website (www.grantthornton.co.uk) to explore the interactive map, read case studies and opinion pieces, and download our report **Vibrant Economy Index: Building a better economy**.

Vibrant Economy app

To support local collaboration, we have also developed a Vibrant Economy app. It's been designed to help broaden understanding of the elements of a vibrant economy and encourage the sharing of new ideas for – and existing stories of – local vibrancy.

We've developed the app to help people and organisations:

- see how their place performs against the index and the views of others through an interactive quiz
- post ideas and share examples of local activities that make places more vibrant
- access insights from Grant Thornton on a vibrant economy.

We're inviting councils to share it with their employees and the wider community to download. We can provide supporting collateral for internal communications on launch and anonymised reporting of your employees' views to contribute to your thinking and response.

- To download the app visit your app store and search 'Vibrant Economy'
- Fill in your details to sign up, and wait for the verification email (check your spam folder if you don't see it)
 - Explore the app and take the quiz
 - Go to the Vibrant Ideas section to share your picture and story or idea



Overview of the General Data Protection Regulation (GDPR)

What is it?

The GDPR is the most significant development in data protection for 20 years. It introduces new rights for individuals and new obligations for public and private sector organisations.

What's next?

Many public sector organisations have already developed strategic plans to implement the GDPR, which require policy, operational, governance and technology changes to ensure compliance by 25th May 2018.

How will this affect you?

- ✓ All organisations that process personal data will be affected by the GDPR.
- ✓ The definition of 'personal data' has been clarified to include any data that can identify a living individual, either directly or indirectly. Various unique personal identifiers (including online cookies and IP addresses) will fall within the scope of personal data

What organisations need to do by May 2018

- ✓ Local government organisations need to be able to provide evidence of completion of their GDPR work to internal and external stakeholders, to internal audit and to regulators.
- ✓ New policies and procedures need to be fully signed off and operational.

Organisation Accountability

- Organisations must document their assurance procedures, and make them available to regulators
- Some organisations need to designate a Data Protection Officer, who has expert knowledge of data protection law

Notifications and Rights

- Organisations must notify significant data breaches to regulators within 72 hours
- Organisations must explain to individuals what their rights over their personal information are and how it is being processed and protected

Claims and Fines

- For the most serious data breaches, privacy regulators can impose penalties of up to €20 million on public sector organisations,
- Individuals and representative organisations can claim compensation for infringements of data protection law

Questions for your organisation:

- Can your organisation erase personal data effectively?
- Have you appointed a Data Protection Officer if required to have one?
- How will your organisation ensure citizens know how their data is being used and whether it's being shared with other organisations?

Financial sustainability of local authorities 2018

This National Audit Office report reviews financial sustainability across Local Government and examines whether the MHCLG, along with other departments with responsibility for local services, understands the impact of funding reductions on the financial and service sustainability of local authorities.

The report concludes that current pattern of growing overspends on services and dwindling reserves exhibited by an increasing number of authorities is not sustainable over the medium term. The financial future for many authorities is less certain than in 2014, when the NAO last looked at financial sustainability. It also notes that the financial uncertainty created by delayed reform to the local government financial system risks longer-term value for money.

The NAO's view is that the sector has done well to manage substantial funding reductions since 2010-11, but financial pressure has increased markedly since the 2014 review. Services other than adult social care are continuing to face reducing funding despite anticipated increases in council tax. Local authorities face a range of new demand and cost pressures while their statutory obligations have not been reduced. Non-social-care budgets have already been reduced substantially, so many authorities have less room for manoeuvre in finding further savings. The scope for local discretion in service provision is also eroding even as local authorities strive to generate alternative income streams.

Key findings include:

Financial resilience varies between authorities, with some having substantially lower reserves levels than others. Levels of total reserves in social care authorities as a whole are higher now than in 2010-11. However, there is variation in individual authorities' ability to build up their reserves and differences in the rate at which they have begun to draw them down. Some 10.6% of single-tier and county councils would have the equivalent of less than three years' worth of total reserves (earmarked and unallocated combined) left if they continued to use their reserves at the rate they did in 2016-17.

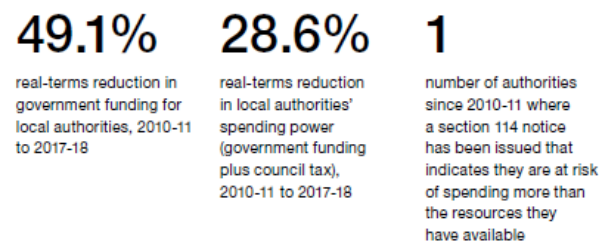
A section 114 notice has been issued at one authority, which indicates that it is at risk of failing to balance its books in this financial year. In February 2018, the statutory financial officer for Northamptonshire County Council issued a section 114 notice, indicating that it was at risk of spending more in the financial year than the resources it has available, which would be unlawful.

MHCLG's work to assess the sector's funding requirements as part of the 2015 Spending Review was better than the work it undertook for the 2013 Spending Review. The Department's advice to ministers in 2015 drew on a more comprehensive evidence base, including data returns from 12 departments.

The government has announced multiple short-term funding initiatives in recent years and does not have a long-term funding plan for local authorities. In 2016-17, the Department offered a four-year settlement to all authorities to enable better financial planning. However, there have been many changes to funding streams outside this core offer. The funding landscape following the 2015 Spending Review has been characterised by one-off and short-term funding initiatives.

There is also uncertainty over the long-term financial plan for the sector. The absolute scale of future funding is unknown until the completion of the next Spending Review. The government has confirmed its intention to implement the results of the Fair Funding Review in 2020-21 and to allow local authorities to retain 75% of business rates. However, the implications of these changes are not yet clear.

There is a lack of ongoing coordinated monitoring of the impact of funding reductions across the full range of local authority services.



Cost Assurance

Did you know....

40

Number of Public Sector engagements to date

£125m

Annual spend analysed

£3.55m

Rebate opportunities identified

£1.1m

Fee income identified

2.84%

Error rate – rebates versus spend volume

55%

Of Public Sector engagements are Local Government

Our Cost Assurance service line provides Local Authorities with an independent and retrospective audit of their legacy telecommunications and utilities costs incurred during the past 6 years (as per the Statute of Limitation).

We find that there are repeat errors contained within a Suppliers' invoice arrangements – errors that aren't necessarily picked up by the end client. This is due to the fact that they tend to be contained in suppliers' billing systems 'at source' and are much further down the supply chain which the user won't necessarily have visibility of.

We are supported by a comprehensive library of legacy supplier pricing that has been collated since 2011. Our one aim is to ensure that the client has only paid for the services used during the period by:

- ensuring that bills presented by Suppliers' are in line with their contracts and relevant pricing mechanisms
- ensuring the client receives the Supplier refunds where errors have been identified by us
- ensuring consequential savings are identified and implemented immediately for the client

Our Cost Assurance work is based on a contingent-fee model and is supported by PSAA Ltd. Each of our Local Authority engagements include a fee cap to ensure governance and regulatory standards are maintained.

In summary, we are able to bring much needed financial benefit to the sector as well as providing insight into errors that may be prone to repeat offence by suppliers long after our work is concluded. We met with officers in April and continue to explore options for working with the Council to identify potential opportunities

Links

Grant Thornton website links

<https://www.grantthornton.co.uk/>

<http://www.grantthornton.co.uk/industries/publicsector>

PSAA website links

<https://www.psa.co.uk/audit-quality/reports-on-the-results-of-auditors-work/>

National Audit Office link

<https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2018/>

Mr Kevin Nacey
Director of Finance and Performance
Somerset County Council
County Hall
Taunton
Somerset
TA1 4DY

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

T 44 (0)1173057600

www.grant-thornton.co.uk

5 April 2018

Dear Kevin

Planned audit fee for 2018/19

The Local Audit and Accountability Act 2014 (the Act) provides the framework for local public audit. Public Sector Audit Appointments Ltd (PSAA) has been specified as an appointing person under the Act and the Local Authority (Appointing Person) Regulations 2015 and has the power to make auditor appointments for audits of opted- in local government bodies from 2018/19.

For opted- in bodies PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

From 2018/19 all grant work, including housing benefit certification, now falls outside the PSAA contract, as PSAA no longer has the power to make appointments for assurance on grant claims and returns. Any assurance engagements will therefore be subject to separate engagements agreed between the grant-paying body, the Council and ourselves and separate fees agreed with the Council.

Scale fee

PSAA published the 2018/19 scale fees for opted-in bodies in March 2018, following a consultation process. Individual scale fees have been reduced by 23 percent from the fees applicable for 2017/18. Further details are set out on the [PSAA website](#). The Council's scale fee for 2018/19 has been set by PSAA at £76,902.

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes'.

The audit planning process for 2018/19, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

There are no changes to the overall work programme for audits of local government audited bodies for 2018/19. Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors. Audits of the accounts for 2018/19 will be undertaken under this Code. Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements;
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion); and
- our work on your whole of government accounts return (if applicable).

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its latest guidance for auditors on value for money work in November 2017. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Pension Fund audit

PSAA has also established a scale of fees for pension fund audits. The scale fee for the audit of the Somerset Pension Fund is £18,371, which also reflects a 23 per cent reduction on last year. Our work on the pension fund will be undertaken by our specialist pension fund audit team, led by Peter Barber

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2018	19,225.50
December 2018	19,225.50
March 2019	19,225.50
June 2019	19,225.50
Total	76,902.00
Pension Fund audit	
March 2019	18,371.00

Outline audit timetable

We will undertake our audit planning and interim audit procedures in November to February. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in April and work on the whole of government accounts return in July 2018

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November to January- January to February - interim	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June to July	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	January to April	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	July	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	September	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.

Our team

The key members of the audit team for 2018/19 are:

	Name	Phone Number	E-mail
Engagement Lead (Council and Pension Fund)	Peter Barber	0117 3057897	peter.a.barber@uk.gt.com
Engagement Manager (Council and Pension Fund)	David Johnson	0117 3057727	David.a.johnson@uk.gt.com

Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Jon Roberts, our Public Sector Assurance regional lead partner, via jon.roberts@uk.gt.com.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Barber', written in a cursive style.

Peter Barber

Engagement Lead

For Grant Thornton UK LLP

Somerset County Council

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Agenda item 7

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The contacts at SWAP in connection with this report are:

Gerry Cox

Chief Executive

Tel: 01935 385906

gerry.cox@swapaudit.co.uk

Ian Baker

Director of Quality

Tel: 07917628774

ian.baker@swapaudit.co.uk

Lisa Fryer

Assistant Director

Tel: 01823 355299

lisa.fryer@swapaudit.co.uk



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Summary

Our audit activity is split between:

- **Operational Audit**
- **School Themes**
- **Governance Audit**
- **Key Control Audit**
- **IT Audit**
- **Grants**
- **School and Early Years Reviews**
- **Follow-up Reviews**
- **Other Reviews**



Role of Internal Audit

The Internal Audit service for Somerset County Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting on 12th April 2018.

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

- Operational Audit Reviews
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- School and Early Years Reviews
- Follow-up Audits
- Other Special or Unplanned Reviews

Outturn to Date:

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



Internal Audit Work programme

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

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

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a ‘Partial Assurance Opinion’ is given as part of this report.

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

Significant Corporate Risks

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



Significant Corporate Risks

We provide a definition of the 4 Risk Levels applied within audit reports. For those audits which have reached report stage through the year, we have assessed the following risks as 'High' or 'Very High'.

For an overview of the significant findings refer to the next section which is a summary of partial opinions.

Review/Risks	Auditors Assessment
<p>Strategic Asset Management</p> <ol style="list-style-type: none"> 1. Asset management strategies are not aligned to the Council's priorities, preventing the Council's priorities from being fully achieved. 2. Governance arrangements for the ongoing work on asset rationalisation and review of the Corporate Asset Management Plan are inadequate, so this work is not fully completed and implemented, and benefits are not realised. 	High
<p>MTFP – Commissioning Driven Approach</p> <ol style="list-style-type: none"> 1. Planned savings are not supported by realistic assumptions and supporting information leading to a failure to deliver them as planned. 2. Ownership of savings targets and required actions is insufficiently understood and embedded at various levels of the organisation resulting in failure to deliver required financial savings. 3. Reporting, monitoring, and scrutiny arrangements are ineffective in identifying and acting upon areas of poor progress against planned savings targets resulting in a failure to deliver required financial savings. 	High

SWAP Performance - Summary of Partial Opinions

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



Summary of Partial Opinions

Ten audits finalised in the period were awarded partial assurance. The significant findings from this audit have been summarised below.

Debt Management

Since the last audit that took place a year ago there has been a significant update of the Income Management Code of Practice and we are satisfied that all improvements recommended have been addressed. There has also been significant work undertaken by the Exchequer Team, including a series of workshops run to address training needs and to resolve queries with specific service areas.

However, the improvements to guidance and procedures were not evident in the sample testing for this audit because they were only implemented two months before the audit commenced and had not yet become embedded. This means that the opinion of Partial was repeated, with further work planned for 2018/19 to confirm that compliance with the new Code is achieved.

MTFP – The Commissioning Driven Approach

The making of MTFP savings is necessary to achieve a sustainable budget and the difficulty in doing so with budgets decreasing alongside demand increasing is not underestimated. In previous years savings targets have been missed and therefore a new commissioning led approach was introduced in 2017/18. Forecasts indicate that this revised approach is failing to meet savings targets set. Although the difficulty in achieving savings is recognised this audit has reported issues that will affect the ability of the Council to maximise savings delivered.

Saving targets put forward were often referred to as 'arbitrary' or stretch targets by officers and little supporting evidence of how the targets would be achieved could be identified. This is best reflected by the fact that 32% of savings were considered unlikely to be achieved by the end of quarter one.

Ownership of savings targets is poorly defined across the themes as none of the governance structures reviewed include specific and / or accurate references to the savings to be made. Similarly, information in Commissioning Intention Plans and MTFP theme business cases is inconsistent with the stated MTFP savings to be made.

SWAP Performance - Summary of Partial Opinions

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

Reporting of savings takes place through pre-existing financial reporting structures and is based on RAG (Red, Amber, Green) assessments of the likelihood of savings being achieved. There is little evidence of systematic challenge or review of savings considered unlikely to be achieved and this is demonstrated by an increasing number of savings considered 'red' between quarter one and quarter three. Further to this, where savings are reported as being achieved this has often proved to be against an overall budget overspend in the service area where the saving is to be made.

The commissioning led or themed approach to Medium Term Financial Planning is clearly in its infancy and this is acknowledged. It is however the case that the themes are currently operating largely in parallel to previously existing structures in the organisation and that this is adversely affecting their ability to deliver savings.

Procurement – The Monitoring and Control of Savings Made

Commercial and third party spend is one of seven cross-cutting areas included in the themed approach to the Medium Term Financial Plan (MTFP). Future procurement activity has been identified as the main savings area within the commercial and third party spend theme and it is expected to deliver a minimum of £4.27m in savings between 2017 and 2020.

Our review of three procurement activities has identified several weaknesses in the corporate approach to identifying, agreeing and monitoring of procurement savings. It will be important for SCC to address these weaknesses as soon as possible to help ensure that maximum procurement-based savings can be realised. The significant findings reported were:

- Service areas could not always illustrate how spend figures included in Cabinet reports had been calculated.
- There is no review process in place through which the likelihood of achieving savings identified through procurement activity is discussed and agreed with service areas.
- A process for formally recording handover from the Commercial & Procurement service to service areas is not in place. Though a tool to determine the required levels of contract management and financial monitoring has been introduced, use of the tool is not mandatory.

SWAP Performance - Summary of Partial Opinions

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

Strategic Asset Management

The opinion given reflects the fact that the current version of the Corporate Asset Management Plan is out of date and a new version currently being written with publication planned for August 2018. This will reflect the Asset Rationalisation programme, a key element of the Corporate Property Group's activities. A key recommendation was to ensure there was sufficient resource to deliver the asset management plan as well as to support the asset rationalisation programme. It was also recommended that monitoring arrangements are reviewed to ensure they are effective in maintaining adequate oversight in relation to this.

Payroll -IR35

From 6th April 2017 it has been the responsibility of Public-Sector Bodies (PSBs) to determine whether individuals who are not directly employed are subject to IR35 legislation. Where it is identified that IR35 legislation applies, the PSB is required to deduct PAYE and NI from payments made for services provided.

These changes have presented a significant challenge to PSBs, including Somerset County Council, and controls relating to this are still being developed. We confirmed that the Council took proactive steps to identify potentially affected suppliers by contacting all service and strategic managers, and school leaders. Our testing of payments made to individuals deemed to be within the IR35 legislation also identified that tax and National Insurance deductions had been calculated correctly.

We identified two significant weaknesses which reduced the assurance level offered. Firstly, the council has not completed a thorough review of either its vendor list or contracts register to identify existing suppliers who may be affected by the new requirements. Secondly, cross-service arrangements for ensuring new suppliers are assessed on an ongoing basis have not yet been formally agreed, documented and implemented, which increases the risk that suppliers will be missed.

Adults - Mental Health Care Plans

Mental Health Social Care transferred to Somerset Council from Somerset Partnership NHS Trust in October 2016. The audit focussed the completion of emergency mental health assessments and care plans. In both areas, the audit sought to assess the timeliness of completion, consistency of recording and compliance with certain local and legislative requirements. As these were two distinct areas separate opinions were given and a Partial opinion was awarded in respect of Care Plans.

SWAP Performance - Summary of Partial Opinions

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

Firstly we were unable to establish whether Care Plans had been prepared on a timely basis as a benchmark has not currently been set to enable this to be effectively measured and monitored.

In addition, we reported a significant issue with the recording of review dates. The review module is used for recording health care reviews in addition to social care reviews and therefore we are unable to provide assurance that social care reviews are being completed when expected.

Adults – New Operating Model

Adult Social Care has implemented a new operating model to support, promote and enhance strong communities in order that people can live their lives as successfully, safely and independently as possible. As part of this, the approach at the front door (Somerset Direct) has changed significantly. The aim now is to resolve as many calls as possible at the first point of contact by offering a range of solutions within the local community and to find equipment/technology solutions to aid independence being examples of this.

The objective agreed was to be the most effective Adult Social Care first point of contact nationally. The audit did demonstrate that much had been achieved already, involving major changes to the roles of Adult Social Care advisors and a programme of training as been undertaken to support this. Conversations are now longer with an emphasis on outcomes and where appropriate referrals to Adult Social Care services. The Council's Community Connect internal web-based system; the Council's Easy Site web pages; and Somerset Choices website provide readily available sources of information. However, at the point that the audit was undertaken further work was still needed in relation to staff resilience issues and the feedback loop between Somerset Direct and the Social Care locality teams.

The close working between Adult Social Care and Somerset Direct has been a significant contributory factor in delivering the outcomes to date. The recommendations agreed in this report further demonstrate an ongoing joint commitment to address the areas remaining that will enable the new operating model to reach its potential.

SWAP Performance - Summary of Partial Opinions

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

Childrens – Part-time Timetables

All pupils of a compulsory school age are entitled to a full-time education. In exceptional circumstances there may be a need for a temporary part-time timetable to meet a pupil's individual needs. Any pastoral support programme or other agreement must have a time limit by which point the pupil is expected to attend full-time or be provided with alternative provision.

Following a consultation, Somerset County Council issued the Somerset Protocol on the Use of Part-time Timetables in December 2016. The Protocol outlines the Council's position on part-time timetables and defines the practice that must be followed by all schools in Somerset, including academies and pupil referral units.

This review assessed the degree to which schools comply with the requirements of the Somerset Protocol. It was found that no schools visited fully complied with the Somerset Protocol for several reasons, most pertinently:

- Schools not being aware of the Somerset Protocol;
- Schools not consistently completing Pastoral Support Plans;
- Schools not obtaining recorded parental agreement from parents; and
- Schools not having recorded safeguarding agreements with parents and alternative education providers, or risk assessments in place.

Most of these weaknesses relate to a lack of awareness of the Somerset Protocol and the procedures described in the Protocol not being appropriate for all circumstances which can lead to a part-time timetable. Our discussions with school representatives did not identify any clear instances where a part-time timetable had been used inappropriately, however the Somerset Protocol requires revision and supporting templates to assist schools in conforming with its requirements.

ICT Network Resilience and Authentication

A previous audit had identified that access to the high availability Microsoft Azure network in the cloud, had County Hall as a single point of failure. This review concluded that the risk to business continuity has not been mitigated. The BT ExpressRoute, implemented to access the Azure cloud environment, has not proven to be as resilient as expected and this is now thought of as a single point of failure, further reducing the assured resiliency of the network.

There is an ongoing network improvement project dedicated to upgrading the SCC LAN/WAN infrastructure and

SWAP Performance - Summary of Partial Opinions

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

functionality. There is still a significant amount of work planned and needing delivery until County Hall is no longer a single point of failure for many SCC applications and services.

ICT Controls - SAP

The opinion offered relates principally to the weakness of the control framework around user access. It was identified that:

- Dormant users are not periodically reviewed;
- SAP user access privileges is not periodically reviewed;
- There are no password settings in relation to non-single sign on accounts; and
- Leavers are not always removed from the Active Directory.

Update 2016/17 and 2017/18



Internal Audit Work Programme Progress to Date

Summary of Work 2017/18

Completed Assignments in the Period

Refer to Appendix B for detail of the individual audits. There has been a focused effort to complete the plan and this can be seen by the fact that 20 audits have been finalised since the last report. All audit work is now at report stage, with just six reports yet to be finalised.

In addition, 28 school visits and 11 early years visits have finalised this year.

The Assistant Director for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



SWAP Performance

SWAP performance is subject to regular monitoring review by both the Board and at Member Meetings. The respective performance results for Somerset County Council and other SWAP partners, for the year to the end of March 2017 is as follows:

Performance Target	SCC Performance
<u>Audit Plan – Percentage Progress</u> Final, Draft and Discussion Reports	100%
<u>Draft Reports</u> Issued within 5 working days	73%
<u>Final Reports</u> Issued within 10 working days of discussion of draft report	76%
<u>Quality of Audit Work</u> Customer Satisfaction Questionnaire	86%

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



Approved Changes to the Plan

As reported through the year additional audit reviews have been added to the plan, particularly during Q3. The plan needs to be flexible to be able to respond to such requests, to ensure that areas of high priority and risk can be accommodated. This meant that some planned audit work scheduled for Q3 was delayed. It has also been necessary to defer some audits to accommodate this additional work, some of these audits directly related to the Healthy Organisation work and these will be treated as priority audits in next year's plan. To prevent having to compromise the plan by deferring further work, some work has also been commissioned in addition to the plan and SWAP will be paid separately for this.



Conclusion

Additional audit work carried out in Q3 has meant that completion of planned work was delayed. In addition, requests were made for some audits to be delayed to Q4 and together this created a heavy workload for the final quarter of the year. We are however pleased to be able to report that the audit plan has been successfully delivered with all audits now at report stage.

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

- Substantial
- Reasonable
- Partial
- None



Audit Framework Definitions

Control Assurance Definitions

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

Categorisation of Recommendations

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

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ← 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Childrens Services	Follow Up	Retention of Foster Carers Follow-Up	Q1	Final	n/a	07/04/2017	0	0	0	0	0	0	Second follow-up – systems in place but compliance still needs to improve. Recommend risk now transferred to service.
Childrens Services	Follow Up	Multi Agency Safeguarding Board Follow-Up	Q1	Final	n/a	10/04/2017	0	0	0	0	0	0	Satisfactory progress - removed from JCAD.
ICT	ICT	Readiness for the New General Data Protection Regulations (GDPR)	Q1	Final	Partial	01/05/2017	9	0	4	5	0	0	
ICT	Follow Up	Homefinders - Follow Up	Q1	Final	n/a	12/07/2017	0	0	0	0	0	0	Follow-up work complete and ongoing risk being tolerated until system replaced.
Information management	Governance, Fraud & Corruption	Data Subject Access Requests (DSAR)	Q1	Final	Partial	02/05/2017	9	0	2	7	0	0	
Finance and Performance	Operational	Dillington House Financial Controls Review	Q1	Final	Advisory	05/05/2017	10	0	3	7	0	0	Addition to Plan – opinion based review to be performed next year.
Adult Services	Follow Up	Personal Budgets Follow-Up	Q1	Final	n/a	01/04/2017	0	0	0	0	0	0	Satisfactory progress - removed from JCAD.
ICT	ICT	RIPA Use of Internet as a means of Surveillance	Q1	Final	Partial	01/05/2017	5	0	1	4	0	0	

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Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ← 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Health and safety	Follow Up	Health & Safety - Premises Management SCC Establishments Follow-Up	Q1	Final	n/a	02/06/2017	0	0	0	0	0	0	Further audit work required - not removed from JCAD. Scheduled for Q3 (see below).
Adult Services	Follow Up	Deprivation of Liberty Follow-Up	Q1	Final	n/a	10/07/2017							Follow-up work complete and residual risk being tolerated by service (nationwide issue)
Schools	School Theme	Financial Governance, Budget Planning and Monitoring	Q1	Final	Reasonable	12/06/2017	14	0	1	13	0	0	Based on summer term school visits.
Property Services	Operational	Contract Letting and Management	Q1	Final	Advisory	26/07/2017							
HR	Operational	People Strategy	Q2	Final	Advisory	10/08/2017							Advice on new people strategy
Schools	Advice	Schools Financial Value Standard Moderation	Q2	Final	Advisory	07/09/2017							
Human Resources	Governance, Fraud & Corruption	Staff Benefit Scheme – HMRC compliance	Q2	Final	Reasonable	08/08/2017	3	0	0	3	0	0	Addition to Plan
Human Resources	Operational	Staff Benefit Scheme	Q2	Final	Advisory	22/08/2017							
ECI	Operational	Use of Agency staff	Q2	Final	Advisory	08/09/2017							

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ← 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Childrens Services	Early Years	Early Years Themed & Follow Up Report	Q2	Final	Reasonable	31/07/2017						Progress sufficient to be removed from JCAD.	
Procurement	Governance, Fraud & Corruption	Social Value Policy	Q1	Final	Reasonable	26/06/2017							
Schools	School	School Theme - Schools Financial Value Standard (SFVS)	Q3	Final	Reasonable	09/10/2017	15	0	1	14	0	0	Based on autumn term school visits.
ICT	ICT	Payment Card Industry Data Security Standard compliance	Q2	Final	Partial	11/07/2017	12	0	1	11	0	0	
Children and Families	Operational	Financial Controls - Childrens Centre	Q2	Final	Advisory	28/08/2017							
Finance and Performance	Governance, Fraud & Corruption	Local Preparations for Managing National Fraud Risks	Q2	Final	Advisory	03/08/2017	4	0	0	4	0	0	
Public Health	Operational	Vulnerable Person Resettlement Programme	Q3	Final	Advisory	08/11/2017	7	0	3	4	0	0	Commissioned audit in addition to plan.
Education	Follow Up	The Education of Children Looked After Follow-up	Q2	Final	n/a	31/07/2017	0	0	0	0	0	0	Virtual school actions now in place which are the majority of recommendations.
Finance & Performance	Follow Up	Cash Handling - Implementation of Policy Follow-Up	Q3	Final	n/a	11/12/2017	0	0	0	0	0	0	Full audit included in 18/19 plan once Policy embedded.

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ← 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Children Services	Operational	Children's Direct Payments	Q2	Final	Partial	01/08/2017	5	0	2	3	0	0	
Adult Services	Operational	Risk of Care Provider Failure	Q2	Final	Partial	14/08/2017	10	0	3	7	0	0	Deferred from Q1 due to restructure within Adult Services.
School Theme	Follow-up	The Planned use of school balances Follow-up	Q4	Final	n/a	09/01/2018	0	0	0	0	0	0	Progress sufficient to be removed from JCAD.
Education	Follow Up	Health & Safety - Premises Management Schools/ other SCC establishments Follow-Up	Q3	Final	n/a	05/01/2018	0	0	0	0	0	0	Progress sufficient to be removed from JCAD.
Childrens Services	Key Control	Troubled Families certification of claims	Q1	Final	n/a	28/07/2017	0	0	0	0	0	0	All claims for 17/18 certified.
Corporate	Operational	Healthy Organisation Strategic Review - Follow-Up	Q1	Final	n/a	01/04/2017	0	0	0	0	0	0	
Transport and infrastructure	Advice	Concessionary Fares	Q1	Final	n/a	01/04/2017	0	0	0	0	0	0	Ongoing advice through the year.
Finance & Performance	Key Control	Debt Management	Q3	Final	Partial	9/11/2017	7	0	3	4	0	0	
Business Development	Governance, Fraud & Corruption	Procurement - The Monitoring and Control of Savings Made	Q2	Final	Partial	11/09/2017	8	0	4	4	0	0	

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ← 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Finance & Performance	Governance, Fraud & Corruption	MTFP - The Commissioning Lead Approach	Q2	Final	Partial	16/08/2017	10	0	7	3	0	0	
Adult Services	Operational	Mental Health	Q3	Final	Reasonable/Partial	13/11/2017	6	0	3	3	0	0	Two distinct areas reviewed resulting in the award of separate opinions.
ECI	Governance, Fraud & Corruption	Strategic Asset Management	Q4	Final	Partial	02/02/2018	9	0	3	6	0	0	
ECI	Follow Up	Section 106 Agreements Follow-Up	Q4	Final	n/a	07/02/2018	0	0	0	0	0	0	Progress ongoing as new system being implemented – further work scheduled for 18/19.
ICT	Follow-up	Position Statement on Outstanding Follow-Up Audits including Software and Healthy Organisation	Q4	Final	n/a	05/03/2018	0	0	0	0	0	0	
Adult Services	Operational	The Efficiency and Effectiveness of the New Operating Model	Q4	Final	Partial	08/01/2018	9	0	2	7	0	0	
Finance & Performance	Key Control	Creditors	Q4	Final	Reasonable	13/11/2017	8	0	0	8	0	0	
ICT	ICT	Network Resilience and Authentication	Q3	Final	Partial	01/10/2017	3	0	2	1	0	0	

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ← 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Education	Follow-up	The Transport of Children Follow-up	Q4	Final	n/a	23/02/2018	0	0	0	0	0	0	Service has accepted the management of the residual risk.
ICT	Follow Up	Incident/Problem/Change Management - Follow Up	Q4	Final	n/a	15/01/2018	0	0	0	0	0	0	Progress sufficient to be removed from JCAD.
Education	Operational	Use of Part-Time Timetables in Schools	Q3	Final	Partial	13/10/2017	7	0	4	3	0	0	
Finance & Performance	Key Control	Payroll (including IR35)	Q3	Final	Reasonable/Partial	02/10/2017	10	0	2	8	0	0	Two distinct areas reviewed resulting in the award of separate opinions
School	School Theme	School Theme – E-Safety	Q4	Final	Reasonable	21/02/2018	6	0	0	6	0	0	
ECI	Operational	Highways Advice for District Housing Development Schemes.	Q4	Final	Advisory	05/03/2018	3	0	2	1	0	0	Advisory piece of work.
ICT	ICT	SAP - Financial System IT Controls	Q3	Final	Partial	12/12/2017	9	0	4	5	0	0	
Adult Services	Follow Up	Safeguarding Follow-up	Q3	Final	n/a	07/03/2018	0	0	0	0	0	0	Progress sufficient to be removed from JCAD.
ICT	ICT	Threat Management	Q4	Final	Advisory	31/01/2018	0	0	0	0	0	0	
ICT	ICT	Business Applications - Capita One	Q2	Final	Reasonable	11/07/2017	7	0	1	6	0	0	

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ← 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
ICT	Follow-up	Hardware and Software Asset Management - Follow Up	Q4	Draft		15/01/2018							
Adults Services	Follow Up	Adults Income Collection - Personal Finance Contributions Follow-up	Q4	Draft		23/01/2018							Deferred from Q2 to allow sufficient time for agreed actions to be implemented following service restructure.
ECl	Key Control	Concessionary Fares - Key Control Review	Q4	Discussion document		24/01/2018							
Adult Services	Follow Up	Direct Payments – ISP interface Follow-Up	Q4	Discussion document		01/02/2018							Deferred from Q2 to allow sufficient time for agreed actions to be implemented following service restructure.
Corporate	Governance, Fraud & Corruption	Corporate Contracts - Performance Management	Q3	Discussion document		15/01/2018							
ICT	ICT	Active Directory/User Admin	Q4	Discussion document		26/02/2018							
Childrens Services	Follow Up	Independent Placements for CLA and Education - Financial Controls Follow-up	Q3	In Progress (merged with 18/19 audit)		09/01/2018							Agreed to combine with 2018/19 childrens placements panel audit.

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ← 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Adults Services	Follow Up	Adults Placements	Q4	Deferred								Deferred to 2018/19 due to restructure of local finance teams.	
Finance & Performance	Governance, Fraud & Corruption	Performance Management - Service Planning	Q4	Deferred								Deferred to Q1 2018/19 due to additional time spent on audits added to the plan in the year.	
HR	Governance, Fraud & Corruption	Workforce Planning	Q4	Deferred								Deferred to Q1 2018/19 and replaced with Staff Benefit Scheme advisory review.	
Corporate	Governance, Fraud & Corruption	Procurement - Category Management	Q4	Deferred								Deferred to Q1 2018/19 and replaced with advisory reviews.	
Corporate	Governance, Fraud & Corruption	Corporate Management of Health and Safety	Q3	Deferred								Deferred to 2018/19	
Business Development	Governance, Fraud & Corruption	Project Management - Non Core Council Programme including Benefit Realisation	Q3	Deferred								Deferred to 2018/19	
Business Development	Governance, Fraud & Corruption	Project Management - Benefits Realisation of Projects Outside of Core Council Programme	Q3	Removed								Replaced with Contract Letting and Management advisory review. Benefits Realisation will be included in Q3 Project Management Audit.	

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ← 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
ICT	Follow Up	AIS - Data Quality Follow-Up	Q2	Removed								Follow-up work complete and ongoing risk being tolerated. Days added to Adults income collection.	
Education	Operational	Structural Failure of School Buildings	Q4	Removed								Removed from the plan to release time for additional advisory work.	
Business Development	Governance, Fraud & Corruption	Value for Money Strategy and Reporting	Q3	Removed								Replaced with Highways Advice for District Housing Development Schemes.	
Schools													
Schools	School	School Theme – Financial Governance Beech Grove	Q1	Final	Reasonable	05/07/2017	10	0	0	10	0	0	
Schools	School	School Theme – Financial Governance Critchill	Q1	Final	Reasonable	05/07/2017	11	0	1	10	0	0	
Schools	School	School Theme – Financial Governance Heathfield	Q1	Final	Reasonable	05/06/2017	8	0	0	8	0	0	
Schools	School	School Theme – Financial Governance St Marys	Q1	Final	Reasonable	05/06/2017	5	0	0	5	0	0	
Schools	School	School Theme – Financial Governance Stoberry	Q1	Final	Reasonable	05/06/2017	6	0	0	6	0	0	

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ← 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Schools	School	School Theme – Financial Governance Swanmead	Q1	Final	Reasonable	05/06/2017	10	0	1	9	0	0	
Schools	School	School Theme – Financial Governance Wadham	Q1	Final	Partial	05/06/2017	15	0	3	12	0	0	
Schools	School	School Theme – Financial Governance Winsham	Q1	Final	Partial	05/07/2017	11	0	2	9	0	0	
Schools	Follow-up	Churchstanton - SFVS Follow-Up	Q1	Final	n/a	04/07/2017	n/a	0	0	0	0	0	
Schools	Follow-up	Penrose School - School Balances Follow-Up	Q1	Final	n/a	26/06/2017	n/a	0	0	0	0	0	
Schools	School	School Theme – SFVS Ashcott	Q3	Final	Reasonable	09/10/2017	12	0	0	12	0	0	
Schools	School	School Theme – SFVS Avalon	Q3	Final	Reasonable	09/10/2017	11	0	0	11	0	0	
Schools	School	School Theme – SFVS Cheddar First	Q3	Final	Reasonable	09/10/2017	12	0	0	9	3	0	
Schools	School	School Theme – SFVS Vallis First	Q3	Final	Reasonable	09/10/2017	13	0	1	9	3	0	
Schools	School	School Theme – SFVS West Huntspill	Q3	Final	Reasonable	09/10/2017	15	0	0	12	3	0	
Schools	School	School Theme – SFVS Castle Cary	Q3	Final	Reasonable	12/10/2017	13	0	0	13	0	0	
Schools	School	School Theme – SFVS St Benedict's	Q3	Final	Reasonable	09/10/2017	16	0	0	16	0	0	

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ← 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Schools	School	School Theme – SFVS Norton Sub-Hamdon	Q3	Final	Reasonable	09/10/2017	15	0	0	11	4	0	
Schools	Follow-up	King Ina School Safeguarding Follow - Up	Q3	Final	n/a	12/01/2018	n/a	0	0	0	0	0	
Schools	School	School Theme – E-Safety Cotford St Luke	Q4	Final	Reasonable	26/02/2018	5	0	0	5	0	0	
Schools	School	School Theme – E-Safety St Pauls	Q4	Final	Substantial	26/02/2018	2	0	0	2	0	0	
Schools	School	School Theme – E-Safety Elmwood	Q4	Final	Partial	26/02/2018	5	0	1	4	0	0	
Schools	School	School Theme – E-Safety Horsington	Q4	Final	Substantial	26/02/2018	2	0	0	2	0	0	
Schools	School	School Theme – E-Safety Fairlands	Q4	Final	Reasonable	26/02/2018	2	0	0	2	0	0	
Schools	School	School Theme – E-Safety Holyrood Academy	Q4	Final	Reasonable	26/02/2018	3	0	0	3	0	0	
Schools	School	School Theme – E-Safety Huish Academy	Q4	Final	Reasonable	26/02/2018	5	0	0	5	0	0	
Schools	Follow-up	Churchstanton SFVS follow up	Q4	Final	n/a	22/03/2018	0	0	0	0	0	0	
Schools	Follow-up	St Georges Prevention of Fraud follow up	Q4	Final	n/a	15/04/2018	0	0	0	0	0	0	

Internal Audit Plan Progress 2017/18

Service	Audit Type	Audit Name	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major ← 1 = Minor					Comments
								Recommendation					
								5	4	3	2	1	
Early Years													
Childrens Services	Early Years	Billy's Young Stars Nursery (Butlins Minehead)	Q1	Final	Reasonable	22/06/2017	4	0	0	4	0	0	
Childrens Services	Early Years	Churchfield Nursery (Highbridge)	Q1	Final	Partial	16/06/2017	6	0	2	4	0	0	
Childrens Services	Early Years	Little Otters Pre-School (Combwich)	Q1	Final	Reasonable	20/06/2017	5	0	0	5	0	0	
Childrens Services	Early Years	Sunny Ile Pre-School (Ilminster)	Q1	Final	Reasonable	06/06/2017	3	0	0	3	0	0	
Childrens Services	Early Years	Wellesley Park Pre-School (Wellington)	Q1	Final	Reasonable	13/06/2017	4	0	0	4	0	0	
Childrens Services	Early Years	Heron Pre-School (Ilchester)	Q1	Final	Reasonable	15/06/2017	3	0	0	3	0	0	
Childrens Services	Early Years	Charlotte Hamlin (Merriott)	Q3	Final	Reasonable	23/11/2017	4	0	1	3	0	0	
Childrens Services	Early Years	Community Kids (Bruton)	Q3	Final	Reasonable	27/11/2017	4	0	1	3	0	0	
Childrens Services	Early Years	Steiner Academy (Frome)	Q3	Final	Partial	1/12/2017	4	0	1	3	0	0	
Childrens Services	Early Years	Holyrood Playgroup (Chard)	Q3	Final	Partial	5/12/2017	5	0	1	4	0	0	
Childrens Services	Early Years	Next Steps Childcare (Shepton Mallet)	Q3	Final	Partial	04/12/2017	3	0	2	1	0	0	

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Somerset County Council

Report of Internal Audit Activity

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Agenda item 8

Contents

The contacts at SWAP in connection with this report are:

Gerry Cox

Chief Executive

Tel: 01935 385906

gerry.cox@swapaudit.co.uk

Ian Baker

Director of Quality

Tel: 01935 385906

ian.baker@swapaudit.co.uk

Lisa Fryer

Assistant Director

Tel: 01823 355299

lisa.fryer@swapaudit.co.uk



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Appendices:

Appendix A – Audit Framework Definitions

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Appendix B – Summary of Work Plan

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Summary

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

Purpose

The Accounts and Audit Regulations (England) 2015 requires public authorities to publish an Annual Governance Statement (AGS). The Statement is an annual review of the Systems of Internal Control and gathers assurance from various sources to support it. One such source is Internal Audit. The Head of Internal Audit should provide a written annual opinion report to those charged with governance to support the AGS. This report should include the following:

- an opinion on the overall adequacy and effectiveness of the organisation's risk management systems and internal control environment;
- 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;
- compare the work undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria;
- 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.

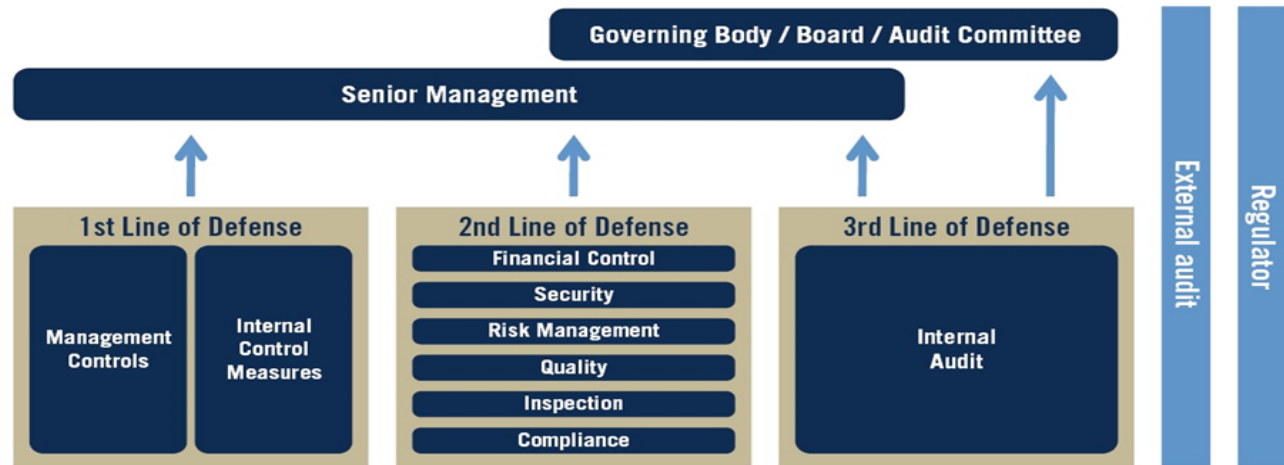
The Assistant Director is required to provide an opinion to support the Annual Governance Statement.

Background

The Internal Audit service for Somerset County Council is provided by the South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The Partnership is also 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 through the work based on the Annual Plan agreed by Senior Management and this Committee.

The position of Internal Audit within an organisation’s governance framework is best summarised in the three lines of defence model shown below.

The Three Lines of Defense Model



Adapted from ECIIA/FERMA *Guidance on the 8th EU Company Law Directive, article 41*

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



Annual Opinion

This Annual Report gives the opinion of the SWAP Assistant Director on the adequacy and effectiveness of internal control, governance and risk management within Somerset County Council. Our opinion is derived from the completion of the risk based internal audit plan at **Appendix B**, and as such it is one source of assurance on the adequacy of the internal control environment.

Senior Management and Members are ultimately responsible for ensuring an effective system of internal control. The purpose of internal control is to manage risk rather than eliminate it. Getting the balance of internal control right is essential for organisational success. Under control could expose the organisation to unacceptable risk and destroy value, as over control takes valuable resources and can create inefficiency. Therefore, the internal control environment needs the right balance to help Somerset County Council to deliver its services with decreasing resources.

In relation to the Somerset County Council 2017-18 internal audit plan a total of 60 reviews have been delivered. In agreement with management, and previously reported to this Committee, some changes have been agreed in the year as the need to respond to new and emerging risks was identified.

It is also worth noting that nine advisory audits were completed during 2017-18 and these represented the main changes to the plan in the year. Given the level of change within the Authority, Internal Audit has a role to play in being the 'Trusted Advisor'. These reviews included investigative work, as well as advisory work to review controls that are new or changing. It is positive that requests for such reviews continued throughout the year, reflecting an organisation that is keen to involve internal audit to help address potential areas of risk and this is seen as a positive commitment to improving governance arrangements. Where such advisory work has identified weaknesses in controls these are picked up in future plans, and an opinion based review will be conducted.

All reviews have been completed to report stage, 53 of which have been finalised. Of the 53 completed reviews, 27 have returned opinions with 17 (63%) having received Partial Assurance with the remaining given reasonable assurance. This is very similar to 2016/17 where the proportion of partial assurance reports was 65%. Although the number of partial opinions is high and may cause some concern, the focus

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

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of the internal audit plan on high risk areas provides an explanation for this. I continue to be encouraged by the management responses received and the readiness to accept and address the matters raised in audit reports.

In line with this risk based approach scrutiny of partial opinion reports and effective follow-up arrangements are needed. In this regard I am assured by the continued challenge and support from the Audit Committee particularly during the 'call in' meetings where service managers are questioned on progress against their action plans, providing greater scrutiny in this important area.

In addition, for all partial opinion audits a follow-up review is conducted and the high priority recommendations from the audit are also recorded on the risk management system JCAD, to enable progress to be recorded and monitored by the service. Once the follow-up work confirms that the control framework has been improved sufficiently, the audit is removed from JCAD. In 2017/18, 17 follow-up audits were undertaken and 11 of these have now been removed from JCAD. For the majority that remain there are supporting reasons for recommendations taking longer to implement, including new systems implementation and needing longer for new policies to become embedded in operations. Overall the follow-up process demonstrates that action is being taken to address risks reported, although this can take longer than planned. In respect of the two follow-up audits finalised within IT, progress was seen to be particularly slow and this will be monitored more closely during the forthcoming year.

Healthy Organisation was a major piece of work completed in the previous year and covered the management control framework across eight corporate themes. The Healthy Organisation action plan is being monitored by the governance board. This demonstrates management's commitment to ensuring that these weaknesses at a corporate level are addressed.

Financial pressures at SCC continue to be a very serious concern. The audit plan has included work that focusses directly on this area: a review of the new commissioning driven approach to the MTFP and the monitoring and control of procurement savings. Although partial assurances were given for both, the recommendations made have been fully accepted. Work will be undertaken in 2018/19 to follow-up these reviews.

A corporate risk has also been reported in respect of the General Data Protection Regulation (GDPR) which

The Assistant Director is required to provide an opinion to support

the Annual Governance Statement.

also became effective in May. The Council were proactive in respect of this and requested a review early in the year to help with their preparations. In keeping with our other work a management action plan has been developed and agreed. This will also be subject to follow-up this year.

I believe that overall the Senior Management of Somerset County Council have worked hard to cooperate with the audit process. They continue to be open about risks they are facing to enable us to produce a risk based plan and the recommendations made in our audit reports are accepted. Overall follow-up action was satisfactory, although some delays in implementation of recommendations have occurred. This will need to be monitored during 2018/19 to ensure that work is being undertaken to control the significant risks identified within the partial opinion reports. If this is not the case, particularly in the area of IT, then this could affect the opinion that can be given.

Based on the above, I have considered the balance of audit work, the assurance levels provided and outcomes together with the response from Senior Management and the Audit Committee and offer 'Reasonable Assurance' in respect of the internal control framework in place.

Summary of Work 2017/18

Our audit activity is split between:

- Operational Audits
- Key Control Audits
- Governance, Fraud & Corruption Audits
- IT Audits
- Special Reviews
- Follow-up

Internal Audit Work Programme

The schedule provided at [Appendix B](#) contains a list of all audits agreed for inclusion in the Annual Audit Plan 2017/18 and the final outturn for the financial year. In total, 60 will be delivered compared to the original number of 61. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Of the 60 reviews in the revised 2017/18 audit plan, they are broken down as follows:

Type of audit	2017-18 original plan	2017-18 revised plan
• Operational Audits	11	9
• Advisory	2	9
• Information Systems	8	8
• Key Control	3	4
• Governance, Fraud & Corruption	14	8
• Grant Certification	1	1
• Follow-up (including ICT)	13	17
• Schools	5	5
• TOTAL	61	60

The variation reported above was due to a number of approved requests for work in the year that were advisory in nature. This was able to be accommodated through requests for deferrals from services, as well as from agreement with services to move lower risk audits to the 2018/19 plan.

In addition, 28 school visits and 11 early years visits have been carried out.

Significant Corporate Risks

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

Significant Corporate Risks

We provide a definition of the 4 Risk Levels applied within audit reports. For those audits which have reached report stage through the year, we have assessed the following risks as 'High' or 'Very High'.

Review/Risks	Auditors Assessment
<p>Readiness for the New General Data Protection Regulations (GDPR)</p> <p>1. The updated control framework needed to ensure the Council's compliance to GDPR is not put in place prior to May 2018 resulting in financial and reputational loss to the Council.</p>	High
<p>Data Subject Access Requests (DSAR)</p> <p>1. The Authority is non-compliant with timescales and fulfilment of Data Subject Access Requests under the current and future General Data Protection Regulations, resulting in customer dissatisfaction, ICO investigations and/or financial penalties.</p>	High
<p>Strategic Asset Management</p> <p>1. Asset management strategies are not aligned to the Council's priorities, preventing the Council's priorities from being fully achieved.</p> <p>2. Governance arrangements for the ongoing work on asset rationalisation and review of the Corporate Asset Management Plan are inadequate, so this work is not fully completed and implemented, and benefits are not realised.</p>	High
<p>MTFP – Commissioning Driven Approach</p> <p>1. Planned savings are not supported by realistic assumptions and supporting information leading to a failure to deliver them as planned.</p> <p>2. Ownership of savings targets and required actions is insufficiently understood and embedded at various levels of the organisation resulting in failure to deliver required a financial savings.</p> <p>3. Reporting, monitoring, and scrutiny arrangements are ineffective in identifying and acting upon areas of poor progress against planned savings targets resulting in a failure to deliver required financial savings.</p>	High

Summary of Audit Work 2017/18

SWAP Performance - Summary of Audit Opinions

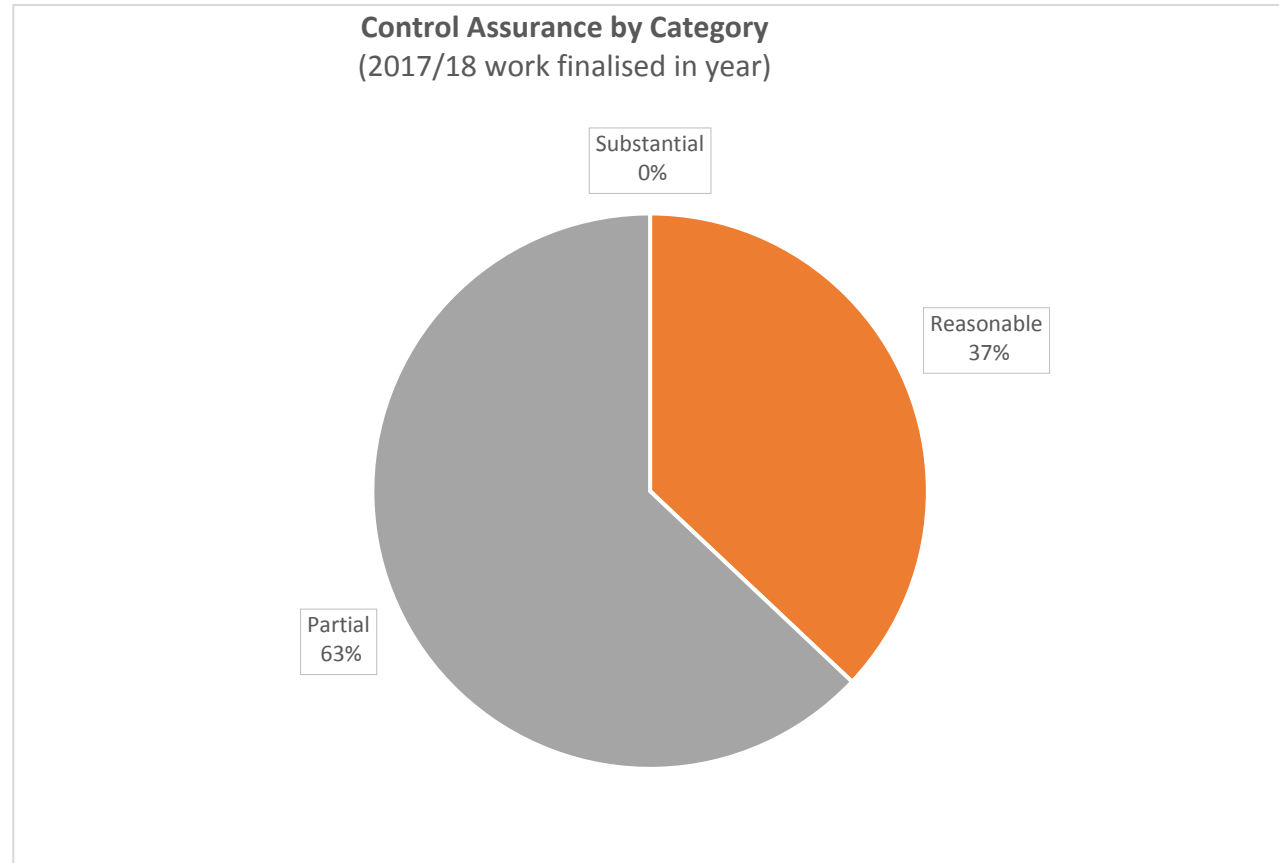
At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- Substantial
- Reasonable
- Partial
- None

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Summary of Audit Opinion

Of the 27 reviews finalised with an audit opinion, the opinions offered are summarised below.



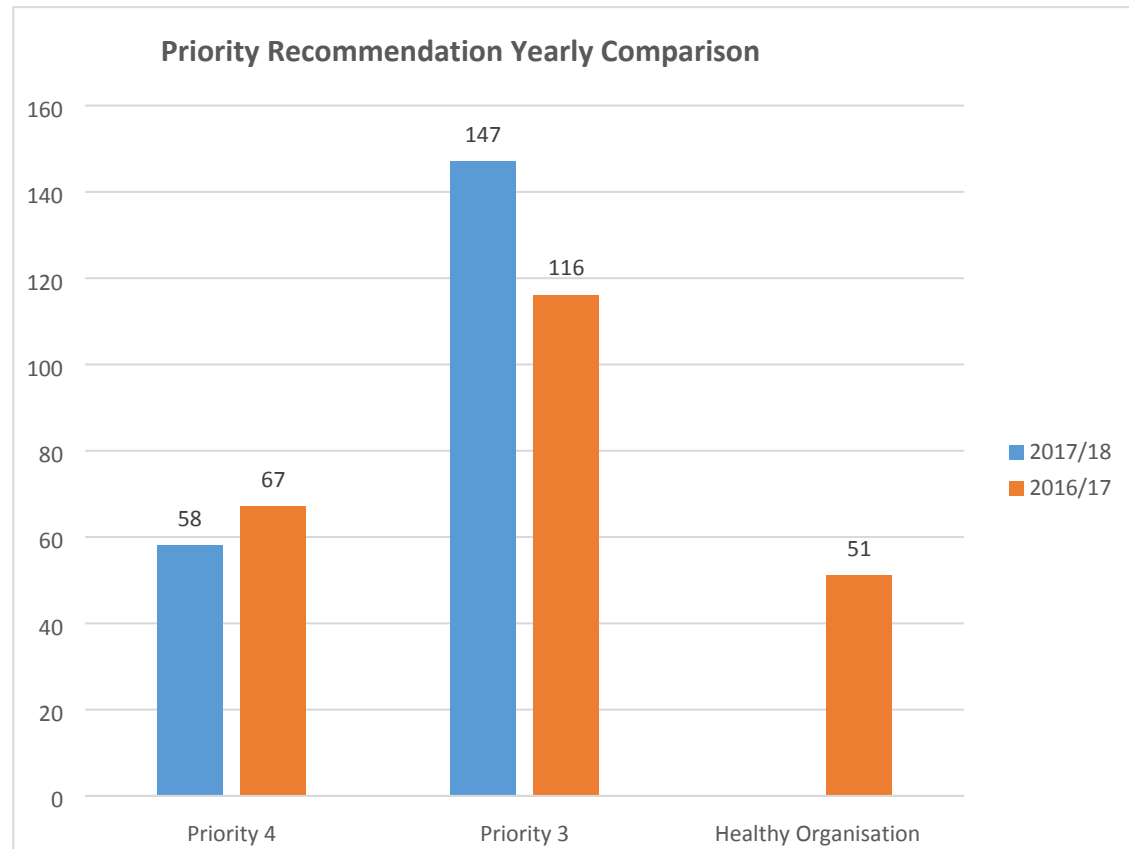
Summary of Audit Work 2017/18

SWAP Performance - Summary of Audit Recommendations by Priority

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

Priority Actions

For those reviews where a final report has been issued there have been 205 agreed actions for improvement, compared to 234 last year; as shown in the chart below.



Added Value

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

Added Value

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

- Audit Committee member training offered to all SWAP partners;
- Quarterly Bulletins from our Audit Together Collaboration;
- Access to expertise via specialist groups for Adults, Childrens, IT and corporate areas;
- School Themed based reports – summaries of key recommendations being made available to all schools; and
- Attendance at corporate meetings including the Strategic Risk Management Group and Core contract group.

A good example of involving our partners to add value to our audit work can be illustrated with the People Strategy review undertaken this year. SCC were in the process of refreshing their strategy and we were able to carry out cross partner comparison work with the authors of the Wiltshire Council and Dorset Council People Strategies and use the results across the report produced for SCC.

SCC also benefit from work performed at our partner sites. A SWAP Partner comparison was carried out this year to collate information relating to partner Councils educational provision for students who cannot attend school due to medical reasons and how attendance is recorded at such establishments.

The Assistant Director for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.

SWAP Performance

SWAP provides the Internal Audit service for 18 Councils, 3 Police Authorities, 3 Office of Police and Crime Commissioners and also many subsidiary bodies. SWAP performance is subject to regular monitoring by both the Board and at the Member Meetings. The respective outturn performance results for Somerset County Council for the 2017-18 year are as follows;

Performance Target	SCC Performance	Partners Performance
<u>Audit Plan – Percentage Progress</u> Final, Draft and Discussion	100%	100%
<u>Draft Reports</u> Issued within 5 working days	73%	78%
<u>Final Reports</u> Issued within 10 working days of discussion of draft report	76%	22%
<u>Quality of Audit Work</u> Customer Satisfaction Questionnaire	86%	91%

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

The Assistant Director for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



SWAP Performance

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 has been independently assessed and found to be in Conformance with the Standards.

Assessments are completed every three years and the last review took place in September 2015. This review has confirmed that SWAP is in full conformance to the International Professional Practices Framework and the PSIAS. As a result of the quality review, a Quality Assessment Improvement Plan (QAIP) is produced. This document is a live document, reviewed regularly by the SWAP Board to ensure continuous improvement.

And finally, just like any other Company, our accounts are subject to both Internal and External Audit Review. The auditor confirmed that the audit did not find any areas of concern and the auditor was confident that the processes in place are adequate to support SWAP's annual report and financial statements.

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

- Substantial
- Reasonable
- Partial
- None

Audit Framework Definitions

Control Assurance Definitions

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

Categorisation of Recommendations

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

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

Audit Framework Definitions

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

Definitions of Risk

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

Directorate/ Service	Audit Type	Audit Area	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major		↔	1 = Minor	
								Recommendation				
								5	4	3	2	1
Childrens Services	Follow Up	Retention of Foster Carers Follow-Up	Q1	Final	n/a	07/04/2017	0	0	0	0	0	0
Childrens Services	Follow Up	Multi Agency Safeguarding Board Follow-Up	Q1	Final	n/a	10/04/2017	0	0	0	0	0	0
ICT	ICT	Readiness for the New General Data Protection Regulations (GDPR)	Q1	Final	Partial	01/05/2017	9	0	4	5	0	0
ICT	Follow Up	Homefinders - Follow Up	Q1	Final	n/a	12/07/2017	0	0	0	0	0	0
Information management	Governance, Fraud & Corruption	Data Subject Access Requests (DSAR)	Q1	Final	Partial	02/05/2017	9	0	2	7	0	0
Finance and Performance	Operational	Dillington House Financial Controls Review	Q1	Final	Advisory	05/05/2017	10	0	3	7	0	0
Adult Services	Follow Up	Personal Budgets Follow-Up	Q1	Final	n/a	01/04/2017	0	0	0	0	0	0
ICT	ICT	RIPA Use of Internet as a means of Surveillance	Q1	Final	Partial	01/05/2017	5	0	1	4	0	0
Health and safety	Follow Up	Health & Safety - Premises Management SCC Establishments Follow-Up	Q1	Final	n/a	02/06/2017	0	0	0	0	0	0
Adult Services	Follow Up	Deprivation of Liberty Follow-Up	Q1	Final	n/a	10/07/2017	0	0	0	0	0	0
Schools	School Theme	Financial Governance, Budget Planning and Monitoring	Q1	Final	Reasonable	12/06/2017	14	0	1	13	0	0
Property Services	Operational	Contract Letting and Management	Q1	Final	Advisory	26/07/2017	0	0	0	0	0	0

Plan Performance 2017/18

Directorate/ Service	Audit Type	Audit Area	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major		↔	1 = Minor	
								Recommendation				
								5	4	3	2	1
HR	Operational	People Strategy	Q2	Final	Advisory	10/08/2017	0	0	0	0	0	0
Schools	Advice	Schools Financial Value Standard Moderation	Q2	Final	Advisory	07/09/2017	0	0	0	0	0	0
Human Resources	Governance, Fraud & Corruption	Staff Benefit Scheme – HMRC compliance	Q2	Final	Reasonable	08/08/2017	3	0	0	3	0	0
Human Resources	Operational	Staff Benefit Scheme	Q2	Final	Advisory	22/08/2017	0	0	0	0	0	0
ECI	Operational	Use of Agency staff	Q2	Final	Advisory	08/09/2017	0	0	0	0	0	0
Childrens Services	Early Years	Early Years Themed & Follow Up Report	Q2	Final	Reasonable	31/07/2017	0	0	0	0	0	0
Procurement	Governance, Fraud & Corruption	Social Value Policy	Q1	Final	Reasonable	26/06/2017	0	0	0	0	0	0
Schools	School	School Theme - Schools Financial Value Standard (SFVS)	Q3	Final	Reasonable	09/10/2017	15	0	1	14	0	0
ICT	ICT	Payment Card Industry Data Security Standard compliance	Q2	Final	Partial	11/07/2017	12	0	1	11	0	0
Children and Families	Operational	Financial Controls - Childrens Centre	Q2	Final	Advisory	28/08/2017	0	0	0	0	0	0
Finance and Performance	Governance, Fraud & Corruption	Local Preparations for Managing National Fraud Risks	Q2	Final	Advisory	03/08/2017	4	0	0	4	0	0

Plan Performance 2017/18

Directorate/ Service	Audit Type	Audit Area	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major		↔	1 = Minor	
								Recommendation				
								5	4	3	2	1
Public Health	Operational	Vulnerable Person Resettlement Programme	Q3	Final	Advisory	08/11/2017	7	0	3	4	0	0
Education	Follow Up	The Education of Children Looked After Follow-up	Q2	Final	Partial	31/07/2017	0	0	0	0	0	0
Finance & Performance	Follow Up	Cash Handling - Implementation of Policy Follow-Up	Q3	Final	n/a	11/12/2017	0	0	0	0	0	0
Children Services	Operational	Children's Direct Payments	Q2	Final	Partial	01/08/2017	5	0	2	3	0	0
Adult Services	Operational	Risk of Care Provider Failure	Q2	Final	Partial	14/08/2017	10	0	3	7	0	0
School Theme	Follow-up	The Planned use of school balances Follow-up	Q4	Final	n/a	09/01/2018	0	0	0	0	0	0
Education	Follow Up	Health & Safety - Premises Management Schools/ other SCC establishments Follow-Up	Q3	Final	n/a	05/01/2018	0	0	0	0	0	0
Childrens Services	Key Control	Troubled Families certification of claims	Q1	Final	n/a	28/07/2017	0	0	0	0	0	0
Corporate	Operational	Healthy Organisation Strategic Review - Follow-Up	Q1	Final	n/a	01/04/2017	0	0	0	0	0	0
Transport and infrastructure	Advice	Concessionary Fares	Q1	Final	n/a	01/04/2017	0	0	0	0	0	0
Finance & Performance	Key Control	Debt Management	Q3	Final	Partial	9/11/2017	7	0	3	4	0	0
Business Development	Governance, Fraud &	Procurement - The Monitoring and Control of	Q2	Final	Partial	11/09/2017	8	0	4	4	0	0

Plan Performance 2017/18

Directorate/ Service	Audit Type	Audit Area	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major		↔	1 = Minor	
								Recommendation				
								5	4	3	2	1
	Corruption	Savings Made										
Finance & Performance	Governance, Fraud & Corruption	MTFP - The Commissioning Lead Approach	Q2	Final	Partial	16/08/2017	10	0	7	3	0	0
Adult Services	Operational	Mental Health – emergency assessments and care plans	Q3	Final	Reasonable/ Partial	13/11/2017	6	0	3	3	0	0
ECI	Governance, Fraud & Corruption	Strategic Asset Management	Q4	Final	Partial	02/02/2018	9	0	3	6	0	0
ECI	Follow Up	Section 106 Agreements Follow-Up	Q4	Final	n/a	07/02/2018	0	0	0	0	0	0
ICT	Follow-up	Position Statement on Outstanding Follow-Up Audits including Software and Healthy Organisation	Q4	Final	n/a	05/03/2018	0	0	0	0	0	0
Adult Services	Operational	The Efficiency and Effectiveness of the New Operating Model	Q4	Final	Partial	08/01/2018	9	0	2	7	0	0
Finance & Performance	Key Control	Creditors	Q4	Final	Reasonable	13/11/2017	8	0	0	8	0	0
ICT	ICT	Network Resilience and Authentication	Q3	Final	Partial	01/10/2017	3	0	2	1	0	0
Education	Follow-up	The Transport of Children Follow-up	Q4	Final	n/a	23/02/2018	0	0	0	0	0	0

Plan Performance 2017/18

Directorate/ Service	Audit Type	Audit Area	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major		↔	1 = Minor	
								Recommendation				
								5	4	3	2	1
ICT	Follow Up	Incident/Problem/Change Management - Follow Up	Q4	Final	n/a	15/01/2018	0	0	0	0	0	0
Education	Operational	Use of Part-Time Timetables in Schools	Q3	Final	Partial	13/10/2017	7	0	4	3	0	0
Finance & Performance	Key Control	Payroll (including IR35)	Q3	Final	Reasonable/ Partial	02/10/2017	10	0	2	8	0	0
School	School Theme	School Theme – E-Safety	Q4	Final	Reasonable	21/02/2018	6	0	0	6	0	0
ECI	Operational	Highways Advice for District Housing Development Schemes.	Q4	Final	Advisory	05/03/2018	3	0	2	1	0	0
ICT	ICT	SAP - Financial System IT Controls	Q3	Final	Partial	12/12/2017	9	0	4	5	0	0
Adult Services	Follow Up	Safeguarding Follow-up	Q3	Final	n/a	07/03/2018	0	0	0	0	0	0
ICT	ICT	Threat Management	Q4	Final	Advisory	31/01/2018	0	0	0	0	0	0
ICT	ICT	Business Applications - Capita One	Q2	Final	Reasonable	11/07/2017	7	0	1	6	0	0
ICT	Follow-up	Hardware and Software Asset Management - Follow Up	Q4	Draft	n/a	15/01/2018						

Plan Performance 2017/18

Directorate/ Service	Audit Type	Audit Area	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major		↔	1 = Minor		
								Recommendation					
								5	4	3	2	1	
Adults Services	Follow Up	Adults Income Collection - Personal Finance Contributions Follow-up	Q4	Draft		23/01/2018							
ECI	Key Control	Concessionary Fares - Key Control Review	Q4	Discussion document		24/01/2018							
Adult Services	Follow Up	Direct Payments – ISP interface Follow-Up	Q4	Discussion document		01/02/2018							
Corporate	Governance, Fraud & Corruption	Corporate Contracts - Performance Management	Q3	Discussion document		15/01/2018							
ICT	ICT	Active Directory/User Admin	Q4	Discussion document		26/02/2018							
Childrens Services	Follow Up	Independent Placements for CLA and Education - Financial Controls Follow-up	Q3	In Progress (merged with 18/19 audit)		09/01/2018							
Adults Services	Follow Up	Adults Placements	Q4	Deferred									
Finance & Performance	Governance, Fraud & Corruption	Performance Management - Service Planning	Q4	Deferred									
HR	Governance, Fraud & Corruption	Workforce Planning	Q4	Deferred									
Corporate	Governance, Fraud & Corruption	Procurement - Category Management	Q4	Deferred									
Corporate	Governance, Fraud & Corruption	Corporate Management of Health and Safety	Q3	Deferred									

Plan Performance 2017/18

Directorate/ Service	Audit Type	Audit Area	Qtr	Status	Opinion	Start Date	No of Rec	5 = Major		↔	1 = Minor	
								Recommendation				
								5	4	3	2	1
Business Development	Governance, Fraud & Corruption	Project Management - Non Core Council Programme including Benefit Realisation	Q3	Deferred								
Business Development	Governance, Fraud & Corruption	Project Management - Benefits Realisation of Projects Outside of Core Council Programme	Q3	Removed								
ICT	Follow Up	AIS - Data Quality Follow-Up	Q2	Removed								
Education	Operational	Structural Failure of School Buildings	Q4	Removed								
Business Development	Governance, Fraud & Corruption	Value for Money Strategy and Reporting	Q3	Removed								

Somerset County Council
Audit Committee – 21 June 2018

Quarterly Risk management update

Service Director: Kevin Nacey, Director of Finance, Legal and Governance

Lead Officer: Scott Wooldridge, Strategic Manager-Governance & Risk

Author: Scott Wooldridge and Pam Pursley, Risk Manager

Contact Details: tel: (01823) 357628 or e-mail: swooldridge@somerset.gov.uk

Cabinet Member: Cllr M Chilcott, Cabinet Member for Resources and Member
Champion for Risk

Division / Local Member: All

1. Summary/link to the County Plan

- 1.1 The role of the Audit Committee is to ensure there is an effective process for managing risks across the County Council. This report seeks to provide assurance on risk management processes and management actions being undertaken in accordance with the Council's policies and procedures.
- 1.2 The aim of risk management is to identify business risks and effectively manage them in line with the County Council's Risk Management framework.
- 1.3 Effective risk management can have a major impact on the achievement of the objectives, policies and strategies of the authority and relates to all the priorities within the County Plan.

2. Issues for consideration

- 2.1 The Committee is asked to note the latest position with managing strategic risks as set out in this report and Appendix A and in particular the critical risk outlined in paragraphs 3.3-3.15.

3. Background

- 3.1 SRMG meets monthly with nominated officer representation from across the organisation. SRMG identify, monitor, review and report strategic risks to Senior Leadership Team (SLT).
- 3.2 The role of the Audit Committee is to ensure there is an effective process for managing risks across the County Council and it receives a Risk Management update on a quarterly basis. If necessary, Audit Committee is able to question Cabinet Members and Senior Managers about their risk management actions and controls in order to ensure risks remain within tolerance.

3.3 Critical Strategic Risk facing the Council

SLT has recently reviewed the following critical strategic risk facing the Council and the management actions being taken:

ORG0043 Maintain a sustainable budget – since the last update the risk score has been reviewed and remains at the maximum score of 25 (very high) as at the end of May 2018. The 2017/18 Revenue Budget outturn report was reported to Cabinet on 11 June 2018. This showed an outturn position of £ 2.182m overspend which represents 0.07% of the annual budget. This is an improvement on 2016/17, when there was a year-end overspend of £7.049m, with the main area of overspend being in Children’s and Adults services. The 2017/18 outturn is a significant achievement given the pressures on budgets and the known specific pressure within Children’s Social Care. The majority therefore of Council services have either stayed within budget or delivered an underspend. However, the large variance in one area is clearly a key concern and the Peer Review work highlighted what is a number one priority for the Council in addressing the current and future budgets for Children’s Social Care. The Council as a whole, is focussed on identifying, with the Local Government Association’s assistance, the appropriate level of budget for the service at the same time as analysing where we can reduce costs safely. In 2017/18, the Council benefited again from the additional funding from government alongside the management action in adults which helped keep this budget under control. There has been no additional funding for children services and management action continues to struggle to change patterns of expenditure.

SCC is therefore in a position where we are trying to mitigate pressures across the whole Council as well as in those core care services to off-set the overspend while transformation takes place in line with our MTFP themes as trailed in budget papers throughout last financial year.

- 3.4 As outlined in previous reports, the Government has significantly reduced the levels of funding in Local Government. The Council faces on-going challenges both within the current financial year and developing a balanced budget for its Medium Term Financial Plan 2019/20 to deliver its 2020 Vision and the future priorities within the new County Vision which was approved at Council in May 2018.
- 3.5 The financial climate for local authorities is particularly uncertain both in relation to the totality of resources available for the sector and the distribution of those resources. The Council continues to lobby for fairer funding for Somerset but Members need to be aware that many other councils face similar financial challenges.
- 3.6 Since the last risk update, Northamptonshire County Council Director of Finance issued a Section 114 notice. CIPFA reported that this was anticipated and it has advised both the Ministry of Housing, Communities and Local Government (MHCLG) and the LGA that we are likely to see

other councils reach this point in the two to three years if the government does not provide a more sustainable framework for local government finances.

- 3.7** The 2017/18 financial year cannot be considered in isolation as it is becoming increasingly important to hold reserves capable of smoothing transition and enabling the Council to manage service change in an effective manner.
- 3.8** As reported previously, not being able to balance the budget has more serious consequences for councils than the public may realise because it is a legal requirement under the Local Government Finance Act 1988.
- 3.9** Cabinet and the Senior Leadership Team have taken some immediate actions to address the overspend projections. The 10-Point Plan remains in operation to help reduce the in-year deficit. SLT are meeting weekly to review financial projections, delivery of MTFP savings and development of in-year savings options. In addition the Core Council Programme is being reviewed and reprioritised to focus on key lines of enquiry for financial performance.
- 3.10** Officers are compiling the Month 2 2018/19 Revenue Budget report for Cabinet to consider on 9 July. If there are significant potential projected overspends, this will be major risk to maintaining the Council's General Balances within the recommended range.

We have to face up to the increasing demand and devise better ways of managing the increases while continuing to provide statutory services.

The availability and use of reserves is critical in being able to manage spikes in demand and costs incurred. Our corporate risk register recognises this and we will put mitigating actions in place to reduce the level of overspends wherever possible.

- 3.11** In terms of the MTFP 2019/20, the proposed approach is due to be presented to the Cabinet meeting on 9 July. This should continue with an outcome led, commissioning approach to redefining services to meet residents' needs and maximise available resources in favour of the Council's priorities. It is fundamental that the Council takes a longer-term approach but funding uncertainty is making that more difficult. The main requirement is to ensure that the Council has a balanced budget for 2019/20 in time for approval at the Full Council Meeting in 2019.
- 3.12** In terms of the Revenue Budget 2019/20, the Cabinet and the Senior Leadership Team will need to take a strategic approach to the development of savings proposals required to close the current projected gap of £9m.
- 3.13** In terms of the proposed Capital Investment Programme, the shortage of

capital funds is a known issue for all county councils and representations have been made to DCLG through the consultations on the Fairer Funding Review last summer that government has to recognise the pressures on councils to meet the growing need.

The national push to increase the number of houses built is being addressed in Somerset but the consequence is a need to match this with highways and schools infrastructure. Of course, there is a lag between the investment required by councils and the additional council tax that ensues from the new housing.

The developer contributions have never been enough to cover this up-front investment and it seems the viability in some developments is putting a downward pressure on their willingness or ability to agree to s106 contributions. This only serves to create a bigger pressure on SCC and other councils to meet the infrastructure costs themselves.

3.14 The likely scale of the capital investment needed will exceed our available resources but we have to await the outcome of announcements by government before we can gauge the real gap.

3.15 Audit Committee can be assured that the Senior Leadership Team and Cabinet will continue to manage the financial position, robustly challenge any overspends, implement management actions and develop options in order to bring the overall budget back into balance. The Section 151 Officer will continue to provide financial support, present options and give advice to SLT and the Cabinet to help maintain a sustainable budget for 2018/19 and to generate proposals to achieve a balanced budget for 2019/20.

3.16 Strategic Risks – summary position

The summary position for the Council’s strategic risks (attached at Appendix A) sets out the risk scores assessed by relevant SLT Directors.

3.17 Strategic risks are those which affect the council’s strategic goals and objectives e.g. the council’s statutory duties for safeguarding adults and children. The Senior Leadership Team and individual SLT Directors regularly review the strategic risks in Appendix A.

3.18 Officers have compared the latest position with the last update to the Audit Committee in January 2018 and the following is highlighted :

Dimension and Objective	RAG status
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	Jun 18	Jan 18
Very High risks (red)	2 (red)	4 (red)
High risks (amber)	4 (amber)	4 (amber)
Medium risks (yellow)	5 (yellow)	6 (yellow)
Low risks (green)	1 (green)	1 (green)

The two 'Very High' risks with a minimum score of 16 are:

- (ORG0043) Maintain sustainable budget – score of 25 (increased Likelihood increased to 5 – Very Likely)
- (ORG0032) Information Governance – score of 16 (no change)

Other significant changes:

- (ORG0036) Partnership working – score of 20 (very high (risk closed by P Flaherty)
- (ORG0009) Safeguarding Children – score reduced to 15 (Likelihood reduced to 3 - Feasible)

3.19 In addition to details in 3.3-3.15 about ORG0043, the following provides further information regarding the other very high risks:

- ORG0009 (Safeguarding Children) the current score has been reduced by the Director of Children's Services following the Ofsted Safeguarding Review, which moved SCC from Inadequate to Requires Improvement. Progress for the first year of the Children and Young People's Plan has been reported to the Children's Trust Executive and the Cabinet. The Children's Trust Executive is pleased with the progress against the 7 Improvement Programmes, but recognises there is still much work to be done. Action plans for 2017/18 have been drawn up with a focus on a stepped improvement over this second year to ensure year 3 achieves the outcomes of the CYPP in 2019. Ofsted quarterly monitoring visits have concluded adequate progress is being made and DfE intervention has confirmed a "significant improvement" in Somerset's Children's Services, including more manageable case-loads, a more stable workforce and better partnership working.
- ORG0032 (Information Governance) remains at its previous score of 16 (very high) due to the requirements of the European Union General Data Protection Regulation which came into force in May 2018.
- ORG0036 (partnerships) The Risk Sponsor, Patrick Flaherty, has closed this risk due to external factors beyond the Council's control.

3.20 Assurance on the overall risk management process is provided through the Annual Governance Statement and no significant issues have been identified for risk management. Nevertheless, there has been an increase

in the level and scale of business risk that the Council faces to deliver its priorities and services.

3.21 The Council also recognises, however, that risk management is as much about exploiting opportunities as it is about managing threats. Risks need to be managed rather than avoided, and consideration of risk should not stifle innovation. In some cases the Council may wish to accept a relatively high level of risk because the benefits of the action outweigh the risk or disadvantages on the basis that the risk will be well managed.

3.22 Level 4/5 internal audit recommendations

At the 26 March 2015 meeting, Audit Committee members decided that all audits where SWAP can only offer “partial” assurance must come back to a future Audit Committee as part of the “follow up” process, and that agreed actions rated as 4 (Medium / High) or 5 (High) need to be formally recorded and tracked through to completion. Audit Committee receive six monthly updates setting a summary of progress.

There is evidence of an increase in Internal Audit reports with Level 4/5 recommendations for action by services. Audit Committee continues to take an active role in reviewing services’ progress with actions relating to Level 4/5 recommendations.

Members will be aware that SCC is having to tolerate more risk than previously and this approach will be explained further in the revised Risk Management Strategy that is being prepared. This could be where relevant Directors agree that their services are prepared to ‘tolerate’ a risk at a level which would not cause SCC financial, reputational or legal costs that are not budgeted for. Risks identified following a SWAP internal audit need to be considered carefully by services as they could be as a result of system / process failure and Directors should only tolerate these after a follow-up audit has been completed and the service provide assurance on management controls.

A summary of the latest position with Level 4 / 5 partial assurance audits is attached as Appendix B

4. Consultations undertaken

4.1 Strategic Risk Management Group (SRMG) continues to review risk management and the Strategic Risk Register regularly and escalate any issues as necessary to the Senior Leadership Team.

5. Implications

5.1 The risk management reporting arrangements ensure that both senior managers and elected members have regular review of key organisational

risks on a regular basis. Coupled with the Performance Dashboard reporting this improves management information and where any urgent management action / resources need to be directed.

- 5.2** Risk Management is integral to the Corporate Governance Framework and supports the Annual Governance Statement. How successful we are in dealing with the risks we face can also have a major impact on the achievement of our corporate priorities and the delivery of services.
- 5.3** There is a risk of external challenge around the effectiveness of the decisions made if the Council's risk management process is not seen to be adhered to in these times of change.

6. Background papers

- 6.1** Council's Risk Management Policy and Strategy agreed by Cabinet in October 2016
Previous update reports to Audit Committee
Revenue Budget 2017/18 outturn report considered at Cabinet on 11 June 2018
Medium Term Financial Plan 2018/19 approved at Full Council on 21 February 2018

Note For sight of individual background papers please contact the report author

RAG Priority Matrix

	Very likely 5	5 Low at least annual	10 Low At least annual	15 High Monthly	20 Very High Monthly	25 Very High Monthly
Likelihood (a)	Likely 4	4 Low At least annual	8 Low At least annual	12 High Monthly	Escalate To SRMG	
	Feasible 3	3 Low At least annual	6 Low At least annual	9 Medium Quarterly	12 High Monthly	15 High Monthly
	Slight 2	2 Low No action required	4 Low At least annual	6 Low At least annual	8 Medium Quarterly	10 High Business Continuity Plan Annual
	Very unlikely 1	1 Low No action required	2 Low No action required	3 Low At least annual	4 Medium Quarterly	5 High Business Continuity Plan Annual
		Insignificant 1	Minor 2	Significant 3	Major 4	Critical 5
		Impact (b)				

Appendix A - Strategic Risk Report - Somerset County Council (SLT)

Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
ORG0043 Risk Owner: Kevin Nacey Next Risk Review Date: 29/06/2018	<p>Risk Description: Strategic Risk 2016: Maintain a sustainable budget: Reserves will not be sufficient to manage any in-year overspends for the forthcoming financial year 2018/19</p> <p>Cause: Unforeseen expenditure and overspends exceed the planned provision</p> <p>Consequence: A balanced budget has been set for 2018/19 but there is considerable risk that not all savings will be achieved and overspends may exceed contingency and reserves. There is a set of actions to keep this in check.</p>	<p>Likelihood :5 Impact :5</p> <p style="text-align: center;">25</p> <p>Escalate to SRMG</p>	<ul style="list-style-type: none"> ◦ Serious challenge to MTFP savings proposals for the 2017/18 year to ensure they are achievable Reviewed 07/12/2017 by P Flaherty: Ongoing budgetary challenges both in year and for next. <i>In Progress</i> (75% complete) ◦ Heightened budget monitoring on those services showing budget overspend Part of the 10 point plan, in progress <i>In Progress</i> (80% complete) ◦ Cabinet receive monthly budget monitoring updates Part of the 10 point plan, in progress <i>In Progress</i> (90% complete) ◦ Review of the earmarked reserves to establish if any of those could be rescinded and returned to general reserves Part of the 10 point plan, in progress <i>In Progress</i> (90% complete) ◦ Development & approval of MTFP 2018/2019 - ensure necessary resources are in place to meet key priorities Part of the 10 point plan, in progress <i>In Progress</i> (25% complete) ◦ Better establishment control in SAP Part of the 10 point plan, in progress <i>In Progress</i> (80% complete) ◦ Control on Agency Spend Part of the 10 point plan, in progress <i>In Progress</i> (10% complete) 	<p>Patrick Flaherty 15/01/2018 30/03/2018</p> <p>Kevin Nacey 29/06/2018 28/09/2018</p> <p>Kevin Nacey 28/09/2018 28/09/2018</p> <p>Kevin Nacey 28/09/2018 28/09/2018</p> <p>Kevin Nacey 31/07/2018 31/07/2018</p> <p>Chris Squire 12/02/2018 30/03/2018</p> <p>Chris Squire 12/02/2018 30/03/2018</p>	<p>Likelihood :5 Impact :5</p> <p style="text-align: center;">25</p> <p>Escalate to SRMG</p>	<p>Likelihood :4 Impact :5</p> <p style="text-align: center;">20</p> <p>Escalate to SRMG</p>	07/03/2018 New years budget to be monitored through the ten point plan with individual actions assigned to Directors.

Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
			<ul style="list-style-type: none"> ◦ focussing on contract spend in all areas but specifically in Children's services Part of the 10 point plan, in progress <i>In Progress</i> (10% complete) 	Richard Williams 12/02/2018 30/03/2018			
ORG0032	<p>Risk Description: Strategic Risk 2017: Information Governance: An event occurs that results in a statutory breach of data protection legislation. This could be an ICT security vulnerability that compromises the PSN network, a significant disclosure of sensitive personal data or another procedural breach of the EU GDPR.</p> <p>Cause: An intentional exploitation of a security vulnerability in the SCC network by hostile agents such as hackers or malware. Non-compliance with the articles and recitals in the EU GDPR in 2018. A significant unintentional data breach of sensitive personal or business data in email, post, fax by an employee, contractor, service provider or an SCC Councillor.</p> <p>Consequence: The Council is exposed to fraud, loss of reputation, legal action by clients or employees and / or the possibility of fines from the Information Commissioner's Office (currently estimated at £100k - £200k but potentially much higher in 2018). Members of the Public are exposed to harm or distress due to the significant unauthorised disclosure of personal data.</p>	<p>Likelihood :5 Impact :4</p> <p style="text-align: center;">20</p> <p>Escalate to SRMG</p>	<ul style="list-style-type: none"> ◦ Publication of EUGDPR Privacy Notice The EU-GDPR requires the publication of a comprehensive Privacy Notice detailing the services provided, the personal data processed, the sharing agreements, the retention periods and access arrangements for data subjects <i>In Progress</i> (70% complete) ◦ Induction and Refresher training for Information Security and Data Protection The EU-GDPR requires that all employees are fully aware of their responsibilities for processing personal data. SCC will endeavour to ensure all new employees are trained in Information Security and Data Protection within 3 months of commencing employment. <i>In Progress</i> (95% complete) ◦ Publication and distribution of EU-GDPR policies to all employees The EU-GDPR requires that all employees are made aware of SCC policy for processing personal data. SCC will endeavour to ensure all employees have received mandatory Information Security and Data Protection, by Metacompliance, prior to the adoption of the EUGDPR in may 2018. <i>In Progress</i> (40% complete) 	<p>Peter Grogan 30/05/2018 31/05/2018</p> <p>Peter Grogan 31/05/2018 30/05/2018</p> <p>Peter Grogan 31/05/2018 31/05/2018</p>	<p>Likelihood :4 Impact :4</p> <p style="text-align: center;">16</p> <p>Escalate to SRMG</p>	<p>Likelihood :3 Impact :4</p> <p style="text-align: center;">12</p> <p>Quarterly</p>	03/08/2017 Given compliance requirements and need to protect confidential and sensitive data it is imperative that this risk is actively managed and that all members of staff are aware of their obligations.

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				<ul style="list-style-type: none"> Information Sharing Agreements and Contracts Somerset County Council will review and implement all current Information Sharing Agreements and contracts in compliance with the EU-GDPR <i>In Progress (40% complete)</i> Information Asset register Creation of a comprehensive Information Asset Register to enable SCC to identify where personal data is held, who is responsible for it and any risks associated with processing; Major deferral to allow Microsoft to implement the IAR <i>In Progress (25% complete)</i> Effective management of Data Subjects rights SCC must ensure that all data subjects rights are respected with regard to lawful and fair processing and specifically access to records and DSAR processing <i>In Progress (50% complete)</i> 	Peter Grogan 30/08/2018 31/07/2018 Peter Grogan 31/05/2018 30/09/2018 Peter Grogan 31/05/2018 30/05/2018			
	ORG0009 Risk Owner: Julian Wooster Next Risk Review Date: 01/08/2018	Risk Description: Strategic Risk 2016: Safeguarding Children: We fail to deliver our statutory service delivery duties and legal obligations in relation to vulnerable children. Cause: Systemic leadership and management challenges Consequence: Possible abuse, injury or loss of life to a vulnerable child caused by service failure. Reduced public confidence; emergency measures; increased inspection; personal litigation claims; negative publicity for both	Likelihood :4 Impact :5 <div style="background-color: red; color: white; text-align: center; padding: 2px;">20</div> Escalate to SRMG	<ul style="list-style-type: none"> CYPP 7 Improvement Programmes Review: The Children's Trust Executive are pleased with the progress against the 7 Improvement Programmes, but recognise there is still much work to be done. Action plans for 2017/18 have been drawn up with a focus on a stepped improvement over this second year to ensure year 3 achieves the outcomes of the CYPP in 2019 <i>In Progress (35% complete)</i> 	Adrienne Parry 31/01/2018 31/03/2018	Likelihood :3 Impact :5 <div style="background-color: orange; text-align: center; padding: 2px;">15</div> Monthly	Likelihood :3 Impact :5 <div style="background-color: orange; text-align: center; padding: 2px;">15</div> Monthly	01/05/2018 The Ofsted Safeguarding Review during November 2017 moved SCC from Inadequate to Requires Improvement.

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
		the Council and partners; possible financial penalty or service is removed from Council control.						
	ORG0011	<p>Risk Description: Strategic Risk 2016: Health & Safety: Death or injury to a member(s) of the public or a member(s) of staff, volunteers, visiting contractors or service users</p> <p>Cause: Failure to manage our activities, assets, premises and contracts in compliance with our statutory duties and organisational policies in respect of Health & Safety, either directly, or indirectly through our strategic partners</p> <p>Consequence: 1. Death or serious harm ("dangerous occurrence" (defined by legislation)) to a service user, pupil, member of the public or a member of staff; 2. Criminal prosecution and enforcement action under H&S / Fire / Corporate Manslaughter legislation. 3. Civil Claims and/or personal litigation claims for negligence 4. Adverse publicity and damage to reputation for the Council 5. Increased audit inspection 6. Increased costs and financial penalties</p>	<p>Likelihood :5 Impact :5</p> <p style="background-color: red; color: white; text-align: center; padding: 2px;">25</p> <p>Escalate to SRMG</p>	<ul style="list-style-type: none"> Ensure visibility of appropriate health and safety-related contract management activity in relation to key contracts 10/04/2017: This has now been published and the HSPSG will be informed at the April 2017 Meeting. By GLH <i>In Progress (20% complete)</i> Publish and implement Corporate H&S Training Policy 10/04/2017: This has now been published and the HSPSG will be informed at the April 2017 Meeting. By GLH 5 July 2017: Policy published all informed. Essential Training to be completed within 3 years. By GLH 18 September 2017: This policy has now been published and enrolment on e learning essential course has now started. Automatically sent out to each employee as necessary by TLC. Monitor success in January 2018 The Training policy has been published for over a year and has been implemented through the learning centre. <i>In Progress (90% complete)</i> Create common processes so staff can be interchanged across County 25/10/2017 - nothing has changed to the status below as the FM review is ongoing 20/12/2017 - Review due to complete in May 2018, no change to status. 21/05/2018 - Review complete - associated changes due to be implemented with effect from 1st September 2018. <i>In Progress (50% complete)</i> 	<p>Carly Wedderburn 06/07/2018 30/04/2018</p> <p>Graham Holmes 05/09/2018 24/09/2018</p> <p>Heidi Boyle 21/08/2018 31/08/2018</p>	<p>Likelihood :3 Impact :5</p> <p style="background-color: orange; text-align: center; padding: 2px;">15</p> <p>Monthly</p>	<p>Likelihood :3 Impact :5</p> <p style="background-color: orange; text-align: center; padding: 2px;">15</p> <p>Monthly</p>	<p>03/08/2017 Renewed focus by the organisation is necessary in the light of recent events (Grenfell). Actions are in place to provide assurance on fire safety in both our corporate and schools estate.</p>

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	ORG0040	<p>Risk Description: Strategic Risk 2015: Benefit Realisation: Failure to deliver service transformation (financial and non-financial benefits), and necessary cost savings, performance improvements, and legislative changes requiring significant service re-design through our Core Council Programme.</p> <p>Cause: Transformation not considered a corporate priority with funding and resources not prioritised to this area. A lack of joint commissioning priorities to identify innovative ideas for future transformational change and a lack of collaboration between SCC services and partners.</p> <p>Consequence: Inability to balance the budget, reputational damage and fines through a failure to meet legislative change, stagnation or deterioration in performance impacting on the service we provide to our customers (including some of the most vulnerable people in the community).</p>	<p>Likelihood :5 Impact :5</p> <p style="background-color: red; color: white; text-align: center; padding: 2px;">25</p> <p>Escalate to SRMG</p>	<ul style="list-style-type: none"> ◦ Review need for Business Case refresher training during service planning 14/08/17 - Business Cases being used to track 5 high-spend corporate priority areas. <i>In Progress (75% complete)</i> ◦ Collaboration between Services and provision of specialist knowledge to the Core Council Programme projects/programmes 14/08/17 - SME forum has developed into the Corporate Support Services Network (CSSN) and links to commissioning and corporate planning have been strengthened. Looking at Support Service needs across all planning and commissioning activity. <i>In Progress (75% complete)</i> 	<p>Daniel Forgham-Healey 14/02/2018 14/08/2018</p> <p>Daniel Forgham-Healey 14/08/2018 14/08/2018</p>	<p>Likelihood :3 Impact :5</p> <p style="background-color: orange; text-align: center; padding: 2px;">15</p> <p>Monthly</p>	<p>Likelihood :3 Impact :5</p> <p style="background-color: orange; text-align: center; padding: 2px;">15</p> <p>Monthly</p>	<p>14/08/2017 14-08-17 - The increased scope and scale of transformation activity threatens to spread resources too thin across too many corporate priorities.</p>

Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
ORG0007 Risk Owner: Paula Hewitt Next Risk Review Date: 29/08/2018	<p>Risk Description: Strategic Risk 2014: Business Continuity: Short or long-term service disruption may occur</p> <p>Cause: [because of] Lack of formal arrangements in place or being finalised that enable managers to review risks in the planning for business continuity</p> <p>Consequence: [resulting in] Major disruptive challenge to service provision and unplanned costs.</p>	<p>Likelihood :3 Impact :5</p> <p style="text-align: center;">15</p> <p>Monthly</p>	<ul style="list-style-type: none"> ◦ Business Continuity Steering Group Hold regular meetings of the Business Continuity Steering Group. Membership includes SCC service representatives and colleagues from the District Councils. Purpose of the Steering Group is to embed and promote effective business continuity arrangements throughout the local authorities and contracted services. In 2017/18 meetings are scheduled for May, August, November and March. <i>In Progress (75% complete)</i> ◦ Annual test of business continuity plans Hold a table-top exercise in spring 2018 to test the SCC Corporate Business Continuity Plan and the supporting service level plans. District councils are invited to participate. Build on the lessons identified in Ex Viral Crisis held in March 2017. <i>In Progress (10% complete)</i> ◦ Annual update of SCC Corporate Business Continuity Plan Revise the SCC Corporate Business Continuity Plan annually or following an activation of the corporate level arrangements. Plan was last updated and re-issued in January 2017 then again in October 2017 to reflect changes in corporate structure. Next routine update is underway and includes a refresh of the business impact analysis to reflect changes to the SCC IT. This will be informed by Exercise Long Reach (17/4/2018) <i>In Progress (75% complete)</i> 	<p>Nicola Dawson 19/05/2018 31/03/2018</p> <p>Nicola Dawson 21/05/2018 31/03/2018</p> <p>Nicola Dawson 16/10/2018 30/06/2018</p>	<p>Likelihood :3 Impact :4</p> <p style="text-align: center;">12</p> <p>Quarterly</p>	<p>Likelihood :3 Impact :4</p> <p style="text-align: center;">12</p> <p>Quarterly</p>	<p>29/05/2018 A couple of actions need to be updated but with the mitigations in place the risk score remains unchanged. P Hewitt 29/05/18</p>

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				<p>o Corporate Business Continuity Plan for SCC It has been agreed that rather than develop a Business Continuity Plan for SCC that we would look to develop a countywide Business Continuity Plan in conjunction with the District Councils with whom we share premises. The timeline for this project will be re-baselined. A Local Authorities partnership meeting which is scheduled to be held at Sedgemoor: Bridgwater House on 4 Nov 1000- 1300hrs. The project plan and timeline will be developed at that meeting. A meeting took place with the District Councils on the 4th Nov 2015. there was little enthusiasm for a joint approach. Agreed to meet with them individually to see if we can find a way forward. Meetings arranged with District Council to individually discuss shared contingency arrangements. Meetings have taken place with TDBC, SDC and MDC. Meeting scheduled with SSDC. A meeting has now taken place with SSDC. A set of agreed principles based on mutual support will now be created and agreed. A draft Business Continuity Plan has been developed. This will now be shared for final comments with the other Councils. Responsibility for FM has transferred to Property Services so the Action Owner has changed to Claire Lovett, Head of Property</p> <p>5/4/18 A draft document has been produced after discussions with all the District Councils. The completed document was reviewed internally by the Civil Contingencies Team</p>	<p>Claire Lovett 05/07/2018</p>			

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				who confirmed it was fit for purpose, although others have sought more detail. A further internal meeting is therefore taking place on 23 April to review it again. CLL <i>In Progress</i> (30% complete)				
	ORG0002	Risk Description: Strategic Risk 2015: Commissioning: Failure to adequately commission services and/or failure in the market and supply chain Cause: Demand led response and not outcome driven (trying to deliver the same service with less resources is no longer feasible), limits the ability to deploy resources previously identified for investment in preventative services Consequence: Resulting in transfer and a reduction in planned long term savings and the council being unable to meet statutory obligations and/or to deliver the County Plan objectives, Incur additional financial costs, fail to achieve value for money, reputation damage, vulnerable individuals at greater risk, financial penalty	Likelihood :5 Impact :5 25 Escalate to SRMG	<ul style="list-style-type: none"> A&H commissioning intentions for 2015 16 has been drafted and commissioning structure revised to align it to the TOM. A&H commissioning intentions for 2015 16 has been drafted and commissioning structure revised to align it to the TOM. We are currently working through workplans to ensure resources are aligned to the new Commissioning Intentions <i>In Progress</i> (10% complete) Discussions with commissioners to ensure information available is appropriate and readily accessible. Regular updates with SCMG on a monthly basis regarding latest insight and intelligence. Monthly meetings with Adults Social Care and regular attendance at Children's SLT to discuss data requirements. <i>In Progress</i> (90% complete) 	Stephen Chandler 21/12/2017 30/03/2018 Malc Riches 09/11/2018 31/03/2018	Likelihood :3 Impact :4 12 Quarterly	Likelihood :3 Impact :4 12 Quarterly	09/05/2018 Action owners chased. Risk score remains unchanged until progress on actions made. P Hewitt 09/05/18

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	<p>ORG0024</p> <p>Risk Owner: Richard Williams</p> <p>Next Risk Review Date: 09/02/2018</p>	<p>Risk Description: Strategic Risk 2011: Operations: Quality of contract management is inconsistent and fails to meet our customers expectations</p> <p>Cause:</p> <p>Consequence: Loss of customer confidence and trust in the Council, impacting on the reputation of the council</p>	<p>Likelihood :4 Impact :4</p> <p style="background-color: red; color: white; text-align: center; padding: 2px;">16</p> <p>Escalate to SRMG</p>	<ul style="list-style-type: none"> ◦ Putting in place effective contract management at a senior level throughout the Council Update 25/06: Greater commercial awareness cascaded through organisation. Establishing greater clarity between day - to -day Contract Management via operations and Commercial management delivered via procurement team. as part of SWAP Audit <i>In Progress (40% complete)</i> ◦ Ensure adequate management information and reporting is in place to monitor quality through the Business Intelligence Function <i>In Progress (80% complete)</i> 	<p>Richard Williams 02/08/2018 02/08/2018</p> <p>Malc Riches 09/10/2018</p>	<p>Likelihood :4 Impact :3</p> <p style="background-color: yellow; text-align: center; padding: 2px;">12</p> <p>Quarterly</p>	<p>Likelihood :4 Impact :3</p> <p style="background-color: yellow; text-align: center; padding: 2px;">12</p> <p>Quarterly</p>	<p>08/01/2018 Review: 3 Jan 2018 - D Fitzgerald: Current score remain as Amber Update – Contract Core Management Group meets regularly to help share learning, support and provide upskilling/training to Contract Managers. Embedding the Contract Managers Toolkit remains a priority as awareness and gaps in good contract management in services still remains a risk.</p>

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	ORG0010 Risk Owner: Stephen Chandler Next Risk Review Date: 08/08/2018	Risk Description: Strategic Risk 2016: Safeguarding Adults: We fail to deliver our statutory safeguarding activity in relation to adults Cause: there is a risk that death or injury to a vulnerable member of the public or a member of staff, where the county council has not completely fulfilled its responsibilities may occur Consequence: leading to increased audit inspections, personal litigation claims, adverse publicity for the council and possible financial penalties	Likelihood :3 Impact :5 15 Monthly			Likelihood :3 Impact :4 12 Quarterly	Likelihood :3 Impact :4 12 Quarterly	08/05/2018 The Adult Safeguarding Service has recently finalised its statutory Safeguarding Adults Collection annual return for the 2017/18 financial year, due for submission in June 2018. Data has been shared with both operational leads and the strategic multi-agency Safeguarding Adults Board leads, and reveals that the risk of abuse/neglect was reduced or removed in 90% of safeguarding enquiries undertaken during the year. A piece of work has also been undertaken in recent months within the safeguarding service to ensure timely, effective safeguarding activity is being undertaken supported by a data validation exercise.

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	ORG0001 Risk Owner: Paula Hewitt Next Risk Review Date: 29/08/2018	Risk Description: Strategic Risk 2014: Civil Emergencies: A major civil emergency results in loss of life and major disruption to services Cause: we do not adequately plan for civil emergencies including the testing of plans and prioritisation of our resources, Consequence: impact on Somerset County Council's reputation and standing locally and Nationally	Likelihood :4 Impact :5 20 Escalate to SRMG	<ul style="list-style-type: none"> Deliver phase one of the SLACCP Training and Exercise Policy At the July 2017 SLACCP meeting, all six authorities signed off a SLACCP Training and Exercising Strategy. This will deliver a consistent and sustainable rolling programme of role and capability based training. It will make full use of IT eg e-learning, webinars etc as well as face to face training and exercises. First phase will be e-learning packages for the key emergency roles outlines in the Corporate Emergency Response and Recovery Plan. The contents of the training packages has been drafted and the e-learning is under preparation. <i>In Progress (50% complete)</i> 	Nicola Dawson 19/05/2018 30/06/2018	Likelihood :2 Impact :5 10 Monthly	Likelihood :2 Impact :5 10 Monthly	29/05/2018 The risk continues to be mitigated and the risk score has not changed. P Hewitt 29/05/18
	ORG0042 Risk Owner: Chris Squire Next Risk Review Date: 30/04/2018	Risk Description: Strategic Risk 2015: HR: The risk of not having the employee capacity to deliver and support delivery of core front line services Cause: Combination of austerity measures and market forces in being able to attract suitably qualified people to work for the Council Consequence: Reduced levels of service activity, more reliance on existing employees and possible issues with consistency on quality.	Likelihood :4 Impact :4 16 Escalate to SRMG	<ul style="list-style-type: none"> Closely monitored operationally & at Programme Improvement Boards Reviewed 26/10/2017: Dashboard in place at corporate & service level. Establishment control in place. Complete <i>In Progress</i> 	Chris Squire	Likelihood :3 Impact :3 9 Quarterly	Likelihood :3 Impact :3 9 Quarterly	30/01/2018 reviewed 30/01/2018: All actions are on track. Current score has been reduced to 3x3 (9)

Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
<p>ORG0022</p> <p>Risk Owner: Richard Williams</p> <p>Next Risk Review Date: 04/12/2017</p>	<p>Risk Description: Strategic Risk 2014: ICT: Unintentional events, including changes to our IT system, or intentional attempts that damage our systems, property, reputation or one of our other resources.</p> <p>Cause: Lack of a Disaster Recovery Plan along with an out of date Corporate Business Continuity Plan</p> <p>Consequence: Effect on our customers wellbeing if data can not be accessed, financial cost - reduced funding to meet objectives, reputation damage, ties up management time, cost of extra control, possible aversion to risk taking. Increased FOI culture. Communication disruption, reduced satisfaction with services e.g. unplanned downtime for ICT, Increase in claims for compensation, increased external / internal fraud, increased tendency to 'work the system'.</p>	<p>Likelihood :3 Impact :5</p> <p style="background-color: orange; text-align: center; color: white;">15</p> <p>Monthly</p>	<ul style="list-style-type: none"> ◦ Updated Information Governance Policies New Enterprise Architecture team security training & awareness sessions for IT & SMEs <i>In Progress (40% complete)</i> ◦ Testing of Disaster Recovery Plan 12/09/2014: A disaster recovery rehearsal is currently being planned to test existing procedures and highlight issues to be addressed by a more robust solution. Wider options are being explored beyond the existing provider including possible collaboration with other organisations. 16/03/15: There has been a considerable delay in South West One supplying the required technical information to enable a DR test to take place. This has now been supplied and a test is being planned for Q1 2015/16. SCC is also undertaking a review of the existing DR cover to ensure that adequate resilience is in place. <i>In Progress (10% complete)</i> 	<p>Dave Littlewood 04/12/2017</p> <p>Mike Kenworthy 07/12/2017</p>	<p>Likelihood :3 Impact :2</p> <p style="background-color: green; color: white; text-align: center;">6</p> <p>Six Months</p>	<p>Likelihood :2 Impact :2</p> <p style="background-color: green; color: white; text-align: center;">4</p> <p>Six Months</p>	<p>03/08/2017 The resilience and security of our IT systems and data has been a focus in our implementation of cloud based and other changes to the IT infrastructure. We need to remain vigilant particularly to external threats including viruses. Given pace of change in IT this should be a 6 monthly review.</p>

Swap Partial Audit Reports

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
Swap Partial Audit Reports	SWAP0001	<p>Risk Description: SWAP Partial Assurance Audit Report - Direct Payment</p> <p>Risk Owner: Mel Lock</p> <p>Next Risk Review Date: 18/08/2018</p> <p>Cause:</p> <p>Consequence:</p>				Likelihood : Impact : 0	Likelihood : Impact :	18/05/2018 Direct payments and personal budgets are being further explored as part of a new Personalisation Strategy being developed by commissioners within the service who will ensure any follow-up actions emerging from the audit are taken forward, including any further induction/development needs required to support frontline staff in their practice.
Swap Partial Audit Reports	SWAP0040	<p>Risk Description: SWAP Partial Assurance Audit Report - Risk of Care Provider Failure</p> <p>Risk Owner: Niki Shaw</p> <p>Next Risk Review Date: 02/07/2018</p> <p>Cause: Report issued: 8 March 2018</p> <p>Consequence:</p>		<ul style="list-style-type: none"> o 1.3a set in place process for completing financial risk assessments of all care providers joining the Framework <i>In Progress (10% complete)</i> o 1.4a liaise with the Finance Team to develop a target date for commencing the financial assessments of market risk care provide <i>In Progress (10% complete)</i> 	<p>Niki Shaw 02/07/2018 25/06/2018</p> <p>Niki Shaw 02/07/2018</p>	Likelihood : Impact : 0	Likelihood : Impact :	

Prepared
- Swap Partial Audit Reports

Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
			<ul style="list-style-type: none"> 1.5a agree a plan to achieve full compliance with the agreed process for Care Provider Self Assessments. agree a plan to achieve full compliance with the agreed process for Care Provider Self Assessments. A decision should be reached as soon as possible as to whether the service will pursue registering all care providers on the Proactis system in light of available resource, to generate the intended benefits. <i>In Progress (10% complete)</i> 	Niki Shaw 02/07/2018			
SWAP0028	<p>Risk Description: SWAP Partial Assurance Audit Report - Personal Finance Contribution - Income Collection</p> <p>Cause: Report issued: 31 March 2017</p> <p>Consequence:</p>		<ul style="list-style-type: none"> 1.1a Ensure sufficient guidance in relation to unpaid income from clients including SW involvement & timescales for recovery The new Income CoP is fit for purpose for ASC debt recovery. <i>In Progress</i> 1.3a ensures that there is a single defined process to manage debt recording, recovery and the retention of records A full review of the Income COP has been completed and the new Income CoP is fit for purpose for ASC debt recovery. <i>In Progress</i> 1.5a Develop guidance for Finance Officers on what attempts should be made to recover debt & when they should be referred legal A full review of the Income COP has been completed and the new Income CoP is fit for purpose for ASC debt recovery. <i>In Progress</i> 	Ben Casson 05/06/2018 Ben Casson Ben Casson 05/06/2019	Likelihood : Impact : 0	Likelihood : Impact :	07/06/2018 A full review of the Income COP has been completed and the new Income CoP is fit for purpose for ASC debt recovery. Two posts within Adults Finance team now have responsibility for all debt management reporting and maximising debt recovery. Regular meetings are held between these two staff and the relevant Finance Managers to monitor and assess levels of recovery and processes being used. Details of debt levels within the service have been added to the monthly finance reporting to A&H Director.

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0005	<p>Risk Description: SWAP Partial Assurance Audit Report - Retention of Foster Carers</p> <p>Risk Owner: Jo Manning</p> <p>Next Risk Review Date:</p> <p>Cause:</p> <p>Consequence:</p>		<ul style="list-style-type: none"> ◦ Ref 26746: ensure that training and personal development needs are identified for each new foster carer at the time of approval Jeanette Clarke 23/04/2015. Liaison with the Training Officer to consider how the PDP can be developed to capture this action. <i>In Progress (10% complete)</i> ◦ Ref 26746: Form within LCS/Protocol should be amended to ensure that from the PDP, specific training is identified and monitored <i>In Progress (10% complete)</i> ◦ Ref 26560: Ensure that amendments are made to the supervision record forms within LCS/Protocol <i>In Progress (10% complete)</i> ◦ Ref 27206: Ensure that the records on LCS clearly record the foster carers' annual review. There is a process in place regarding the recording of the foster carers reviews and this has recently been reviewed by the Operations Managers for the service with the LCS team. <i>In Progress (10% complete)</i> 	<p>Jo Manning 31/03/2017 31/03/2017</p> <p>Jo Manning 31/03/2017 31/03/2017</p> <p>Jo Manning 31/03/2017 31/03/2017</p> <p>Jo Manning 31/03/2017 31/03/2017</p>	Likelihood : Impact : 0	Likelihood : Impact :	14/06/2017 SWAP comments: Two follow-ups complete and some work remains outstanding. Schedule full audit in 17/18.

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0049 Risk Owner: Dave Farrow Next Risk Review Date: 02/07/2018	<p>Risk Description: SWAP Partial Assurance Audit Report - Use of Part-time Timetables in Schools</p> <p>Cause: Report issued 21 May 2018</p> <p>Consequence:</p>		<ul style="list-style-type: none"> ◦ 1.1a Establish procedure to monitor & challenge schools identified as having significant levels of authorised absence Management Response: We are currently developing a mechanism for feeding a range of additional information in to our Schools Causing Concern Process (SCCP) and this will one element of that information. EWS will be using this information in its conversations with schools from June onwards and the SCCP will begin to monitor from September <i>In Progress (10% complete)</i> ◦ 1.2a Revise the Somerset Protocol providing guidance on support needs where these exceed Early Help procdedures Management Response: The protocol will be redrafted and presented to the Somerset Education Partnership Board at its July meeting for implementation from September 2018 <i>In Progress (10% complete)</i> ◦ 1.3a Review the Somerset Protocol to clarify whether schools must produce a PSP and in what instance We recommend that the Head of Educational Outcomes reviews the Somerset Protocol to clarify whether schools must produce a PSP in all instances or whether reliance can be placed on existing assessments if they meet the same criteria. If this option is taken, the Somerset Protocol should state that schools must retain a copy of this assessment on the child's file and use it as the basis for regular review. <i>In Progress (10% complete)</i> 	<p>Dave Farrow 02/07/2018</p> <p>Dave Farrow 02/07/2018 27/08/2018</p> <p>Dave Farrow 02/07/2018 31/08/2018</p>	Likelihood : Impact : 0	Likelihood : Impact :	

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0026	<p>Risk Description: SWAP Partial Assurance Audit Report - Education of Children Looked After in Care</p> <p>Risk Owner: Julia Ridge</p> <p>Next Risk Review Date: 21/08/2017</p> <p>Cause: Report issued: 20 March 2017</p> <p>Consequence:</p>		<ul style="list-style-type: none"> ◦ 34374: social workers in the Child Looked After team complete the Promoting the Education of CLA training course Reviewed Ops Manager CLA: I will discuss this with the Team Managers and put Promoting the Education of CLA as a standard item on the induction programme. <i>In Progress (10% complete)</i> ◦ 34380: Foster carers to read the Foster Carer Handbook and sign to certify that they will comply with the FCH expectations Reviewed Ops Manager Resources: Agreed <i>In Progress (10% complete)</i> ◦ 34382: Ensure that a method for supplying guidance and Virtual School communications to agency foster carers is introduced in progress <i>In Progress (50% complete)</i> ◦ 34372: Promote the Education of Children Looked After training course to designated teachers and school governors dates have been confirmed - admin are currently booking venues for termly designated teacher network meetings which include updates on VS and more in depth information than in the promoting education course.. one DT network will include a further session for governors and new DT's on 'what makes a good DT' <i>In Progress (50% complete)</i> 	<p>Jason Pincott 30/06/2017 18/12/2017</p> <p>Jo Manning 05/03/2018 05/03/2018</p> <p>Zoe Heywood 05/03/2018 05/03/2018</p> <p>Zoe Heywood 21/11/2017 18/12/2017</p>	Likelihood : Impact : 0	Likelihood : Impact :	16/06/2017 "The majority of activities recommended have already been completed by Zoe Heywood, only three part actions remains, one for social care, one for fostering and one to raise awareness of Children looked after in Education which is underway."

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0042	<p>Risk Description: SWAP Partial Assurance Audit Report - Medium Term Financial Plan - Commissioning Driven Approach</p> <p>Risk Owner: Kevin Nacey</p> <p>Next Risk Review Date: 02/07/2018</p> <p>Cause: Report issued: 30 April 2018</p> <p>Consequence:</p>		<ul style="list-style-type: none"> 1.1a Ensure that standard requirements are put in place relating to the production of MTFP business cases. We recommend the Director of Finance, Legal and Governance ensures that standard requirements are put in place relating to the production of MTFP business cases. This should include but is not restricted to: - All costs related to the achievement of savings should be acknowledged. - A proportionate level of detail should be included as to how the savings will be achieved and apportioned across activities. - All business cases should be considered 'live' and should, in all instances provide information that corresponds with stated and Council approved MTFP savings. <i>In Progress (10% complete)</i> 1.3a ensures that all savings stated as 'red' or 'amber' are reported to the relevant 'theme' board We recommend the Director of Finance, Legal and Governance ensures that all savings stated as 'red' or 'amber' are reported to the relevant 'theme' board who should then be required to ensure relevant operational officers provide documented explanations for the current position and, critically actions being taken to reduce the risk of failing to meet said savings targets. <i>In Progress (10% complete)</i> 	Kevin Nacey 02/07/2018	Likelihood : Impact : 0	Likelihood : Impact :	

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				<ul style="list-style-type: none"> ◦ 2.2a Ensure that all Boards with responsibility for MTFP theme savings have explicit terms of reference We recommend the Director of Finance, Legal and Governance ensures that all Boards with responsibility for MTFP theme savings have explicit terms of reference to this effect. This should relate to 3.6a. below so that there is one single view of savings targets and achievement against these targets. <i>In Progress (10% complete)</i> ◦ 2.3a Ensure theme board terms of reference include a requirement for a substitute to be made available where a board member We recommend the Director of Finance, Legal and Governance ensures that theme board terms of reference include a requirement for a substitute to be made available where a board member is not able to attend a theme board. <i>In Progress (10% complete)</i> ◦ 2.4a Ensure all MTFP savings are allocated to themes to ensure a consistent approach regarding ownership, reporting & delivery We recommend the Director of Finance, Legal and Governance ensures that all MTFP savings are allocated to themes to ensure a consistent approach regarding ownership, reporting and delivery. <i>In Progress (10% complete)</i> 	Kevin Nacey 02/07/2018			

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				<p>o 3.3a Revise MTFP reporting arrangements to ensure that savings are clearly evidencable & are not based on RAG ratings We recommend that the Director of Finance, Legal and Governance revises MTFP reporting arrangements to ensure that savings are clearly evidencable and are not based on RAG ratings. Further to this there is a need for demand side pressures to be better forecast in approved budgets so that suitable controls can be operated to ensure that spending is within budget rather than simply attributed to increased demand <i>In Progress (10% complete)</i></p>	<p>Kevin Nacey 02/07/2018</p>			

Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
			<p>o 3.5a Programme Office benefits inventory is revised an updated to include all MTFP savings. We recommend the Director of Finance, Legal and Governance ensures that Programme Office benefits inventory is revised an updated to include all MTFP savings. The following points should also be noted: - The Benefits inventory should use consistent naming of savings to enable alignment with other financial reports and information. - MTFP areas that fall outside of the Core Council Programme should be captured in the Benefits Inventory and be available to the CCPB but should be identified as separate to the core programme. - Reports from the benefits tracker should be made available to the commissioning board to 'complete the circle' with regards to strategic commissioning plans such as CIPs (Commissioning Intention Plans) - The benefits tracker should be readily and easily reconcilable against other financial information and, wherever possible should be used as a single source of financial information, in particularly for themed boards. <i>In Progress (10% complete)</i></p>	Kevin Nacey 02/07/2018			

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	<p>SWAP0039</p> <p>Risk Owner: Pip Cannons</p> <p>Next Risk Review Date: 05/10/2018</p>	<p>Risk Description: SWAP Partial Assurance Audit Report - Adult Social Care New Operating Model Front Door</p> <p>Cause: Report issued: 2 May 2018</p> <p>Consequence:</p>		<p>◦ 2.6a Complete review of Somerset Direct Adult Social Care staff resources and update Operating level agreement to reflect outcome</p> <p>We recommend that the Service Manager - Customer Service, with the Strategic Manager Commissioning, Adult Social Care, completes a full examination of Somerset Direct Adult Social Care staff resources and agrees a way forward. The aspiration for the level of queries resolved at first point of contact should be included in this, see paragraph 2.5. The operating level agreement should be updated to reflect the outcome.</p> <p><i>In Progress (50% complete)</i></p>	<p>Sharon Passmore 08/07/2018 <i>01/10/2018</i></p>	<p>Likelihood : Impact :</p> <p>0</p>	<p>Likelihood : Impact :</p>	<p>08/06/2018 As of the beginning of April we re-established link workers at both ends (Localities and SD) and established a consistent process of feedback between the teams. Key themes will be fed into Management Meetings from May in order to effect consistent improvement. From May we have included the Strategic Manager for Localities in the monthly meetings which will monitor and track performance as well as the effectiveness of operational processes e.g. for feedback. We will formally review this at our 6-monthly review meeting in September. (target date 30th Sept 2018)</p> <p>Resilience is recognised as an issue and is discussed at our monthly management meetings. We had already identified the need to conduct a resource review following a review of performance data in Jan and Feb 2018. This is something that the contact centre management team does on a regular basis and as a result of the performance dip in Jan / Feb we made some small changes to improve resilience:</p> <ul style="list-style-type: none"> • We implemented an online referral form and targeted messaging to providers/ professionals to manage this

Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
			<p>o 3.1a Establish a standard process for how the feedback system should be operated is performed.</p> <p>We had in place a system of feedback with link workers and Somerset Direct which has needed to evolve and change during the last year where we have had a practice of test and learn operating to enable the contact centre to innovate. We recognise that this was not working effectively at the time of the audit and had already put in place actions to address this. As of the beginning of April we have re-established link workers at both ends (Localities and SD) and established a consistent process of feedback between the teams. Key themes will be fed into Management Meetings from May in order to effect consistent improvement.</p> <p>From May we have included the Strategic Manager for Localities in the monthly meetings which will monitor and track performance as well as the effectiveness of operational processes e.g. for feedback.</p> <p>We will formally review this at our 6-monthly review meeting in September. (target date 30th Sept 2018)</p> <p><i>In Progress (50% complete)</i></p>	<p>Pip Cannons 08/07/2018 01/10/2018</p>			<p>demand more efficiently,</p> <ul style="list-style-type: none"> We have redefined a role to support with managing email demand. <p>Resilience will continue to be reviewed on an ongoing basis but will be formally reviewed again at the 6-monthly review (target completion date 30/9/18)</p>

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0047 Risk Owner: Chris Squire Next Risk Review Date: 18/06/2018	Risk Description: SWAP Partial Assurance Audit Report - Payroll Key Controls and IR35 2017-18 Cause: report issued: 17 May 2018 Consequence:		<ul style="list-style-type: none"> ◦ 1.1a Identify a suitable method to limit the risk posed by existing vendors We recommend that the Service Manager – Chief Accountant and Strategic Manager – HR Admin & Payroll identify a suitable method to limit the risk posed by existing vendors. This could include blocking of vendors that have not been used since the IR35 legislation was updated to prevent payments being made to them without a tax status assessment. <i>In Progress (10% complete)</i> ◦ 1.7a Contact relevant officers in the Commercial & Procurement & Exchequer teams to establish agreed and documented processes We recommend that the Strategic Manager - HR Admin & Payroll Services contacts relevant officers within the Commercial & Procurement and Exchequer teams to establish agreed and documented processes for referring new suppliers for assessment. <i>In Progress (10% complete)</i> 	Lizzie Watkin 18/06/2018 Rachel Ellins 18/06/2018	Likelihood : Impact : 0	Likelihood : Impact :	

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0029 Risk Owner: Jon Padfield Next Risk Review Date: 17/08/2018	<p>Risk Description: SWAP Partial Assurance Audit Report - SCC Financial Management of Care Provision 1617 Final Report</p> <p>Cause: Report Issued: 31 March 2017</p> <p>Consequence:</p>		<p>o 1.4a Implement a quality control process within the Care Coordination team Following restructuring across the Adult Social Care service, the Care Coordination function now sits under the Strategic Manager for Quality & Performance, Niki Shaw and under the remit of the Quality Assurance Service Manager, Paul Coles. Significant work has taken place to enhance the staffing levels within the function to ensure efficiency over recent months. The team is now close to being fully staffed and performance has improved consequently - backlogs have been addressed, leads have been identified for key areas of responsibility, the name has been changed to 'Sourcing Care Service' and a new IT Sourcing tool system has been commissioned to improve data quality, recording practice and monitor performance. This launched 14 May 2018 and enables Power BI reports to be issued live to monitor quality and performance. <i>In Progress (85% complete)</i></p>	Jon Padfield 17/08/2018 30/06/2018	Likelihood : Impact : 0	Likelihood : Impact :	17/05/2018 Following restructuring across the Adult Social Care service, the Care Coordination function now sits under the Strategic Manager for Quality & Performance, Niki Shaw and under the remit of the Quality Assurance Service Manager, Paul Coles. Significant work has taken place to enhance the staffing levels within the function to ensure efficiency over recent months. The team is now close to being fully staffed and performance has improved consequently - inputting backlogs have significantly reduced and are monitored routinely, leads have been identified for key areas of responsibility, the name has been changed to 'Sourcing Care Service' and a new IT Sourcing tool system has been commissioned to improve data quality, recording practice and monitor performance. This launched 14 May 2018 and enables Power BI reports to be issued live to monitor quality and performance. The additional staffing resource in the team and new reporting functionality will enable dip sampling/auditing to be taken forward from June 2018 NB Finance actions picked up via Ben Casson elsewhere

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				<ul style="list-style-type: none"> o 1.5a Ensure system of periodic quality checks is introduced to ensure that the accuracy of data entered into AIS is monitored <p>Following restructuring across the Adult Social Care service, the Care Coordination function now sits under the Strategic Manager for Quality & Performance, Niki Shaw and under the remit of the Quality Assurance Service Manager, Paul Coles. Significant work has taken place to enhance the staffing levels within the function to ensure efficiency over recent months. The team is now close to being fully staffed and performance has improved consequently - backlogs have been addressed, leads have been identified for key areas of responsibility, the name has been changed to 'Sourcing Care Service' and a new IT Sourcing tool system has been commissioned to improve data quality, recording practice and monitor performance. This launched 14 May 2018 and enables Power BI reports to be issued live to monitor quality and performance.</p> <p>The additional staffing resource in the team and new reporting functionality will enable dip sampling/auditing to be taken forward from June 2018</p> <p><i>In Progress (85% complete)</i></p>	<p>Jon Padfield 17/08/2018 30/06/2018</p>			

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0034	<p>Risk Description: SWAP Partial Assurance Audit Report - Readiness for New EU-General Data Protection Regulations (GDPR) - Final report</p> <p>Risk Owner: Peter Grogan</p> <p>Next Risk Review Date: 30/08/2018</p> <p>Cause: Report issued: 19 July 2017</p> <p>Consequence:</p>				Likelihood : Impact : 0	Likelihood : Impact :	08/05/2018 Progress with implementation continues with actions related to the ICO 12 point plan. DSARs remain the critical issue

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0017	<p>Risk Description: SWAP Partial Assurance Audit Report - ICT Healthcheck</p> <p>Risk Owner: Andrew Kennell</p> <p>Next Risk Review Date: 04/09/2018</p> <p>Cause:</p> <p>Consequence:</p>				Likelihood : Impact : 0	Likelihood : Impact :	04/06/2018 1.1a Management Information is not useful for reporting system availability or quality to customers. New monthly dashboard delivered when service returned from SWOne and used for SLT monthly reports 2.1a Significant content of current IS Strategy (2013 - 2016) is out of date. ICT cloud first strategy was adopted at return of contract from SWOne and strategy and ICT transformation programmes are now aligned and included within new corporate business plan 3.1a Quantitative evidence of benefits realisation cannot be found. All ICT projects are now aligned to corporate programmes, these are governed through Core Council Programme and all benefits are tracked through this process. 3.2a Levels of authority for the Strategic ICT Management Team are not recorded.

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
								<p>These are recorded in SAP and in line with 10 point plan.</p> <p>3.3a Disposal records are incomplete.</p> <p>All disposal records received from SWOne and has been accepted as part of exit plan.</p> <p>3.3b Licensing and usage position of all software is not known.</p> <p>Implementation of scalable software asset management tool now records both installed software and associated usage stats.</p>

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0046	<p>Risk Description: SWAP Partial Assurance Audit Report - Payment Card Industry Data Security Standard Compliance</p> <p>Risk Owner: Andrew Kennell</p> <p>Next Risk Review Date: 12/07/2018</p> <p>Cause: Report issued: 21 December 2017</p> <p>Consequence:</p>		<p>◦ 1.1.3a Project plan is written & followed to ensure that an attestation date is set and achieved</p> <p>It has been agreed the Strategic Manager for ICT Operations will ensure that a project plan that covers time, resources, dependencies, contingencies and critical pathway is written and followed to ensure that an attestation date is set and achieved.</p> <p><i>In Progress (10% complete)</i></p>	Andrew Kennell 18/06/2018	Likelihood : Impact : 0	Likelihood : Impact :	<p>12/06/2018 We are still combining the list of all Customer and Merchant IDs. (Currently around 140)</p> <p>Based on a proposal to be considered by the SOB Board, we plan to upgrade the current Adelante payment service and as part of the move to cloud, we will move the payment system to be hosted completely externally to SCC.</p> <p>This will significantly reduce the network rework required for the current SAQ Level D, and allow us to more easily attest our compliance under a lower level SAQ (Self Assessment Questionnaire)</p> <p>SWAP Partial Assurance Report - Payment Card Industry Data Security Standard Compliance</p>

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0052	<p>Risk Description: SWAP Partial Assurance Audit Report - Hardware and Software Asset Management - Follow Up 1718</p> <p>Risk Owner: Andrew Kennell</p> <p>Next Risk Review Date: 02/07/2018</p> <p>Cause: Report issued: 25 May 2018</p> <p>Consequence:</p>		<p>◦ 4.1a Ensure that there is an understanding of all the ICT assets that the current description of a significant asset excludes The Strategic Manager for ICT (Operations) has agreed to ensure that there is an understanding of all the ICT assets that the current description of a significant asset excludes from Asset Management and that risk analysis of these exclusions has taken place as well as the appropriate risk treatment where needed.</p> <p>Progress against agreed outcomes: As reported above the Asset Management Policy is still in Draft and the most recent version provided still shows a significant asset as being defined by money. Key decisions relating to the service still have to be formalised and distributed to all officers. There is not currently an understanding or implemented process for the responsibility of staff to look after their own deployed items. There is no signing and acceptance of responsibility for devices entrusted to an individual. This means the Council has limited redress if an officer causes damage to equipment and there may also be a lessened feeling of ownership/responsibility which may lead to more losses.</p> <p>We recommended that the original Agreed Outcome is implemented. <i>In Progress</i> (10% complete)</p>	Andrew Kennell 02/07/2018	Likelihood : Impact : 0	Likelihood : Impact :	

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	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				<ul style="list-style-type: none"> 1.5a Ensure current centralised automated leaver controls are functioning correctly in relation to AD Management Response: This is an operational issue that is wider than SAP. Procedure to be put in place to look at creating automatic triggers from SAP to inform AD of leavers and vice versa and acting upon those triggers In Progress (10% complete) 	Andrew Kennell 08/10/2018			
	SWAP0055	<p>Risk Description: SWAP Partial Assurance Audit Report - Business Application Review: Capita One 2017-18</p> <p>Cause: Report Issued: 5 June 2018</p> <p>Consequence:</p>		<ul style="list-style-type: none"> 1.5a Ensure current level of backup restoration/testing functionality & residual risk is understood by all using Capita One Management Response: This issue has now been resolved and individual servers for all critical applications are now regularly restored as part of the Infrastructure Systems maintenance schedule now that the restoration environments have been created. In Progress (10% complete) 	Andrew Kennell 08/10/2018	Likelihood : Impact : 0	Likelihood : Impact :	

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0020 Risk Owner: Claire Lovett Next Risk Review Date:	Risk Description: SWAP partial Assurance Audit Report - Structural Failure of School Buildings Cause: Report issued: 12 June 2015 Consequence:		<ul style="list-style-type: none"> o 25724: Ensure that condition survey updates are performed annually at all schools. 11/09/2017: School Condition surveys are undertaken by SSE for those Schools buying back services from SSE. Corporate Property are monitoring those Schools not buying back services from SSE and will request copies of up to date Condition Surveys. <i>In Progress</i> (10% complete) o 25167: 1.4a Checks are not fully evidenced. All survey reports include full information I believe this is a duplicate of another risk SWAP0013 which has been separately reviewed <i>In Progress</i> (10% complete) 	Dan Raymond Claire Lovett 02/07/2018	Likelihood : Impact : 0	Likelihood : Impact : 	11/12/2017 .

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0032	Risk Description: SWAP Partial Assurance Audit Report - SCC Corporate Debt Management Cause: Consequence:		<ul style="list-style-type: none"> 1.3a Circulate the audit findings on compliance with Code timetable requirements to all Debt Chasers <p>Whilst we accept the findings, this is not agreed, but an alternative action that will be more service-specific will be put in place after the training roll-out has been completed. It became clear during the training that there was a lack of knowledge in a number of services about the need to comply with the timetable in the new Income Code of Practice. From the previous audit from SWAP, which served to start the work towards the new Income Code of Practice, this was largely expected.</p> <p>The Accounts Receivable Team will continue to highlight where services are not complying with the timetable and are not handing debts for legal debt recovery in accordance with the Code. Officers believe that there will be more success with returning to services with individual failures to comply with the Code timetable than with a wider audit. It is also felt that there is a need to give services a chance to embed the Code and that more current information can be provided to them at a later date.</p> <p><i>In Progress (10% complete)</i></p>	Martin Gerrish 31/08/2018	Likelihood : Impact : 0	Likelihood : Impact :	15/05/2018 End of year debt figures well below 15% over 90 days target (3 good months in a row). Need to embed ICOP more widely across the services. Additional LDRO resource from June will be critical in this.

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				<ul style="list-style-type: none"> 1.6a Circulate audit of referrals to LDRO to all Debt Chasers Whilst we accept the findings, this is not agreed, and is similar to 1.3a above. Officers believe that using more service-specific examples are more likely to get Debt Chasers encouraged to be more compliant with the requirements of the Code, including referral to the Legal Debt Recovery Officer within the timescale set out in the Income Code of Practice. 31/05/2018 Additional Legal Debt Recovery officers in place from 12th June - exercise to review recent performance on referrals scheduled for late June. <i>In Progress (10% complete)</i> 1.11a Circulate the audit findings on timeliness of write-offs to all Debt Chasers Whilst we accept the findings, this is not agreed, and is similar to 1.3a and 1.6a above. Officers believe that using more service-specific examples are more likely to get Debt Chasers encouraged to be more compliant with the requirements of the Code. <i>In Progress (10% complete)</i> 	<p>Martin Gerrish 31/08/2018</p> <p>Martin Gerrish 31/08/2018</p>			

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0051	<p>Risk Description: SWAP Partial Assurance Audit Report - Follow-Up Audit Healthy Organisation (ICT) 1718 - SCC</p> <p>Risk Owner: Mike Kenworthy</p> <p>Next Risk Review Date: 02/07/2018</p> <p>Cause: Report issued 25 May 2018</p> <p>Consequence:</p>		<ul style="list-style-type: none"> ◦ 1.1.1a Consult with Senior Leadership Team to confirm the suit of policies that are going to make up the ICT Strategy Progress on Recommendation: A new ICT Strategy has not yet been produced. Before this happens, decisions need to be made by ICT and SLT regarding what documents (and respective content) are going to make up the Strategy Suite for ICT. These then can be written, approved at SLT level and distributed to all strategic managers throughout the Council. <i>In Progress (10% complete)</i> ◦ 1.1.2a Ensure the outstanding aspects of how the asset management service will be performed are agreed, Management Response: This policy is still in draft and will aim to have a completed policy by August 2018. <i>In Progress (10% complete)</i> ◦ 1.1.3a Ensure current software license review is completed with additional requirement for proof of entitlement to be understood management response: We will be working on this during the win 10 rollout, but as this will not complete until November 18, it is anticipated that this will not complete until Jan 19 <i>In Progress (10% complete)</i> 	<p>Mike Kenworthy 02/07/2018 03/12/2018</p> <p>Mike Kenworthy 02/07/2018 31/08/2018</p> <p>Mike Kenworthy 02/07/2018 31/01/2019</p>	Likelihood : Impact : 0	Likelihood : Impact :	

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				<ul style="list-style-type: none"> 1.1.5a Ensure that all attestations for PCI-DSS are completed We recommend that the Head of ICT ensures that all attestations for PCI-DSS are completed, plus ensures the correct visibility and actions for the risk regarding the non-centralised governance of PCI-DSS while it remains in ICT. Management Response: Management Response: Not completed work in progress with third party supplier to reduce number of merchant IDs and simplify attestation process. <i>In Progress (10% complete)</i> 1.1.6a Ensure current network improvement project continues to deliver its goals & critical services have BC Plans Management Response: Ongoing part of network resilience programme. This has been reported in the network resiliency audit with a completion date to be confirmed following issues with core network upgrade. A recommendation has been agreed to ensure transparent risk management takes place and services are aware of risks and have updated their Business Continuity Plan BCP in line with this. <i>In Progress (10% complete)</i> 	<p>Mike Kenworthy 02/07/2018 03/12/2018</p> <p>Mike Kenworthy 02/07/2018</p>			

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0022	<p>Risk Description: SWAP Partial Assurance Audit Report - Concessionary Fares</p> <p>Risk Owner: Oliver Woodhams</p> <p>Next Risk Review Date: 24/08/2018</p> <p>Cause:</p> <p>Consequence:</p>		<p>o 29923: establish a process to periodically request source data from operators to support claims. Spot checks to verify data</p> <p>We have spend some time reviewing the best way to improve the auditing of operator data. New analytics reports are now available through South West Smart Applications Ltd who manage the back office data. We can now obtain monthly reports by operator by route which lists the number of concessionary journeys undertaken using a smart ENCT card. We have agreed a tolerance needs to be set on this of 5% which is the National average for non smart transactions (when something is wrong with the machine or cars) if the difference is higher than 5% the operator will be challenged and asked to provide supporting data before payment is made. A review of the staffing levels is being undertaken in operations to ensure this can be managed.</p> <p>Additionally we propose to change the scheme policy again next year for 2017/18 to encompass a clause which will allow us to ask for operators commercial data to check the average fare is correct.</p> <p>The survey team will be asked to undertake regular bus surveys to ensure passenger numbers and fare prices are correct Review: Adam Williams 02/11/2015</p> <p>Management response - Jane Newell "A process will be put in place to conduct spot-checks on operator data to verify the accuracy of their concessionary fare submissions." Reviewed by Oliver Woodhams on 24/05/18</p>	<p>Oliver Woodhams 24/08/2018 30/06/2018</p>	<p>Likelihood : Impact :</p> <p>0</p>	<p>Likelihood : Impact :</p>	<p>24/05/2018 Reviewed by Oliver Woodhams on 24/05/18 - good progress is being made implementing a range of controls as recommended by SWAP. First Bus have implemented new ticket machines and we are now able to monitor concessionary patronage through the HOPS system as with other somerset operators. A regime of spot check controls is in place, and claims are being reconciled back to HOPS data for the vast majority of operators. This work has been implemented by a new concessionary fares officer post within the Transporting Somerset operational structure. The major outstanding issue to resolve is the quality and timeliness of data submissions from First Bus (both Buses of Somerset and First Avon and Somerset). We have raised this issue with the operators concerned informally and now through a formal notice, giving both operators 30 days to remedy deficiencies in the reporting of data.</p>

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				- staffing resources in place, spot checks are being carried out and reconciliations within tolerance levels are happening for most operators. <i>In Progress (75% complete)</i>				

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				<p>o 30241: ensure that submissions made by bus operators are analysed on a periodic basis to ensure that any significant variances c 02/06/16 - Jane Newell We have spend some time reviewing the best way to improve the auditing of operator data. New analytics reports are now available through South West Smart Applications Ltd who manage the back office data. We can now obtain monthly reports by operator by route which lists the number of concessionary journeys undertaken using a smart ENCT card. We have agreed a tolerance needs to be set on this of 5% which is the National average for non smart transactions (when something is wrong with the machine or cars) if the difference is higher than 5% the operator will be challenged and asked to provide supporting data before payment is made. A review of the staffing levels is being undertaken in operations to ensure this can be managed. Additionally we propose to change the scheme policy again next year for 2017/18 to encompass a clause which will allow us to ask for operators commercial data to check the average fare is correct. The survey team will be asked to undertake regular bus surveys to ensure passenger numbers and fare prices are correct Review: Adam Williams 02/11/2015 Jane Newell - "SCC are currently working with SWSAL to implement a new analytical system that will help identify and analyse trends with operator data and provide the Council with data to verify submissions. Ticketing data has been requested ad-hoc</p>	<p>Oliver Woodhams 24/06/2018 30/06/2018</p>			

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	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				previously; however an auditable formal process needs to be introduced and data to be requested on a routine basis." Reviewed by Oliver Woodhams on 24/05/18 - staffing resources in place, spot checks are being carried out and reconciliations within tolerance levels are happening for most operators. Scheme has been updated to introduce requirement to submit data. <i>In Progress (75% complete)</i>				
	SWAP0014 Risk Owner: Richard Williams Next Risk Review Date: 21/08/2017	Risk Description: SWAP partial Assurance Audit Report - Software Asset Management Cause: Consequence:				Likelihood : Impact : 0	Likelihood : Impact :	14/06/2017 SWAP Comment: First follow-up completed but some further work required. Second follow-up delayed to give time for to embed and scheduled for Q4 2017/18.

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0015 Risk Owner: Richard Williams Next Risk Review Date: 21/08/2017	Risk Description: SWAP Partial Assurance Audit Report - Hardware Asset Management Cause: Report issued: 30 November 2015 Consequence:		<ul style="list-style-type: none"> 30286: extending Assyst to report on the categories of information currently not recorded. Management Response: Agreed. This information has been captured since September 2015. A combination of tools are being used for this purpose: Snow, Sharepoint & spreadsheets. <i>In Progress</i> (10% complete) 	Richard Williams 31/03/2017 05/03/2018	Likelihood : Impact : 0	Likelihood : Impact :	14/06/2017 SWAP Comment: First follow-up completed but some further work required. Second follow-up delayed to give time for to embed and scheduled for Q4 2017/18.
	SWAP0018 Risk Owner: Richard Williams Next Risk Review Date: 21/08/2017	Risk Description: SWAP Partial Assurance Audit Report - Benefits Realisation Management (ICT) Cause: Consequence:				Likelihood : Impact : 0	Likelihood : Impact :	14/06/2017 Not started

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0041	<p>Risk Description: SWAP Partial Assurance Audit Report - Procurement - The Monitoring and Control of Savings Made Procurement savings are not realised through contract life cycle.</p> <p>Cause: Report issued: 18 April 2018</p> <p>Consequence:</p>		<ul style="list-style-type: none"> 1.1a ensures that benefit tracker pro-forma are fully completed for every relevant procurement exercise We recommend the Head of Commercial & Procurement ensures that benefit tracker pro-forma are fully completed for every relevant procurement exercise i.e. those within which a saving can be identified and are subject to an appropriate level of approval. The pro-forma should be amended to confirm the type of saving being achieved (i.e. cost avoidance, cash saving) so this can be monitored. All procurement activities should be recorded in the tracker. <i>In Progress (10% complete)</i> 1.2a Commissioning officers meet with finance & procurement officers, identify & monitor savings We recommend that commissioning officers and contract managers who hold responsibility for contract performance meet with relevant finance and procurement officers to determine anticipated savings and how these savings will be monitored. This should take place at the point of the service being procured. The Director – Commercial & Business Services should confirm this process with the Senior Leadership Team. This process should be proportionate to the level of savings expected and should be instigated by the appropriate officers in the services managing the procured contract. <i>In Progress (10% complete)</i> 	<p>Donna Fitzgerald 18/06/2018</p> <p>Richard Williams 18/06/2018 02/07/2018</p>	Likelihood : Impact :	Likelihood : Impact :	

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				<ul style="list-style-type: none"> ◦ 1.3a Evidence of calculations noted in reports to senior managers or members should be retained in all instances We recommend that evidence of calculations noted in reports to senior managers or members should be retained in all instances. The Director – Commercial & Business Services should confirm this process with the Senior Leadership Team. <i>In Progress (10% complete)</i> ◦ 1.7a All contract managers to assess contracts using the contract Tiering Tool We recommend the Director – Commercial & Business Services advises all contract managers to assess contracts using the contract Tiering Tool so consistent arrangements for contract governance can be introduced across the organisation. A formal process through which the handover in responsibility for contract management and achieving savings to the service area is clearly recorded should also be introduced. <i>In Progress (10% complete)</i> 	<p>Richard Williams 18/06/2018</p> <p>Richard Williams 18/06/2018</p>			

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0043	<p>Risk Description: SWAP Partial Assurance Audit Report - Information Sharing - SCC</p> <p>Risk Owner: Richard Williams</p> <p>Next Risk Review Date: 18/06/2018</p> <p>Cause: Report issued: 4 July 2017</p> <p>Consequence:</p>		<ul style="list-style-type: none"> ◦ 1.1.1a It is agreed that the Service Manager for Information Governance will engage with the Strategic Manager for Procurement to discuss the inclusion of Sensitive Personal and/or Personal Data in the risk analysis that is proposed to be used for the tiering of contracts, and/or in any other current central process that will ensure all contracts are managed in a manner commensurate with the data that is managed within the contract. <i>In Progress (10% complete)</i> ◦ 1.1.3a production of a project plan/roadmap takes place for delivery of the Information Asset Register It is agreed that the Information Governance Officer will request project management resource to be allocated from the business change team to ensure the production of a project plan/roadmap takes place for the delivery of the Information Asset Register in the chosen area of the SCC domain. The plan will document a GDPR compliant specification of the IAR, including characteristics for each asset and exactly what is to be delivered, including time against resource to help ensure that the IAR is delivered by May 2018. <i>In Progress (10% complete)</i> 	<p>Peter Grogan 18/06/2018</p> <p>Peter Grogan 18/06/2018 01/10/2018</p>	Likelihood : Impact :	Likelihood : Impact :	

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
Swap Partial Audit Reports	SWAP0045 Risk Owner: Richard Williams Next Risk Review Date: 18/06/2018	Risk Description: SWAP Partial Assurance Audit Report - Data Subject Access Requests Cause: Report issued: 25 August 2017 Consequence:		<ul style="list-style-type: none"> ◦ 1.2a Single central system on which all DSARs should be promptly logged and subject to ongoing central monitoring The Information Governance Manager should implement a single central system on which all DSARs should be promptly logged and subject to ongoing central monitoring. This will need to be supplemented by a process to ensure that a record is created on both LCS and AIS to log that a DSAR has been received from the customer where applicable. <i>In Progress (10% complete)</i> ◦ 1.8a The Information Governance Manager should introduce a centralised monitoring system for all DSARs to ensure there is a comp The Information Governance Manager should introduce a centralised monitoring system for all DSARs to ensure there is a complete audit trail for all DSARs being processed. <i>In Progress (10% complete)</i> 	Peter Grogan 18/06/2018 Peter Grogan 18/06/2018	Likelihood : Impact : 0	Likelihood : Impact :	
Swap Partial Audit Reports	SWAP0048 Risk Owner: Richard Williams Next Risk Review Date: 02/07/2018	Risk Description: SWAP Partial Assurance Audit Report - Network Resilience and Authentication 2017/18 Cause: Report Issued: 23 May 2018 Consequence:		<ul style="list-style-type: none"> ◦ 1.1.2a/1.1.3a - Record risk in JCAD assign ownership of risk and mitigations We recommend the risk be appropriately managed in JCAD to ensure appropriate levels of visibility across the Council and that business continuity plans for a loss of networked ICT are checked by all services. <i>In Progress (10% complete)</i> 	Mike Kenworthy 02/07/2018 02/07/2018	Likelihood : Impact : 0	Likelihood : Impact :	

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				<ul style="list-style-type: none"> 1.1.2a/1.1.3a - Business continuity plans for a loss of networked ICT are to be checked by all services. We recommend the risk be appropriately managed in JCAD to ensure appropriate levels of visibility across the Council and that business continuity plans for a loss of networked ICT are checked by all services. In Progress (10% complete) 	Mike Kenworthy 02/07/2018			
07/06/2018 - Swap Partial Audit Reports	SWAP0025	<p>Risk Description: SWAP Partial Assurance Audit Report - Impact Assessments Post Decision Making</p> <p>Cause:</p> <p>Consequence:</p>				Likelihood : Impact : 0	Likelihood : Impact :	22/05/2017 still having challenges with services not complying with finance team's quarterly reporting

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0038	<p>Risk Description: SWAP Partial Assurance Audit Report - Risk of Care Provider Failure The business failure of a care provider results in vulnerable adults being left without a means of having their care and support needs met</p> <p>Risk Owner: Stephen Chandler</p> <p>Next Risk Review Date: 05/07/2018</p> <p>Cause: Report issued: 8 March 2018</p> <p>Consequence:</p>		<ul style="list-style-type: none"> ◦ 1.3a Ensure a process is set in place for completing financial risk assessments of all care providers joining framework Agreed and we have since determined that this will be covered through spot-checking of a specific number of Framework providers per year. This will not be restricted to market risk providers only. <i>In Progress (70% complete)</i> ◦ 1.4a liaise with Finance Team to develop target date for commencing financial assessments of market risk care provider Agree to co-ordinate the approach with the Finance Team and as per 1.3a, this will be covered through spot-checking of a specific number of providers per year. It will not be restricted to market risk providers only. <i>In Progress (60% complete)</i> ◦ 1.5a Achieve full compliance with the agreed process for Care Provider Self Assessments Since the audit we have refined the information required from providers, and Business Support arrangements have improved. We will be moving to an annual review process but with quarterly reporting, hence the target date which will coincide with the next round of reviews. <i>In Progress (10% complete)</i> 	<p>Niki Shaw 05/12/2018 05/10/2018</p> <p>Niki Shaw 05/07/2018 05/10/2018</p> <p>Niki Shaw 02/11/2018 05/11/2018</p>	Likelihood : Impact : 0	Likelihood : Impact :	<p>05/06/2018 Action plan drawn up and being actively monitored</p> <p>SWAP Partial Assurance Audit Report - Risk of Care Provider Failure - Draft report</p>

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
				<ul style="list-style-type: none"> o 2.3a Decide how SC reviews will be recorded on systems so they can be monitored separately from the reviews undertaken by SPT <p>I recommend that the Strategic Manager - Mental Health and Safeguarding decides how Social Care reviews should be recorded on systems so that they can be monitored separately from the reviews undertaken by Somerset Partnership Trust. The recording of all review information on AIS should be considered rather than just reviews for funded care. This should include the recording of the reason of why a review is not required, where appropriate. Once these decisions have been made the Operational Procedure should be updated with the new process and added to the checklist we have recommended to assist Mental Health Social Workers with the recording of information on RiO. <i>In Progress (10% complete)</i></p>	Carolyn Smith 18/06/2018			
	SWAP0024	<p>Risk Description: SWAP Partial Assurance Audit Report - Section 106 Agreements</p> <p>Cause:</p> <p>Consequence:</p>				<p>Likelihood : Impact :</p> <p style="text-align: center;">0</p>	<p>Likelihood : Impact :</p>	<p>29/05/2018 S106 policy still to be finalised and published Draft policies published on website for commuted sums Mastergov IT system implemented to provide better monitoring of s106 agreements, triggers and expiry dates. Effectiveness to be reviewed. Invoicing practice to be checked and reviewed.</p>

	Risk Ref	Risk	Uncontrolled Risk	Action Required (In progress Only)	Control Owner Review Date Target Date	Current Risk Score	Controlled Risk Assessment for Financial Year	Comments
	SWAP0009	<p>Risk Description: SWAP Partial Assurance Audit Report - SCC placement Financial Controls 16-17</p> <p>Risk Owner: Philippa Granthier</p> <p>Next Risk Review Date: 23/01/2018</p> <p>Cause:</p> <p>Consequence:</p>				Likelihood : Impact : 0	Likelihood : Impact :	23/10/2017 Reviewed 23/10/2017: CAHiscock: Amended placement processes and guidance documents in place, monthly placement meetings between commissioning and operations now taking place. Detailed update on progress going to Audit Committee on 23rd Nov.

Report Selection Criteria

Status Flag=ACTIVE - Business Unit Code=SWAP - ISNULL(Project Code)

Somerset County Council
Audit Committee – 21 June 2018

Debtor Management and End of Year Performance

Service Director: Kevin Nacey, Director of Finance, Legal and Governance
Lead Officer: Martin Gerrish, Strategic Manager – Financial Governance
Author: Martin Gerrish, Strategic Manager – Financial Governance
Contact Details: tel (01823) 355303 or e-mail: mgerrish@somerset.gov.uk
Cabinet Member: Cllr Mandy Chilcott, Cabinet Member for Resources
Division and Local Member: All

1. Summary/link to the County Plan

- 1.1. This report reviews the recovery of outstanding debts (monies owed to SCC) for the 2017/2018 financial year, including the performance and position at year end. The report also shows the latest available position in terms of outstanding debts and their composition as at the end of April / May 2018.
- 1.2. The achievement of good performance in this area is linked to the County Plan in relation to “bring in more funding and resources”.

2. Issues for consideration

- 2.1. Members are asked to comment on the position in relation to outstanding debt performance at the end of the financial year and previous month.

3. Background

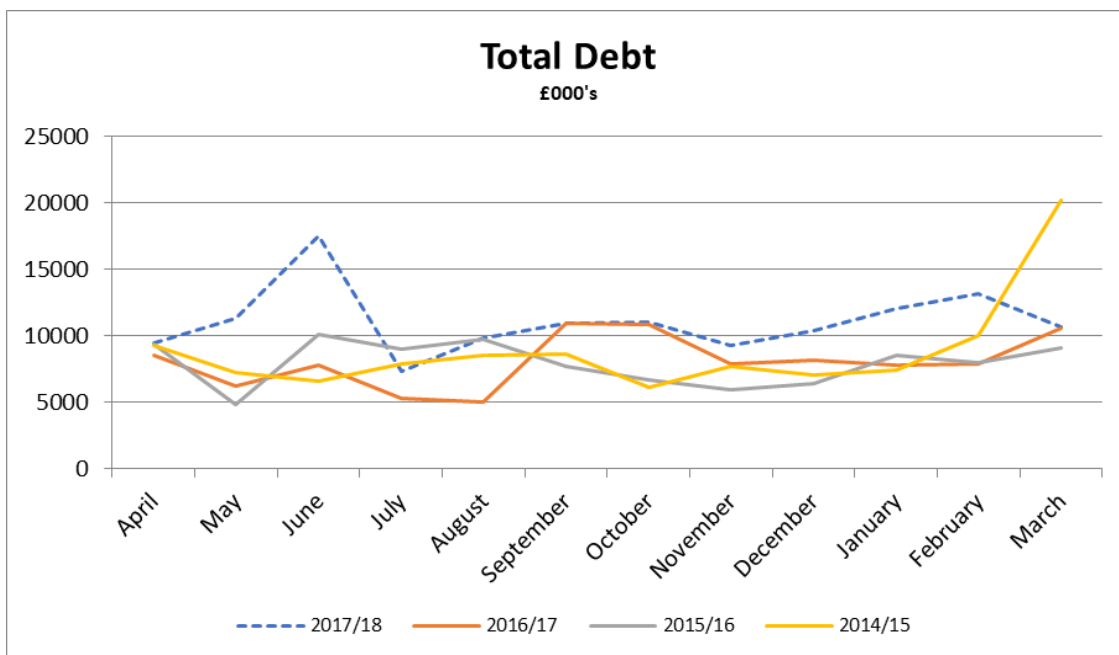
3.1. Headline figures as at 31st March 2018

Services’ total net outstanding debt reported on the Accounts Receivable system stood at **£10.647m** as at 31st March 2018. This compares with a figure of £10.583m as at 31st March 2017.

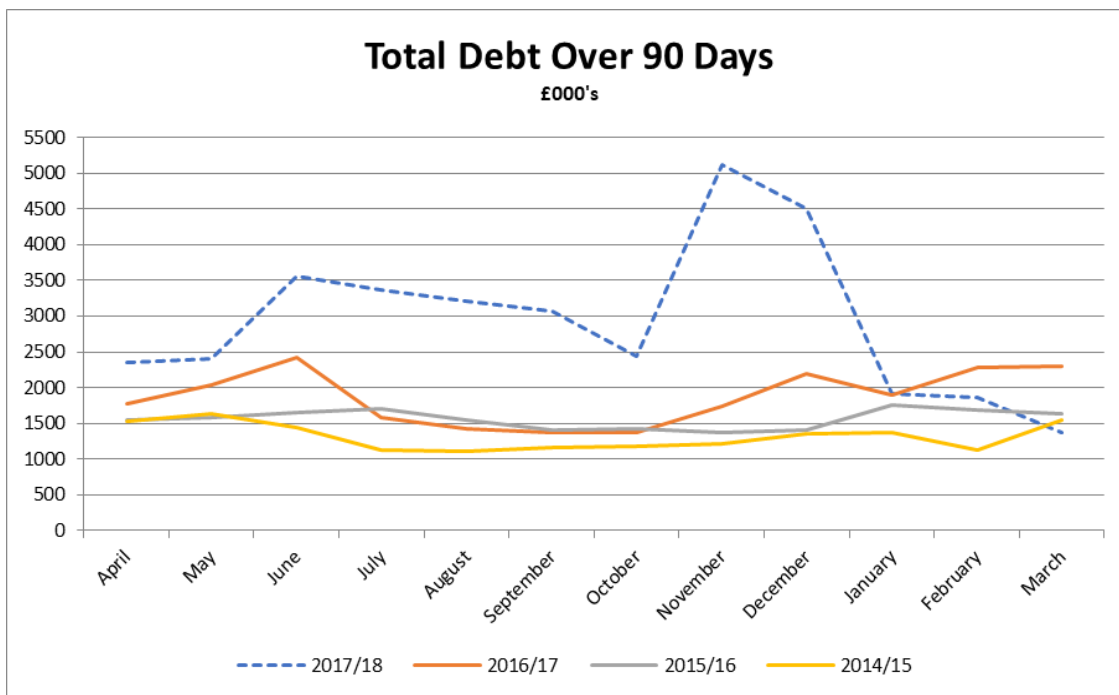
The percentage of debts over 90 days as at 31st March 2018 was **12.92%**, which compares to 21.47% over 90 days as at 31st March 2017. A breakdown of the larger debts and debtors by category is included below. Our long-term target, which would demonstrate a strong performance, is 15%.

The graph below shows the total debt outstanding over the last 4 years. The total debt figures for 2017/2018 (the dotted line) show that the amount of debt outstanding during the last financial year was consistently higher than on previous year.

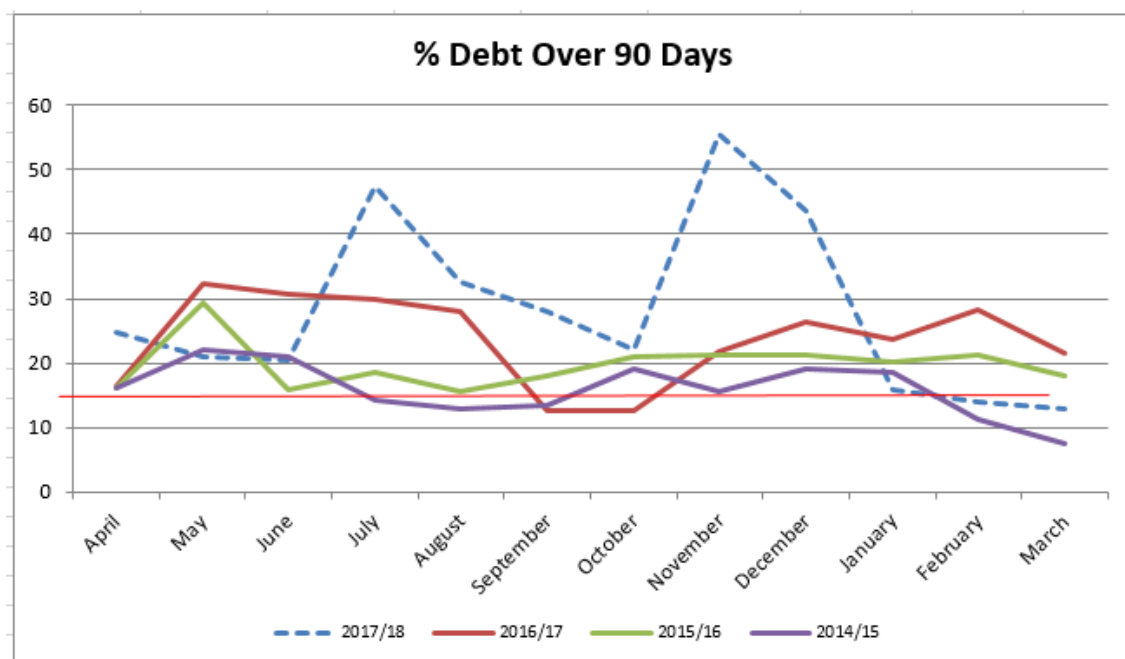
In itself, outstanding debt is not an issue for the County Council, and it would not be a problem if the total amount of fees and charges raised at any one time were to increase as services sought to maximise income.



The graph below shows that, whilst our outstanding debt is higher, the last quarter of 2017/2018 showed a marked improvement in collecting the debts before 90 days have elapsed. Members will recall previous reports for the summer period last year, where the difficult to collect debts were excessive. The roll-out of the new Income Code of Practice (from November's Audit Committee meeting) is also clearly having an impact.



As a result, the percentage of debts over 90 days old has decreased significantly in the final quarter of 2017/2018 as per the graph below. This is the best quarter for the particular performance indicator since the final quarter of 2014/2015.



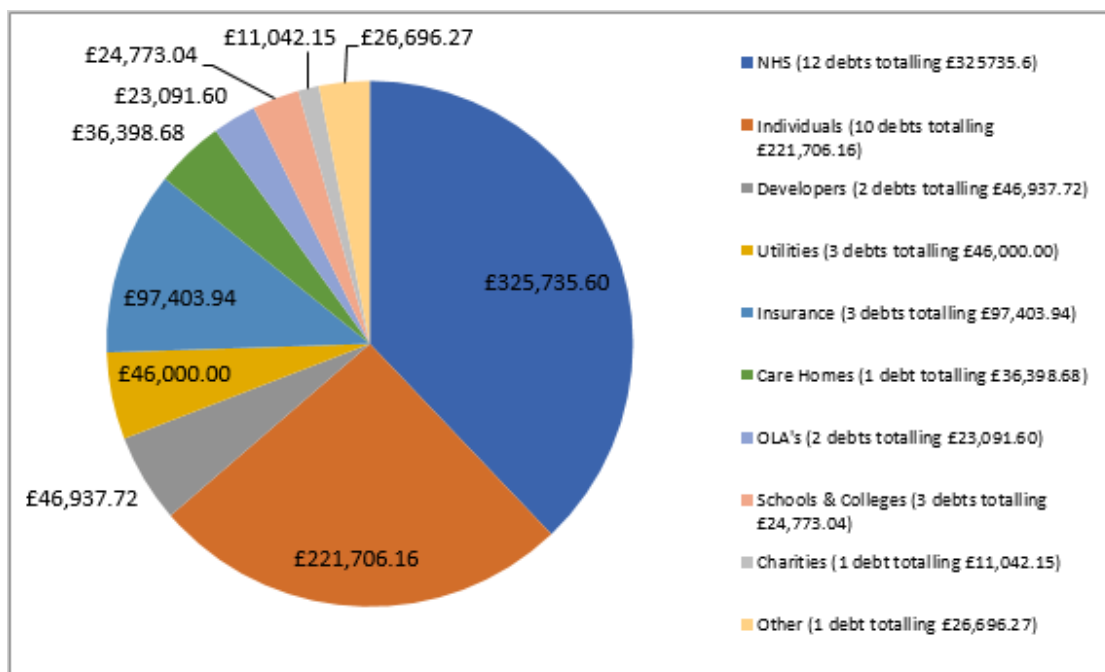
3.2. Breaking down the year end debt position

At the year end, the over 90 days debt totalled £1.376m. Thirty-eight of these debts were over £10,000 in value, and these large debts comprised **£0.860m**, or 62.5% of the total debt over 90 days. This again represents significant progress since the last Debt Management report to Audit Committee, where the value of debt over 90 days and over £10,000 in value was **£1.355m**.

The pie chart below demonstrates the category of debt and value making up these large debts at 31st March 2018.

The composition of this large and older debt is as per previous reports in 2017/2018, with health debts still being the largest single contributor. However, even this figure is a substantial reduction on previous months, where this was regularly in excess of £1m.

As at the start of June, 13 debts of these large debts recorded at 31st March 2018 had been paid from this figure, with a total value of £0.330m. This included 7 health debts cleared (£0.202m).



3.3. Year End Write-Offs

One of the key measures that we bring to Audit Committee when reporting year end is the amount and reasons for debts being written off. Figures that come from the Accounts Receivable system have shown a consistent performance in this area when compared to previous years.

The measure we have again used is the gross debt raised, less any credits raised against this figure such as for reissues, errors and so on. Officers believe that this is probably a more accurate value of collectable debt raised than simply the gross debt raised.

The net debt raised was £87.320m, and the net write-offs were £0.221m, giving a **99.75% collect rate**. This is very much in line with previous years' performances – 2015/2016 was 99.82% and 2016/2017 was 99.86%.

3.4. Causes of write-offs

The new Income Code of Practice now requires a suitable reason for write-offs to be made, in addition to having the necessary authority to do so. The write-off form has been redesigned for 2017/2018, and therefore the amount in "Other" has been better analysed than in previous years. (It is still possible that there might be a certain amount of overlap between "Not cost effective to pursue" and "All debt options exhausted").

The causes are analysed in the table below: -

Reason Quoted	2016/2017	2017/2018
Not cost effective to pursue	13.82%	42.25%
All debt options exhausted	23.91%	27.06%
Deceased	24.35%	17.55%
Unenforceable	11.60%	9.23%
Insolvent/bankrupt/administration/liquidation	6.51%	1.19%
Other	19.80%	2.71%

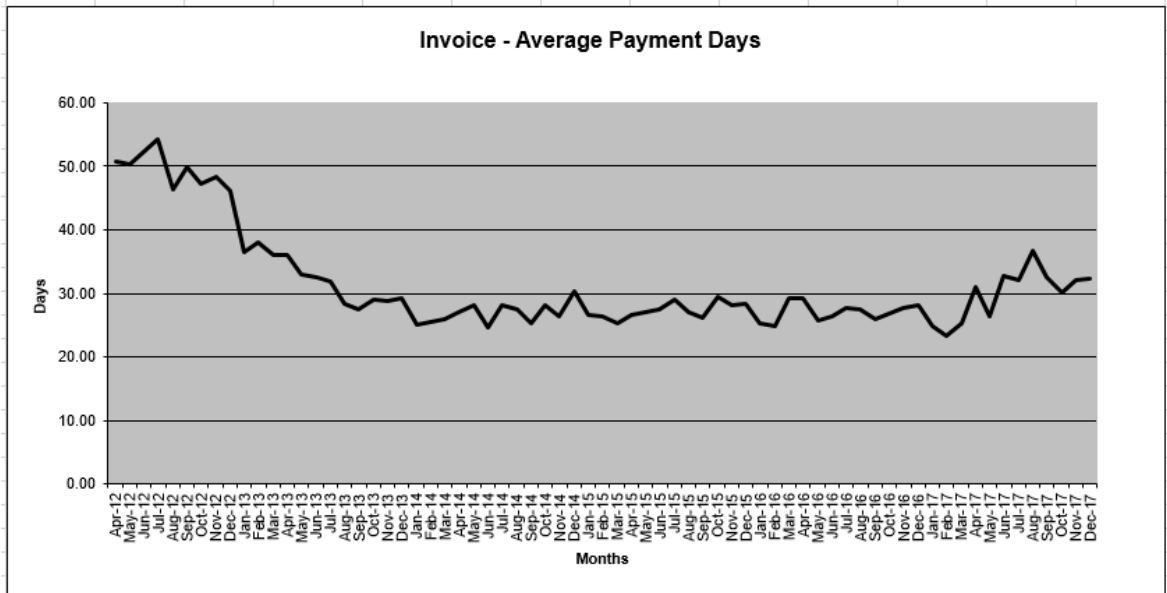
“Other” covers a wide range of reasons, such as when we are unable to trace a debtor, Court Orders, where a settlement is reached, where an error has been made (by us), service decisions not to pursue, exchange rate differences or when the Statute of Limitations has been reached.

The single most common cause for write-offs remains a simple economic test. At a certain point in the process, depending on the outstanding value, the costs of proceeding with legal debt recovery (i.e. the costs and fees of issuing court proceedings, which may not be recoverable), can outweigh the amounts to be recovered. Typically, such smaller debts have been pursued up to the “Letter Before Action stage”, when a decision is made whether they are indeed cost effective to pursue. The new Income Code of Practice sets out the relevant values for not pursuing debts when it becomes uneconomical.

It is not yet clear whether the Pre-Action Protocol relating to debts from individuals and sole traders is impacting on our write-offs.

3.5. Average payment days

The other criterion that officers consider important in debt collection is the calculation of the average number of days for an invoice to be paid. Obviously, this cannot be calculated until a sufficient period of time has elapsed to allow for debts to be paid, so our latest analysis is for December 2017 at 32.34 days.



Whilst this is an improvement on the summer months, this still needs to be brought down, and the further roll-out of training and embedding of the Income Code of Practice should improve this performance. This figure has been (just) in excess of 30 days for 6 consecutive months of analysis.

3.6. Latest debt figures and significant debts outstanding

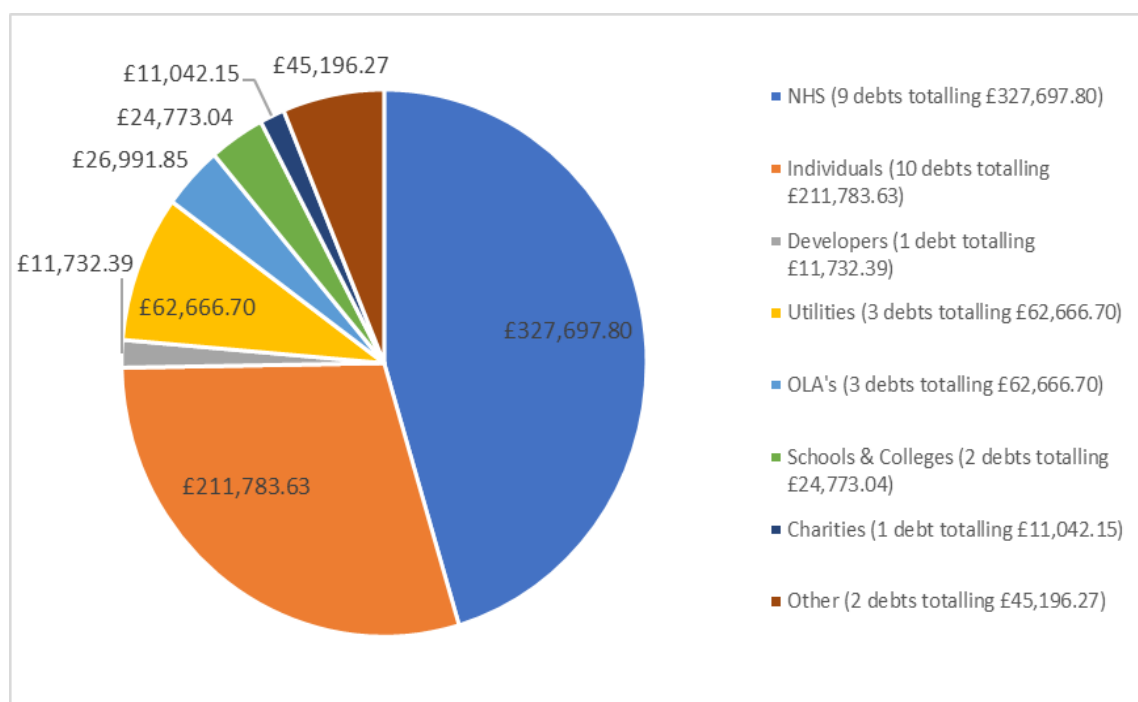
Services' total net outstanding debt reported on the Accounts Receivable system stood at **£11.355m** as at 30th April 2018. This compares with £11.535m as at 30th April 2017.

Debt over 90 days stands at **£1.035m** as at 30th April 2018, which equates to just **9.11%** of the total debt. This compares with £2.356m as at 30th April 2017, which was 20.43% of the total debt. The 9.11% performance is the best that we have ever recorded.

3.7. Breakdown of latest debt figures

There is a total of 31 debts over 90 days old and over £10,000 as at the end of May 2018. In total, these larger, older debts total **£0.722m**.

The breakdown of these larger debts is very similar to the end of year figures, albeit that both the number and the value are slightly less:-



4. Consultations undertaken

4.1 Debt management is considered monthly at the Finance and Performance Management Team meetings. Debt is also regularly reported to Cabinet.

5. Implications

5.1 If debt is not collected promptly it greatly increases the risk that it may need to be written off which has an impact on the revenue budgets of services. It will also have a (smaller) impact on cashflow costs for the County Council.

6. Background papers

- 6.1.** Previous reports to Audit Committee, including the Income Code of Practice (November 2017).
- 6.2.** Pre-Action Protocol documentation and requirements.

Note For sight of individual background papers please contact the report author

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Somerset County Council
Audit Committee – 21 June 2018

Draft Annual Governance Statement 2017/2018

Service Director: Kevin Nacey, Director of Finance, Legal and Governance

Lead Officer: Scott Wooldridge, Monitoring Officer

Author: Martin Gerrish, Strategic Manager – Financial Governance

Contact Details: tel (01823) 355303 or e-mail: mgerrish@somerset.gov.uk

Cabinet Member: Cllr Mandy Chilcott, Cabinet Member for Resources

Division and Local Member: All

1. Summary/link to the County Plan

- 1.1. This report invites members of the Audit Committee to consider the attached draft Annual Governance Statement (AGS) for the County Council.

Subject to members' comments, this will then be signed by the Leader of the Council and the Chief Executive, and the Statement will form part of the 2017/2018 Statement of Accounts.

- 1.2. Good governance, as evidenced in the Annual Governance Statement, is an essential pre-requisite to any organisation pursuing its vision effectively, and underpins that vision with effective control mechanisms and risk management.

2. Issues for consideration

- 2.1. Members of the Audit Committee are asked to comment on the content of the draft Annual Governance Statement for 2017/2018 (Appendix A).

3. Background

- 3.1. The Accounts and Audit (Amendment) (England) Regulations 2015 require the County Council as proper practice to produce an Annual Governance Statement to sit alongside the County Council's Statement of Accounts. The purpose of this statement is to provide assurance that the County Council has a sound governance framework in place to manage the risks that might prevent achievement of its statutory obligations and organisational objectives.

The production of an Annual Governance Statement is therefore a mandatory requirement.

- 3.2. The County Council is also required to carry out, at least annually, a review of effectiveness of its governance framework. This review of internal controls provides additional assurance that the Statement of Accounts gives a true and fair view of the County Council's financial position at the reporting date and its financial performance during the year.

As noted within the Annual Governance Statement itself, this review was informed by a wide range of internal and external sources. The review sought to consider whether there were any serious governance weaknesses and what actions would be needed to deal with them.

Members are reminded that both the format and the review process are heavily prescribed for us. To ensure that all local authorities carry out this process in the same way and to the same standards, there is specific guidance in 2016 by CIPFA / SOLACE in “**Delivering Good Governance in Local Government**” and through extensive guidance notes.

The circular diagram included in the Annual Governance Statement shows the 7 key principles of governance that authorities are obliged to consider. Beneath each of these principles are a number of sub-principles and beneath the sub-principles are behaviours and actions that would demonstrate evidence of having a suitable governance framework in place (91 in total). There are also examples of what could be used to demonstrate compliance with CIPFA / SOLACE.

The 2017/2018 financial year was the second year that this guidance was in force. Significant work was required to ensure that Somerset could provide evidence of 91 separate lines for 2016/2017. Our approach was to delegate the responses to the appropriate officer (e.g. the Monitoring Officer for anything constitutional), and where possible to use existing documentation and links in responding. The output was a spreadsheet detailing the evidence in some considerable detail. For 2017/2018 we have simply followed the same approach and asked the relevant officers to either confirm that the governance arrangements are the same, or to update where appropriate. The 7 relevant sections in the Annual Governance Statement have again been drafted from our detailed review.

Where possible, I have included 2017/2018 examples of the consultations we have carried out and governance reviews, such as the Corporate Peer visit.

3.3. There are a very few areas amongst the 91 behaviours where we still cannot demonstrate complete compliance. These have not changed since last year’s review: -

- The framework suggests that “members appraisals” would be one possible example under the “behaving with integrity” principle. There is no Council appraisal of the performance of individual councillors, but we do have a Members Code of Conduct and a Standards Committee, and members can have a personal development plan. We are not alone amongst local authorities in not fully meeting the framework in this respect.
- One behaviour is to ensure that external providers of services are required to act with integrity and high ethical standards. It is very difficult for us to actually “ensure” this. There are a number of ways we try to manage in this area, such as anti-collusion declarations during any tendering process, qualitative measures in our contract appraisal, agreements in place when we enter into partnerships for service delivery, and our Anti-Fraud policy, where “zero tolerance” extends to everyone.

The conclusions from this latest review are that we still have a strong governance framework in place, and that we can demonstrate our compliance.

Members should note that having a strong governance framework in place will fully mitigate our risks, nor can the existing of a framework guarantee full compliance with our governance requirements. This is evident from some of the

“Partial” assurance audits that are being reported to Audit Committee by SWAP, and potentially in breaches of various Codes of Conduct and any necessary HR actions that results.

- 3.4.** There are other sections of the Annual Governance Statement that are required in order to give the necessary assurance about our arrangements, either through the Delivering Good Governance in Local Government framework itself or from other CIPFA publications.

The CIPFA Statement of the Role of the Chief Financial Officer in Local Government is a specific requirement. The ability of the s151 officer to be involved in and influence the strategic direction of the authority is an essential control, particularly as the financial situation for all authorities remains a high risk. It would be a serious governance issue if we could not demonstrate that the s151 officer was in a position and had the necessary attributes to carry out his or her statutory role.

The table in the Annual Governance Statement confirms our compliance in this matter for 2017/2018.

- 3.5.** In accordance with the CIPFA “disclosure requirements”, when the draft Annual Governance Statement is formally approved, the Governance Board will turn the remaining outstanding issues and forward work into a single Action Plan. This will comprise all the steps that officers believe would further strengthen our governance. Many of these will already be known and on-going actions, such as the continual review of the Constitution and key financial policies.

For the last financial year, we closely aligned this Plan with the Healthy Organisation report that was completed in early 2017, and which already included a number of governance recommendations.

The work arising out of the current draft Annual Governance Statement will again be informed and updated when we get the Healthy Organisation report from SWAP later this financial year. Officers will then be in a position to incorporate the latest SWAP recommendations with our own plans.

- 3.6.** Generally speaking, the majority of the requirements of an Annual Governance Statement make it a backwards-looking document, providing the necessary assurance that a reliable framework was in place for the financial year that aligns to the Statement of Accounts.

However, best practice suggests that the Annual Governance Statement should reflect the unique features and challenges of the County Council, and that it should also anticipate known and potential governance challenges ahead. This year’s Statement has again deliberately included Somerset examples of both good governance measures that have been implemented locally, and also of the significant challenges ahead. By doing so, it also highlights some of the areas, which if not controlled adequately, could present additional corporate risks in 2018/19. For example, this would include where we are planning to work differently with our partners, or where we are exploring new ways of delivering

services to our residents and undertaking significant major projects

- 3.7.** The contents of the Annual Governance Statement will need to be reviewed immediately before the publication of the final accounts to ensure that the governance framework and risks have not significantly changed since the review was carried out.

This will give Audit Committee members a final opportunity to review and confirm that the Statement (at the July meeting) is in accordance with their understanding.

- 3.8.** The Council continues to go through a period of great change and challenge, as it delivers of the Council's new objectives with fewer resources and potentially through new mechanisms for delivery. All these changes increase the potential for risk, which must be recognised and managed.

The Governance Board therefore believes that ensuring strong governance continues throughout the organisation remains critical.

4. Consultations undertaken

- 4.1.** The Monitoring Officer and the s151 Officer have both been consulted in the preparation of the Annual Governance Statement. Members of Governance Board have been involved in the preparation of the Annual Governance Statement which also reflects the agendas and work of this Board. We have also held discussions with officers in other key areas, such as Performance and Communications.

5. Implications

- 5.1.** All included above.

6. Background papers

- 6.1.** Delivering Good Governance in Local Government: a framework (CIPFA/SOLACE)

The Role of the Chief Financial Officer in Local Government (CIPFA)

Note For sight of individual background papers please contact the report author

Draft Annual Governance Statement (2017/18)

This section gives the results of our yearly assessment of how well we are managing and controlling risks to achieve our aims and meet the responsibilities we have by law.

Responsibility

We are responsible for making sure that we:

- carry out our business in line with the law and proper standards;
- protect public money and account for it properly; and
- use public money economically, efficiently and effectively.

We also have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of **economy, efficiency and effectiveness**. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and the management of risk.

Regulation 6(1)(a) of the Accounts and Audit Regulations 2015, require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control, and to include a statement reporting on the review with any published Statement of Accounts. Regulation 6(1)(b) of the Accounts and Audit Regulations 2015 require that for a local authority in England the statement is an Annual Governance Statement.

In England, the Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be “prepared in accordance with proper practices in relation to accounts”. For a local authority in England this requires the statement to be in accordance with *Delivering Good Governance in Local Government: Framework (2016)* and the *CIPFA Code of Practice on Local Authority Accounting for 2017/2018*. In preparing and publishing this Statement, we therefore meet these statutory requirements. Somerset County Council has an agreed local code of corporate governance. (A copy of these documents can be obtained from Martin Gerrish, Strategic Manager – Financial Governance, ECI and Corporate Services at mgerrish@somerset.gov.uk).

Defining governance and the local governance framework

The Framework defines governance as follows:-

“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.”

“To achieve good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times.”

“Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders”.

The governance framework as operated locally at Somerset County Council comprises:-

- i) **systems** (such as SAP, our financial system, and JCAD, our risk management system);
- ii) **policies** (such as the Constitution, Standing Orders and Scheme of Delegation, HR policies); and
- iii) **culture and values** (such as the 4C's, good communications, codes of conduct and the Standards Committee)

This framework sets out the way in which the authority is directed and controlled and through which it accounts to, engages with and leads the community. It enables the authority to set its strategic objectives, monitor their achievement and consider whether they have led to the delivery of appropriate, cost-effective services. There is also regular review by internal and external audit, and by various inspections. At an officer level, the Governance Board has the responsibility for monitoring compliance and for continually improving governance arrangements. The Governance Board is chaired by the Director of Finance, Legal and Governance, and comprises a number of the Senior Leadership Team and professional leads such as legal, audit, risk and the Monitoring Officer.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only seek to provide reasonable and not absolute assurance. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Somerset County Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised. It ensures they are managed efficiently, effectively and economically.

The review of internal controls provides additional assurance that the Statement of Accounts gives a true and fair view of the authority's financial position at the reporting date and its financial performance during the year.

Unless stated below, the governance framework has been in place at Somerset County Council for the whole of the year ended 31 March 2018 and up to the date of approval of the Statement of Accounts. The County Council continually seeks to improve its governance arrangements, and evidence of continued "best practice" is found within the governance reviews referred to below.

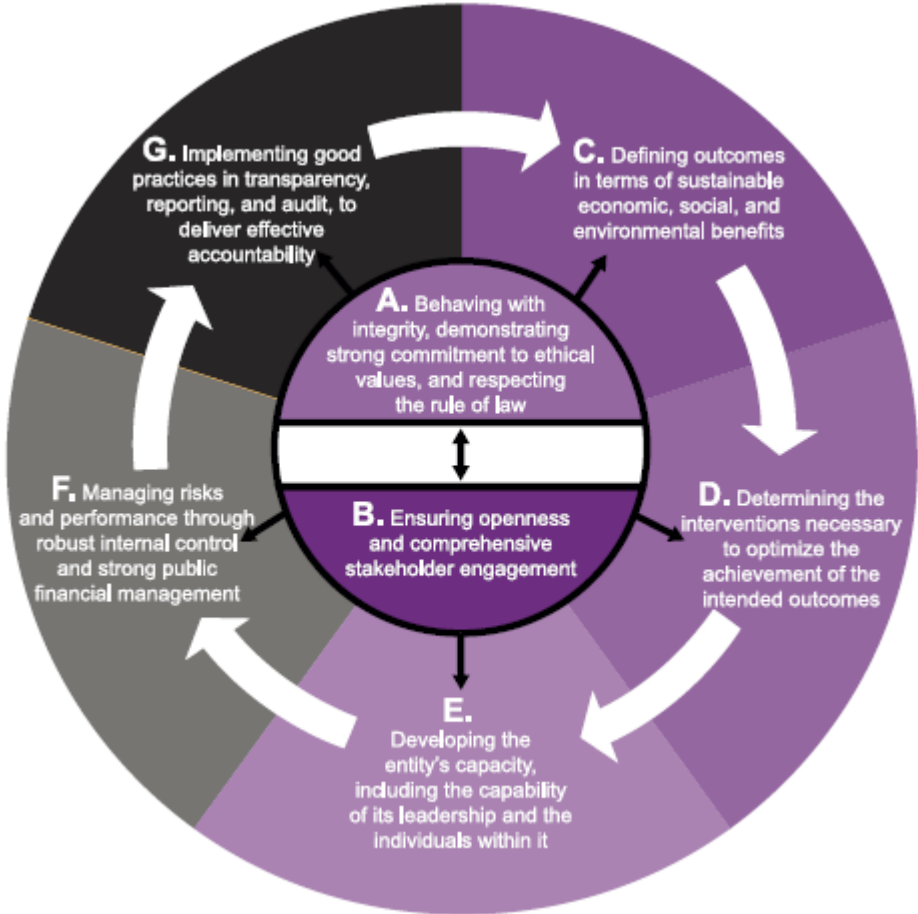
Review of our governance framework

Delivering Good Governance in Local Government: Framework (2016) was an update to the previous 2007 publication, and 2017/2018 is the second financial year for which this framework applies. Whilst there is some clear correlation with the principles set out in the 2007 publication, the new Framework did require the Governance Board to carry out a very full review based on the 7 new principles and numerous sub-principles and actions last year, and to consider the level of Somerset County Council's compliance for each. The Framework offers examples of evidence that could be used in demonstrating compliance.

Subsequent to the review for the 2016/2017 accounts, for 2017/2018 key officers have considered their responses to the principles outlined below, and either confirmed that these are still in place or have provided an updated position.

There is a substantial amount of documentation and links which underpin this review and the information contained within this statement, which can be obtained from Martin Gerrish, Strategic Manager – Financial Governance, ECI and Corporate Services at mgerrish@somerset.gov.uk.

The principles within the required Framework are set out schematically below:-



A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Behaving with integrity

Somerset County Council has both a Members Code of Conduct and an Officers Standards of Conduct, which the respective individuals are required to adhere to in their respective roles. Whilst the Members Code of Conduct has been published in the Councils Constitution for many years to improve transparency, there is an intention to strengthen transparency and assurance by developing an Officers’ Code of Conduct for future inclusion in the Constitution.

All members of the County Council are obliged to sign an “acceptance of office”, and post-election they have a full induction and training programme, including the Members Code of Conduct. Given that elections were held in May 2017, this is a relatively recent occurrence. It is not unknown for further tailored training sessions to be run for interested members on specific topics, such as finance, the Council’s strategic priorities and commissioning services. The Council’s Monitoring Officer oversees member induction and support services for elected members and specific objectives are set out in a Member

Development Strategy. The Council has a Member Development Panel which has cross-party membership and works with officers on improving support for elected members which includes training and other activities to support the Code of Conduct. The County Council also runs a “buddy” system, whereby each new member is allocated a senior officer as a point of contact for any questions or concerns that they might have, such arrangements lasting until the member is established.

Whilst the Council does not operate annual “member appraisals” as such in the same way that it does for its officers, it does offer Personal Development Plans. These are undertaken voluntarily and are particularly targeted at county councillors that are new to the council. These provide an opportunity for reflection and action. Part 2 of the Council’s Constitution includes details regarding a number of rules, codes and protocols that are required of those acting on behalf of the Council.

Officers sign contracts of employment, and are required to complete a probationary period of employment as standard. There are a multitude of ways in which the organisation communicates its expectations with its staff. The 4 C’s (Care and Respect, Customer focus, Collaboration and Can Do) describe our values, which all employees are expected to work to, and we have built expected behaviours and competencies on. They form part of every member of staff’s personal annual appraisal. We reinforce the importance of the 4C’s through our annual Staff Awards, where staff are asked to nominate colleagues who have demonstrated these cultural values in their work.

All relevant HR policies are in place, and made available from the intranet homepage. These include a formal disciplinary procedure; a Whistleblowing Policy; an Equalities Policy; a Data Protection Policy; anti-fraud, corruption, bribery and money laundering policies. We maintain a register of interests and a register of gifts and hospitality for both members and staff. These registers are included as part of the Internal Audit Plan for 2018/2019).

Demonstrating strong commitment to ethical values

SCC operates a Constitution and Standards Committee, created by the merger of the previously separate Constitution and Standards Committees in May 2017. Under the Constitution, this Committee “has responsibility for promoting high standards of conduct by Members, Co-opted Members and Officers and for the policies and processes which support this aim”. This Committee meets at least quarterly, and reports into Full Council at least annually and more often should the need arise. During 2017/2018, this Committee considered and approved (amongst other items) new rules to strengthen standards for councillors, and issues around Access to Information and the Constitutional Provisions.

The Code of Conduct for Members and Co-opted Members set out in Part 2 of our Constitution makes specific reference to the need to adhere to seven principles of public life (the Nolan principles).

All formal meetings of the Council require declarations of interest from committee members as a standing item, and meetings are both minuted and recorded. There is also a member complaints policy which is overseen and administered by the Council’s Monitoring Officer.

Core Brief and Members Core Brief are used to reach staff and members, and often include reminders and guidance about behaviour and conduct.

Respecting the rule of law

SCC's Constitution sets out our legal requirements around decision making and other constitutional arrangements, and there is significant guidance on the intranet to guide officers in ensuring that Decisions are taken by the appropriate committee, member or officer under the Scheme of Delegation. Key member roles and responsibilities are set out in the Constitution, and statutory officer posts (with appropriate Job Descriptions) are an integral part of the Council's structure. The Constitution is reviewed quarterly by the Constitution and Standards Committee, and updated at least annually by Full Council to ensure that it remains fit for purpose and is legally compliant.

The sign-off process for Decision reports require sign-off amongst others by County Solicitor, the Monitoring Officer, and Corporate Finance, and requires the author to set out (amongst other details) the legal implications of the proposed Decision.

An Equalities Impact Assessment must be completed for all decisions – unless the Equalities Manager has agreed otherwise. The Monitoring Officer will not sign-off reports unless the Equalities Impact Assessment has been completed and sent to Democratic Services.

All contracts must be let in accordance with SCC's Contract Standing Orders, and with the guidance of specialist procurement and legal services officers in order to comply with the legal requirements such as the EU procurement regulations.

There are a number of protocols that we operate in order to create the conditions for statutory officers and members to fulfil their responsibilities, such as a Member / Officer Protocol, the Tell Local Councillor Protocol and a Protocol on Members' Access to Information and other Confidentiality Issues.

B. Ensuring openness and comprehensive stakeholder engagement

Openness

Our Constitution states that a key principle for decision-making in Somerset County Council is a presumption in favour of openness. It also details the Access to Information requirements in relation to agendas, meetings, report minutes, summary of outcomes and decision records. All Committee meetings are held in public session, with Public Question Time, unless there is an overriding need for confidentiality, which would be strictly in accordance with the appropriate regulations. The public are permitted to record our meetings, and we also keep an audio record of proceedings. The Access to Information requirements were reviewed by the Constitution and Standards Committee during the financial year and updated at the Council meeting in May 2018.

Our Key Decisions are all publically recorded, and the templates for decisions require officers to provide all necessary and pertinent information to make an informed decision. We publish our Cabinet forward plan of business well in advance, again in accordance with Access to information requirements. We have a dedicated intranet page that clearly directs officers and report writers to the detailed requirements to take decisions in accordance with the Constitution and Schemes of Delegation

We automatically provide a substantial amount of information on our and our partners' websites. We comply with the transparency requirements, and go through an annual assurance process to confirm that this is the case. We publish our spend information as required to do so under the regulations. We have an intention to increase the amount of data provided.

We are very open with our communications and Press Releases. We have a corporate website that provides up to date information on Council services, structure and democratic process (includes an online Newsroom). We use Press Releases and digital communications channels used to highlight progress, key decisions and developments. Our Press releases are distributed to all Somerset media and posted on website Newsroom. They are also distributed to all members. We use social media channels used to share news, such as Corporate Facebook and Twitter accounts, along with campaign/service specific accounts.

We publish a Your Somerset newspaper delivered free to all homes in Somerset on a quarterly basis. This highlights key service changes and developments, success stories and shares information to help access services.

We continue to engage with our partners, stakeholders and staff through a variety of media. We continue to run the Listening, Learning Roadshows. This is a large scale public engagement initiative, with events across Somerset, engaging on budget and priorities and current key issues. It has now been running for 5 years and has spoken to over 20,000 residents. Reports with the findings of these exercises are shared with Cabinet/SLT and part of the consultation package considered in budget setting process. They are also published on SCC website. Staff receive a weekly Our Somerset and a monthly Core Brief.

Engaging comprehensively with institutional stakeholders

Somerset County Council has a strong record of consultation and engagement. We have a consultation website with suitable guidance and a dedicated consultation officer. In 2017/18 we have contributed to 51 consultations and external surveys with over 7,200 individuals engaged. We have also assisted with three internal staff surveys to the entire workforce. Some of the key consultation/engagement work carried out over the last year includes:

- Family Support Service and Children's Centre Consultation;
- Somerset Libraries Services Consultation 2018
- Sheltered Housing Support Consultation
- Drugs and Alcohol Partnership Service Consultation
- Children and young People with Hearing Impairments
- Pharmaceutical Needs Assessment
- Healthy Eating and Physical Activity Support in Somerset.

Supporting engagement and consultation for the Health and Social Care Strategy will be forthcoming as well as being heavily involved in communications/engagement/consultation work required to support the local government reorganisation discussions in Somerset.

We have a Partnership Register that provides a list / record of all partnerships that SCC is involved in. Partnership Lifecycle Guidance is available and refreshed on an annual basis. The guidance highlights key points to consider at each stage of the partnership lifecycle and provides links to relevant internal and external guidance and best practice. There is also a Partnership Protocol, which summarises the position of Somerset County Council when working in partnership. It also sets out what is expected of Officers and Elected Members when they are involved in a partnership.

We have led a consortium of 19 local authorities and partner organisations to ask for more powers from Government. Devolution is important to the South West and Somerset will play a leading role. During 2017/2018, this has progressed into becoming the Heart of the

South West Joint Committee, established under Sections 101 to 103 of the Local Government Act 1972. The key purpose of the Joint Committee is to be the vehicle through which the HotSW partners will ensure that the desired increase in productivity across the area is achieved. This is a significant governance opportunity for the future.

The partnership working with our health partners remains of critical importance in both service delivery and in shared financial efficiencies. NHS England has challenged the health and care system to develop a Sustainability and Transformation Plan (STP), which is a 5 year forward view, and Somerset County Council has been fully engaged as a full partner in the STP development process. This is to participate in the design of health and care systems in Somerset to secure better health outcomes for the residents of Somerset, and to ensure better access to appropriate services. It is also to ensure the financial sustainability of health and care services in Somerset. Our Chief Executive is the Senior Responsible Officer for the STP. The Council is also the lead authority for the Somerset Health and Wellbeing Board which has its own Constitution.

During 2017/2018, the County Council, along with our key partners on the Health and Wellbeing Board, adopted the Somerset Prevention Charter, recognising that getting prevention right is essential to the future sustainability of public services. The Prevention Charter provides a common understanding of prevention across many organisations. This work links significantly with both the County Plan and the Somerset Health and Wellbeing Strategy where the focus is on supporting people to live healthier lives.

We undertake an annual statutory Joint Strategic Needs Assessment (JNSA) which informs the Health and Wellbeing Strategy. Whilst focusing on older people, the implications affect all ages across all communities

In addition, during 2017/2018 Somerset considered a Joint Strategic Commissioning Function bringing together the health and social care commissioning responsibilities of Somerset Clinical Commissioning Group, Somerset County Council and NHS England. This approach requires much greater use of pooled budget arrangements through Section 75 powers.

There is a quarterly Voluntary, Community and Social Enterprise (VCSE) Strategic Forum (complete with its own website) with senior staff from the County Council, District Councils, Clinical Commissioning Group, and other key county-wide services to enable an exchange of information and views for the benefit of Somerset's people. This includes an Annual Leaders Conference. In early 2017, along with key partners, we commissioned the first Somerset VCSE State of the Sector Report.

The Somerset Armed Forces Covenant brings together charities, local authorities, other public sector organisations, businesses, communities, individuals and the military in a pledge of support between local residents and the armed forces community in Somerset.

The Somerset Waste Partnership with all 5 Districts continues to run both waste disposal and waste collection services across the County. It has its own Joint Committee (the Somerset Waste Board), Constitution and Inter-Authority Agreement. It is still a unique undertaking nationally, and has provided substantial financial benefits to all partners and strong performance around areas such as recycling and food waste.

The Corporate Peer Challenge was extremely positive in the County Council's engagement with its partners, such as the HotSW LEP, and commented that this provided a "more effective foundation on which to improve outcomes" and that the County Council

was “our partner of choice” from several external stakeholders.

C. Defining outcomes in terms of sustainable economic, social and environmental benefits

Defining outcomes

For 2017/2018, SCC had very clearly defined outcomes that it has set out publicly for the benefit of the residents of Somerset. The published County Plan 2016-2020 includes a Vision for Somerset and states the aims of more jobs; more homes; more powers from government; more local co-operation; better health; better education and prospects; better roads, rail, broadband and mobile signal. There is a strong commitment to the importance of adult and children’s social care.

There are also a number of longer term stated ambitions, which comprise a university for Somerset; a new market town; a major jobs boost through the creation of a business park; a significant push on energy initiatives; devolved powers from government and further joining up of our services with the NHS.

The County Plan recognises the financial challenges that the County Council faces, and seeks to bring in more funding and resources to be sustainable in the future. It seeks to remove social, economic and health inequalities across the County. We recognise the need to work with our partners such as the Local Enterprise Partnership and the NHS to make our services sustainable.

Within this wider Vision, are a number of specific areas that underpin it such as our Devolution Bid that sets out the outcomes that we will deliver by 2030, the local context and our record of delivery, and the opportunities in the South West. It also sets out what central government would need to devolve in order to make this happen.

A new County Vision and Business Plan will go to Cabinet in June 2018, which will replace the existing Vision that was in place during 2017/2018.

The Corporate Peer Challenge “found a clear causal relationship between the council’s priorities and the needs of the communities it serves”.

There are various processes that necessarily in place in order to ensure that we manage the change to our services and to our governance in an appropriate manner. We regularly report our progress in public on the Core Council Programme, which is the way in which we govern a number of major transformational initiatives that we are undertaking to improve our services. We regularly report on our progress through the Performance Wheel reporting mechanism. Risk management work is reported quarterly, so that members are aware of the risks and mitigations to achieving our aims.

When we take decisions, such as the Medium Term Financial Plan (MTFP) process, we ensure that we not only consult, but also carry out an equalities impact assessment, including a strategic MTFP assessment.

Sustainable economic, social and environmental benefits

The capital programme regularly includes a number of investments that provide these benefits, such as a well-maintained highways network, provision for the building of new schools, a substantial contribution to rural superfast broadband connectivity in the South

West and a Business Growth Fund allocation. We have been successful in attracting a substantial amount of Growth Deal funding through our Local Enterprise Partnership (LEP) for the benefit of Somerset, and numerous grants for specific highways schemes. Key Decisions taken in 2017/2018 by Cabinet have included the Yeovil Western Corridor and the Somerset Energy Innovation Centre (Phases 2 and 3).

The Somerset Waste Board took the formal decision on Recycle More during 2017/2018, with an implementation date commencing in April 2020. This will result in additional material being recycled at kerbside, improving our recycling rate by including plastics and other materials in the recycling stream. The Recycling Centres will also be taking more separated recyclable materials. Together with the Energy from Waste (EfW) facility that will also be operational in April 2020, the County Council will have moved entirely away from landfilling of our residual waste. The recent motions against Single Use Plastic has also been supported by Somerset Waste Board, and a joined-up approach across the public sector in Somerset established.

We continue our CASA project, examining our property assets and seeking to bring our services (and others) into the same physical location. Investment has been approved to undertake essential works to A Block of County Hall, not only to bring the building up to the necessary specification, but with a view to making maximum use of the facility as we continue to look at property rationalisation. As part of this refreshed approach, all property assets will be reviewed to determine the business case for disposal, commercial use or strategic retention, on a case by case basis through existing decision-making structures.

When making any decisions, in accordance with our Constitution and guidance, there is an absolute requirement to consider all impacts and implications of the decision, and to clearly set out the reasons for the decision being made. Through our work on equalities, we make every effort to ensure fair access to services for all.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

Determining interventions

The Framework requires behaviour that ensures decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided. The need for feedback and stakeholders is also important.

Somerset County Council's decision making processes as set down in our Constitution meet these requirements. Either decisions are made in the appropriate committee, such as Cabinet, with papers distributed in advance and debates and decisions clearly minuted, or they are made by the appropriate officer or Cabinet Member through the decision-making processes. Consultations and feedback are an integral part of the County Council's decision-making processes. The opposition and scrutiny chairs receive decision reports prior to publication as part of our governance framework. The overall scrutiny and audit framework plays a key role as a 'critical friend' in shaping decisions and therefore their intended outcomes.

In accordance with our previous practice, the MTFP refresh and proposals were presented to all 3 Scrutiny Committees (January 2018) prior to Cabinet and Full Council consideration, including commentary on the Capital Investment Programme. Key reports, proposals and consultations are also made available for Scrutiny Committee to contribute

to ideas and provide assurance, such as the Children and Young People's Plan, the Somerset Sustainability and Transformation Plan, and the property asset rationalisation approach and principles.

As above, the County Council also participates in a number of joint committees and boards such as the Health and Wellbeing Board and the Heart of the South West Joint Committee.

Planning interventions

Somerset County Council is a commissioning organisation, and its senior officer structure clearly reflects that approach with Lead Commissioner. A Commissioning Board is in place to oversee this activity, which is attended by key members of the Senior Leadership Team and by commissioning specialists. An officer Strategic Opportunities Board is now in place and reviews all proposed and pipeline contracts for new contracts.

Our intranet has specific guidance as to how we work through the commissioning cycle of Review, Analyse, Plan and Do. The commissioning plans are driven by the Medium Term Financial Plan and our commissioning intentions are overseen by the Commissioning Board, which has Senior Leadership Team and subject matter expert participation.

Our Medium Term Financial Plan (MTFP) continues to be run on a thematic process, with an individual Senior Leadership Team member being responsible for each theme. There has been done to ensure that the MTFP is very much commissioning led across the authority as a whole, rather than run in service silos without enough regard for the wider authority's finances and services. Key themes such as cross-cutting procurement and service redesign have been targeted as the way to drive future savings, as agreed by Cabinet.

Our Forward Plans set out clearly the forthcoming business that will be taken to the relevant decision-making committees and by key officers and members. Somerset County Council conforms to all the relevant legislation and best practice in publishing such plans and in publishing papers ahead of such meetings.

Our Core Council Programme includes a number of built in checkpoints for individual project's business cases to ensure that they are on track. This is now a well-established process, with an in-built cost model.

The continued financial strains on the County Council were recognised early in 2017/2018, reported to Cabinet and to Scrutiny, and measures put in place to reduce the overall impact by the end of year. The overspend position was therefore substantially reduced. Whilst additional funding for Adults was clearly an in-year factor, expenditure was challenged, and reduced through such measures as vacancy control and Expenditure Panels within services. By way of example, during 2017/18 senior public health managers undertook a prioritisation exercise in order to reset the priorities for the team following the reduction in the central public health grant. The tool has then informed the work programmes of teams, and individuals.

We regularly and routinely report our performance against our plans and budgets. In addition to the reports to Cabinet, each SLT Director now has an individual scorecard that summarises key performance indicators, project risks and financial information, which is discussed with the Chief Executive. The Core Council Programme has its own dashboard that is reported to the Senior Leadership Team. In light of the previous OFSTED findings and re-inspection regime, we have run a fully developed reporting mechanism for

children's services and Quarterly Performance Review Management (QPRM) papers during 2017/2018 to aid us to improve.

Should the need arise, Business Continuity Plans have been developed and made ready, and reviewed at Audit Committee. We have received Substantial assurance from the South West Audit Partnership as to the quality of this work, and are now engaged in helping partners with the same process.

Optimising achievement of intended outcomes

The continued themed approach to the MTFP has provided a level of continuity in the approach that has been employed. Whilst acknowledging the difficult position, it can be noted that the estimated gaps in future years are substantially reduced from figures previously required. At February 2018, these gaps were estimated at £8.615m in 2019/2020, £5.848m in 2020/2021 and £1.087m in 2021/2022.

It is still the intention that the MTFP does continue to look at future years and that our financial efforts are not restricted to year one. A number of economic projects are designed to increase opportunity and prosperity ahead of any firm decision on Business Rate Retention. Decisions are made to invest, where funds allow, in necessary infrastructure, such as new school buildings. The Capital Investment Programme included an indicative four-year programme.

The MTFP decisions taken in February 2018 ahead of the financial year included a Summary of MTFP 2018/2019 Impacts paper.

We have a Somerset County Council Social Value Policy Statement setting out our expectations for those who wish to do business with the County Council, and have had a SWAP audit reporting in November 2017 on social value, which gave Reasonable assurance. This accords with the Public Services (Social Value) Act 2012.

It is extremely difficult to balance funding with the service priorities we have to, and wish to, provide. It is acknowledged that the MTFP requires savings to be delivered in full and on time, a sentiment echoed by the Core Peer Challenge.

E. Developing the entity's capacity, including the capacity of its leadership and the individuals within it

Developing the entity's capacity

The Framework requires us to consider the use of our assets on a regular basis to ensure their continuing effectiveness. In terms of highways activities, there is already a requirement to management our network along principles established in the Transport Asset Management Plan (TAMP) and Highways Infrastructure Asset Management Strategy (HIAMS). Such activities, which are essential to ensure that we make the best use of our resources in maintaining the highway, are financially rewarded through the DfT Local Highways Infrastructure Incentive Fund. Our work on highways asset management was recognised in early 2017, when the County Council was recognised a Band Three authority – the highest available - by the Department for Transport. This in effect means that we are amongst the best County Councils across the country, and it gives us access to extra grant funding. This value is set to increase over the next few years, and will be worth an additional £3.77m per annum by 2020/2021 if maintained, and our current DfT self-assessment suggests that it will.

On the property side, we continue to review our operational use of buildings, an approach that was formalised in a Key Decision on Asset Rationalisation. Key principles are:-

- Confirmation of SCC's overall policy of continued rationalisation;
- Confirmation that SCC's assets are seen as corporate assets;
- Endorsement of a more proactive approach to disposals, working with services, but driven centrally to meet current challenges;
- A clear preference for reducing our leasehold estate;
- Increased transparency and visibility of property costs and receipts; and
- A focus on the future of SCC's property estate as a flexible, low cost, sustainable and revenue generating portfolio.

Work has progressed on this basis. Internally, we have established an Asset Management Group to ensure alignment between corporate asset management plans, commissioning and service intentions.

The County Council has always been a member of various benchmarking groups across its services to better understand its costs and performance. In 2017/2018, additional benchmarking work was done with ORBIS, and specific enquiries were made in terms of Children's services (with Gloucestershire) and capital (with Devon).

We continue to work with key partners, as set out elsewhere in this Statement, to combine resources, work efficiently and provide joint services to our residents. Our Performance Wheel now has a dedicated Partner Section so that we can monitor our progress in this regard.

We have previously published a People Strategy. This deals with a wide range of topics such as developing the workforce's skills and capacity, managing performance, succession planning, managing absence, recruitment and retention, health and wellbeing, reward and recognition. All of these topics are considered to allow the workforce to be engaged, empowered and enabled to deliver the best services to the people. Further work has been done throughout 2017/2018 on refreshing this Strategy, and once completed it will be introduced through roadshows and workshops. There are a number of key themes in the strategy and it sets out what we will do and what it will look and feel like in the future. Key themes include leadership, communities and partnerships, innovation and challenge.

We use programmes such as the 4C's to embed these behaviours amongst our staff. The Learning Centre is a growing on-line resource for training and development purposes. There is a significant amount of HR guidance available to managers and staff on the intranet dealing with a wide range of staffing matters and policies. There is a workforce planning toolkit available.

The Corporate Peer Challenge stated that "we saw many examples where the council was building capacity through its people. The council is proactive in terms of its approaches to staff engagement, empowerment and development."

Developing the capability of the entity's leadership and other individuals

Somerset County Council's Constitution sets out a role description for members and a Member / Officer protocol. It also sets out the legal roles of the Leader and Chief Executive and their relationship, and a high level Council and Cabinet Scheme of Delegation. The various Standing Orders and Financial Regulations of the Council are reviewed at least annually by the Full Council and in the interim by the Constitution Committee. The Cabinet

and the Senior Leadership Team meet regularly to discuss forthcoming business and issues.

Following on from the elections in May 2017, there was a full member induction programme to allow all members, but particularly any new ones, to understand how the Council works and the key services that it provides. New members are allocated a “buddy”, who will be a reasonable senior officer who can help with initial signposting around the County Council and be available to help address any concerns or questions arising. Key member roles have a role description set out within the Council's Constitution which aids development programmes and expectations for the postholder. There is an annual member training programme and Personal Development Plans (PDPs) offered for members. Ad hoc training, such as the Statement of Accounts for Audit Committee members are arranged at the appropriate point in the annual cycle. All of the member training and support occurs under the oversight of the cross-party Member Development Panel.

The Constitution also sets out the rights of the public to engage with the Council and its business through access to information, access to agenda and reports of forthcoming meetings and public question time provisions at formal meetings.

The Corporate Peer Review noted “harmonious and respectful relationships between members and officers”.

All officers will have a formal Job Description and Assignment Sheet, setting out both the general responsibilities of their grade and the specific responsibilities of their individual role. Learning is widely available through the on-line Learning Centre, and where appropriate from the central training budget held by HR in order to use across the authority. Workforce planning identifies any succession planning matters.

A number of HR policies and initiatives are in place to maintain the wellbeing of the workforce, such as Health and Wellbeing Champions, Mental Health First Aiders, Carefirst and Occupational Health.

F. Managing risks and performance through robust internal control and strong public financial management

Managing risk

SCC has a formal risk management policy and strategy in place, which have been endorsed by the Cabinet, Senior Leadership Team and the Audit Committee.

There is a quarterly Risk Management update report to the Audit Committee, which looks at the highest scoring risks and monitors the progress of mitigations that are being undertaken to reduce either the likelihood or impact of the risks. Each risk has an allocated risk owner, who has the responsibility to review the risks, and to ensure that all mitigations are completed in the appropriate timescale. Audit Committee has previously called in the risk owner to the public meeting where they have required further assurance as to management of the individual risk. This has been the case with the overall financial position and with health and safety, for example.

We have a dedicated risk management IT system (JCAD) to record, monitor and report on our risks. Each risk will have a named risk owner. Output from this system is for the relevant managers, but it is also a key component of the officer Strategic Risk Management Group (SRMG). This group is chaired by the Director of Finance, Legal and

Governance, and membership includes the Monitoring officer, Deputy Section 151 Officer, risk management officers, service representatives and related disciplines such as audit and insurance managers.

Our Core Council Programme, which deals with major changes across the authority and by its nature has to consider the risks arising, has its own established risk management and issues strategy as it carries out its transformational work.

Managing Performance

Cabinet received a quarterly Council Performance Report during 2017/2018, which provided a high-level overview of the Council's performance across the organisation. This report provides members and senior officers with the information they need to lead and manage the ongoing progress towards the visions set out in the County Plan.

The established reporting format is the Performance Wheel, with 7 segments which reflect the 'People's Priorities'. The 'People's Priorities' are drawn from our County Plan, covering priorities for the whole of Somerset and are regularly discussed as part of our ongoing public engagement process. There are four 'Council' segments which seek to measure how well the council manages its relationships with partners, staff and the public and how it rates its internal management processes. There is one segment that seeks to reflect the performance of the Vision Projects being undertaken by the Vision Volunteers

The report uses a RAG status for each Wheel segment and a direction of travel (improving, staying the same or deteriorating performance). Underpinning each of the segments is a series of metrics that are used to evaluate the performance. Key issues for members' consideration are highlighted.

On the same report, Cabinet receives an update on the progress of the Core Council Programme strategic priorities through its Dashboard reporting. Each of these High Priority Themes has a Senior Responsible Owner, who is usually a member of the Senior Leadership Team. The Core Council Programme also has its own officer Core Council Board to manage the delivery. The format sets out Achievements, Issues and Next Steps for each period under review.

Each Director now has their own scorecard to manage key performance indicators across their span of responsibilities. This is used by the Chief Executive in line management meetings with his most senior staff.

There is a Performance Management and Framework Overview available on The Learning Centre.

SCC operated 3 separate Scrutiny Committees during 2017/2018, each with its own remit – Policies and Place; Adults and Health; and Children and Families. These are public meetings, and the terms of reference for Scrutiny are set out in our Constitution and reviewed at least annually. In line with other councils, our Scrutiny Committees have the right of "call in" on key decisions on matters that concern them and this is generally used on an exception basis.

Financial performance is also taken quarterly to Cabinet in budget monitoring and outturn reports co-ordinated by Corporate Finance officers, who provide any necessary guidance, and prepared on the same basis as the Statement of Accounts.

Robust internal control

Our internal audit work is closely aligned with our risk management processes. Any internal audit report that only achieves “Partial” assurance is logged onto the JCAD system and all risks identified within Partial audits are then tracked. Only when a Follow Up audit confirms that the management actions have been satisfactorily completed will the Partial audit be closed on JCAD. In addition, the recipient of a Partial audit is required to attend a public Audit Committee meeting to explain to members how they are addressing the agreed actions arising out of the audit, in order to provide the necessary assurance.

SCC’s Audit Committee has a defined brief set out in the Constitution, and in addition to the usual role of “those charged with governance” such as approving the Statement of Accounts, has received a number of other reports during 2017/018, including reviewing the Anti-Fraud and Corruption work and endorsing the new Income Code of Practice. (Performance on collecting income due to the County Council has noticeably improved in recent months as the Code is rolled out). Our external auditor has previously commented very positively on the engagement and effectiveness shown by the Audit Committee.

Our internal audit function is provided by the South West Audit Partnership (SWAP). SWAP is a public sector not-for profit company that is wholly owned by a number of local authorities who have joined together to pool resources and share expertise. There is an increasing number of other public sector organisations joining SWAP as partners, providing further resources and skills to its already well-trained and qualified staffing. SWAP complies with all statutory requirements, and all best practice, such as that laid down in the Public Sector Internal Audit Standards (PSIAS), and is formally reviewed at the Audit Committee annually (latterly April 2018). Peer reviews are used to provide an independent assessment of SWAP’s processes. SWAP is now increasingly recognised for its work, particularly innovation, in awards processes from bodies such as CIPFA and the Municipal Journal.

Our working relationship with SWAP is contained with an Internal Audit Plan and a PSIAS-compliant Charter. These, together with our internal audit strategy, are worked up with SWAP contacts, SCC’s audit lead and senior officers before being approved by the Audit Committee. Internal audit resources are specifically targeted at areas of greatest risk.

SCC has a robust Anti-Fraud and Corruption policy, with an absolute zero tolerance approach towards fraud. All fraud and corruptions allegations are investigated. There are also subsidiary policies on Bribery and Money Laundering. All policies, and our detailed work on fraud are reviewed annually. SCC participates fully in the National Fraud Initiative with other local sector organisations, to share data to catch fraudulent activity. SWAP has a number of officers who are trained fraud specialists for any necessary investigation. The Internal Audit Plan has a resource available for fraud and governance guidance and reactive work.

Managing Data

SCC has its own Information Governance Board, which approves and monitors policy, risks, issues and security incidents. The Information Governance Manager is the designated Data Protection Officer. There is a comprehensive framework of Information Governance Policy that includes, Data Protection, ICT Acceptable Use, Monitoring and Surveillance, Data Breach Reporting and Communication. SCC is registered with the Information Commissioner's Office and is both PSN and NHS IG Toolkit compliant. All employees receive both induction and annual refresher information governance training. Items on this topic are also included in Core Brief.

SCC has overarching Information Sharing Protocols with our principle partners the NHS and the Police. We also have a number of Information Sharing Agreements with our other public sector partners to ensure the effective efficient and secure sharing of information. A register is maintained to ensure these agreements are kept up to date. When data is processed by a private sector body contracts include relevant data protection, confidentiality and FOI clauses to ensure secure data processing.

Services collecting, processing reporting information run regular audit procedures against their data to ensure accuracy for both the delivery of services to the public and for the planning and commissioning of services. Wherever possible this data is validated by review meetings with individual clients and comparisons with independent data sources. Key client databases have in-built validation procedures to ensure data quality is as good as possible at point of being recorded. This is further supported by a suite of validation reports that identify issues/gaps with data and these are accessed by both operation staff and support staff.

During 2017/2018, significant work was undertaken to ensure that Somerset County Council was in the best place to meet the requirements of the stringent EU-General Data Protection Regulations (GDPR) to be introduced in May 2018. The Information Governance Team at Somerset County Council asked SWAP to investigate and give assurance around the information sharing that takes place between the Council and its partners ahead of GDPR. This was brought to the Audit Committee in July 2017, and the Information Governance Manager also presented the requirements to senior management teams and to a number of key officer groups such as the Strategic Risk Management Group. SWAP found that “there is regular and transparent communication with partners setting out respective and mutual goals of information sharing and found “efficient use of resources in the governance of data sharing with other public bodies”.

Strong public financial management

Our Finance service was fully staffed during 2017/2018. Key posts are filled with suitably qualified and experienced staff. Subject matter experts are employed in key technical posts such as insurance, pensions and treasury management. Continuing Professional Development (CPD) is supported as resources permit, and we have run our own CPD sessions previously and plan to do so again.

Financial updates are regularly reported to Cabinet, and where appropriate to other committees such as Audit Committee and Scrutiny Committees. This includes regular budget monitoring and outturn reports, plus updates on our Medium Term Financial Planning (MTFP). All decision papers (for committees, Cabinet member or senior officer delegated decisions) require financial sign-off before the decision can be taken. Finance officers provide support to transitional work under the Core Council Programme.

All expected financial policies and procedures are in place, and subject to review as appropriate. Our financial system, SAP, has all the relevant division of duty controls in ordered and expenditure, and there is a hierarchy of financial delegations, with only the most senior officers being able to commit SCC to significant expenditure. Our MTFP processes remain critical, and Cabinet in July 2017 approved the continuation of a commissioning and theme-based approach to finding efficiencies (such as through procurement and third party spend), together with service redesign in order to balance our books.

We have received positive feedback from both internal and external auditors in their specific statutory roles. The Internal Audit Plan has resources allocated to looking at

financial systems and processes within SCC. There is a strong track record in previous internal audit reports, with Substantial or Reasonable assurance regularly achieved from this independent reviewer on Accounts Payable, Budgeting and Payroll. Where this was not the case for Accounts Receivable, the audit was discussed at the Audit Committee in November 2017, a new Income Code of Practice launched and is being rolled out. Collection performance improved strongly in the last quarter of the financial year. We have always had a strong track record of recovering the overwhelming majority of money owed to the County Council.

The external audit reports regularly to the Audit Committee and has regularly commented positively on SCC having the appropriate financial controls in and the appropriate stewardship and leadership in place to be effective. The Statement of Accounts presented to Audit Committee in July 2017 was highly commended by the external auditor in terms of quality and timeliness.

Whilst the Corporate Peer Challenge in March 2018 did highlight the financial challenges facing the County Council, it did comment that the Council was “well served by its Financial Services staff” and that it saw “sound financial expertise and advice”.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Implementing good practice in transparency

Somerset County Council routinely publishes a large amount of information about itself and its activities. Our quarterly performance reports are published on our websites. As expected, we have a transparency site to comply with the relevant legislative requirements to publish both spend and certain categories of information. This is reviewed through the Annual Assurance Report at the officer Governance Board, and helpful improvements made, such as where we have improved the timeliness of reporting of our procurement card transactions, after benchmarking with other local authorities.

We have reviewed the Freedom of Information requests that we receive, and are seeking to be more proactive in publishing data that is regularly requested. Progress has been made in a move towards publishing pensions data. We have responded to the MHCLG Strengthening Local Government Transparency Consultation and are awaiting the results.

A new SCC Data Strategy is being developed, designed to improve all of the ways we acquire, record, store, manage, share and use data. This will allow us to provide a better customer service, more efficiently meet statutory requirements and have more open data.

Committees meet in public session unless there is a statutory need for a confidential item to be considered. Agendas are published on our website in advance of each meeting. We have implemented MODGOV software, which makes it easier to follow background papers for agenda items and decisions made in one place.

Implementing good practices in reporting

A number of reports are produced that set out our activities and inform the organisation, residents and stakeholders as to our progress. The Leader’s annual report is taken to Full Council for information along with each Cabinet Member providing annual reports. In addition, where specific decisions are required at Full Council, it receives the Leader and the Cabinet’s recommendations where necessary. Details of all key decisions taken are also reported to each Full Council meeting for information and provide a further opportunity

for members or the public to ask questions of Cabinet Members. There are also regular reports from the Monitoring Officer, section 151 officer and County Solicitor as and when required. There is also a Constitutional requirement for the Chair of each Committee to take an Annual Report to Council to update on their work during the previous year.

All decision-making reporting follows an approach that requires such decisions to be taken by an appropriate committee, cabinet member or senior officer, and requires sign-off by finance, legal, HR and the Monitoring Officer. There is a need to consult or inform relevant members, including the Chair of the relevant Scrutiny Committee and Opposition Spokesperson, ahead of the decision being taken. Our Cabinet Member and officer Key Decision reports are published on our website.

We report back on the staff survey results, and particularly where these have been implemented. This is on our website on the "You said, we did" pages. We publish our Staff Survey results in full, such as the October 2017 Working Well Survey. We also report back through Core Brief and through management teams for staff results in their areas.

In our Statement of Accounts, we include a narrative on the financial position and on challenges that the County Council is facing. We always include the Annual Governance Statement alongside the Accounts for the period that they both represent.

Assurance and effective accountability

As above, we report on all Partial internal audits received from the South West Audit Partnership, and the relevant managers are required to attend Audit Committee to explain what actions they are taking in order to address the audit report's findings. Any internal audit report that achieves Partial (or No Assurance) automatically receive a Follow Up audit to check on progress. Only the auditor can close an audit, and only when they are satisfied as to completion of actions.

Would we to receive any corrective action required by the external auditor through the Accounts process, we would report back our progress through the Audit Committee public meetings.

Where we have had independent reviews and inspections, such as the recent OFSTED reinspection, we have maintained our principal of public reporting and a public action plan to make any recommended improvements, which will be regularly reported on.

Officers have Job Descriptions that set out corporate and individual responsibilities for their role, and there is the Constitution and Officer Scheme of Delegation that sets out what powers and responsibilities fall to which committee, individual member or officer. Our Governance Board has, as part of its remit, the role of sounding board and advice to the Monitoring Officer and Head of HR (or other officers as required) in considering any potential issues that they are addressing. There is the Constitution and Standards Committee that oversees constitutional or conduct matters for members.

When we report progress, such as the Core Council Programme, we include the names of the responsible officers, who are to ensure delivery of that particular initiative. We follow project management principles throughout this Programme.

The Role of the Chief Financial Officer

In June 2016, CIPFA published an updated CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). We are obliged to include a specific

statement on whether the authority's financial management arrangements conformed to the 5 governance requirements of this CIPFA Statement during 2017/2018, and, where they do not, to explain why and how they delivered the same impact.

Statement	SCC 2017/2018 response
<p>The Chief Finance Officer in a public service organisation:</p> <ol style="list-style-type: none"> 1. is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest 	<p>The Director of Finance, Legal and Governance at Somerset County Council:</p> <ol style="list-style-type: none"> 1. was a member of the Senior Leadership Team attending SLT meetings, and reporting directly to the Chief Executive. 2. was a member of the Commissioning Board (including the Strategic Opportunities Board) and was the Chair of the Governance Board 3. had overall responsibility for the MTFP and financial strategy and reports regularly to Cabinet and Council
<ol style="list-style-type: none"> 2. must be actively involved in, and able to bring influence on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy 	<ol style="list-style-type: none"> 1. was (or was through his appointed representative) on all major officer groups and committees such as the QPRM team for OFSTED improvements, Learning Disabilities, SWB 2. was responsible for financial sign off of all Key Decisions before they can be implemented 3. was the Chair of the Strategic Risk Management Group and attends Audit Committee to provide assurance and along with other SLT Directors acts as expert witness for member lines of enquiry 4. signed off all grant terms and conditions before they can be accepted
<ol style="list-style-type: none"> 3. must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. 	<ol style="list-style-type: none"> 1. had sole authority for Financial Regulations, Financial Procedures, the Income Code of Practice and all underlying policies and procedures 2. had overall responsibility for the internal audit function and plan
<ol style="list-style-type: none"> 4. must lead and direct a finance function that is resourced to be fit for purpose 	<ol style="list-style-type: none"> 1. had a finance structure in place with suitably qualified and experienced individuals in all senior positions 2. chaired a Finance Management Team of Strategic and Service Managers to give direction and to shape financial plans

<p>5. must be professionally qualified and suitably experienced</p>	<p>1. was a CIPFA qualified accountant, with experience across a wide range of financial disciplines</p> <p>2. was an active member of the Society of County Treasurers and is a spokesperson for waste, environmental and growth issues</p>
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Review of effectiveness

Somerset County Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This has been undertaken by the officer Governance Board, which is chaired by the Section 151 Officer. This review of effectiveness is informed by a number of pieces of evidence, which have included:-

- the detailed work undertaken to answer the 7 new principles and numerous sub-principles and actions under the new governance framework, and the evidence provided from a wide variety of managers and subject matter experts referred to above
- the Healthy Organisation report previously commissioned from the South West Audit Partnership and the work undertaken by the Governance Board to track all the recommendations made
- the Internal Auditor's proposed annual opinion report for 2017/18
- officers' views on the effectiveness of the internal audit function through a review taken to Audit Committee in April 2018, in line with the prevailing Public Sector Internal Audit Standards
- external auditors' comments as part of their Statement of Accounts and Value For Money audits, including their positive assessment of internal audit
- the work and effectiveness of the Audit Committee itself during 2017/2018, as summarised in its annual report to Full Council in May 2018
- the positive progress achieved and now acknowledged in response to the previous OFSTED inspections
- comments from other review agencies and inspectorates
- a review of the increasingly varied work undertaken by the Governance Board over the previous financial year
- individual knowledge of individual Governance Board members acting as subject matter experts
- quarterly reports to the Audit Committee relating to risk management and key risks and mitigations
- the report and recommendations of the Corporate Peer Challenge that was hosted in March 2018 and reported in May 2018

A key source of evidence to support the Annual Governance Statement come from our internal auditors, and this will come from the Annual Report and Opinion of the South West Audit Partnership (SWAP). During the year, the South West Audit Partnership reported in public to every Audit Committee in accordance with our (recently re-endorsed) Charter, and brought a number of control issues to the attention of the members.

The internal auditor has confirmed that, subject to the satisfactory completion of the 2017/2018 Internal Audit Plan, she expects to give “Reasonable Assurance” in her Opinion in respect of the areas that they have reviewed during the year, as most were found to be adequately controlled. Generally risks are well managed but some areas require the introduction or improvement of internal controls to ensure the achievement of objectives.

There have been a number of individual audits that have only achieved “Partial Assurance” in 2017/2018, but this is accepted because our Internal Audit Plan strategy specifically directs audit resources to areas that management consider are riskier in nature and require strengthening. Balancing this, there have been a number of Reasonable Assurance audits completed.

The internal audit process is enhanced by Audit Committee’s “calling in” of “Partial Assurance” audits and the monitoring on JCAD of all risks deemed Medium/High or High. Suitable Follow-up from management to internal audit findings remains the key. Evidence suggests that the recommendations are generally actioned, which in her opinion, demonstrates effective control and governance. However, she has commented that the timescales for responding are sometimes in excess of those originally agreed, and therefore the County Council could be exposed to risks over a longer period of time than necessary. This will need to be addressed during the Internal Audit Plan officer responses for 2018/2019.

A formal Report and Opinion from the internal auditor will come to the Audit Committee on 21st June.

The Audit Committee itself, acts as “those charged with governance”. The Committee meets regularly, considers a wide range of business to seek assurance, and has been confirmed as “effective” by the external auditor.

Officers have concluded overall that there are effective measures in place to deliver governance as set out in the CIPFA / SOLACE Framework. It is acknowledged that no framework can be entirely complete and effective, and that all governance arrangements need to be monitored to ensure that they are still fit for purpose and also that there is compliance.

Where the review has suggested a possible improvement to our governance, this has been considered by the Governance Board and as a result officers will draw up an Action Plan to be monitored during the forthcoming financial year to ensure delivery. This is in accordance with the CIPFA Code of Practice.

Significant governance issues

There is an expectation that an Annual Governance Statement is also forward focussed in that it considers governance issues that Somerset County Council will need to address as it carries out its functions in the forthcoming financial year.

In the Internal Audit Plan for 2018/2019, we have again commissioned a Healthy Organisation audit from SWAP. This is a key review carried out across the SWAP partnership to help ensure that there is an adequate governance framework in place. It is proposed that this is run on a 2 year cycle, one year to audit and one year for SCC to respond. This will again look at 8 separate governance themes (Corporate Governance; Financial Management; Risk Management; Performance Management; Commissioning and Procurement; Programme and Project Management; Information Management and People & Asset Management) and the SCC position. Effectively, this provides the basis for

an Action Plan on governance issues, to be monitored by the Governance Board in the first instance.

Previously, the Healthy Organisation audit and work done in response to the Delivering Good Governance in Local Government: Framework provided a positive reflection of our current governance arrangements.

In terms of specific and significant governance issues that the County Council will face in the immediate future, the following are considerable matters to address:-

Financial Position

The continued difficult financial position of the County Council is well known. National issues such as the increasing demographic pressures on adults and childrens social services, significant inflation in some areas such as transport, plus the removal of the Revenue Support Grant (over £73m since 2013/2014 for Somerset) have left local authorities seeking efficiencies and savings to bridge the gap (over £120m savings in Somerset over the last 7 years). Some recognition of the scale of the problem has been forthcoming in the shape of an Adult Social Care precepting power and the improved Better Care Fund grant.

Whilst the Council is able to present a balanced budget for 2018/19, it is on the basis that all savings proposals included are achieved and services manage demand within approved budgets. The estimated financial gap for the next 3 years (up to and including 2021/2022) was £15.550m as at the Cabinet and Council meetings in February 2018.

The County Council, at its own instigation, hosted a Corporate Peer Challenge (sometimes referred to as a Peer review) in March 2018. Whilst the final report was very positive around a number of themes, (including governance as outlined in some points included above), it did highlight the financial difficulties that the County Council faces, and the need to deliver current and future savings in full and on time. The report sets out a number of recommendations that would address the financial concerns, focussing on “strong financial accountability in all areas of the organisation”, with a framework “owned corporately and consistently applied”. The County Council is addressing all these recommendations as a matter of urgency.

Inevitably, developing and delivering savings are increasingly difficult to find and implement, and the impact on services are therefore commensurately higher each year. The Senior Leadership Team has the task of addressing both in-year and forward year cost pressures. We have continued to be open with staff and partners as to the nature of the problem through Roadshows and communications such as Your Somerset.

In addition to looking at fixing the short and medium term budget issues, the County Council continues to look to the longer term economic prosperity of the County and region. Working with the LEP and other partners, we continue to bring in substantial Growth Deal funding and to seek other critical infrastructure funding such as the Housing Infrastructure Fund Forward. We continue to maximise opportunities from Hinkley and Connecting Devon and Somerset.

Heart of the South West (HotSW) Joint Committee

After a successful period acting as a Shadow Committee, and having received the necessary consents and approvals from all 19 partner authorities, the Heart of the South West Joint Committee met formally for the first time on 23rd March 2018.

The key purpose of the Joint Committee is to be the vehicle through which the HotSW partners will ensure that the desired increase in productivity across the area is achieved.

Currently, the only delegated function of the Joint Committee is the approval of the HotSW Productivity Strategy, although it is probable that other functions will subsequently be delegated. The Joint Committee shall develop, agree and ensure the HotSW Productivity Plan in collaboration with the LEP and the Constituent Authorities. It will continue the negotiations with central government on the possibility of achieving devolved responsibilities, funding and related governance amendments to assist with the delivery of the Productivity Plan, and to secure delivery of the Government's strategic infrastructure commitments, e.g., strategic road and rail transport improvements. It will work with the LEP to identify and deliver adjustments to the LEP's democratic accountability and to assist the organisation to comply with the revised (November 2016) LEP Assurance Framework.

Somerset County Council has been appointed by the Constituent Authorities as the Administering Authority for the Joint Committee. Providing support to the Joint Committee will inevitably require the County Council to adapt its own governance arrangements to align. Internally, the County Council has already amended its structure in order to provide a senior officer to act as the Strategic Manager – Partnership Governance, who will ensure that the new Joint Committee adheres to its governance arrangements and to run the public committee.

Local Government Reorganisation

Following preliminary work done internally during 2017/2018 as to the potential financial benefits for Somerset, (potentially from £18m to £28m), the Leader of the Council took the decision in May 2018 to commission feasibility work to explore whether a new local authority model (such as the reorganisation of local government authorities in Somerset) could better deliver the Council's priorities and provide additional benefit in comparison to the existing two-tiered model of local government. Whilst the decision clearly states that it is "only seeking approval to research, evaluate, engage and support" at this stage, should the outline business case be positive overall, then clearly there would be substantial governance challenges to manage in order to deliver any change to the status quo.

The proposals involve establishing a member working group, chaired by the Leader of the Council, to oversee the development of an outline business case and make recommendations. The Leader of the Council will also lead on ongoing partnership working and engagement with key stakeholders such as District Leaders, Somerset's MPs and government representatives.

Council Vision

Following the elections in May 2017, during 2017/2018, officers and members have been tasked with a new Council Vision for Somerset County Council. This was taken to Cabinet and Council in November 2017, and the final Vision returned to the Council meeting for adoption in May 2018. The Vision summaries three key approaches for our residents; to have ambition; to have confidence; to improve outcomes.

This Vision can only be achieved by close working with our partners, from Police, Fire and Health, through the Voluntary and Community sectors, and finally with our residents, businesses and communities. The Vision has been widely shared and there have been a number of other events and opportunities for our staff and partners to influence the Vision

including a round of Leader and Chief Executive Road shows for staff and a strategic partners' event held in January and March 2018.

This is a strategic Vision; therefore it does not have direct financial impacts. It does however set the ambitions, priorities and principles that will underpin all key decisions as well as being a reference point in the Medium Term Financial Plan and in Commissioning and Service plans. It is therefore the key building block for the County Council going forward, against which all decisions will be measured.

A wider Vision for Somerset as a whole has been developed in parallel with the County's; it has been agreed by the Health and Wellbeing Board that this wider Vision should be adopted and promoted alongside its "Improving Lives" strategy.

OFSTED

From having been judged as "Inadequate" in the OFSTED inspection carried out in January and February 2015, the County Council has been working with Essex County Council as "the Department's advisers". By December 2016, the Minister of State for Vulnerable Children and Families had confirmed in December 2016 that there has been "significant improvement" in Somerset's Children's Services, including more manageable case-loads, a more stable workforce and better partnership working.

Ofsted re-inspected Somerset Services for children in need of help and protection in November 2017. The report was published in January 2018 and provided an overall outcome of "Requires Improvement to be Good" in all service areas, other than Adoption which was judged to be Good. The report outlines 13 recommendations for improvement which have been incorporated into Programme 6 of the Children and Young People's Plan for 2018/19.

The OFSTED report made it clear that whilst some areas of the service were viewed as strong (such as the front door service), that there were still a number of areas that were weaker (such as Safeguarding & Corporate Parenting arrangements), and that overall the judgement indicated that services were just over the line. It is clear that there is still progress to be made in getting to Good, and the appropriate tracking of progress against the recommendations is essential, such as through the Scrutiny for Policies Children and Families Committee.

The Senior Leadership Team will be instrumental in identifying and managing the risks which arise from all these developments and will ensure that our governance arrangements continue to be fit for purpose and support the delivery of the Council's priorities.

Pat Flaherty
Chief Executive
July 2018

David Fothergill
Leader of the Council
July 2018

Somerset County Council
Audit Committee 21 June 2018

Forward Work Plan

Service Director: Kevin Nacey, Director of Finance, Legal and Performance

Lead Officer: Martin Gerrish, Strategic Manager – Financial Governance

Author: Martin Gerrish, Strategic Manager – Financial Governance

Contact Details: tel (01823) 355303 or e-mail: mgerrish@somerset.gov.uk

Cabinet Member: Cllr Mandy Chilcott, Cabinet Member for Resources

Division and Local Member: All

1. Summary/link to the County Plan

- 1.1. Members have asked that we review forthcoming items coming to Audit Committee, and also that officers ensure that the Committee has Partial assurance audits brought to it in a timely manner. A draft Forward Work Plan will be brought to the Audit Committee at least quarterly.
- 1.2. Members have also requested that the number of current fraud and corruption investigations be regularly updated to the Audit Committee.

2. Issues for consideration

- 2.1. Members are asked to note the outline Agendas for the 26th June 2018 and 20th September 2018 public meetings, as set out in Appendix A to this report, and to comment on any further items that they would like to be scheduled at these or at future meetings.
- 2.2. Members are asked to consider other agenda items on this agenda, and whether they would like to have a further update on any of these audits, risks or topics.

3. Background

- 3.1. There are a number of “staple” Audit Committee items that are part of our annual cycle around the Statement of Accounts, or around the annual Internal Audit Plan, which the Audit Committee will need to receive in order to receive the necessary assurance to carry out its role.

Within that cycle, there can be scope for additional items to come to the Audit Committee where members or officers perceive a risk or issue that needs to be managed.

Audit Committee has set out the requirement for any internal audit from SWAP that only achieved Partial Assurance to come to a future public meeting and for the manager(s) responsible to update members as to their progress against the agreed action plan for improvements. We need to bring Partial audits to the Audit Committee on a timely basis, to ensure that they are responded to promptly.

- 3.2. July's meeting** needs to concentrate on approving the Statement of Accounts and considering the external auditor's report and findings. (This is the first year where the statutory requirement for the Accounts to be approved by the end of July applies, although we have achieved this deadline for the last 2 financial years).

A training session will be arranged before the July meeting, (possible dates to be confirmed shortly), so that members can be updated as to the changes in reporting requirements and can be confident in assuring the accounts.

Nonetheless, it could be possible (as we did last July) for us to include some Partial audit reviews as the second part of the meeting.

- 3.3. September's meeting** is less prescribed, although we would expect the usual reports as noted in Appendix A. Officers would again suggest to members that further Partials are scheduled for follow up at this meeting. However, there remains the opportunity for members to consider other items that they would like to have assurance on.
- 3.4.** It is always possible, and has been the case in the past, that additional Audit Committee meetings can be added to incorporate the workload.

4. Consultations undertaken

- 4.1.** None required

5. Implications

- 5.1.** Any items requested not yet covered by the draft Forward Work Plan at Appendix A will require scheduling by officers, in conjunction with the Chair.

6. Background papers

- 6.1.** Previous Audit Committee decisions on the process for dealing with Partial Audits.

Note For sight of individual background papers please contact the report author

APPENDIX A : Draft Audit Committee Work Programme

<u>Future Agenda Items</u>	<u>Notes</u>
<u>26th. July 2018</u>	
Statement of Accounts	<p>To approve both the County Council's and Pension Fund's accounts, final Annual Governance Statement and Value for Money arrangements.</p> <p>This will include a number of key supporting documents, such as the report from the external auditor on their work and their findings.</p>
Partial Audit and Risks	To review any completed internal audits that have only received a Partial Assurance, where the dates in the agreed Action Plan show progress should have been made.
<u>20th September 2018</u>	
External Audit Update	An update on the progress of the audit as it moves towards a conclusion following the approval of the accounts in July.
Internal Audit Update	The regular progress report from SWAP on the completion of the 2017/2018 Internal Audit Plan, highlighting any high risks that have arisen from their work.
Risk Management	The regular update on progress in mitigating the highest scoring risks that face the County Council.
Debtor Management	The usual update report on collection of monies owed to the County Council, and an update on management progress against the latest SWAP audit.
Partial Audit and Risks	To review any completed internal audits that have only received a Partial Assurance, where the dates in the agreed Action Plan show progress should have been made.

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