

Agenda for a meeting of the Audit and Standards Committee to be held in Committee Room 1 at Shire Hall, Warwick on Monday 16 June 2008 at 10:00 a.m.

1. General

(1) Apologies for absence

(2) Members' Disclosures of Personal and Prejudicial Interests

Members are reminded that they should declare the existence and nature of their personal interests at the commencement of the relevant item (or as soon as the interest becomes apparent). If that interest is a prejudicial interest the Member must withdraw from the room unless one of the exceptions applies.

(3) Minutes of the Audit and Standards Committee meeting held on 20 February 2008 and matters arising.

(4) Minutes of the Audit and Standards Committee meeting held on 30 April 2008 and matters arising.

STANDARDS ITEMS

2. Standards Board for England – Bulletins No. 37 and 38

Report of the Strategic Director of Performance and Development.

This report encloses the latest issues of the Standards Board Bulletin No. 37 and 38.

Recommendation

That the Committee notes the latest Standards Board Bulletins

For further information please contact John Wright, Committee Manager, Tel: 01926 412320 e-mail johnwright@warwickshire.gov.uk.

3. Revised Terms of Reference and Arrangements for the Committee, under Local Government and Public Involvement in Health Act 2007

Report of the Strategic Director of Performance and Development.

To consider the arrangements made by Council to implement the changes in the conduct regime made by the Local Government and Public Involvement in Health Act 2007

Recommendation

That the Committee considers and comments on the report.

For further information please contact Jane Pollard, Overview and Scrutiny Manager, Tel 01926 412565 e-mail janepollard@warwickshire.gov.uk

4. Contract Standing Orders For Schools

Report of the Strategic Director of Performance and Development.

This report outlines the results of the review of Contract Standing Orders for Schools and asks the Committee to recommend the revised Contract Standing Orders to Cabinet and to full Council

Recommendation

That the Audit and Standards Committee considers the results of the review of Contract Standing Orders for Schools and recommends the revised Contract Standing Orders for Schools to Cabinet and to the Council for approval to enable them to take effect from 1st September 2008, subject to any amendments made by the Strategic Director of Performance and Development or the Strategic Director of Resources prior to full Council on 24th June.

For further information please contact Sarah Duxbury Corporate Legal Services Manager Tel: 01926 412090 sarahduxbury@warwickshire.gov.uk

AUDIT ITEMS

5. Adult Social Care Case Recording

Report of the Strategic Director of Adult, Health and Community Services

This report updates the committee on the progress made within adult social care in the area of case recording

Recommendation

The Committee is asked to:

1. Consider and comment on the implementation in February 2008 of the revised audit process to monitor qualitative and quantitative performance in case recording.
2. Consider that remedial action has been taken where following the audit compliance has not been achieved.

For further information please contact Liz Bruce, Head of Local Commissioning
Tel: 01926 742962 lizbruce@warwickshire.gov.uk

6. Annual Governance Statement 2007/2008

Report of the Strategic Director of Performance and Development.

This report sets the conclusions of the review of internal control carried out as part of the overall process that fulfils the Authority's statutory obligations to publish an Annual Governance Statement. It presents a draft Annual Governance Statement for scrutiny

Recommendation

That the Committee consider the results of the review of internal control and the draft Annual Governance Statement and identify any matters that they wish to bring to the attention of the signatories of the Statement.

For further information please contact Garry Rollason, Corporate Legal Services Manager Tel 01926 412679 email
garryrollason@warwickshire.gov.uk

7. 2007/08 Opinion Audit Plan

Report of the Strategic Director of Performance and Development.

This report sets out the Audit Commission's 2007/08 Opinion Audit Plan

Recommendation

That the Committee considers and comments on the report.

For further information please contact Garry Rollason, Corporate Legal Services Manager Tel 01926 412679 email
garryrollason@warwickshire.gov.uk or Oliver Winters, Head Of Finance,
Tel 01926 412441 Email oliverwinters@warwickshire.gov.uk

8. Internal/External Audit Protocol

Report of the Strategic Director of Performance and Development.

This report outlines joint working arrangements between internal and external audit.

Recommendation

That the Committee endorses the proposed protocol.

For further information please contact Garry Rollason, Corporate Legal Services Manager Tel 01926 412679 email garryrollason@warwickshire.gov.uk

9. Internal Audit Strategy 2008 - 2009

Report of the Strategic Director of Performance and Development.

This report seeks approval for the 2008 - 2009 internal audit strategy

Recommendation

That the Committee endorses the 2008 - 2009 internal audit strategy

For further information please contact Garry Rollason, Corporate Legal Services Manager Tel 01926 412679 email garryrollason@warwickshire.gov.uk

10. Any Other Business

Which the Chair decides is urgent.

11. Future Meeting Dates

To note future meeting dates to be held in Shire Hall at 10:00 a.m. as follows -
Monday 22 September 2008
Tuesday 18 November 2008
Monday 23 February 2009

12. Report Containing Confidential or Exempt Information

To consider passing the following resolution:

'That members of the public be excluded from the meeting for item 6 below on the grounds that their presence would involve the disclosure of confidential or exempt information as defined in paragraphs 1,2, and 7 of the Local Government Act 1972'.

(NB. Copies of extracts describing exempt information are available in Warwickshire Libraries, the County Council Handbook and the Access to Information Register held in my office).

13. **Exempt minutes of the meetings held on 20 February 2008 and 30 April 2008.**
14. **Internal Audit Annual Report for the period 1 April 2007 to 31 March 2008 - To Follow**

Report of the Strategic Director of Performance and Development.

This report summarises the results of internal audit work during the period 1 April 2007 to 31 March 2008

Recommendation

That the Committee considers and comments on the report.

For further information please contact Garry Rollason, Corporate Legal services Manager Tel 01926 412679 email garryrollason@warwickshire.gov.uk

Jim Graham
Chief Executive

Shire Hall,
Warwick
June 2008

Membership

Councillors Sarah Boad, Les Caborn, Mick Jones, Tim Naylor, Bob Stevens and John Vereker CBE.

Independent Members: John Bridgeman CBE, (Chair) and Mark Magowan.

If you have any questions about this agenda please contact John Wright, Committee Manager, Member Services, Performance and Development Directorate, Tel. 01926 412320 or e-mail johnwright@warwickshire.gov.uk

The **AUDIT AND STANDARDS COMMITTEE** met at **WARWICK** on the **20 February 2008**.

Present: -

Independent Members

John Bridgeman (Chair),
Mark Magowan.

County Councillors

John Appleton
Sarah Boad
Les Caborn (items 1 – 6 and 9 -12 only)
Mick Jones
Bob Stevens (items 1 - 6 and 9 – 12 only)

Also present:

Tony Parks, David Rigg and Steve Wheldon, Audit Commission.

Officers

Performance and Development Directorate

Sarah Duxbury, Corporate Legal Services Manager.
Jean Hardwick, Principal Committee Administrator,
Andrew Lovegrove, Group Accountant.
Greta Needham, Head of Law and Governance.
Jane Pollard, Overview and Scrutiny Manager.
Garry Rollason, Audit and Risk Manager,

Children, Young People and Families Directorate

Peter Hatcher, Youth and Community Services
Dave Potter, Assistant Head of Service, Governance.

1. General

(1) Apologies for absence

Apologies for absence were received from Councillors Tim Naylor and John Vereker.

(2) Members' Disclosures of Personal and Prejudicial Interests

Councillors John Appleton, Sarah Boad and Bob Stevens declared personal interests in item 11, School Governance, because they were all School Governors.

(3) Minutes of the Audit and Standards Committee meeting held on 19 November 2007.

It was Resolved:

That the Minutes of the Committee's 19 November 2007 meeting be approved and signed by the Chair as a correct record subject to spelling of Councillor Sarah Boad's name being amended in item 1 (4), Matters Arising.

(4) Matters Arising.

(a) Minute 3 Adult Social Care Case Recording

The Committee asked that thanks be conveyed to Liz Bruce, Head of Local Commissioning, for the briefing note circulated following the previous meeting. Members said that they were satisfied with the information provided and that they had no further questions to ask. The Committee looked forward to receiving a six-month update report and an annual report thereafter.

(b) Minute 8 Training for Members

The Committee noted that, as requested at the previous meeting, training had been arranged for Friday 29 February 2008 in Shire Hall commencing with lunch at 1:00 p.m. Representatives from the district and boroughs councils had also been invited to attend. Papers for the training session were handed to Members.

(The order of the items below reflects the order set out on the agenda for the meeting and not the order in which they were discussed).

2. Standards Board for England – Bulletin No. 36

Resolved, having considered the report of the Strategic Director of Performance and Development, that the content of the latest Standards Board Bulletin No.36, be noted.

3. Local Investigation and Local Filters - Initial Assessment of Complaints Under the Member Code of Conduct

The Committee considered the report of the Strategic Director of Performance and Development advising on the changes in the handling of the initial assessment of complaints under the member code of conduct, the arrangements that need to be made and the potential implications for the authority.

Jane Pollard explained that the current Government timetable envisaged that the new legislation would be brought into effect on 1st April 2008 and that the draft regulations would not be received until March. She invited Members, views on the following issues –

- (1) whether a standing sub-committee should be established or pool arrangements?
- (2) did the Committee want to have three separate sub-committees i.e. for assessment, review and hearings?
- (3) Did Members consider it necessary for an independent member to always chair the sub-committees for assessment or review?
- (4) What should be the minimum membership of any sub-committee?

Discussion focussed on –

- (1) The possibility of joint working with the district and borough councils and how this might be achieved and funded. It was noted that this joint working might be also cross-boundary, in particular, with Coventry City Council. It was suggested that the views of the district/borough councils should be sought on this aspect of the new legislation.
- (2) The need to consider increasing the number of Committee Members in order to accommodate any potential increase in the current work of the Committee and the number of independent Members on the Committee so that they represented 50% of the Committee. The size of the sub-committees for hearings, should be 4 (three councillors (one from each party) chosen from the current Committee Members together with an independent Chair.
- (3) The need to review the Committees terms of reference to take into account the additional standards work that would result from the new legislation. Ultimately any changes would be a matter for the full Council.
- (4) The need to set up a Sub-Committee to consider taking initial assessments decisions as from 1st April 2008 if the new provisions were in force.
- (5) The training event organised for 29 February 2008 on handling standards complaints.

Resolved that the Committee –

- (1) Notes the report and the changes in the handling of the initial assessment of complaints under the member code of conduct.
- (2) Asks that the views of the district and borough councils be obtained on joint working with view to opening a dialogue with them on this issue.
- (3) Recommends that the minimum membership of any sub-committee should be three people. A pool arrangement is preferred.
- (4) Recognises that there may be need to recruit additional independent members in the future.
- (5) Approves the suggested criteria for local assessment set out in paragraph 5 of the report. These will be reviewed in the light of experience.
- (6) Asks that a review be undertaken of the Audit and Standards Committee's terms of reference taking account the demands of the new legislation.

4. Member Conduct – Advisory Process

The Committee considered report of the Strategic Director of Performance and Development outlining a process for dealing with lower level repetitive complaints about member behaviour.

The Committee were generally supportive of the proposal but asked for the proposed process be amended to introduce at an earlier stage the opportunity for a verbal warning to be given before moving on to the formal warning letter stage.

Resolved that the Committee approves for submission to the Leaders Liaison Group the Member Conduct Advisory Process subject to consideration being given to the inclusion of a verbal warning prior to the formal written letter stage.

5. Review of Adjudication Panel Decisions

Resolved that the Committee, having considered the report of the Strategic Director of Performance and Development, notes the detailed trends in cases determined by the Adjudication Panel over the last 12 months.

6. Do The Right Thing – Local Code of Corporate Governance

The Committee considered the report of the Strategic Director of Performance and Development that sought members' views on the draft local code of corporate governance.

In reply to questions Sarah Duxbury –

- (1) confirmed that the draft local Code of Warwickshire followed the new CIPFA/Solace corporate governance guidance for Local Authorities issued in summer 2007.
- (2) said that as a result, the Code for Warwickshire would likely follow a similar format to the Local Codes adopted by Councils in the rest of country. The County Council's local draft code had, however, been tailored to reflect the County Council's policies and administrative structure.
- (3) A summary of the document would be produced for the benefit of staff, members of the public, use in libraries and on the website which was more "user friendly".
- (4) Undertook to include in the preamble to the Code a statement clarifying to whom the Code applied.

Resolved that the Committee supports the draft local Code of Corporate Governance attached to this report at appendix 1 which will be considered by the Cabinet at its meeting on 13 March 2008 subject to the inclusion of a comment about clarifying whom the code applied.

7. Contract Standing Orders Review

The Committee considered the report of the Strategic Director of Performance and Development outlining the results of the review of the Council's Contract Standing Orders and seeking members. comments on the revised Contract Standing Orders and associated documents.

In reply to questions Sarah Duxbury confirmed that –

- (1) the proposed amendments to Contract Standing Orders had the support of the Strategic Directors of Performance and Development and Resources and other Directorates had been fully involved in the process through the CSO Review Group comprising Contracts Co-ordinators from each Directorate.
- (2) A control mechanism was in place to monitor exemption requests to include those exemption requests below £10,000, which would be dealt with within Directorates under the new arrangements.

Resolved that the Committee -

- (i) recommends to Cabinet and to Council that the draft minor contracts procedure (Appendix 1), the Scheme of Delegation (Appendix 2) and the revised Contract Standing Orders (Appendix 3) are adopted subject to any minor amendments made by the Strategic Director of Performance and Development and the Strategic Director of Resources in advance of those meetings; and
- (ii) supports a strengthened approach to dealing with applications for exemptions from Contract Standing Orders.

AUDIT ITEMS

8. Corporate Governance Audit 2007

The Committee considered the report of the Strategic Director of Performance and Development outlining the results of the corporate governance audit undertaken during 2007 and updated members on progress against the 2005/06 action plan.

During discussion the following comments were noted –

- (a) concern was expressed about the disappointing results of the survey reflected in a number of categories that had “red” indicators against them.
- (b) concern was expressed that the proposal was not to undertake a further survey for another two years.
- (c) the Committee requested that priority be given to the ‘red’ areas and that future audit work be targeted to enable the Council to determine in advance of the next audit whether sufficient progress was being made against the 2007 results.
- (d) concern was expressed about the 27% of staff in the Community Protection Directorate whose posts were politically restricted and not knowing what that meant.
- (e) comment was made about the numbers of staff who did not have access to email and were not able to take part in the survey.

Garry Rollason explained that despite a publicity campaign after the last survey knowledge and understanding of what to do in the event of a fraud had slipped. The measures proposed to address the issues identified by the audit were set out in the draft action plan attached at Appendix 3 of the report. Each directorate would be preparing their own action plan to supplement corporate actions.

The Chair proposed that the Committee's concerns about the results of the survey should be referred to Councillor Peter Fowler, Portfolio Holder for Performance and Development, and that the staff survey should be repeated sooner than two years.

Resolved that the -;

- (i) Committee's concerns about the audit findings set out in this report and draft action plan, attached at Appendix 3, which will be considered by the Cabinet at its meeting on 13 March 2008 are conveyed to the Cabinet and that Councillor Peter Fowler, as Portfolio Holder for Performance and Development is asked to attend the next meeting of the Committee meeting to answer Members' questions.
- (ii) Committee recommends that a further Staff Survey is carried out in 14 months time.
- (ii) Commissions the base-line survey to help assess the impact of the Council's new locality arrangements as referred to at paragraph 4.4 of the report.

9. Progress report on Action Plan arising from an audit of Financial Practices of Youth Centres.

Peter Hatcher presented the report of the Strategic Director of Children, Young People and Families (CYPF) updating Members on progress against the issues identified in the Action Plan arising from a special investigation at Studley Youth Centre discussed at the previous meeting.

In reply to questions Peter Hatcher gave assurances that –

- (1) The problems related to County Council policies and practices not being followed.
- (2) The CYPF Finance Officers were now more pro-active in providing induction for new staff and new staff asked to sign and confirm that they had read the various guidelines and policy documents.
- (3) He was satisfied that the management controls now in place would ensure that any problem was picked up quickly.

The Chair welcomed the re-assurances given and the improved training and induction of new staff.

Resolved that the Committee accepts the re-assurances given on the progress made in addressing the issues arising from the special investigation at Studley Youth Centre and their impact upon the Service as a whole.

10. Data Quality Audit Report

The Committee considered the report of the Strategic Director of Performance and Development. The report provided the Committee with a Data Quality Audit Summary report and action plan, resulting from an audit carried out by the Audit Commission in September - October 2007.

Tony Parks reported that this was the second year that the Audit Commission had carried out work on data quality in the County Council and improvements had been seen over this time. Overall management arrangements for good data quality were demonstrating adequate performance. Spot checks had revealed that 2 indicators were fairly stated but that the IPF Cost Per Library Visit Indicator was understated by 21%.

Steve Wheldon reported that this year the County Council had been asked to provide a self assessment and this had been very helpful in it demonstrated that officers were very self aware and auditors found no difference in their assessment of strengths and weaknesses. The actions put in place and data quality management had penetrated through the Directorates and was helping to drive through the importance of quality assurance.

During discussion Members' questioned how the Committee should view "adequate performance" and whether they should be concerned or assured by the findings of the Survey. The Audit Commission officers in response -

- (1) Explained that the performance of the County Council was similar to most other local authorities throughout the country that had also demonstrated "adequate performance".
- (2) Said that the assessment range was 1- 4 (2 = adequate 3 = good and 4 = excellent). The majority of the County Council's key indicators had achieved a 2 grade and some others a 3 grade and, as a consequence, it had been deemed overall that "adequate performance" had been demonstrated.
- (3) Said that the cost of the audit was approximately £3,000.
- (4) Undertook to circulate an explanatory note about the assessment process and a description of the key lines of enquiry.

Resolved that the Committee:

- (1) Note the findings in the Data Quality Report.
- (2) Approve the County Council's response to the recommendations made by the Audit Commission.

11. School Governance

The Committee considered the report of the Strategic Director of Children, Young People and Families which provided an update on progress with issues identified in an Audit review of school governance in February 2007.

Dave Potter added that significant progress had been made in the key areas around training of School Governors.

During discussion the following comments were noted –

- (1) That the relationship between the local authority and school governors was very much one of help, support and guidance and a wealth of information was available on the County Council's website.
- (2) That the new approach taken by the County Council to Governance training had increased attendance from 18% in 2005/06 to 80% in 2007/08.
- (3) That there was no provision with the current legislation, which compelled Governors to undertake training.
- (4) E-mailing information to the Clerks to the Governing Bodies, who could then circulate it to all Members of their Governing Bodies, in addition to the Head Teachers and Chairs of Governors, would help communication about accessing training and development and support.
- (5) That the update provided was helpful but that there were a number of matters of substance that required further consideration and it was proposed that they should be referred to the Children, Young People and Families Overview and Scrutiny Committee.

Resolved that the Committee –

- (1) notes the progress made by the Directorate to address the issues identified by the 2006 internal Audit review of school governance.
- (2) Asks that the report be referred to the Children Young People and Families Overview and Scrutiny Committee for scrutiny of the following areas to give assurance that –
 - (a) Protocols are introduced in schools not buying into Warwickshire Education Services to ensure proper standards where governing bodies do not purchase County Council services.
 - (b) The necessary steps are taken to ensure that Governing Bodies are set up to discharge their functions.
- (3) asks that information circulated to the Head Teachers and Chairs of Governors as part of the new governor communication strategy is also emailed to the Clerks to the Governors for forwarding on to all members of their governing bodies.

12. Audit Commission – Recommendations Tracking Report

The Committee considered the report of the Strategic Director of Resources

The report outlined the Audit Commission's tracking of its key recommendations and progress on the delivery of actions flowing from these and monitored progress against these key recommendations.

Tony Parks reported good overall progress had been made in implementing the agreed recommendations. This progress would be monitored and further reports brought to the Committee in due course.

In reply to Members' questions and comments Tony Parks and Steve Wheldon confirmed that they were generally pleased with the way in which County Council's officers were implementing the recommendations. In respect of Recommendations –

- (1) R3 no significant problems had been found and this would be reflected in the next report.
- (2) R10/11 there was no issues of concern and the recommendations were being implemented

Resolved that the Committee –

- (1) notes the recommendations in the tracking report.
- (2) asks the Chief Executive Officer to consider writing to County Council Officers commending their work in connection with implementation of the Audit Commission's Recommendations.

13. Any Other Business

(a) Audit and Standards Annual Report

Greta Needham reported that the Committee's Annual report was scheduled for the County Council's May meeting and a draft would be circulated to the Chair shortly.

(b) Training Session – Friday 29 February 2008 1:00 p.m. Shire Hall

Jane Pollard explained the arrangements that had been made for the above training session and said that invitations had been sent out to the district and borough councils and approximately 60 people were expected to attend.

(c) Fire Service – Improvement Notice

In reply to a question from Mark Magowan, Greta Needham said that the County Council had lodged an appeal against the Improvement Notice from the Health and Safety Executive. She added that there was still a huge investigation by Police on site on behalf of themselves and the Health and Safety Executive. She would be in a position to give a verbal progress report to the Committee's June meeting.

14. Future Meeting Dates

Resolved to note the future meeting dates to be held in Shire Hall at 10:00 a.m. as follows -

Monday 16 June 2008
Monday 22 September 2008
Tuesday 18 November 2008
Monday 23 February 2009

15. Report Containing Confidential or Exempt Information

Resolved that –

- (1) members of the public be excluded from the meeting for items 16 and 17 below on the grounds that their presence would involve the disclosure of confidential or exempt information as defined in paragraphs 1,2,3 and 7 of the Local Government Act 1972.
- (2) Item 18 should be considered as a public report as there were no matters contained within the report that warranted the exclusion of the public.

16. Exempt minutes of the meeting held on 19 November 2007.

Resolved that the exempt minutes of the meeting held on 19 November 2007 be agreed and signed as a correct record.

17. Internal Audit Report

The Committee considered the report of the Strategic Director of Performance and Development that summarised the internal audit work carried out in the period 1 October 2007 to 31 December 2007.

Resolved that the Committee –

- (1) Notes the results of the internal audit work in the period 1 October 2007 to 31 December 2007.
- (2) Asks for information on what audit provisions existed in agreements with nursery providers.

18. Compliance with Contract Standing Orders

Resolved, having considered the report of the Strategic Director of Performance and Development, to –

- (1) Note the findings of the 2007/8-contract standing orders compliance audit.
- (2) Ask that Directorate’s Action Plans are brought to the next meeting.

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Chair of Committee

The Committee rose at 1:35 p.m.

The **AUDIT AND STANDARDS COMMITTEE** met at
THE SHIRE HALL, WARWICK on the **30 April 2008**.

Present: -

Independent Members

John Bridgeman (Chair),

County Councillors

Sarah Boad

Les Caborn

Mick Jones

Also: Councillor Kanwardeep Singh

Officers:

Performance and Development Directorate

Jean Hardwick, Principal Committee Administrator.

Greta Needham, Head of Law and Governance.

Jane Pollard, Investigating Officer.

1. General

(1) Apologies for absence

Apologies for absence were received from Mark Magowan and Councillors Tim Naylor, Bob Stevens and John Vereker.

(2) Members' Disclosures of Personal and Prejudicial Interests

None

2. Investigation under the Member Code of Conduct.

The Committee considered the investigator's report into the complaint about Councillor Kanwardeep Singh referred to the County Council by the Standards Board for England for investigation.

The Chair explained the process to be adopted by the Committee for the meeting and gave Councillor Singh the opportunity to comment during the public session and later on when the Committee moved into private session.

In reply to questions from the Chair, Councillor Singh accepted that he had breached the Member Code of Conduct in respect of his failure to declare, as a financial interest on the members' register, his position as director of the company

called 'Perfect Property Services Limited'. He had no other comments to make on the findings of the Investigator's Report.

Jane Pollard said she had nothing to add to her report from which Members would see that Councillor Singh had accepted that he should have registered his appointment as Director of the Company in the County Councils' register of interest. She would be happy to answer any questions on her report.

If the Committee was satisfied that a breach had occurred then the other issue was whether or not any sanction should be imposed and whether there were any aggravating or mitigating circumstances.

Councillor Sarah Boad referred to Councillor Singh having only been a councillor for 3 years and asked what training he had attended during that period. Councillor Singh said that he had attending the basic code of conduct training as part of his induction as a new councillor.

3. Resolution to move into private session.

Resolved that members of the public be excluded from the meeting for items 4 and 5 below on the grounds that their presence would involve the disclosure of confidential or exempt information as defined in paragraphs 1, 2 and 7C of Schedule 12A of the Local Government Act 1972.

4. Investigation under the Member Code of Conduct (exempt report).

The Committee considered the exempt information relating to the investigation.

(At this point Councillor Kanwardeep Singh, Jean Hardwick and Jane Pollard withdrew from the meeting.)

5. The Committee to consider its findings.

The Committee considered and reached a conclusion on its findings.

(Councillor Kanwardeep Singh, Jean Hardwick and Jane Pollard were invited back into the meeting).

Councillor Singh was asked to comment on the Committee's findings, which were read out by the Chair.

Councillor Singh said he welcomed and respected the Committee's decision.

Jane Pollard said she had no comments to make.

6. Announcement of Findings

Resolved, unanimously, that the Committee's findings are as follows –

- (1) There was clear evidence of failure to comply with the Code of Conduct, which the Member has admitted. The failure was to register his interest as an

elected member of Warwickshire County Council (WCC) following his appointment as a Director of a company on 21st July 2006.

- (2) There was no evidence of deliberate withholding of information. It was considered that the failure related to poor administration on Councillor Singh's part.
- (3) That no further action in terms of the form of censure will be imposed other than the fact that the outcome of this hearing will be published.
- (4) It was noted that Councillor Singh has already made a full apology in paragraph 11 (e) of the investigator's report, which the Committee accepts.
- (5) That the Committee imposed a requirement on Councillor Singh to undertake a personal training session on the Code of Conduct with a member of staff of the Law and Governance Division, which will be arranged within the next 30 days.

Councillor Singh said he welcomed and respected the Committee's decision and accepted the requirement to undergo training.

The Chair informed Councillor Singh that he would be advised of his right of appeal against this decision, would receive a written record of the decision within the next 24 hours and a notice of the formal decision would be published in two local newspapers and forwarded to the Standards Board for England.

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Chair of Committee

The Committee rose at 10:55 a.m.

AGENDA MANAGEMENT SHEET

Name of Committee **Audit And Standards Committee**

Date of Committee **16 June 2008**

Report Title **Standards Board For England - Bulletins
No.37 and 38**

Summary The report encloses the latest issue of the Standards
Board Bulletin

**For further information
please contact:** John Wright
Committee Manager
Tel: 01926 412320
johnwright@warwickshire.gov.uk

**Would the recommended
decision be contrary to the
Budget and Policy
Framework?** No.

Background papers None

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Local Member(s) N/A
- Other Elected Members
- Cabinet Member
- Chief Executive
- Legal David Carter and Greta Needham
- Finance
- Other Chief Officers
- District Councils
- Health Authority
- Police
- Other Bodies/Individuals

FINAL DECISION YES

SUGGESTED NEXT STEPS:

Details to be specified

- Further consideration by this Committee
- To Council
- To Cabinet
- To an O & S Committee
- To an Area Committee
- Further Consultation

Agenda No 2

Audit And Standards Committee - 16 June 2008.

Standards Board For England - Bulletins Nos.37 and 38

Report of the Strategic Director of Performance and Development

Recommendation

That the Committee notes the contents of the latest Standards Board Bulletins.

1. Introduction

This report attaches the latest Standards Board Bulletin Nos. 37 and 38 published in February and April 2008.

2. Newsletter highlights.

2. 1 Newsletter No 37 highlights include:

- The main provisions and guidance concerning the ethical framework that have recently been brought into force.
- Examples of good practice in publicising the local assessment of complaints.
- Information on prejudicial interests and setting the authority's annual budget.
- An introduction to the Standard's Board's new Chief Executive.

2. 2 Newsletter No 38 highlights include:

- Standards Committee (England) Regulations 2008: A summary
- Complaints from the public
- Update on the new local reporting system
- Forthcoming event
- Press toolkit
- Referral and investigation statistics

DAVID CARTER
Strategic Director of Performance and Development
Shire Hall Warwick
13 May 2008

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Contact

Enquiries line: 0845 078 8181

Minicom: 0161 817 5449

www.standardsboard.gov.uk

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Welcome to Issue 37 of the *Bulletin*.

With the implementation of the changes to the standards framework drawing closer, this *Bulletin* looks at some of the ways in which local authorities can prepare now. We also examine how the Standards Board for England is working to make the transition to local assessment as smooth as possible.

The Local Government and Public Involvement in Health Act 2007 (Commencement No.2 and Savings) Order 2008 was made on 30 January 2008 to bring the provisions concerning the standards framework into force.

The Standards Board is working on guidance to assist authorities with their new responsibilities, and has produced a training syllabus. This aims to support authorities in developing core training for standards committees and monitoring officers.

In this edition, we look at publicising the local assessment of complaints. We also examine requirements for the recruitment of independent members and parish representatives to standards committees. The system of reporting for authorities under the new framework, which will help the Standards Board monitor local arrangements, is discussed.

In addition, this issue features useful articles on interests in relation to setting the authority's annual budget, and on appeals to the Adjudication Panel for England. We also provide information on booking for our Seventh Annual Assembly of Standards Committees.

Finally, it gives me great pleasure to introduce our new Chief Executive, Glenys Stacey. Glenys will start at the Standards Board in April and will succeed me in the role of chief executive following my retirement at the end of May.



David Prince
Chief Executive

Government's consultation on new regulations and orders

Communities and Local Government (CLG) launched a consultation in January 2008 on its proposals for the new orders and regulations arising from the Local Government and Public Involvement in Health Act 2007. These provided a revised ethical framework for the conduct of local authority members in England.

The consultation included proposals for regulations on the local assessment of complaints, the size, composition and proceedings of standards committees, and the sanctions available to standards committees.

The consultation closed on 15 February 2008. One of the consultation questions related to the effective introduction date for the orders and regulations. The Standards Board for England's own response urged 1 April 2008. Decisions on the timing of the changes, as well as the detailed changes themselves, will be for CLG ministers to take in the light of the consultation responses.

We understand that a considerable number of responses received so far have supported an implementation date of 1 May 2008. This suggestion will be considered by CLG along with the other responses received.

Guidance on the local framework

As we mentioned in *Bulletin 36*, the Standards Board for England will be producing guidance to support local authorities in the implementation and function of the locally managed framework.

The published guidance will consist of five parts:

- the role and make-up of standards committees
- local assessment and how it will operate
- local investigations

- local determinations
- monitoring and audit arrangements

The guidance is subject to the regulations that will support the changes to the framework. We are working to publish it as soon as possible after the regulations are confirmed.

Each part of the guidance will contain two sections. The first section will be the actual guidance, which sets out the responsibilities of relevant authorities and what they need to do to meet them. A second section will contain a set of tools that will enable them to meet those responsibilities, such as templates for decision notices, letters and forms.

We will publish each part of the guidance on our website as soon as it is confirmed. This is so that local authorities can use them to prepare for the local assessment of complaints. Following this, we will produce a binder containing all of the guidance in a loose-leaf format. This will allow us to make amendments over time if necessary.

Provisions concerning the ethical framework recently brought into force

The Local Government and Public Involvement in Health Act 2007 (Commencement No.2 and Savings) Order 2008 was made on 30 January 2008. The following are the main provisions concerning the ethical framework, which the order brings into force:

(1) Provisions brought into force on 31 January 2008

- The partial commencement of Section 183 amends the power of the Secretary of State to make orders about general principles, model codes of conduct and those codes adopted by relevant authorities.

- Section 184 amends Sections 37, 52 and 54 of the Local Government Act 2000 so that certain references to an authority's code of conduct include reference to the mandatory provisions.
 - The partial commencement of Section 185 allows the Secretary of State to make regulations about allegations made to standards committees of failure to comply with their authority's code of conduct.
 - Sections 188 and 189 make provision about sub-committees of standards committees of relevant authorities, and allows the Secretary of State to make regulations about two or more relevant authorities establishing a joint standards committee.
 - Section 190 allows the Standards Board for England to issue guidance to ethical standards officers. It also allows the Standards Board to do things which aim to help, or are incidental or conducive to standards committees and monitoring officers exercising their functions.
 - Section 192 deals with ethical standards officers' reports. Among other things, it allows them to send reports to a standards committee which the committee would not otherwise be entitled to see, if it will help the committee to discharge its functions.
 - Sections 193 to 195 amend the powers and functions of monitoring officers and standards committees. This is because the task of initially assessing allegations of misconduct by members is moving to a local level.
 - The partial commencement of Section 198 allows the Secretary of State to make regulations about the powers and conduct of English case tribunals.
- (2) Provisions brought into force on 1 April 2008**
- Section 187 amends Section 53(4) of the Local Government Act 2000 to require a standards committee to be chaired by an independent person.
 - Section 191 deals with ethical standards officers' powers to investigate. The saving contained in article 7(3) of this order preserves the existing legal framework for cases referred to the Standards Board before 1 April 2008. **Note:** There is a typographical error in article 7(3) which will be addressed before 1 April 2008.
 - Section 196 increases the scope for consultation by ombudsmen. It allows them to consult with standards committees when carrying out an investigation.
 - Section 200 amends the Data Protection Act 1998 (c.29) by adding to the list of exemptions contained in Section 31. The exemptions now include data processed by a monitoring officer or an ethical standards officer under Part III of the Local Government Act 2000, where disclosing it would be likely to prejudice the proper discharge of that function.
 - Section 201 makes supplementary provision relevant to provisions of Part III of the 2000 Act and consequential amendments to the Local Government Act 1972, the Audit Commission Act 1998 and the Greater London Authority Act 1999.
 - Section 202 amends Section 3 of the Local Government and Housing Act 1989. This is done by transferring the function of granting exemptions from political restriction on members of relevant authorities in England from an independent adjudicator appointed by the Secretary of State to standards committees. It also empowers the Secretary

of State to make regulations requiring an authority which is not a relevant authority and so not required to have a standards committee, to establish such a committee. This is to exercise the functions of granting and supervising exemptions from political restriction. The section also provides for the Secretary of State to issue general guidance about exercising this function.

- Section 203 makes amendments in consequence of Section 202.

For more information, please call us on **0845 078 8181** and ask to speak to our Legal Department.

Publicising the local assessment of complaints

The success of the ethical framework rests on transparency and accessibility. The public needs to be aware of the new role of standards committees, and where to turn if they reasonably suspect that a member has breached their Code of Conduct.

This is particularly important now that complaints will be assessed locally, and if someone's area is covered by two or more standards committees, for example a district and county council. People will also need to know where to go if they have a complaint about a parish councillor.

We have prepared a template complaint form which gives clear information on how to make a complaint. This will be part of the toolkit section of the guidance on local assessment (please see the article on page 2 for more details).

Authorities can adapt the form to their own requirements. We expect that some authorities may want to absorb complaints in relation to the Code of Conduct into their existing integrated complaints system.

Under this approach, all complaints would pass through a central point and find their way to the correct place. If there is no central clearing point for complaints, the public will need clear advice about where to direct their complaint.

While this is a matter for local discretion, we expect authorities to be as imaginative as possible in publicising the new system and how it works. Examples of good practice include:

- Prominent and easy-to-navigate links on the authority's website, especially on the 'democracy' and 'councillors' pages.
- Leaflets on display, and available in one-stop-shops, libraries (including mobile libraries), planning, housing and social work departments and area offices, and from parish clerks and offices in the district.
- Posters and publicity in Citizens Advice Bureaux and community groups, including those serving people who are traditionally more difficult to reach.
- Advertisements and articles in the local press and in the authority's own newsletter.
- Information broadcast on local radio.
- An 'Information for Citizens' section on public agendas.
- Leaflets put out at meetings and available on the agenda table.
- Publicity during Local Democracy Week and at other events such as community forum activities.
- A helpline.
- Assistance for people with a disability or whose first language is not English.

Independent members and parish representatives in the local framework

The Local Authorities (Standards Committee) Regulations 2001 provide for the size and make-up of standards committees, and for the appointment of parish and independent members. Authorities are required to have at least three people on their standards committee and at least one must be an independent member.

Further to this, the Local Government and Public Involvement in Health Act 2007 requires all standards committees to have an independent chair. The assessment of Code of Conduct complaints will soon become the responsibility of standards committees. It is therefore vital that local authorities begin the process, if they have not already done so, of recruiting the necessary number of high calibre independent members.

The Standards Board for England recommends that each standards committee has a minimum of three independent members. If the authority is responsible for parish councils it recommends that each standards committee has at least three parish or town council representatives. This is so that the standards committee will have a different independent member, and parish representative if applicable, available to undertake each of the assessment and review functions. It also gives enough flexibility should an independent member or parish representative be unavailable or have a conflict of interest.

A person is only eligible to become an independent member if they meet the following criteria:

- They have not been a member or employee of the authority for five years before the date of appointment.
- They are not a member or officer of any authority currently.

- They are not a close relative or close friend of a member or employee of the authority.
- They filled in an application for the position.
- They have been approved by the majority of members of the authority.
- The position has been advertised in at least one newspaper distributed in the authority's area.

The successful recruitment of independent members and parish representatives is important for the effective operation of standards committees. In order to attract the greatest number of high calibre people, authorities should advertise as widely as possible. You may wish to consider additional methods of recruitment in addition to advertising in the local press. These could include:

- Advertising on your website or your local radio station.
- Placing flyers in libraries, adult learning centres or places of worship.
- Advertising through other authorities' partnerships or through the local voluntary or community sector.
- Contacting neighbouring authorities who may have good candidates that they don't have room to appoint.

As part of the recruitment campaign for independent members, standards committees may wish to set up a panel of suitably trained members to shortlist and interview potential candidates. The monitoring officer should play an active role and be involved throughout the recruitment process, advising the panel on the appropriate steps.

New reporting system for authorities on local assessment

The introduction of local assessment means that local authorities will be required to report information about receiving and investigating cases to the Standards Board for England.

We have been asked by the government to ensure the effectiveness of the local framework. This is to ensure confidence that local representatives are serving the public openly and fairly, and being held to account effectively if they fall below the accepted line.

To do so there needs to be a constructive monitoring procedure, which is light touch and proportionate to identified risk. Consequently, we have tried hard to design a system that will allow monitoring officers to tell us the information that we need to perform our duty as a strategic regulator, without being overly burdensome. The system was piloted with a wide cross-section of monitoring officers. We tried to tailor the questions so that they mirror the type of information monitoring officers will be reporting to their authority.

At intervals, normally at the end of each quarter, the monitoring officer, or other designated person in the authority, will complete a simple online questionnaire. The questionnaire does not take long to complete.

If there are no complaints to report, the monitoring officer just answers a few quick questions about the composition of the standards committee, and then ticks a box to indicate that there were no complaints in that period. At the end of the following quarter, if there are still no complaints and the details about the standards committee have not changed, notification will be even easier. The monitoring officer will just need to log onto the system, place a tick in a box and then press a submit button.

If there are complaints to report, then there is an additional section of the form where the monitoring officer has to provide some details

about each complaint. The questions cover standard areas like the complaint source and outcome, and significant dates in the process. We need to know things like how long investigations are taking and whether mediation has been successful.

The idea behind collecting this information is to allow us to help local authorities by being aware of and sharing effective practice, identifying trends, and managing risks.

Although the quarterly information returns will give us the quantitative data we need for monitoring local case handling, we will also supplement this with additional data collected on an annual basis. This annual data will enable you to tell us about the plans and activities of your standards committees and will provide an opportunity for you to share effective practice with us. We will again do our best to make sure that this annual data collection is not an onerous task.

In addition, the legislation allows us to request further information from authorities. However, we will only do this if the regular monitoring raises concerns about performance at an individual level. If this does happen, we have put in place a small support team who will work with you to see if there is additional guidance you may need, or particular training issues we can help you address.

While the law does allow us to remove local powers, this will be very much a last resort if all other avenues of support fail. We hope our support team will become an important resource for you to draw upon to do your jobs even more effectively.

The quarterly returns system is due to go live at the same time as the new assessment arrangements, and monitoring officers will be contacted soon with details of how to access and use the questionnaire. Data submissions will not be due until after the close of the first quarter. We are aiming to provide high quality support for this system, with a comprehensive user guide and telephone helpline.

Prejudicial interests and setting the authority's annual budget

There is an exemption regarding prejudicial interests under paragraph 10(2)(c)(vi) of the Code of Conduct. This provides that a member does not have a prejudicial interest in any business of the authority where that business relates to the **functions** of “setting council tax, or a precept under the Local Government Finance Act 1992”. This exemption applies even where a member might otherwise have an interest under paragraph 10. So what is the scope of the exemption?

There are many different ways to present the annual budget for the next municipal year and there are many different procedures used by authorities to set a budget. The Standards Board for England believes that the words “relates to the functions” are wide enough to cover the formal council tax or precept-setting meeting of the authority. It can also cover those meetings at which the preparatory work is decided, leading up to the council tax or precept-setting meeting.

Therefore, the exemption in paragraph 10(2)(c)(vi) should cover members for most council budget-setting meetings. However, it does not cover members who are also being asked to consider whether to hand over money, usually in the form of grants, for organisations that form one or more of their personal interests and for which specific budgetary provision has been, or is being made.

In other words, just setting aside money in an annual budget for an organisation is a function that relates to setting council tax and so qualifies for the 10(2)(c)(vi) exemption. However, the formal decision to hand it over, at whatever meeting, would trigger a prejudicial interest that is not exempted by 10(2)(c)(vi).

Usually the formal decision to hand over the money is actually made by an officer under the authority's scheme of delegation which allows them to take decisions. This is as long as it does not incur expenditure beyond that which has been budgeted.

We believe that no member has a prejudicial interest in motions which call on members to adopt the budget with details which are set out in an officer report. These general motions are clearly part of the council tax-setting process. Therefore, all members can attend, debate and vote on that motion, whatever the effects might be on their personal interests.

Difficulties can arise with members, normally executive members, at the early stages of the annual budget preparation when specific amounts of money may be allocated to bodies in which the member has a personal interest. If the decision being made is clearly part of the budget-setting process for your authority then the exemption in paragraph 10(2)(c)(vi) appears to apply. However, if there is any doubt about the status of the decision, the prudent course would be to declare a prejudicial interest or seek a dispensation from the standards committee.

Appeals to the Adjudication Panel for England

A recent case has highlighted the need for standards committees to take care when giving councillors information about appeals following a standards committee hearing. In the case, the standards committee's written decision did not give a contact address for the President of the Adjudication Panel for England. The decision was also worded in a way which suggested that the President could be contacted via the Standards Board for England.

The rules on appeals in relation to standards committee decisions are covered by Part III of the Local Authorities (Code of Conduct) (Local Determination) Regulations 2003. Paragraph 8 of the regulations requires the standards committee to give written notice of the finding as soon as reasonably practicable. This should be given both to the member and to the other people specified in this paragraph. For example, any parish councils concerned and any person who made an allegation that gave rise to the investigation.

Paragraph 9(1) of the regulations provides that the member who is the subject of the finding may "by way of notice in writing given to the President of the Adjudication Panel, seek permission to appeal". Paragraph 9(2) states that such notice must be received by the President of the Adjudication Panel within 21 days of the member's receipt of notification of the finding. Notification of the finding is considered to be the date on which the member receives the full written decision. In practical terms, this is usually a number of days after the hearing itself.

While there is no obligation to specify the contact details of the President, it is good practice to include both the postal address and the Adjudication Panel's website details in the decision notice. The postal address is:

The Adjudication Panel for England
23 Victoria Avenue
Harrogate
North Yorkshire
HG1 5RD

The website address is www.adjudicationpanel.co.uk, and the office of the Adjudication Panel can be emailed via enquiries@adjudicationpanel.co.uk.

Standards committees might also wish to refer members to the 'Application for permission to appeal form' on the Adjudication Panel's website. This is the first link on the Procedures section of the site, and helpfully sets out what information should be provided when applying for permission.

Annual Assembly delegate fee frozen

This year's Annual Assembly of Standards Committees is called **Delivering the goods: local standards in action**. The event will provide an invaluable opportunity for delegates to share experiences and learn from those who have been through the local assessment process.

We recognise how important it is that as many people as possible have the chance to attend. So we have frozen the cost of places at this year's conference at the same price as 2007 – £430 plus VAT.

The 2008 conference microsite – www.annualassembly.co.uk – goes live in March, when delegates will be able to book places using quick and easy online booking. The site will also provide more information about what's on at the conference.

To register your interest in the conference, please email annualassembly2008@standardsboard.gov.uk

Upcoming events

The Standards Board for England is running sessions at both the Labour and Conservative party local government conferences. Details are:

The case for the Code of Conduct

Conservative local government conference, 1 March 2008, Warwickshire.

A session looking at some of our investigations from the last five years. This will illustrate the need for a mechanism to deal with the minority of councillors who damage public trust in local government. The session will be followed by a discussion chaired by Councillor Sir Ron Watson, CBE.

Partnerships, standards and leadership

Labour local government conference, 2 March 2008, Birmingham.

A presentation and discussion, organised in partnership with the Improvement and Development Agency (IDeA) looking at local government partnership working. A chance to discuss the key issues of leadership, high standards, culture, values and behaviour in addressing the accountability gap often presented by partnership working.



New Chief Executive

Glenys Stacey has been appointed as the new Chief Executive of the Standards Board for England. She will begin in April and, after a handover period, will succeed David Prince who retires at the end of May. Glenys will be out and about meeting stakeholders and those of you involved in standards locally.

Experienced in the public sector, Glenys is a solicitor and former Chief Executive of the Criminal Cases Review Commission, responsible for investigating suspected miscarriages of justice. She is also a former Chief Executive of the Greater Manchester Magistrates' Courts Committee, managing summary justice delivery in Greater Manchester.

Glenys comes to the Standards Board from her latest role as Chief Executive of Animal Health, where she has been leading a national organisation through development and reform. She has also headed the country-wide field response to animal disease outbreaks.

Glenys Stacey said:

"I am delighted to be joining the Standards Board for England at such an interesting time – both for the Standards Board as it evolves to become a strategic regulator, and for local government as its remit is changing and growing. I hope and trust that my experience of the good work of local authorities and in leading professional organisations in the public sector will stand me in good stead, and I am looking forward very much to taking up the post."

Welcoming the appointment, Sir Anthony Holland, Chair of the Standards Board, said:

"As a solicitor with experience of developing and running complex service organisations, Glenys is exactly the person we need to lead the Standards Board for England in its new role of providing

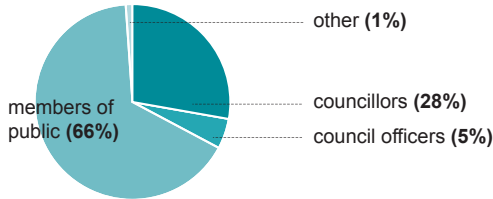
both the vital support and the independent, national oversight needed to make the locally-based ethical standards system work."

Referral and investigation statistics

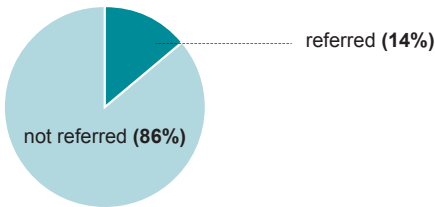
The Standards Board for England received 2,869 allegations between 1 April 2007 and 31 January 2008, compared to 2,819 during the same period in 2006-07.

The following charts show referral and investigation statistics during the above dates.

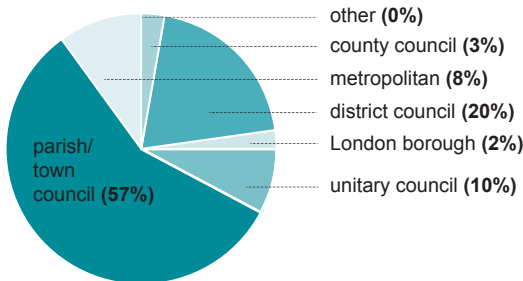
Source of allegations received



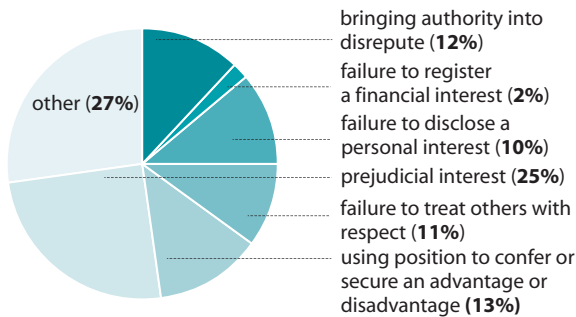
Allegations referred for investigation



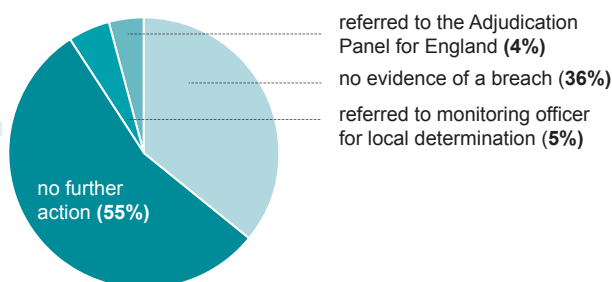
Authority of subject member in allegations referred for investigation



Nature of allegations referred for investigation



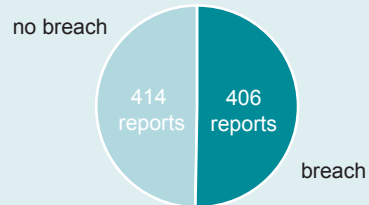
Final findings



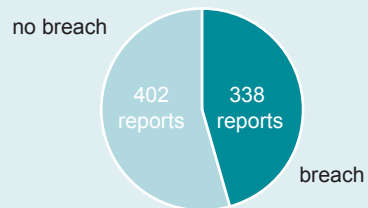
Local investigation statistics

For the period 1 April 2007 to 31 January 2008, ethical standards officers referred 223 cases for local investigation – equivalent to 51% of all cases referred for investigation. Since 1 April 2007 there have been eight appeals to the Adjudication Panel for England following standards committee hearings. Of all cases referred for local investigation since November 2004, we have received a total of 1,036 reports – please see below for a statistical breakdown of these cases.

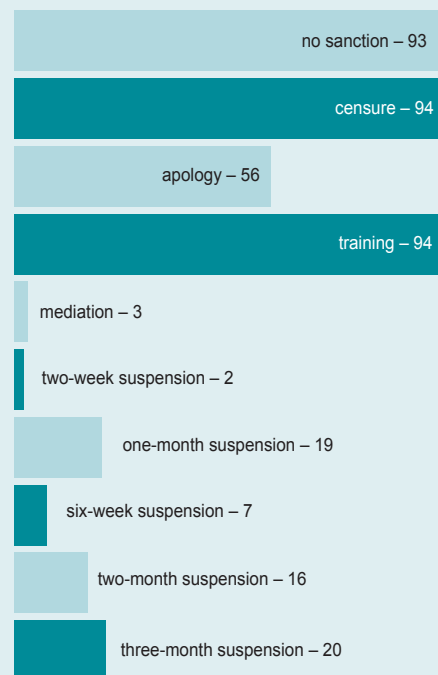
Monitoring officers' recommendations following local investigations



Standards committee hearings



Standards committee determinations



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Statistics

Welcome to Issue 38 of the *Bulletin*.

Local assessment has arrived. From 8 May 2008, the new, more locally-based standards framework gives standards committees responsibility for the initial assessment of all allegations that a member of their authority may have breached the Code of Conduct. It also gives them responsibility for any subsequent investigations, decisions and sanctions. This is except where cases cannot be handled locally because of their seriousness, conflicts of interest or other public interest reasons.

Detailed regulations prescribe how the revised standards framework will work in practice. We use this *Bulletin* to summarise, in detail, the content of the Standards Committee (England) Regulations 2008. I hope that you find this useful.

As we set out in the last *Bulletin*, the Standards Board has been working hard to produce comprehensive guidance on the new standards framework. Now that the government has confirmed the detail of the regulations, we are reviewing and completing this guidance to make the transition to the new system as smooth as possible for authorities. We have already published a toolkit of template documents on our website to assist you with the local assessment of complaints. We will publish our local assessment guidance on the website by 8 May 2008.

Finally, I am sad to say that this is my final *Bulletin*, as I retire as Chief Executive of the Standards Board in June. My successor, Glenys Stacey, started work in April and looks forward to meeting as many of you as possible. I leave at an exciting time, as the responsibility for upholding high standards of member conduct moves to the heart of local government. I know that you will rise to the challenge. I would like to thank all of you for your commitment and hard work during my time at the Standards Board. It has been a pleasure working with you and I wish you every success in the operation of the new arrangements.



David Prince
Chief Executive

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Standards Committee (England) Regulations 2008: A summary

The following article summarises in detail the content of the Standards Committee (England) Regulations 2008.

Composition of standards committees

At least 25% of a standards committee must be made up of independent members. No more than one member of an authority's standards committee can be a member of the executive.

Where an authority must have parish representatives it must now ensure that it has at least two who are not also members of the authority. Previously one was enough.

Appointments to standards committees

Normally, a person cannot be appointed as an independent member of a standards committee unless:

- the appointment is approved by a majority of the members of the authority
- the appointment is advertised in a local newspaper circulating in the area
- the person has submitted an application to the authority
- the person has not been a member or officer of the authority within the previous five years and is not a relative or close friend of a member or officer of the authority

The new regulations do not change this, but add that advertisements can be placed in any other publications or websites the authority considers appropriate.

However, they do provide that a person who is an independent member of one standards committee may be appointed as an independent

member of another. This is unless they have been a member or officer of it in the preceding five years or are a relative or close friend of a member or officer of that authority.

An independent member of another authority can be appointed for a specific period of time. Alternatively, they can be appointed to deal with a particular allegation or set of allegations against a member. The term of office of such an independent member can then be fixed accordingly.

An authority can adopt whatever procedures it thinks fit to appoint such independent members and members of parish councils. It must consider the Standards Board for England's standards committee guidance, to be published in May, when making these appointments.

Where a person who is appointed as an independent person becomes a member or officer of any authority, or becomes a relative of a member or officer of that authority, they can no longer be a member of the standards committee.

Sub-committees of standards committees

The standards committee of an authority must appoint a sub-committee chaired by an independent member to carry out initial assessments of allegations. This is under Section 57A of the Local Government Act 2000.

It must also appoint a sub-committee chaired by an independent member to carry out reviews under Section 57B of the Local Government Act 2000. If the standards committee appoints a sub-committee to hold hearings, that sub-committee must be chaired by an independent member. Nothing in the regulations requires a sub-committee of a standards committee to have fixed membership or chairmanship.

Validity of proceedings

For a meeting of the standards committee to be valid at least three members must be present, one of whom must be an independent member. The independent member must chair the meeting. For a meeting of a standards committee sub-committee to be valid at least three members of the standards committee must be present, including normally at least one elected member and one independent member. In either case, if parish issues are being discussed, one of the three members present must be a parish representative. An independent member must usually chair a sub-committee meeting.

No member who took part in the initial assessment of an allegation can attend a sub-committee meeting that is considering a review of a decision to take no further action on a matter.

At least one parish or town council representative must attend a standards committee meeting, or a standards committee sub-committee meeting, convened to consider a matter relating to a member of a parish or town council.

Application of the Local Government Act 1972

The existing rules about publicity and access to documents apply, except that initial assessment hearings and reviews are excluded from the scope of Part VA of the Local Government Act 1972. They are replaced with the following requirements:

- After the meeting, the sub-committee must produce a written summary. The written summary must record the main points considered, the conclusions reached and the reasons for them. It must be prepared having considered the Standards Board for England's standards committee guidance, which is to be published in May.

- The sub-committee may also give the name of any member subject to allegations unless such disclosure is not in the public interest or would prejudice any investigation. The record must be available for inspection by members of the public at the offices of the authority for six years after the meeting and must be given to any parish or town council involved.

Written allegations

Standards committees must publish details of the address or addresses that written allegations should be sent to. Standards committees themselves can choose how they do this. They must also take reasonable steps to ensure that the public are kept aware of address details and that any changes to them are published promptly.

In addition, standards committees must publish details of the procedures they will follow.

A standards committee must take account of relevant guidance issued by the Standards Board when complying with these obligations.

Modification of duty to provide written summaries to members subject to allegations

Under Section 57C(2) of the Local Government Act 2000, a standards committee must take reasonable steps to give a written summary of the complaint to the member subject to the allegation. The new regulations provide that this duty does not arise if the standards committee decides that giving a written summary would be contrary to the public interest. Standards committees also need not provide a written summary if it would prejudice any person's ability to investigate the allegation.

The standards committee must take account of any guidance issued by the Standards Board when reaching a decision. It may also consider any advice received from the monitoring officer or any ethical standards officer concerned.

Once the monitoring officer or ethical standards officer has advised the standards committee that it would no longer be against the public interest or prejudicial to any investigation, a written summary must be provided. In any event this must be done before any consideration by the standards committee or sub-committee of a report or recommendation from a monitoring officer or ethical standards officer about that allegation.

Modification of Section 63 of the Local Government Act 2000

Section 63 of the Local Government Act 2000 has been modified so that the confidentiality requirements in that section are applied to information gathered by the monitoring officer in the course of an investigation. The monitoring officer can disclose this information if it is for the purposes of carrying out their functions under the legislation, or for enabling a standards committee, a sub-committee or an appeals tribunal to do so.

Referral of matters to a monitoring officer for other action

There may be occasions where a matter is referred to a monitoring officer by a sub-committee of a standards committee or an ethical standards officer, with a direction to take steps other than carry out an investigation. The sub-committee can only make such a referral after consulting the monitoring officer. Other action can include arranging training, conciliation or anything else that appears appropriate.

The monitoring officer must submit a written report to the sub-committee or ethical standards officer within three months, giving details of what action has been taken or is proposed to be taken. If the standards committee is not satisfied with the action specified in the report, it must give a further direction to the monitoring officer.

If the ethical standards officer concerned is not satisfied with the action specified in the report, they may ask the monitoring officer to publicise a statement. This statement should be published in at least one newspaper circulating in the area of the authority concerned. This should give details of the direction given by the ethical standards officer, the reasons why the ethical standards officer is dissatisfied with the action taken, and the monitoring officer's response to those reasons.

Referral of matters to a monitoring officer for investigation

Where a matter is referred to the monitoring officer for investigation, the monitoring officer must inform the following parties that the matter has been referred for investigation:

- any member subject to an allegation
- the person who made the allegation
- the standards committee of any other authority concerned
- any parish or town council or other authority concerned

The monitoring officer must also consider any relevant guidance issued by the Standards Board, and must comply with any relevant direction given by it.

The monitoring officer can make enquiries of anyone and require them to provide information or explanations that the monitoring officer thinks necessary. In addition, they may require any of the authorities concerned to provide advice and assistance as reasonably needed, and, except for parish and town councils, to meet the reasonable costs of doing so.

If any of the authorities concerned is a parish council, the monitoring officer may require its responsible authority to meet any reasonable costs it incurs. The monitoring officer may also require any of the authorities concerned to allow reasonable access to documents they possess,

which the monitoring officer may find necessary to conduct the investigation.

Following an investigation, a monitoring officer must make one of the following findings:

- Finding of failure – there has been a failure to comply with the Code of Conduct of the authority concerned or, as the case may be, of any other authority concerned.
- Finding of no failure – there has not been a failure to comply with the Code of Conduct of the authority concerned or, as the case may be, of any other authority concerned.

The monitoring officer must prepare a written report concerning the investigation and findings. They must then send that report to the member subject to the allegation and refer the report to the standards committee. The report can also be sent to any other authority that the member belongs to, if they request it. The monitoring officer must refer the report to the standards committee in instances where an investigation report is sent to the monitoring officer by an ethical standards officer.

References back from the monitoring officer

In cases referred to a monitoring officer for investigation after an initial assessment, the monitoring officer can refer that matter back to the standards committee concerned if:

- 1) as a result of new evidence or information, the monitoring officer believes both of the following:
 - The matter is materially more or less serious than may have seemed apparent to the standards committee when it made its decision on the initial allegation.
 - The standards committee would have made a different decision had it been

aware of that new evidence or information.

- 2) the member subject to the allegation has died, is seriously ill or has resigned from the authority concerned, and the monitoring officer believes that it is consequently no longer appropriate to continue with an investigation

If a matter is referred back to a sub-committee under this regulation, the sub-committee must make a decision as if the matter had been referred to it for initial assessment. It can remove the ability of the monitoring officer to refer the matter back again.

Consideration of reports by standards committee

Where a monitoring officer refers a report to the standards committee of any authority, it must consider that report and make one of the following findings:

- Finding of acceptance – it accepts the monitoring officer’s finding of no failure to comply with the Code of Conduct.
- The matter should be considered at a hearing of the standards committee.
- The matter should be referred to the Adjudication Panel for England for determination.

A standards committee can only refer a case to the Adjudication Panel if:

- 1) it decides that the action it could take against the member would be insufficient were a finding of failure to be made
- 2) the President or Deputy President of the Adjudication Panel has agreed to accept the referral

The standards committee must give written notice of a finding of acceptance to the parties involved, as soon as possible after making it. It must arrange for the decision to be published in at least one local newspaper and, if the committee deems it appropriate, on its website and any other publication. If the member subject to the allegation requests that the decision not be published, then the standards committee must not publish it anywhere.

Hearings by a standards committee

A standards committee can conduct a hearing using whatever procedures it considers appropriate in the circumstances. But the meeting must be conducted with regard to relevant guidance issued by the Standards Board.

The hearing must be held within three months of the date of which the monitoring officer has received a report referred by an ethical standards officer or the date that the report is completed, if it was prepared by the monitoring officer.

If it cannot be held within three months of the above, it must be held as soon as possible thereafter.

The hearing must not be held until at least 14 days after the date that the monitoring officer sent the report to the member subject to the allegation, unless the member concerned agrees to the hearing being held earlier.

Any member who is the subject of a report being considered by the standards committee must be given the opportunity to present evidence and make representations at the hearing orally. Alternatively, they can make representations in writing, personally or through a representative. The representative can be a barrister, solicitor or, with the consent of the standards committee, anyone else.

A standards committee may arrange for witnesses that it thinks appropriate to attend and a member subject to an allegation may arrange to call any number of witnesses. It may also place a limit on the number of witnesses a member calls if it believes that the number is unreasonable.

If the member subject to the allegation fails to attend a hearing, the standards committee may make a decision in their absence. This is unless it is satisfied that there is sufficient reason for the member subject to the allegation failing to attend. It may alternatively adjourn the hearing to another date.

A standards committee may, at any stage prior to the conclusion of the hearing, adjourn the hearing and require the monitoring officer to seek further information. Alternatively, it may require the monitoring officer to carry out further investigation on any point it specifies. However, the standards committee cannot adjourn the hearing more than once.

If a standards committee receives a report from an ethical standards officer, it may adjourn the hearing at any stage before it concludes, and refer it back to the ethical standards officer for further investigation. It must set out its reasons for doing this.

The ethical standards officer must respond to the request within 21 days and can accept or refuse it. If the request is refused, the standards committee must continue the hearing within three months or as soon as possible thereafter.

Standards committee findings

Following a hearing, a standards committee will make one of the following findings about the member subject to the allegation:

- The person had not failed to comply with the Code of Conduct.

- The person had failed to comply with the Code of Conduct but that no action needs to be taken.
- The person had failed to comply with the Code of Conduct and that a sanction should be imposed.

If the member subject to the allegation is no longer a member of any authority, the committee can only censure that person. Otherwise, it must impose any one or a combination of the following sanctions:

- Censure.
- Restriction for up to a maximum of six months of that member’s access to the premises and/or resources of the authority. This is provided that any such restrictions are reasonable and proportionate to the nature of the breach, and do not unduly restrict the person’s ability to perform their functions as a member.
- Partial suspension of that member for up to a maximum of six months.
- Suspension of that member for up to a maximum of six months.
- A requirement that the member submit a written apology in a form specified by the standards committee.
- A requirement that the member undertake training as specified by the standards committee.
- A requirement that the member undertake conciliation as specified by the standards committee.
- Partial suspension of the member for up to a maximum of six months or until such time as the member submits a written apology in a form specified by the standards committee.

- Partial suspension of the member for up to a maximum of six months or until such time as the member undertakes any training or conciliation specified by the standards committee.
- Suspension of the member for up to a maximum of six months or until such time as the member submits a written apology in a form specified by the standards committee.
- Suspension of the member for up to a maximum of six months or until such time as that member undertakes such training or conciliation as the standards committee specifies.

Normally any sanction imposed must start immediately following its imposition. However, the standards committee can decide that any sanction will start on any specified date up to six months after the imposition of that sanction.

Notification of standards committee findings

The notification provisions under the new regulations are similar to the ones under the previous regulations. All interested parties, including the Standards Board, should be notified of a decision along with the reasons for it. The standards committee must arrange for a notice to be published in a local newspaper and, if the committee thinks it appropriate, on its website and any other publication. If the member concerned is found not to have failed to comply with the Code of Conduct, a summary must not be published anywhere if the member so requests.

Where the standards committee finds that the member has failed to comply with the Code, the notice to the member concerned must include the right to appeal in writing against the decision to the President of the Adjudication Panel for England.

Appeals

The member who is the subject of a finding can

ask for permission to appeal within 21 days of receiving notification of the committee’s decision. They can also apply for the suspension of any sanction imposed until such time as any appeal is decided.

Any appeal must specify whether the appeal is against the finding or the sanction or both. It must also specify:

- the grounds of the appeal
- whether any application for suspension of any sanction is made
- whether the person consents to the appeal being dealt with in writing only

The application for permission to appeal or to suspend a sanction will be decided by the President of the Adjudication Panel for England. In the absence of the President this will be decided by the Deputy President, unless they consider that special circumstances render a hearing desirable.

If permission is refused, or if a suspension of a sanction is not granted, the notice given to the member concerned will give the reasons.

The conduct of appeals, the composition of appeals tribunals and the procedures to be followed are essentially the same as under the previous regulations.

Outcome of appeals

Where an appeals tribunal dismisses a standards committee’s finding, the committee’s decision, including any sanction imposed, will cease to have effect from the date of the dismissal.

Where an appeals tribunal upholds the finding of a standards committee that there has been a breach of the Code of Conduct but that no sanction should be imposed, it may confirm the committee’s decision to impose no sanction. Alternatively, it may impose any sanction which was available to that standards committee.

Where an appeals tribunal upholds a standards committee’s finding, or part of a finding, that there has been a breach of the Code of Conduct, it may confirm any sanction imposed by that committee. Alternatively, it may substitute any other sanction which was available to that standards committee.

Normally any sanction imposed must start immediately following its imposition by the appeals tribunal. However, an appeals tribunal can decide that any sanction imposed should start on any specified date up to six months after the imposition of that sanction.

The appeals tribunal must arrange for a summary of its decision to be published in one or more newspapers circulating in the area of the authorities concerned.

Complaints from the public

As local authorities prepare to receive and assess complaints about member conduct, we are passing on our advice about dealing with complaints from members of the public. Although these formed the majority of the complaints we received, the fact that most members of the public are not specialists in local government, the Code of Conduct or in making a complaint means that they will need support.

Our experience suggests that if members of the public do not understand the process, including the possible or likely outcomes if their complaint is upheld, then they are more likely to be unhappy about the outcomes of cases. Feedback we have received also suggests that not all local authorities are making information readily available on how to make a complaint. This will be a statutory requirement from May this year.

In short, our key recommendations based on our experience of dealing with complaints from the public are:

- Complaint materials should be easily available and the complaint process should be made very clear from the start.
- Complaint materials and responses to complaints need to be clear and concise. They should explain exactly what can and cannot be done, including an outline of the powers available.
- Complaint materials should assume complainants are unfamiliar with how to make a complaint, the Code of Conduct and the authority's complaint process.

Update on the new local reporting system

In the last issue of the *Bulletin* we provided a brief overview of the new reporting mechanism that monitoring officers will use to notify us about local activity relating to the standards framework each quarter.

We aim to launch the system on 8 May 2008. To ensure that it works well, we have recently carried out some external testing. We advertised for volunteers in the ACSeS (Association of Council Secretaries and Solicitors) bulletin and were delighted by the number of monitoring officers who got in touch and expressed an interest.

Each volunteer was asked to submit a mock quarterly return using real, but anonymised, case information and to report back on their experience. The exercise has proven invaluable and the feedback has been encouraging. Aside from some issues with speed that are being attended to, monitoring officers have confirmed that the system is easy to use and that the questions being asked are clear and understandable.

The next stage for us is to implement some of the tweaks and improvements suggested by our external testers and to compile a user guide to accompany the system launch documentation.

All monitoring officers will be contacted via email ahead of the introduction of the new system, with information about how to log on and instructions about how and when to submit their return.

In addition to the user guide, we plan to provide telephone and email support to monitoring officers who are making information returns. This will ensure that the process is as uncomplicated and painless as possible.

Forthcoming event

The National Association of Local Councils Conference 2008

Winter Gardens, Eastbourne
Tuesday 20 to Thursday 22 May 2008

At this year's National Association of Local Councils (NALC) event, we will have policy staff on hand to answer your questions at exhibition stand four.

Our new Chief Executive Glenys Stacey, and independent Board Member Councillor Shirley Flint, will also be delivering a presentation and answering questions.

Press toolkit

The Standards Board's press office is preparing a toolkit to help local authority press offices deal with media interest in referrals, investigations and hearings once the local framework comes into effect.

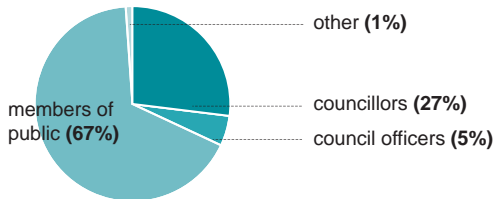
It will include advice on how to publicise the changes in the ethical framework, raise awareness of standards committees' work, and offer help on dealing with enquiries about complaints and investigations reactively. The toolkit will also include FAQs, guidelines, templates for press releases and best practice advice. The toolkit is currently being drafted in light of the regulations, and will be issued directly to local authority press offices.

Referral and investigation statistics

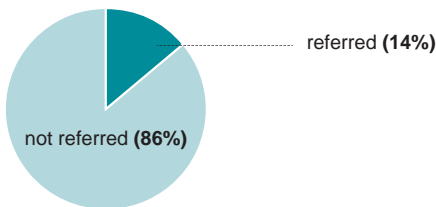
The Standards Board for England received 3,624 allegations between 1 April 2007 and 31 March 2008, compared to 3,549 during the same period in 2006-2007.

The following charts show referral and investigation statistics during the above dates.

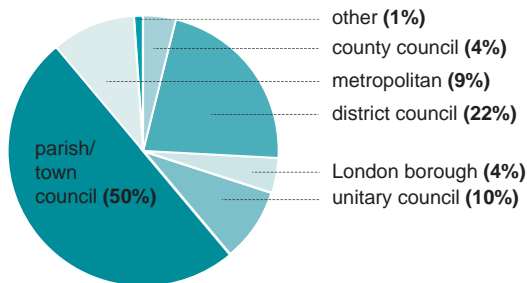
Source of allegations received



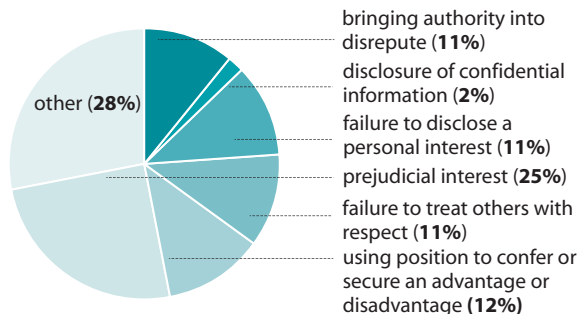
Allegations referred for investigation



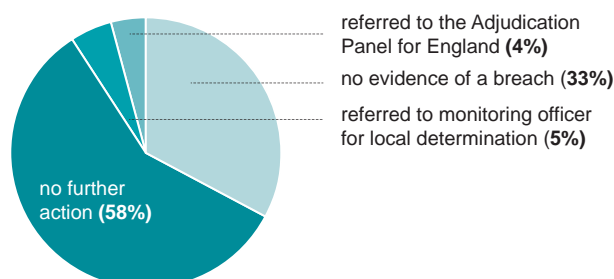
Authority of subject member in allegations referred for investigation



Nature of allegations referred for investigation



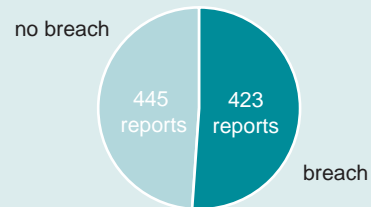
Final findings



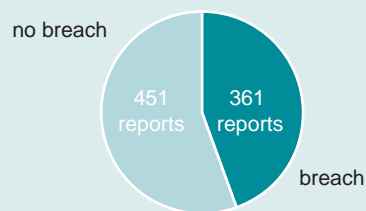
Local investigation statistics

For the period 1 April 2007 to 31 March 2008, ethical standards officers referred 291 cases for local investigation, which is 55% of all cases referred for investigation. Since 1 April 2007 there have been eight appeals to the Adjudication Panel for England following standards committee hearings. Since November 2004 we have referred 1,097 cases for local investigation – please see below for a statistical breakdown of the cases that have been determined.

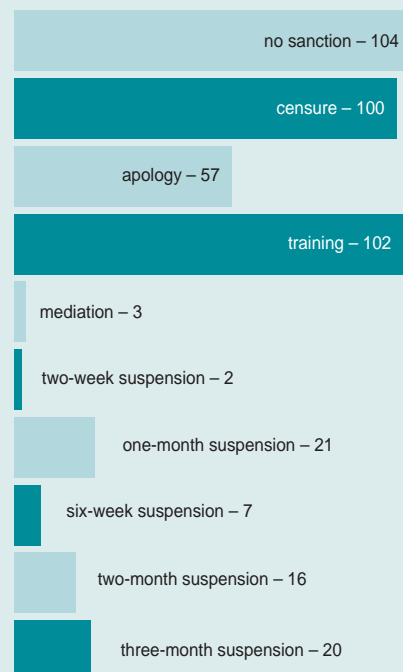
Monitoring officers' recommendations following local investigations



Standards committee hearings



Standards committee determinations



AGENDA MANAGEMENT SHEET

Name of Committee **Audit & Standards Committee**

Date of Committee **16 June 2008**

Report Title **Revised Terms of Reference for the Audit & Standards Committee**

Summary This report advises the Audit & Standards Committee of the changes made to its terms of reference and associated matters by Council on 13th May 2008.

For further information please contact: Jane Pollard
 Overview and Scrutiny Manager
 Tel: 01926 412565
 janepollard@warwickshire.gov.uk

Would the recommended decision be contrary to the Budget and Policy Framework? No.

Background papers None

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Local Member(s) N/A
- Other Elected Members
- Cabinet Member
- Chief Executive
- Legal Greta Needham
- Finance
- Other Chief Officers
- District Councils
- Health Authority
- Police
- Other Bodies/Individuals

FINAL DECISION YES

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by this Committee

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Agenda No 3

Audit & Standards Committee - 16 June 2008.

Revised Terms of Reference for the Audit & Standards Committee

Report of the Strategic Director of Performance and Development

Recommendation

That the Committee notes the new terms of reference

Introduction

1. The Local Government and Public Involvement in Health Act 2007 made a number of changes to the conduct regime for members and officers. The changes include the delegation of additional powers to local standards committees i.e.
 - Local assessment of complaints under the member code of conduct
 - Supervision of politically restricted posts

Assessment of complaints

2. The Government published new regulations governing the conduct of standards committees on 17th April 2008 which came into effect on 8 May 2008. The initial assessment of complaints (to decide if a complaint should be investigated) which was previously carried out by the national Standards Board has now become the responsibility of the local Standards Committee.

Supervision of politically restricted posts

3. The Local Government and Housing Act 1989 provides that a person is disqualified from becoming a member of a local authority if he or she holds a politically restricted post. This section amends the 1989 Act so that the granting and supervision of exemptions from the political restriction will be the responsibility of the standards committee of each local authority in England, rather than that of the Independent Adjudicator. The section also provides that the Secretary of State may issue general advice with regard to the making of decisions on political restrictions. Before giving such general advice, the

Secretary of State must consult those representatives of local government he considers appropriate.

Membership of the Committee

4. The regulations governing the membership of a Standards Committee performing functions under the Member Code of Conduct requires that at least 25% of the membership is independent members. This requirement is currently met. The quorum under the regulations for a meeting of a standards committee or sub-committee is three members (including one independent member and one member of the authority). The regulations also require sub-committees set up for the purposes of assessment, review or hearings to be chaired by an independent member.
5. The Council on 13th May 2008 authorised the Strategic Director of Performance and Development to recruit a further two independent members to serve on the Committee. Currently arrangements are being made to advertise etc these appointments.
6. The appointment of independent members is governed by regulations and the Council would be required to confirm the appointment of any independent member before he/she could take office. The Council will review at later stage whether or not it is necessary to appoint any further elected members. The current approved membership of the Committee is therefore

Up to 4 Independent members (including the Chair); 1 Cabinet Member;
2 Conservative; 2 Labour and 1 Liberal Democrat Members

Access to Information Rules

7. The new regulations governing the conduct of standards committees have amended the access to information rules so that exempt categories 7A to 7C apply to the new responsibilities.

<i>The following additional categories apply only to a Committee or sub-committee exercising the functions of a Standards Committee under section 58(1)(c), 60(2) or (3), 64(2), 70(4) or (5) or 71(2) Local Government Act 2000 or considering any matter under Regulation 13 or 16 to 20 Standards Committee (England) Regulations 2008'</i>	
7A. Information which is subject to any obligation of confidentiality	7B. Information which relates in any way to matters concerning national security
7C. The deliberations of a Standards Committee or sub-committee in reaching any finding on a matter referred	

- 8 In addition the regulations provide that the public does not have a right of access to the meetings and papers of assessment and review sub-committees. A summary of the proceedings is required to be produced which is then made available for public inspection.

CONCLUSION

9. The revised terms of reference for the Committee and sub-committees dealing with code of conduct issues are attached as an Appendix.

DAVID CARTER
Strategic Director of
Performance and development

Shire Hall
Warwick

14 May 2008

APPENDIX

SECTION 7 RESPONSIBILITIES OF THE AUDIT AND STANDARDS COMMITTEE

The members of the Audit and Standards Committee, including the independent members shall be appointed by the Council. The Council shall appoint the Chair if it thinks fit. The Chair shall be one of the independent members. The Audit and Standards Committee shall have the following functions-

Function	Statutory Reference
1. Promoting and maintaining high standards of conduct by councillors, co-opted members and church parent governor representatives and officers	Section 54(1)(a) and 54(3) Local Government Act 2000
2. Assisting councillors, co-opted members and church and parent governor representatives to observe the members' Code of Conduct	Section 54(1)(b) Local Government Act 2000
3. Advising the Council on the adoption or revision of the Members' Code of Conduct	Section 54(2)(a) Local Government Act 2000
4. Monitoring the operation of the Members' Code of Conduct	Section 54(2)(b) Local Government Act 2000
5. Advising, training or arranging to train councillors, co-opted members and church and parent governor representatives on matters relating to the Members' Code of Conduct	Section 54(2)(c) Local Government Act 2000
6. Dealing with the assessment, review and determination of complaints under the Members' Code of Conduct relating to councillors, co-opted members and church and parent governor representatives.	Sections 57A–57C, 64, 66, 78, 79 and 80 Local Government Act 2000
7. Granting dispensations to councillors, co-opted members and church and parent governor representatives from requirements relating to interests set out in the Members' Code of Conduct	Section 81(5) Local Government Act 2000
8. Dealing with the grant and supervision of exemptions from political restriction.	Section 3A Local Government and Housing Act 1989

Function	Statutory Reference
<p>9. Oversight of internal and external audit matters, the Councils arrangements for corporate governance and risk management and any other arrangements for the maintenance of probity including,</p> <ul style="list-style-type: none"> • approval of the internal audit strategy/plan • review of financial statements, the annual accounts, the statement of internal control, and any opinions/reports of external or internal audit or inspection agencies • assessing the effectiveness of the Council's control environment, risk management and corporate governance arrangements • seeking any required assurances to ensure appropriate action is taken and • monitoring performance in relation to any action required <p>and making recommendations to Cabinet and/or Council as appropriate where executive action is required</p>	<p>Section 54(3) Local Government Act 2000</p>

Terms of Reference and Composition of Certain Sub-Committees

In relation to the assessment, review and determination of complaints under the Member Code of Conduct the following standing arrangements apply. These do not affect the powers of the Audit & Standards Committee to deal with any matter itself.

Hearings Sub-Committee

Composition: Any two or more elected members and an independent member drawn from the membership of the Audit & Standards Committee to sit as and when required. The independent member shall Chair the sub-committee. The selection of members to form a sub-committee to deal with a particular matter or matters shall be made by the Chief Executive. Where possible the make-up of the sub-committee shall include a representative of each of the political groups represented on the Council.

Terms of Reference

- To determine complaints relating to councillors, co-opted members, church and parent governor representatives following an investigation under the Member Code of Conduct
- To impose sanctions on individual councillors, co-opted members, church and parent-governor representatives where appropriate

- To refer individual cases to the Adjudication Panel for England in circumstances where it considers the sanctions available are insufficient
- To make recommendations and or refer matters to the monitoring officer for other action in appropriate cases

Assessment and Review Sub-Committee

Composition: Any two or more elected members and an independent member drawn from the membership of the Audit & Standards Committee to sit as and when required. Where possible the sub-committee will include representation from at least two of the political groups represented on the Council. The independent member shall Chair the sub-committee. The selection of members to form a sub-committee to deal with a particular matter or matters shall be made by the Chief Executive. A member who has dealt with the assessment of a particular complaint shall not be a member of any sub-committee carrying out a review of that complaint under section 57B Local Government Act 2000.

Terms of Reference

- To carry out assessments of complaints made under the Member Code of Conduct under section 57A Local Government Act 2000
- To carry out reviews of complaints made under the Member Code of Conduct under section 57B Local Government Act 2000

Access to Information

There is no right of public access to the meeting or the papers of an assessment or review sub-committee. There is a requirement to produce a summary which is then made available for public inspection. The requirements relating to the summary are governed by Regulation 8 (5) Standards Committee (England) Regulations 2008.

AGENDA MANAGEMENT SHEET

Name of Committee **Audit and Standards Committee**

Date of Committee **16 June 2008**

Report Title **Contract Standing Orders for Schools**

Summary This report outlines the results of the review of Contract Standing Orders for Schools and asks the Committee to recommend the revised Contract Standing Orders to Cabinet and to full Council

For further information please contact:

Sarah Duxbury Corporate Legal Services Manager Tel: 01926 412090 sarahduxbury@warwickshire.gov.uk	Garry Rollason Audit and Risk Manager Tel: 01926 412679 garryrollason@warwickshire.gov.uk
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Would the recommended decision be contrary to the Budget and Policy Framework? No.

Background papers Contract Standing Orders for Schools
Minutes of meetings of CSO Schools Review Group

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

- | | | |
|-----------------------|-------------------------------------|--|
| Other Committees | <input type="checkbox"/> | |
| Local Member(s) | <input checked="" type="checkbox"/> | County wide |
| Other Elected Members | <input type="checkbox"/> | |
| Cabinet Member | <input checked="" type="checkbox"/> | Cllr Heather Timms |
| Chief Executive | <input type="checkbox"/> | |
| Legal | <input checked="" type="checkbox"/> | David Carter – reporting officer |
| Finance | <input checked="" type="checkbox"/> | Paul White - comments incorporated |
| Other Chief Officers | <input checked="" type="checkbox"/> | Marion Davis, Strategic Director of Children Young People and Families |
| District Councils | <input type="checkbox"/> | |
| Health Authority | <input type="checkbox"/> | |

Police

Other Bodies/Individuals Considered by CSO Schools Review Group

FINAL DECISION NO

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by this Committee

To Council For approval on 24th June 2008

To Cabinet To consider on 19th June 2008

To an O & S Committee

To an Area Committee

Further Consultation

Audit and Standards Committee – 16 June 2008

Contract Standing Orders for Schools

Report of the Strategic Director of Performance and Development

Recommendation

That the Audit and Standards Committee considers the results of the review of Contract Standing Orders for Schools and recommends the revised Contract Standing Orders for Schools to Cabinet and to the Council for approval to enable them to take effect from 1st September 2008, subject to any amendments made by the Strategic Director of Performance and Development or the Strategic Director of Resources prior to full Council on 24th June.

1. Background

- 1.1 As part of our commitment to ensuring that the Council maintains sound systems of corporate governance, the Council periodically reviews its Contract Standing Orders. The Council undertook a review of contract Standing Orders during 2007/08, the results of which were reported to the Audit and Standards Committee in February 2008 and to Cabinet in March 2008. The revised version of Contract Standing Orders was approved by Council on 18th March 2008 and rolled out across the Council from 1st April 2008.
- 1.2 The reports to members during February/ March this year acknowledged that there was a separate piece of work to be undertaken to review Schools' Contract Standing Orders in light of the changing environment in which schools operate, and in particular to enable us to consider the implications of e-initiatives such as the establishment of a DCSF electronic market place for schools.
- 1.3 A small working group was established in February to take this piece of work forward and the group has met on a number of occasions to discuss appropriate amendments to Schools Contract Standing Orders and the associated guidance which supports CSOs. The working group comprises representatives from the Children Young People and Families Directorate, Audit Officers, legal representatives and the County Procurement Manager.
- 1.4 In addition, there has been informal consultation with school based staff and more formal consultation will be undertaken through the Schools Resources Policy Group which at its meeting on 5th June 2008 will consider a report on the proposed changes to CSOs for Schools. Any comments made by representatives on this group will be fed back to the Committee orally at its meeting.

- 1.5 It is proposed that the revised CSOs for Schools are effective from 1st September 2008 when the new school term will begin.

2. Proposed Changes to Contract Standing Orders for Schools

- 2.1 The revised draft Contract Standing Orders for Schools (CSOs) are set out in **Appendix 1**. The revised version is considerably shorter than the current version of the document and follows the same format as the Council's CSOs. Great efforts have been made to simplify our contracting procedures and make them more accessible for those using them.
- 2.2 In addition, our existing CSOs for Schools contained a number of sections which were more guidance as opposed to specific rules which must be followed. In order that CSOs is treated as a rule book which sets out the minimum requirements that we expect, we have focused on clarifying and simplifying the minimum requirements which are supported by guidance available to School based staff including the Schools procurement toolkit.
- 2.3 The key amendments that are proposed to CSOs for Schools are as follows;
- 2.3.1 Changing the format of CSOs for Schools to make it more process orientated, following the same format as the Council's CSOs;
 - 2.3.2 A review of the roles and responsibilities of school based staff, including Governors and Headteachers. This has been accompanied by a short 'Fact Sheet' aimed at Governors and Headteachers setting out their responsibilities in the context of contracting;
 - 2.3.3 We have proposed a Minor Contracts Procedure which we expect schools to follow. This is contained as an Appendix to CSOs for Schools. However should they wish to depart from this, schools must send their proposed scheme to the Strategic Director of Performance and Development for approval;
 - 2.3.4 A requirement to include reference to key policies in tender invitation packs (eg equalities, sustainability, health and safety etc);
 - 2.3.5 A slight relaxation of the rules to allow tenders for contracts below £10,000 to be received by fax. The potential for challenges of undue process are felt to be low in this area and in reality, use of faxes is reducing.
 - 2.3.6 A requirement that all contracts above £10,000 and all supply contracts be recorded in the School's Register of Contracts;
 - 2.3.7 There is a requirement for Schools to seek appropriate professional advice for major contracts and for contracts where the Schools procurement toolkit does not apply. Failure to do so may result in the Council exercising its powers in relation to schools under the Section 48 Scheme;

- 2.3.8 It is proposed that the contract levels be amended so that;
- (i) Minor Contracts are contracts which have an estimated total value of below £30,000. The current threshold is £10,000
 - (ii) Ordinary Contracts are above £30,000 but below the current EU threshold for goods and services (currently £139,893)
 - (iii) Major Contracts are above the current EU threshold for goods and services. This effectively raises the threshold for major contracts which is currently £100,000.

In relation to these limits, whilst this gives greater flexibility for contracts below £30,000, the requirements for contracts above £30,000 have been strengthened. Under current rules, officers have discretion as to whether they formally seek tenders or more informal quotes for Ordinary Contracts between £10,000 and £100,000. Under this arrangement, the unwritten rule has tended to be that tenders should be obtained for contracts above £30,000. These proposals would formalise that arrangement and require all contracts above £30,000 to be tendered. As regards the Major Contracts threshold, it was felt to be confusing to have an upper threshold of £100,000 at which point all the rules for major contracts kick in, and then to have to consider a separate EU threshold at which different EU requirements apply. For this reason it is proposed to merge these thresholds and this follows the same format as the Council's CSOs;

- 2.3.9 A reduction in the period of time for which rejected tenders are required to be kept unopened on file;
- 2.3.10 A proposed extension of the rules on late tenders to also apply to late Pre Qualification Questionnaires (the sifting document which allows the School to shortlist the number of tenderers that they invite to bid);
- 2.3.11 Clarification / simplification of the sections on negotiations, framework agreements, debriefings for contractors, and tender requirements.
- 2.3.12 New section on the disposal of assets;
- 2.3.13 An extension of the rules on conflicts to Governors (ie where the Governing Body or a committee considers the award of a contract in which a particular Governor has a conflict of interest)

2.4 Unlike the Council's Contract Standing Orders;

- 2.4.1 We are not proposing any changes to the process for approving exemptions from Contract Standing Orders. This means that all exemption requests for contracts costing £2,000 or more will still need to be approved by the Strategic Directors of Resources and of Performance and Development. (The County Council's rules allow exemptions below £10,000 in value to be approved 'within Directorate');

- 2.4.2 We have not proposed a Scheme of Delegation for contracting. This is a responsibility for the Governing Body to determine and the associated guidance makes that clear;

3. Minor Contracts Procedure

- 3.1 The Minor Contracts procedure proposed for Schools is contained as an appendix to CSOs for Schools (see Appendix 1).
- 3.2 In summary the procedure follows the same format as the County Council's Minor Contracts Procedure and contains the following key principles;
- Schools must get value for money and consider the need for competition, efficiencies and savings;
 - School based should follow their appropriate code of conduct when letting contracts;
 - Where there is a corporate or standard contract (eg WCC, ESPO, OGC) this should be used
 - A single quote is acceptable for contracts with a total value of less than £2,000. This should be confirmed in writing for contracts with a value of over £500
 - Contracts with a total value of more than £2,000 must be awarded under competitive conditions (at least 2 written quotes for contracts below £10,000, and at least 3 written quotes for contracts between £10,000 and £30,000);
 - All bidders must be treated equally and fairly;
 - Information received from suppliers is confidential and must not be disclosed to a third party;
 - Quotes must be assessed against the chosen award criteria which should be determined before the School asks for prices
 - Written records of all minor contracts must be kept
 - Winning bids should be kept for at least 6 years after the contract comes to an end and documents relating to unsuccessful or late tenders for at least 2 years from the date the contract starts

4. Supporting Guidance and Awareness Raising

- 4.1 As part of the review, we have developed a series of Fact Sheets and Checklists for Schools. We are consulting on these through the Schools Resources Policy Group. These are aimed at;
- Ensuring that Governors and Headteachers are aware of their responsibilities under CSOs for Schools
 - Ensuring that school based staff responsible for contracting are aware of their responsibilities
 - That staff have access to user friendly checklists for the areas in which schools are most likely to undertake contracting activities (eg contracts for photocopiers, hand-dryers, gym equipment, catering/ cleaning, build contracts)

- 4.2 As part of the review, we are also undertaking a review of the existing Schools guidance including the Procurement Toolkit for Schools and ensuring that the guidance we offer is up to date and reflects the current environment in which schools operate.
- 4.3 The work we are continuing to do in this area will also consider the accessibility of information to Schools, particularly those schools who do not buy into the WES Services offered by the County Council and how we promote and raise awareness of the new rules, such as
- Using the monthly Governor newsletters to introduce the changes
 - Using the quarterly audit briefings to raise awareness
 - Running training sessions for school based staff
 - Running twilight training sessions for Governors and Headteachers at the start of the autumn term
 - Promotion of the Fact Sheets to make them accessible to school based staff
 - Promotion of additional information channels should Schools want more information on contracting.

5. Conclusions

- 5.1 The Audit and Standards Committee is therefore asked to consider the contents of this report and to recommend the revised Contract Standing Orders for Schools to Cabinet and to the Council for approval to enable them to take effect from 1st September 2008.

DAVID CARTER
Strategic Director of Performance and Development

Shire Hall
Warwick
15th May 200

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Contract Standing Orders for Schools

Rules for buying goods, materials, work, or services

EFFECTIVE FROM 1st SEPTEMBER 2008

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Contract Standing Orders for Schools (CSOs)

Section 1 Purpose and scope

1 Purpose

Warwickshire County Council approves the overall framework of CSOs. Any codes of practice or guidance provided by the Strategic Director of Performance and Development or the Strategic Director of Resources form part of CSOs.

These CSOs apply to all maintained schools in Warwickshire. These CSOs are in accordance with the Council's Section 48 Scheme.

CSOs help us to:

- get value for money;
- keep within the law;
- maintain standards of conduct;
- be fair to our suppliers;
- protect our staff;
- show the public that we are honest; and
- meet the Council's corporate and directorate aims and policies.

Each school must have an approved Minor Contracts Procedure. Warwickshire County Council expects your school's Minor Contracts Procedure to follow the form set out in Appendix 1. If your school wishes to depart from the form of Minor Contracts Procedure set out in Appendix 1 then you must send your suggested amendments to the Strategic Director of Performance and Development for approval.

2. Scope

CSOs must be followed for **all** contracts with outside organisations or people. The County Council is not an "outside organisation" for these purposes.

A contract is any agreement (verbally or in writing) to provide goods, works or services in exchange for payment. CSOs cover all types of contract including placing orders, loan or leasing arrangements, employing outside consultants and even cases where the school is supplying goods, works or services, or disposing of assets (other than land) or spending grant income received from a third party.

3. Responsibilities

3.1 Governing Body (responsibilities for their school)

A Governing Body may delegate all of the responsibilities set out below, in whole or in part, to their headteacher (and normally in Warwickshire delegation of such responsibilities would be to the headteacher) :

- **To follow** CSOs and any codes of practice, guidance or instructions provided by the Strategic Director of Performance and Development and the Strategic Director of Resources.
- **To follow** all relevant UK and European laws.
- **To follow** Financial Standing Orders and make sure effective systems are in place to control budgets properly.
- **To work with** the Strategic Director of Resources to ensure that an appropriate financial evaluation is undertaken of potential suppliers to ensure that the School and the County Council manages risk effectively.
- **To get** legal, financial and other advice in good time and to make sure that contracts are legal and the school can carry out their (and where relevant the Council's) duties under them.
 - You **must consider** obtaining appropriate legal and/or financial advice for contracts with a **total value** of **£30,000** or more (i.e. Ordinary and Major contracts (whether or not EU procurement rules apply) and EU contracts). The greater the **total value** of the contract (see paragraph 6.1 below for how to assess the total value) and/or the greater the **risk** a School and/or the Council is exposed to, the more likely it is that legal and/or financial advice should be obtained.
 - You **may** obtain appropriate legal and/or financial advice for any value of contract if you have concerns about the risk a School and/or the Council may be exposed to under its Terms); where you have any other concerns in relation to the contract; or for any contract that is 'unusual' in any respect (e.g. bespoke contracts, contracts that are not let through ESPO, or contracts that are not let through any other standard contracting arrangements that the Council has). In relation to 'unusual' contracts, in particular, it is highly likely that you would want to obtain legal and financial advice.
 - You **must obtain** appropriate legal and/or financial advice for any supply contract you are considering tendering for.

- **In addition** to the above, specific examples are given in these CSOs of where you **must** take appropriate legal and financial advice (eg all Major Contracts, Framework Contracts and other contracts where the Procurement Toolkit for Schools does not apply). Where legal or financial advice is required to be taken it must be taken in good time and in any event prior to the commencement of any procurement.
- **To make sure** that the school deals with contracts and tendering procedures in line with CSOs and financial standing orders and any other relevant documents.
- **To make sure** that the school has systems in place to avoid fraud and corruption.
- **To keep a list of the members of staff** responsible for dealing with tenders and contracts. This list must show the extent of the powers of the members of staff.
- **To provide** any information which the Strategic Director of Performance and Development or the Strategic Director of Resources needs to help us meet legal requirements and CSO procedures.
- **To appoint** a Contracts Officer for the school.
- **To make sure** that all relevant members of staff have received CSO training approved by the Strategic Director of Performance and Development before being given the power to agree contracts.
- **To make sure** that all suppliers have in place sufficient insurance cover as appropriate to the contract in accordance with the Council's insurance guidance.
- **To negotiate** contracts in accordance with these CSOs (see paragraph 19).
- **To make sure** that any members of staff involved in contract negotiations are sufficiently skilled and understand the legal parameters that apply to contract negotiations.
- **To make sure** that all suppliers comply with all applicable Health and Safety legislation.
- **To make sure** that the school complies with the Financial Management Standard in Schools (FMSiS).
- **To determine** whether a late tender for a major contract can be accepted, after having taken appropriate legal advice.
- **To record** in the school's register of contracts all contracts with a total value of £10,000 or above and all supply contracts (ie contracts where the school supplies something) regardless of value.
- **To approve** contracts being entered into.

Where these responsibilities are delegated to the headteacher then Warwickshire County Council will expect the headteacher to report back to the Governing Body at least annually to update the Governing Body on the above items so that the Governing Body can satisfy itself that its duties have been carried out appropriately.

The Governing Body shall be responsible for approving higher value, higher risk contracts and this may not be delegated to the headteacher (but can be to a committee).

3.2 Headteacher

The headteacher's responsibilities are:

- **To carry out** the responsibilities delegated to him or her by the Governing Body.
- **To delegate** the carrying out of activities (but not the responsibility) to the relevant officers below in accordance with the scope set out below.
- To choose a member of staff to act as its 'contracts officer' and to tell the Strategic Director of Performance and Development the name of that person, using the form at Appendix 2.
- To maintain a written record of the members of staff in the school who have been authorised as being responsible for agreeing contracts and the extent of the powers of those members of staff and to notify this information to the Strategic Director of Performance and Development, using the form at Appendix 2.

3.3 Contracts officer

The contracts officer may have the following responsibilities delegated to him or her:

- To monitor compliance with Contract Standing Orders by the school;
- To disseminate information on procurement and contracting to the relevant staff within the school; and
- To make "day to day" entries in the school's register of contracts.

3.4 Authorised members of staff

Authorised members of staff must:

- make sure that the headteacher or governing body has (in accordance with these CSOs) given approval for all contracts they are responsible for;
- make sure that any actions taken are within their powers;

- check that there is enough in the budget to cover the financial commitment they are making both in the current and future financial years; and
- provide details of all the contracts they are responsible for to the contracts officer.

3.5 All staff

- To understand the procedures they must follow in respect of agreeing contracts and ordering goods, work or services for the school.
- To comply with any contracting requirements set out in the relevant employment policy/policies applicable to them.
- All staff must record any interest which could influence their judgment in contracting matters and any equivalent interest held by a close family member or partner in the register held by the school (and to any higher standard if required by any relevant body).
- Staff employed by the County Council must also comply with any requirements of the County Council as regards recording interests which could influence their judgment in contracting matters.

Section 2 Steps Prior to Purchase

4. Approvals

4.1 All contracts must be properly approved **before** they are signed. Approval can be in the form of:

- a decision of the governing body; or
- a decision within the powers given to the headteacher under the governing body's scheme of delegation;

and the following conditions must also be met:

- The contract must meet the requirements of CSOs.
- The contract must be competitively let unless the total value of the contract is less than £2,000 or an exemption from CSOs is obtained.
- The member of staff involved must have the power to deal with the particular contract.
- There must be enough money in the budget to cover the total whole-life financial commitment being made (including any consultant's or other external charges or fees).

5. General Requirements

Before beginning a purchase, the authorised member of staff must also;

- 5.1 Carry out an options appraisal to decide what procurement method is most likely to achieve the purchasing objectives;
- 5.2 Assess the risks associated with the purchase and how to manage them;
- 5.3 Follow the procedures in the Procurement Toolkit for Schools to determine whether it applies to your procurement. **If it does not you must take appropriate legal and financial advice. Failure to do so may lead to Warwickshire County Council invoking its powers under the Section 48 Scheme.**
- 5.4 Consider whether the European Procurement Rules apply. If they do, you must seek advice from the Strategic Director of Performance and Development (Corporate Legal Services Manager) and the Strategic Director of Resources (County Procurement Manager) before you start the tender process **because you are required to take appropriate legal and financial advice in these circumstances.** You must also seek legal advice on your draft OJEU Contract Notice before it is submitted for publication. **Failure to follow the requirements of this paragraph may lead to Warwickshire County Council invoking its powers under the Section 48 Scheme.**

Section 3 Conducting a Purchase

6. Deciding which procedure and competition requirements

6.1 Contract Procedure

The table below sets out which procedures must be followed for different contract values.

The Total Value of the contract is:

Yearly contract value x Contract period in years (including any extension periods). [\[insert worked example\]](#)

Correct valuation of a contract is very important. The total value of a contract that runs over a number of years may place your contract in a different category. This will affect the procedure that you must follow in order to let the contract.

Total Value	Type of Contract	Procedure to Follow
Below £30,000	Minor	Minor Contract Procedures (Appendix 1 or such other procedures as approved by the Strategic Director of Performance and Development)
£30,000 or above but below EU threshold for goods and services	Ordinary	Ordinary contract procedures as set out in these Contract Standing Orders
The EU threshold for goods and services or above	Major	Major contract procedures as set out in these Contract Standing Orders and EU procurement rules as appropriate
Any value contract where the school is the Supplier	Supply	Supply contract procedures (section 26)
Any value contract where the school is disposing of assets	Disposal	Disposal procedures (section 30)

The EU thresholds are set out in **Appendix 3**.

It is important to understand that a contract exists even where you make a one-off payment for goods; there does not need to be an on-going service for a contract to be formed.

6.2 Competition requirement

- all contracts must meet the requirements of CSOs
- All contracts with a total contract value of £2,000 or above must be let following a competitive process unless you have obtained an exemption from CSOs (see Section 7)
- You must not enter into separate contracts or select methods of calculating Total Value in order to minimise the application of CSOs or EU Procurement Rules. **If your contract is a Major Contract then you must seek appropriate legal and financial advice. Failure to do so may result in Warwickshire County Council invoking its powers under the Section 48 Scheme.**

7. Exemptions from Contract Standing Orders

7.1 We will only allow exemptions from Contract Standing Orders **in exceptional circumstances**. You must have permission from the Strategic Director of Performance and Development and the Strategic Director of Resources.

7.2 To apply for an exemption, the headteacher must fill in and sign (either electronically or by hand) an [Exemption Form](#). It should then be sent to the Strategic Director of Performance and Development. You must allow plenty of time for the Strategic Director of Resources and Strategic Director of Performance and Development to consider your application and to allow for tendering if they refuse your application.

7.3 Examples of circumstances which **may** justify an exemption are:

- * **urgency** - real emergencies, not delays in making arrangements to agree particular contracts;
- * **no real competition** - the headteacher must use market analysis to explain why there is insufficient competition;
- * **extending an existing contract** - it must be in the school's interests to negotiate with the existing supplier;
- * **price control** – if the price is controlled by trade organisations or government order and there is no reasonable alternative;
- * **repairs or parts** – if the only option is to repair or buy new parts for existing equipment or buildings and there is only one supplier;

- * **a partnership arrangement** – if the supplier is making a large contribution to the funding, and the work, goods or services could not be provided as economically without that contribution.

7.4 An exemption must also be obtained where you want to vary the insurance levels the Council requires contractors to have in place. An [Insurance Exemption Form](#) must be completed and the same process as set out at paragraph 7.2 above must be followed.

8. Drafting your contract specification

- 8.1 You must produce a description of the goods, services or works you need before you start the tender process (the specification). This will allow you to compare prices properly and once the contract has been let, will enable you to manage the contractor's performance.
- 8.2 The level of detail of your specification will depend on the value and type of goods, services or works you are buying.

9. Deciding which procurement method

9.1 To select your contractor you can either use;

- **Centrally approved contracts** - (eg. WCC, ESPO, OGC, framework agreements etc). Where these exist they **MUST** be used and you will be deemed to have complied with CSOs. Further details can be obtained from the County Procurement Unit.
- **An external tender service** - i.e if it is more cost effective to use an organisation like ESPO to carry out the procurement process for you.
- **Approved supplier lists** - Where such a list is available. You must not use approved supplier lists for contracts governed by the EU Procurement Rules as these contracts must be advertised.
- **Conducting a competitive process** – ie if the above options are not suitable or cost effective. The rules set out in CSOs must be followed. Where there are different rules for different types or values of contract, these are set out in paragraphs 10 – 23 below.

10. Getting prices / advertising

There are different rules on whether you need to advertise and invite tenders depending on the type of contract concerned. These are set out below.

Type of Contract	Minimum Procedure
Minor Below £30,000	You must follow the Minor Contract Procedures contained at Appendix 1 or such other procedures as approved by the Strategic Director of Performance and Development
Ordinary £30,000 or above but below EU threshold for goods and services	You must advertise. You can use the Council's web-site (Tender's Available page) to do this. You should also consider advertising more widely (eg external trade or professional journals).
Major but not EU (this applies to works contracts only)	You must advertise. You can use the Council's web-site (Tenders Available page) to do this [link to application form and Supply2Gov] . For higher value contracts you should advertise more widely.
EU contracts (whether goods, services or works)	You must advertise in the EU Journal and invite to tender. [Link to SIMAP] You can in addition advertise on the Council's web-site (Tenders Available page). [Link to application form]

11. Shortlisting Tenderers

11.1 Contracts that are subject to the EU procurement rules (and other contracts where that is appropriate) generally follow a two-stage process;

- **Stage 1; selection.** This stage uses a [Pre-Qualification Questionnaire](#) ('PQQ') to short-list those tenderers who you want to invite to submit a tender and;
- **Stage 2 ; evaluation.** This will usually lead to the award of the contract. It is at this stage that any contract specific proposals (e.g. price and how the contract will be delivered) are assessed. Evaluation is dealt with in more detail at 12 below.

11.2 The EU rules say that at Stage 1 (selection) you may only consider those matters which are relevant to the performance of the contract in question (eg financial standing, expertise, experience and technical capacity). You **CAN NOT** consider the suppliers' proposals as to *how* the contract would be delivered.

11.3 Where you are advertising for suppliers, **you must agree and record your method for selecting short-listed tenderers before you advertise.** When deciding your method, you must;

- Treat all tenderers in the same way;
- Keep the process simple and clear; and
- Record and retain all documentation relating to your selection decisions.

- 11.4 You must give tenderers a reasonable amount of time properly to complete the PQQ.
- 11.5 The receipt and opening of PQQs should be formally recorded, dated and signed by at least two members of staff..
- 11.6 You should not normally accept the submission of a late PQQ except in the same circumstances where a late tender would also be accepted (see paragraph 15 below).
- 11.7 Once a supplier has been selected through the selection stage, they are deemed to be suitable to undertake the contract and you cannot then fail them on the same criteria at the evaluation stage (Stage 2) unless relevant changes occur during the later stages of the procurement process (e.g. a change in a supplier's financial standing).
- 11.8 A minimum number of short-listed suppliers are then invited to submit tenders. (See paragraph 13 below)

12. Evaluation

- 12.1 **Before you ask for prices** (whether by quotation or invitation to tender) **you must decide and record how you will assess the quotations or tenders that you receive.** Your criteria must be designed to ensure that the school gets best value for money.
- 12.2 You must publish any tender scoring system or similar tender evaluation model to be used prior to the issue of the invitation to tender. At the same time, you must also notify suppliers of any weightings to be used. These rules apply to all contracts regardless of whether or not they are subject to the EU procurement rules.
- 12.3 The headteacher must make sure that the contract award criteria
- Do not prevent fair competition
 - Do not illegally discriminate between tenderers
 - Meet any relevant UK and EU laws
- 12.4 The basic award criteria can be:
- Most economically advantageous tender (MEAT), where considerations other than price apply. This will be the most suitable criterion in most cases as it provides the school with the greatest flexibility; or
 - Lowest price where the school is the buyer;
 - Highest price where the school is the seller
- 12.5 Where your award criteria is based on the most economically advantageous offer, you may take into account relevant considerations such as price, technical standard, experience and skills, past performance, social and environmental considerations, practical considerations, financial proposals, contract management, quality management proposals and delivery proposals.

13. Inviting Tenders

- 13.1 Where you are advertising for tenderers, you must invite at least 3 tenderers to tender, (or 5 tenders if the EU Restricted Procedure rules apply).
- 13.2 You must send them an invitation to tender together with the contract documents and a tender form. Your invitation to tender must include information on the Council's policies and requirements on;
- Equalities
 - Sustainability
 - Health and Safety

You must also include instructions on how and when they must return their tenders. A standard [invitation to tender](#) (for goods and certain services up to the ordinary contract threshold) and associated documents (including simple contract terms and tender form) are available through the Procurement Toolkit for Schools.

- 13.3 You must give tenderers a reasonable amount of time properly to complete the tender and you must factor a reasonable response time into your procurement timetable. What is 'reasonable' will depend upon a number of factors, e.g. the amount/complexity of the information that you require.
- 13.4 During the period allowed for preparing tenders, you must record all your communications with tenderers. If a tenderer raises a query during this period, you must pass it on to all tenders together with your reply. Remember not to give the identity of the tenderer who has raised the query.
- 13.5 You must not pass on the names or details of suppliers to anyone at any time during the tendering process.

14. Returning Tenders

- 14.1 Tenders can be returned by hand or by post. Tell your tenderers to use postal services that provide them with proof of postage and the time of sending.
- 14.2 For contracts with a total value of £10,000 or above you must not accept tenders sent by fax.
- 14.3 When you receive a written tender, stamp or write the date and time on the packaging. Do not open any of the tenders (whether received by hand or by post) until the final deadline for receiving them. Keep them in a safe place.
- 14.4 If you open a tender by mistake before the deadline, write down how this has happened. Attach this to the packaging and re-seal the tender immediately.

14.5 If you receive fewer tenders than expected, do not contact tenderers to ask whether they have sent one in.

15. Late tenders and PQQs

15.1 You should normally reject tenders and PQQs which you receive after the deadline.

15.2 In exceptional circumstances the headteacher can accept a late tender or PQQ. This only applies if:

- * you have not opened any tenders or any PQQ; **and**
- * you have proof that the tender or PQQ was posted in enough time to meet the deadline. If the tender or PQQ is delivered by hand, the person delivering it must explain why it is late. The headteacher or his/her authorised officer must be satisfied with the reason. You must record this reason; **and**
- * in the case of major contracts you must have the agreement of the Governing Body, after having taken appropriate legal advice.

15.3 If you decide to accept a late tender or PQQ, you must treat that tender or PQQ in the same way as all others. You must record full details of your decision to accept the late tender or PQQ on file.

15.4 If you decide to reject the late tender or PQQ, you should leave it on file, unopened at least until you have awarded the contract and the successful tenderer has accepted. At this stage, you can open the tender or PQQ and inform the tenderer that his bid was not considered because it arrived late.

16. Opening tenders

16.1 Before the deadline for return of tenders, you must agree a time for opening the tenders. Try to open the tenders as soon as possible after the deadline for returning them. If a delay becomes necessary, the headteacher must agree to this and the reason must be recorded. Never extend the deadline for returning tenders or delay the time for opening them to allow for late tenders.

16.2 The authorised member of staff must make sure that the procedures for opening tenders are followed and that the correct records and documents are completed.

16.3 The opening requirements as set out in the table below must be followed

Type of contract	Opening requirements
Ordinary	Tenders opened in front of at least 2 members of staff
Major or EU which has a total contract value above the EU threshold for goods and services including any call-off contract under a framework agreement	Tenders opened in front of at least 1 member of staff and 1 officer from Law and Governance authorised by the Strategic Director of Performance and Development

- 16.4 You must open all tenders at the same session. Open them one at a time. Then each member of staff (and, if relevant, the officer from Law and Governance) must sign and date them. Record the details of each tender on a [tender return form](#). Each member of staff (and, if relevant, the officer from Law and Governance) must sign and date the form.
- 16.5 The members of staff opening the tenders (and, if relevant, the officer from Law and Governance) must sign the total price page. Where the prices are not contained in a single page or where other pages contain relevant pricing information (eg hourly or discounted rates), all relevant pages containing pricing information must be signed.
- 16.6 Once the tenders have been opened, store them again in a safe place.

17. Evaluating Tenders

- 17.1 Before assessing the tenders, you must check that each one meets the requirements of your specification. You must also make sure that there are no major mistakes and that nothing is missing.
- 17.2 You must also check the accuracy of the figures in each tender. If you find minor mistakes which do not affect the overall price or the specification, contact the tenderer and ask them to confirm the correct figures in writing. Keep a record of all mistakes and attach it to the tender documents together with any corrections you have agreed with the tenderer.
- 17.3 Whichever contract award criteria you decide on (see paragraph 12.4), this is how you must evaluate. You must not change your criteria part way through the process.
- 17.4 The headteacher should (taking into account the Governing Body approvals that may be needed as referred to in paragraph 17.7) accept the tender which offers the school best value for money having assessed all the tenders against your chosen award criteria (see paragraph 12). This applies whether you get prices by quotes under the Minor Contract Procedures (see Appendix 1 for approved version) or by more formal tendering processes.

- 17.5 The results of your assessment are strictly confidential, so you must not pass them on to anyone who is not involved in the evaluation process.
- 17.6 Your assessment documentation should clearly show;
- * the result of your assessment of each tender;
 - * a comparison of assessment results; and
 - * your recommendation for who should be awarded the contract.
- 17.7 The information referred to at paragraph 17.6 should be sent to the person with authority to award the contract. You should always consider whether your recommendation for awarding the contract should be put before the governing body or one of its committees **before** contacting the successful tenderer. Higher value, higher risk contracts should be put before the Governing Body for approval prior to being entered into.

18. Notifying tenderers

- 18.1 **Notification – on contracts not subject to the full EU procurement rules** (that is contracts for Part B Services (specifically catering, grounds maintenance, SEN) or contracts below the EU procurement thresholds);
- You must write and tell the successful tenderer your decision as soon as possible **after you have received all necessary approvals** (see paragraphs 3, 4 and 27).
 - You must tell unsuccessful tenderers after you have told the successful tenderer and the successful tenderer **has accepted**.

[Standard letters](#) are available from either Legal Services or County Procurement or (where the Procurement Toolkit for Schools applies) from the Procurement Toolkit for Schools.

- 18.2 If unsuccessful tenderers ask why their tender was not successful, you can tell them in general terms about the areas of their tender which scored well and poorly in your assessment. You should do this within 15 working days of the request. Do not give them details of the other tenders. The name of the successful tenderer and the value of their bid will be made available to the public (see paragraph 20).
- 18.3 **Notification – on contracts subject to the full EU procurement rules;**
- You must write and tell ALL tenderers, both successful and unsuccessful your decision as soon as possible **after you have received all necessary approvals** (see paragraphs 3, 4 and 27). This includes all those tenderers who submitted a PQQ.
 - You must wait a minimum of **ten calendar days** (the standstill period) between telling ALL tenderers your decision and entering into a contractually binding agreement with the successful tenderer.

- 18.4 Your letter must be sent to all those tenderers who submitted a tender or a PQQ (valid or invalid). It must set out:
- * the award criteria;
 - * where scores are being used, the score the tenderer obtained against those award criteria;
 - * where appropriate, the score the winning tenderer obtained; and
 - * the name of the winning tenderer.

[Standard letters](#) are available from either Legal Services or County Procurement.

- 18.5 **Debriefings – On contracts not subject to the full EU procurement rules.** It is good practice to provide a debriefing to any unsuccessful tenderer who requests one. Wherever possible this should be done within 15 working days of the date the request was received
- 18.6 **Debriefings - On contracts subject to the full EU procurement rules.** You must provide a debriefing to any unsuccessful tenderer who requests one. The time limits for providing a debrief will depend on when the request is received.
- *Request received within first 2 working days of the standstill period* – debrief at least 3 working days before the end of the standstill period. You may need to extend the standstill period around public holiday periods.
 - Request received outside of this period – debrief within 15 working days of the date the request was received.
- 18.7 The debrief must inform the tenderer of the reasons why he was unsuccessful and, if the tenderer submitted was an admissible tender, you must inform him of the characteristics and relative advantages of the successful tenderer.

19. Clarification and Post-Tender Negotiations

- 19.1 Providing clarification to tenderers or seeking clarification from tenderers, whether in writing or during a meeting, is permitted.
- 19.2 However discussions with tenderers after submission of a tender and before contract award with a view to obtaining adjustments in price, delivery or content (post-tender negotiation) whether as part of a value engineering process or otherwise can only be carried out with the permission of the Strategic Director of Performance and Development and the Strategic Director of Resources. In particular such negotiations must not be conducted in an EU procurement where this might distort competition, especially with regard to price.
- 19.3 It is the responsibility of the Governing Body to ensure that any members of staff involved in contract negotiations are sufficiently skilled and understand the legal parameters that apply.

The following conditions apply to negotiating.

- You must not discuss one tenderer's detailed prices, conditions or terms with another tenderer.
- You must not give anyone information about our criteria for accepting a tender or any other matter connected with the contract or tenders without permission from the headteacher.
- If negotiations lead to a change in the description of goods or services or other terms, you must invite everyone who has provided a tender to re-tender on the basis of the revised contract.
- If other tenderers as well as the tenderer who sent in the lowest price/most economically advantageous tender are to be approached then the Strategic Director of Resources and the Strategic Director of Performance and Development must agree that negotiations can take place.

20. Disclosure of tender information

- 20.1 You must not give tenderers or suppliers or anyone who has a financial interest in the contract any information about the bids or affairs of any other tenderer or contractor unless the law says you must do this. The information you receive is confidential.
- 20.2 The only information you should make public is the name of the successful tenderer and the value of their bid. You must not release this information until the contract has been awarded and accepted.
- 20.3 The Headteacher may decide to make public the value of the other bids received. This information should **not** include the names of the unsuccessful tenderers. However, it is good practice to let tenderers know how they performed in the competition and you may want to give them more information. If this information includes the names of unsuccessful firms, then it must be done in a way that does not link a firm to its bid. Headteachers should make sure that if they are planning to release any information, tenderers know this at the start of the process.

21. Keeping Written Records

- 21.1 The school **must keep proper written records** (whether for Minor, Ordinary, Major, Supply or Disposal contracts) of:
- * the different stages of the tendering process (which includes the Minor Contracts procedures) including all the quotes and letters you have received, and notes of phone calls and meetings about selecting suppliers;
 - * the awarding of the contract;
 - * any information provided to tenderers or contractors; and

* any decisions made, together with the reasons for those decisions.

21.2 You must keep these records for the periods set out in paragraph 23.

22. Contracts Register

The school **must keep:**

- a register of all contracts with a total value of £10,000 or above that the school has agreed (this includes hiring / letting arrangements above this value); and
- a register of all contracts the school has agreed where it is the supplier.

You must keep these two registers separately.

You must make sure that major contracts are recorded in the Central Register of Contracts in the Performance and Development directorate. So, for example, a contract for purchasing services costing the school £160,000 must be recorded in your school's register of contracts and the Central Register of Contracts.

23. Storing Documents

23.1 You must consider confidentiality when storing contracts and other information relating to tenders and agreements.

23.2 Subject to paragraph 23.3 you must store all contracts as set out in the table below.

	Successful Tenders	Un-successful or Late tenders
Minor	Keep the contract at least 6 years after Contract comes to an end	At least 2 years from the date contract starts
Ordinary and Major contracts	Keep the contract and any relevant correspondence and records (eg any documents which might have a bearing on the way the contract is interpreted) at least 6 years after contract comes to an end.	At least 2 years from the date the contract starts

23.3 Contracts made as a deed or under seal must never be thrown away.

- 23.4 You must not throw away contract documentation without the Strategic Director of Performance and Development's permission if you are aware that a legal action or claim for personal injury or death either has been made or there is a possibility that such an action or claim will be made.

Section 4 Special Types of Contract

24. Approved Supplier Lists

24.1 The headteacher may use approved supplier lists to:

- * choose tenderers to bid for a contract; or
- * buy one-off items.

You must not use approved supplier lists for contracts governed by the EU Procurement rules. These contracts must be advertised.

24.2 Before drawing up an approved supplier list you should advertise and invite people to apply to become approved suppliers for the particular type of contract. You can advertise on the Council's web-site (Tenders Available page). When considering whether to include someone on the list you must consider:

- * their past performance on similar contracts (quality and costs);
- * their technical capacity;
- * their specialist experience and skills in the type of products and services you are looking for;
- * their financial situation;
- * their other commitments; and
- * any other qualifications which are relevant, do not prevent fair competition and do not illegally discriminate between suppliers.

24.4 If you use an approved supplier list, you will need a system for selecting suppliers from the list. Your system must make sure that all suppliers on the list have the same opportunity over time to tender for work and your system must be approved in advance by the Strategic Director of Performance and Development (Corporate Legal Services Manager) and the Strategic Director of Resources (County Procurement Manager).

24.5 Review your approved supplier lists every two years against the requirements set out above to assess whether a supplier should remain on or be added to the list. You should also consider whether there are any new suppliers to add to the list.

24.6 You should start new approved supplier lists after **advertising** at least every five years, or earlier if the number of approved suppliers remaining on the list means there is little competition.

25. Framework Agreements

- 25.1 Framework agreements ('call-off contracts') allow the school to fix terms and conditions in advance and to award contracts as and when they arise without needing to re-advertise or re-tender.
- 25.2 Framework agreements must be for a **maximum of four years**. If you are in any doubt about their duration you should seek advice from the Strategic Director of Performance and Development and the Strategic Director of Resources.
- 25.3 Framework agreements are subject to all UK and EU procurement legislation and must also follow these Contract Standing Orders **If your contract is a framework contract then you must seek appropriate legal and financial advice. Failure to do so may result in Warwickshire County Council invoking its powers under the Section 48 Scheme.**

26. Contracts where the school is the supplier

- 26.1 CSOs apply if a school is supplying goods, work or services. Procedures will be different and will probably depend mostly on the person or organisation letting the contract.
- 26.2 The headteacher must keep a list of supply contracts and a list of the school's unsuccessful bids. He or she must record the details of all supply contracts in the school's register for supply contracts.
- 26.3 Where the school is the supplier
- For contracts over £30,000, the Strategic Director of Resources must be satisfied that our bid is financially practical
 - For contracts over £30,000, the Strategic Director of Performance and Development must confirm that we can legally enter into the contract before we provide a tender
 - For contracts over £30,000, the Strategic Director of Performance and Development must approve the terms and conditions
 - For all value contracts, there must be enough insurance to cover any liability we may have under the proposed contract. You must seek advice from the Council's Insurance Manager.
 - You must follow the rules in CSOs on non disclosure of tender information (paragraph 20), keeping written records (paragraph 21) storing documents (paragraph 23) and signing contracts (paragraph 32).

27. Loans and Leasing Arrangements

You must **not** make loans or leasing arrangements (eg. a contract for a photocopier), other than those purchased through centrally approved arrangements (eg the school's leasing scheme), **without approval** from the Strategic Director of Resources. You can apply to the Strategic Director of Resources through the financial services manager in the Children, Young People and Families Directorate. Where you are unsure about the contract terms you should seek advice from the Strategic Director of Performance and Development.

28. Appointing experts and consultants

- 28.1 **You need to be clear about the** status of people we use as experts or consultants. Employment status is not a matter of choice. You cannot simply decide to treat working arrangements as employment or self-employment. It depends on the work to be done and how much control is exercised over them.
- 28.2 Where individuals operate under a '**contract for services**' (as an independent contractor), these CSOs apply. Such individuals are self-employed and paid through Order and Payments. You must ensure that there is appropriate Professional Indemnity Insurance to cover the work of the consultant. Further advice on this can be obtained from the Council's Insurance Manager.
- 28.3 Where a person is taken on under a '**contract of service**', the relevant HR (recruitment) policies apply. Such individuals are employees and must be paid through Payroll.
- 28.4 There may be financial consequences where we get a person's status wrong. Further guidance on [appointing consultants](#) can be found in [the Procurement Toolkit]. Any penalties and backdated tax imposed by the HM Revenue and Customs will be charged to the school.

29. Collaborative and Partnership Arrangements

- 29.1 Collaborative and partnership arrangements are subject to all UK and EU procurement legislation and must also follow these Contract Standing Orders.
- 29.2 Collaborative and partnership arrangements include joint working where one partner takes the lead and awards contracts on behalf of the other partners, long term collaborative partnerships, pooled budgets and joint commissioning. Buying together with other agencies and/or schools would be the most likely examples of collaborative and partnership arrangements.
- 29.3 Further guidance can be obtained from the Strategic Director of Performance and Development.

30. Disposing of school owned assets

- 30.1 When disposing of school owned assets that have a realisable value the school must ensure that it gets best value for money for them.

Section 5 Written Contract and Other Formalities

31. Ordering and entering into a written contract

- 31.1 Once you have selected a supplier, you need to complete the contractual arrangements. Where the Procurement Toolkit for Schools applies (for Minor Contracts and some Ordinary Contracts) the contract terms will be those contained in that toolkit.
- 31.2 **All Major Contracts (and Ordinary Contracts where the Procurement Toolkit for Schools is not applicable) must be in writing and you must seek appropriate legal and financial advice in respect of them. Failure to do so may lead to Warwickshire County Council invoking its powers under the Section 48 Scheme.**
- 31.3 Each head teacher must make sure that the contracts with his or her school are;
- legal;
 - in line with financial regulations;
 - drafted properly;
 - appropriate; and
 - are able to protect the school's interests fully.

32. Signing Contracts

- 32.1 All minor and ordinary contracts must be signed by a properly authorised member of staff under the school's scheme of delegation.
- 32.2 All major contracts must be either:
- sealed by the Council and witnessed (signed) by a designated officer; **or**
 - signed by **two** designated officers.

Designated officer means the Chief Executive, the Strategic Director of Performance and Development and any other officer authorised by either or both of them.

33. Certified Contracts

If a supplier asks us to certify that the contract is legal, you must pass the contract to the Strategic Director of Performance and Development before signing it. You must also send details of the approval for the contract and any other relevant documents.

34. Parent Company Guarantees and Performance Bonds

You must seek the advice of the Strategic Director of Resources on whether a parent company guarantee or performance bond is needed in cases where;

- there is doubt about the suppliers financial standing
- the contract poses a high risk to the Council

If a parent company guarantee or performance bond is needed then you must seek the approval of the Strategic Director of Performance and Development to the terms and conditions of that guarantee or bond.

35. Performance Monitoring

- 35.1 During the life of the contract, the authorised member of staff should monitor the contract in respect of the following;
- Performance;
 - Compliance with specification and contract;
 - Cost;
 - Any Best Value requirements;
 - User satisfaction; and
 - Risk management
- 35.2 Where the contract is to be re-let this information should be available early enough to inform the approach to re-letting the subsequent contract.

36. Declarations of interest

- 36.1 **All** staff must declare to their line manager any interest which could influence their judgement in contracting matters.
- 36.2 All staff must record any interest which could influence their judgment in contracting matters and any equivalent interest held by a close family member or partner in the register held by the school (and to any higher standard if required by any relevant body).
- 36.3 Staff employed by the County Council must also comply with any requirements of the County Council as regards recording interests which could influence their judgment in contracting matters.
- 36.4 Where a member of staff has an interest which could influence their judgment in contracting matters, he/she must not take part in the contracting process.

- 36.5 All staff must comply with any requirements related to contracting/procurement set out in any employment policy/policies that apply to them.
- 36.6 Governors must disclose personal interests in accordance with legislation and retire from any meetings and/or abstain from voting as appropriate.

37. Further information and help

If you require further information, guidance or support on any aspect of CSOs for Schools or procurement you may wish to consider the following resources:

- CSO training for Schools is available via the Council. Please contact the Governor Developer Manager (tel: 01926 413723; email: governors@warwickshire.gov.uk).
- The Council's electronic procurement toolkit for schools (the Council's Procurement Toolkit for Schools) is available for Ordinary contracts for the purchase by schools of goods and certain services.
- A new unit, the Educational Procurement Centre (EPC), has been developed from the work of the Centre for Procurement Performance (CPP, which was set up within the then DfES (Department for Education and Skills)). The EPC works across the schools sector to promote and support more sustainable procurement practices and effective contract management. In the event of any conflict between the guidance provided by the CPP/EPC and CSOs for Schools, you must comply with CSOs for Schools. Nevertheless, much useful information is available via the EPC website at: <http://www.teachernet.gov.uk/management/epc/>
- The Department for Children, Schools and Families have developed a Financial Management Standard in Schools (FMSiS) and toolkit that provides much useful information about the proper financial management of schools, including helpful information on good procurement practice. It is available at: www.ipfbenchmarking.net/consultancy_dfes_update/

38. Interpretation

Any generic reference to 'Strategic Directors' in these Contract Standing Orders is to be interpreted as including the Chief Executive of the Council.

APPENDIX 1 APPROVED FORM OF MINOR CONTRACTS PROCEDURE

These procedures apply to all contracts with a total aggregate value below £30,000

You should decide on your requirements for the goods, services or works (the specification) before you ask for quotations. You need to consider: -

- What you want
- When you want it
- Where you want it
- How many
- To what quality

A detailed specification should be included with the letter of invitation to quote for any requirement over £10,000.

Requirements for Minor Contracts which staff MUST comply with: -

- These Minor Contract Procedures only apply to contracts with external organisations (i.e. not the County Council)
- These Minor Contract Procedures apply to the employment of any external expert or consultant
- All staff and Governors must comply with the rules on declarations of interest and any requirements related to contracting/procurement set out in any employment policy/policies that apply to them.
- Where there is a recognised WCC, ESPO or OGC contract, you should use it. WCC, ESPO & OGC contracts are deemed to comply with these Minor Contract Procedures.
- You must get proper value for money and consider the need for competition, efficiencies and savings at all times
- Contracts with a total value expected to exceed £2,000 must be awarded under competitive conditions
- Where there is insufficient competition to allow the required number of quotes to be obtained, you may seek an exemption from Minor Contract Procedures, following the process set out in Contract Standing Orders. Exemption from Minor Contract Procedures will only be permitted in unusual circumstances.
- The authorised member of staff and contracts officer must ensure that there is sufficient budget (in the current and future financial years) to cover the commitment being made.
- All bidders must be treated equally and fairly
- All quotations must ask for the same information from all potential suppliers to ensure fairness.
- Quotes must be assessed against your chosen award criteria. Your criteria should be determined before you ask for quotes
- Information received from suppliers is confidential and must not be disclosed to a third party
- Where it is recommended to accept a bid which is not the lowest then the reasons must be documented
- Authorised members of staff MUST keep proper written records of all Minor Contracts including all quotations received.
- Contracts with a total value of £10,000 or above must be recorded in the register of contracts
- You must have a written document which sets out the terms and conditions of the contract

- Minor contracts should be kept for 6 years after the contract comes to an end, and documents relating to unsuccessful or late tenders for at least 2 years from the date the contract starts.
- The European Procurement Rules may still apply to minor contracts. It is the responsibility of the member of staff undertaking the procurement to check whether the European Procurement Rules apply and if so, that they are complied with.

Minor Contract Procedures – Decision Tree

This document should be read in conjunction with the Procurement Toolkit and Contract Standing Orders. The Governing Body, headteachers, contracts officers and authorised members of staff must all be familiar with both documents.

1.	Is the total contract value greater than £30,000	Yes No	These procedures do not apply – refer to Contract Standing Orders for details of how to proceed Continue to step 2
2.	Is there a WCC mandatory contract that you can use	Yes No	Use the mandatory contract Continue to step 3
3.	Is there an ESPO contract that you can use	Yes No	Use the ESPO contract Continue to step 4
4.	Is there an OGC or other Authority contract that you can use	Yes No	Use that contract Continue to step 5
5.	Is the total contract value less than £2,000	Yes No	Obtain a verbal quotation from at least 1 supplier (confirmed in writing if over £500) and place an order through WCC approved financial systems Continue to step 6
6.	Is the total contract value £2,000 or above but less than £10,000	Yes No	Obtain verbal quotations from at least 2 suppliers (confirmed by the suppliers in writing). Place an order through WCC approved financial systems. Continue to step 7
7.	Is the total contract value £10,000 or above but less than £30,000	Yes No	Obtain at least 3 written quotations using the WCC standard quotations template and place an order through WCC approved financial systems. Enter details in the school's register of contracts Go back to step 1

Summary of Requirements if steps 5 – 7 apply

Value	Requirements
Less than £2,000	A single oral quotation is acceptable (confirmed in writing if greater than £500) however a second quotation should be considered
£2,000 or above but below £10,000	At least 2 written quotations must be obtained before an order is placed through WCC approved financial systems. Fax / e-mail quotes are permissible
£10,000 or above but below £30,000	At least 3 written quotations must be obtained using the WCC standard quotations template before an order is placed through WCC approved financial systems – entry in the schools' register of contracts is required
£30,000 or above	These minor contract procedures do not apply and you should refer to Contract Standing orders

APPENDIX 2 NAMES OF APPOINTMENTS FORM

Note to schools – please print off and complete a copy

Contracts Officer (Section 3.3)

..... is the school's Contract's Officer.

Authorised Members of Staff (Section 3.6)

Name	Limit of Authority
.....	£ [and]
[.....]	£ [and]
[.....]	£ [and]

is/are the members of staff authorised to [agree and to sign] contracts up to the value shown

These members of staff are authorised pursuant to [decision of the Governing Body and specify date] [decision given to the Head under the governing body's scheme of delegation and specify date].

APPENDIX 3**EU THRESHOLDS****PUBLIC CONTRACTS REGULATIONS 2006
RELEVANT THRESHOLD FROM 1 JANUARY 2008**

	SUPPLIES	SERVICES	WORKS
Threshold for schools	£139,893 (€206,000)	£139,893 (€206,000)	£3,497,313 (€5,150,000)

NOTE THAT THE EU THRESHOLDS CHANGE EVERY 2 YEARS. THE NEXT CHANGE IS DUE FROM 1ST JANUARY 2010.

AGENDA MANAGEMENT SHEET

Name of Committee **Audit and Standards Committee**

Date of Committee **16th June 2008**

Report Title **Adult Social Care Case Recording**

Summary This report updates the committee on the progress made within adult social care in the area of case recording.

For further information please contact: Liz Bruce
 Head of Local Commissioning
 Tel: 01926 742962
lizbruce@warwickshire.gov.uk

Would the recommended decision be contrary to the Budget and Policy Framework? No.

Background papers None.

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Local Member(s) Not Applicable
- Other Elected Members Councillor F McCarney, Councillor R Dodd, Councillor Mrs J Compton, Councillor M Singh
- Cabinet Member Councillor C Hayfield
- Chief Executive
- Legal Alison Hallworth, Adult and Community Team Leader
- Finance Chris Norton, Strategic Finance Manager
- Other Chief Officers
- District Councils
- Health Authority
- Police

Other Bodies/Individuals

FINAL DECISION YES/NO

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by
this Committee

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Audit and Standards Committee – 16 June 2008

Adult Social Care Case Recording

Report of the Strategic Director of Adult, Health and Community Services

Recommendation

The Committee is asked to:

1. Consider and comment on the implementation in February 2008 of the revised audit process to monitor qualitative and quantitative performance in case recording.
2. Consider that remedial action has been taken where following the audit compliance has not been achieved.

1. Introduction

- 1.1 Since February 2004 there has been an audit process within adult social care that is completed every quarter. In October 2007 following a review of the audit process new procedures were presented to the Local Commissioning Management Team. Following a number of workshops and training the new process formally commenced in February 2008. The new process separates out the auditing of quantitative data via Care First and qualitative data via a Quality Assurance Panel

2. Performance Report – Quantitative Audit

- 2.1 Appendix 1 illustrates the findings from the quantitative audit that took place in February 2008. 124 cases were audited by Managers throughout LCMT.

- 2.2 A target of 90% was set for each standard within the quantitative audit

A number of the standards have exceeded or narrowly missed the target as follows:-

- Do records identify ethnicity 96%
- Is there a front sheet containing personal details held on the file 94%
- Is there an activity to show that an assessment and care plan has been given i.e. core standards 87%
- Is the assessment explicitly based on the Departments eligibility criteria 83%

One result in particular appears poor (below 60%) and that is “has a review

activity been set”.

- 2.3 These results were shared with Managers in April with a requirement to cascade to their teams highlighting the areas where good progress is being made and discussing those areas e.g. review activities where we must do better.

3. Outcomes of the Quality Assurance Panel

- 3.1 As this was the first meeting of the Quality Assurance Panel it was very much operated as a “dummy run”. In future any good practice that is highlighted will be circulated to Lead Practitioner’s for sharing within Teams and any specific concern will be referred back to the relevant Team Manager.
- 3.2 The panel audited twenty cases out of a possible twenty two (one member of the panel was unable to attend the meeting and did not complete forms). In terms of question one ‘have the self perceived needs been completed at the start of the assessment’, it was strongly felt that the printed assessment that had been received by Panel members was not the assessment layout that Practitioners had intended for the file. To counter this difficulty in the future Team Managers will be requested to supply the copy of the assessment, care plan and review from the file when requested.
- 3.3 The role of the Quality Assurance Panel is to oversee assessment, care plans and reviews, and evaluate the extent to which they are outcome focussed; evidence partnership working with service users and carers; promote choice and independence and empowerment; includes a risk assessment; identify what the impact of the intervention has been.

In terms of being outcome focussed as already mentioned we do not feel that the panel had the right information to make this judgement. This will be monitored at future panel meetings. With respect to evidence in partnership working with service users and carers the question “do you think that the service users views preferences and feelings have been central to the assessment and care plan” of the cases audited 75% felt this was fully or partially met. In terms of issues of risk in 85% of the cases audited this was fully or partially met.

It was disappointing to see that in terms of individuals’ religious / spiritual and cultural needs this was not recorded at all in 70% of the cases audited.

- 3.4 These results were shared with Managers in April with a requirement to cascade to their teams highlighting the areas where good progress is being made and discussing those areas e.g. the recording of religion/cultural needs where we must do better.

4. Internal Audit Report

- 4.1 Periodically the Internal Audit Team review case files held by Adult Services as part of their plan. Appendix 3 gives the detail of the most recent Internal Audit report with its recommendations. Five Adult Teams were audited South

Disability, Services to Deaf People, North Disability, St Cross Hospital and Warwick Hospital. These teams were specifically identified by the head of Local Commissioning. It should be noted that the audit was completed using the old self-auditing tool (December 2005 version). A sample testing of 50 service users was undertaken. By way of summary the report concludes that;
“In the auditors opinion only fourteen service user files examined were totally compliant both in Care First and paper files, although twenty one of the fifty paper files examined were satisfactory. The report further concludes that although progress has been made since the last review in 2005 common errors still occur i.e. activity records were missing from Care First to identify whether carers assessment had been offered and not all paper files contained a copy of the service users current assessment and care plan”.

Following the audit an Action Plan has been agreed (Appendix 2) and is currently being implemented.

5. Recommendations and Conclusion

5.1 The Committee is asked to:

1. Consider and comment on the implementation in February 2008 of the revised audit process to monitor qualitative and quantitative performance in case recording.
2. Consider that remedial action has been taken where following the audit compliance has not been achieved.

GRAEME BETTS
Strategic Director of Adult,
Health and Community Services

Shire Hall
Warwick

May 2008

Appendix A

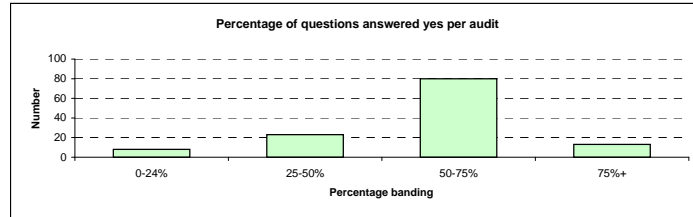
Key

Y = Yes
 N = No
 NA = Not applicable
 NS = Not stated

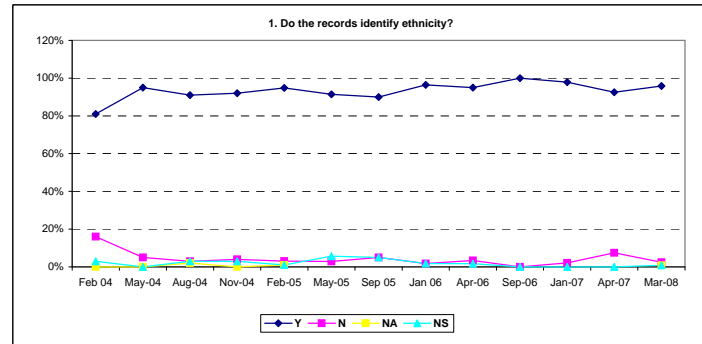
Number of audits returned: 124

Percentage of questions answered 'yes' per audit

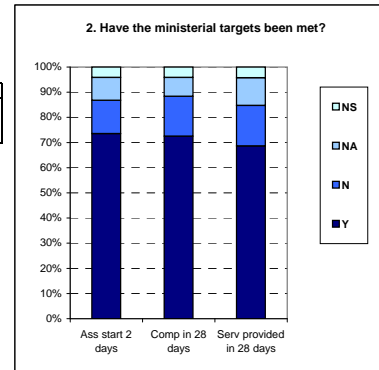
Percentage	Number
0-24%	8
25-50%	23
50-75%	80
75%+	13



	1. Do the records identify ethnicity?			
	Y	N	NA	NS
Feb 04	81%	16%	0%	3%
May-04	95%	5%	0%	0%
Aug-04	91%	3%	2%	3%
Nov-04	92%	4%	0%	3%
Feb-05	95%	3%	1%	1%
May-05	91%	3%	1%	6%
Sep 05	90%	5%	5%	5%
Jan 06	96%	2%	2%	2%
Apr-06	95%	3%	2%	2%
Sep-06	100%	0%	0%	0%
Jan-07	98%	2%	0%	0%
Apr-07	93%	8%	0%	0%
Mar-08	96%	2%	1%	1%

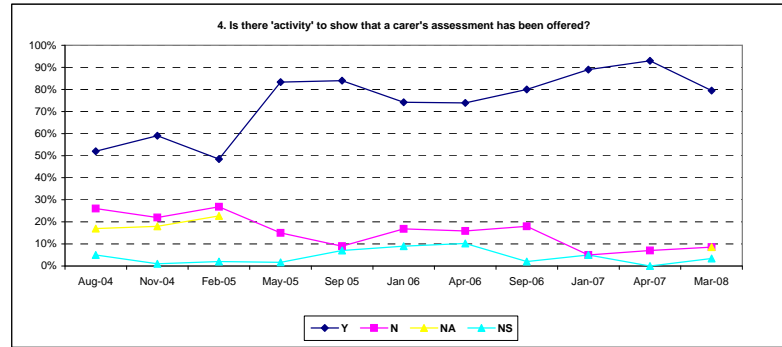


	2. Have the ministerial targets been met?				Sep-05	Jan-06	Apr-06	Sep-06	Jan-07	Apr-07	Mar-08
	Y	N	NA	NS							
Ass start 2 days	89	16	11	5	81%	77%	76%	71%	88%	88%	74%
Comp in 28 days	87	19	9	5	76%	73%	83%	87%	83%	86%	73%
Serv provided in 28 days	81	19	13	5	71%	76%	76%	77%	86%	85%	69%
Y %	Aug-04	Nov-04	Feb-05	May-05	Sep-05	Jan-06	Apr-06	Sep-06	Jan-07	Apr-07	Mar-08
Ass start 2 days	45%	58%	65%	77%	81%	77%	76%	71%	88%	88%	74%
Comp in 28 days	35%	50%	65%	70%	76%	73%	83%	87%	83%	86%	73%
Serv provided in 28 days	30%	47%	65%	74%	71%	76%	76%	77%	86%	85%	69%



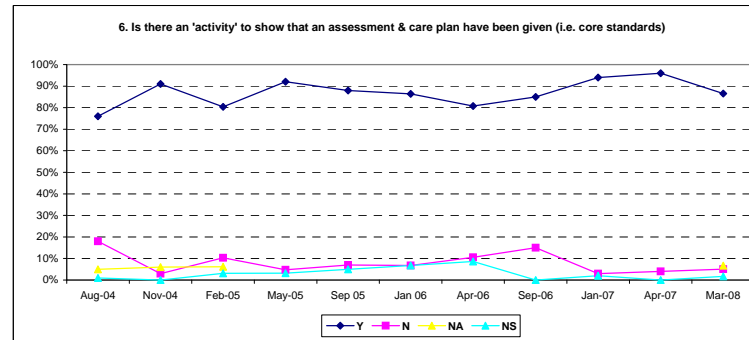
	3. Is there an 'activity' to show consent has been discussed?			
	Y	N	NA	NS
Mar-08	85%	9%	5%	1%

	Y	N	NA	NS
Aug-04	52%	26%	17%	5%
Nov-04	59%	22%	18%	1%
Feb-05	48%	27%	23%	2%
May-05	83%	15%		2%
Sep 05	84%	9%		7%
Jan 06	74%	17%		9%
Apr-06	74%	16%		10%
Sep-06	80%	18%		2%
Jan-07	89%	5%		5%
Apr-07	93%	7%		0%
Mar-08	79%	9%	9%	3%
Mar-08	26%	3%	1%	69%

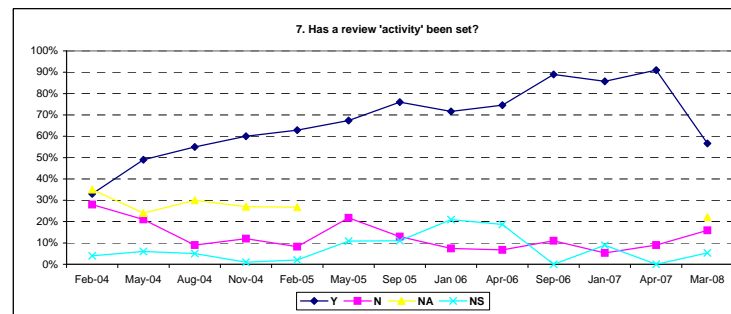


	Y	N	NA	NS
Mar-08	76%	9%	14%	2%

	Y	N	NA	NS
Aug-04	76%	18%	5%	1%
Nov-04	91%	3%	6%	0%
Feb-05	80%	10%	6%	3%
May-05	92%	5%		3%
Sep 05	88%	7%		5%
Jan 06	86%	7%		7%
Apr-06	81%	11%		9%
Sep-06	85%	15%		0%
Jan-07	94%	3%		2%
Apr-07	96%	4%		0%
Mar-08	87%	5%	7%	2%

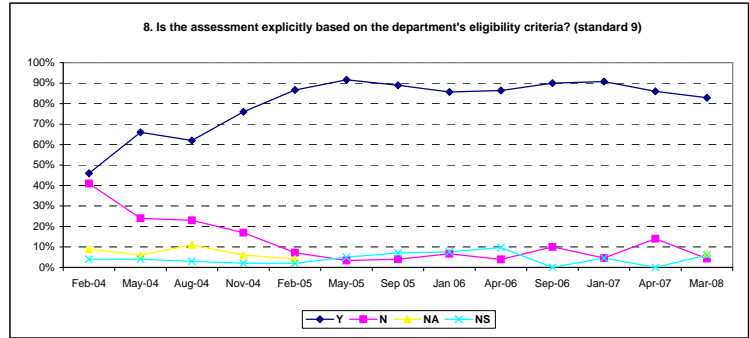


	Y	N	NA	NS
Feb-04	33%	28%	35%	4%
May-04	49%	21%	24%	6%
Aug-04	55%	9%	30%	5%
Nov-04	60%	12%	27%	1%
Feb-05	63%	8%	27%	2%
May-05	67%	22%		11%
Sep 05	76%	13%		11%
Jan 06	72%	7%		21%
Apr-06	75%	7%		19%
Sep-06	89%	11%		0%
Jan-07	86%	5%		9%
Apr-07	91%	9%		0%
Mar-08	57%	16%	22%	5%



8. Is the assessment explicitly based on the department's eligibility criteria? (Standard 9)

	Y	N	NA	NS
Feb-04	46%	41%	9%	4%
May-04	66%	24%	6%	4%
Aug-04	62%	23%	11%	3%
Nov-04	76%	17%	6%	2%
Feb-05	87%	7%	4%	2%
May-05	92%	3%		5%
Sep-05	89%	4%		7%
Jan-06	86%	7%		8%
Apr-06	86%	4%		10%
Sep-06	90%	10%		0%
Jan-07	91%	5%		5%
Apr-07	86%	14%		0%
Mar-08	83%	4%	7%	6%



9. Are there any issues or concerns that would suggest abuse or neglect?

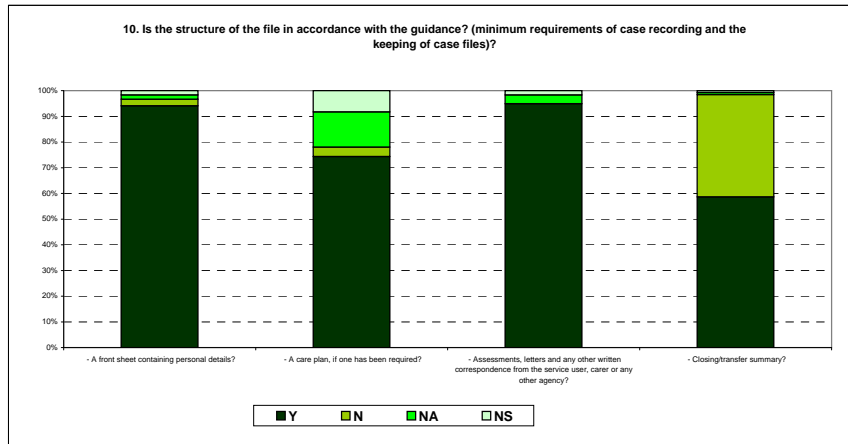
	Y	N	NA	NS
Mar-08	9%	75%	4%	13%

If Yes, has the CareFirst POVA 'event' been opened? Have the POVA specific client classifications (all eight elements) been fully recorded?

	Y	N	NA	NS
Mar-08	24%	5%	0%	71%

10. Is the structure of the file in accordance with the guidance? (Minimum requirements of case recording and the keeping of case files?)

	Y	N	NA	NS
- A front sheet containing personal details?	94%	3%	2%	2%
- A care plan, if one has been required?	74%	4%	14%	8%
- Assessments, letters and any other written correspondence from the service user, carer or any other agency?	95%	0%	3%	2%
- Closing/transfer summary?	63%	43%	1%	1%



Appendix B

Audit Report
Adult Services – Review of Case Files
March 2008
“Providing assurance on internal controls”

ADULT HEALTH AND COMMUNITY SERVICES

ADULT SERVICES – REVIEW OF CASE FILES

AUDIT REPORT

CONFIDENTIAL

CONTENTS

EXECUTIVE SUMMARY

1. Introduction
2. Objective of the audit
3. Scope of the audit
4. Summary
5. Audit opinion

DETAILED FINDINGS OF THE REVIEW

6. Minimum requirements publication
7. Data security
8. CareFirst
9. Paper files

ACTION PLAN

APPENDICES

1. Results of audit testing
2. Quality standards as shown in the AH&CS case file audit tool (version Dec 05)

EXECUTIVE SUMMARY

1. Introduction

- 1.1 This audit, which is included in the audit plan for 2007 / 08 is a review of case files held by Adult Services. It is a follow up to the audit of case files undertaken in July 2005, where we examined a sample of electronic and paper case files together with the self-audit process. We also reviewed the self-auditing arrangements within Adult Services in May 2007.
- 1.2 In November 2007, Liz Bruce, Head of Local Commissioning presented a report to the Audit and Standards Committee identifying the progress that Adult Services have made in establishing an improved methodology for evidencing quantitative and qualitative data in case file audits. New proposals for revising the self-auditing arrangements were subsequently reported to the Social Care Performance Improvement Board in December 2007.
- 1.3 The findings of the audit have been discussed and an action plan agreed with Liz Bruce, Head of Local Commissioning and Donna Rutter, Service Manager Older People and Physical Disability Services.
- 1.4 A summary of this report will be included in the next quarterly internal audit report to the Audit and Standards Committee. Progress on implementing recommendations will also be reported periodically to the Committee.

2. Objective of the Audit

- 2.1 The objective of this audit is to ascertain, document, evaluate and provide an opinion on whether the minimum requirements of case recording and the keeping of case files in Adult Services is being complied with.

3. Scope of the Audit

- 3.1 This audit examined the procedures, controls and supporting documentation held in relation to clients data held both electronically on CareFirst and in paper files. To carry out the audit, we visited a small sample of Adult Teams, where we discussed the arrangements for keeping files and tested a sample of their clients electronic and paper files.
- 3.2 As the self-auditing arrangements have only recently been revamped, we did not look at them again as part of this review. Instead, we examined a sample of case files against the standards included in the old self-auditing tool (See Appendix 2).

4. Summary

- 4.1 As a result of our sample testing of 50 service users files we conclude that the minimum requirements of case recording and the keeping of case files are not always being complied with.
- 4.2 In our opinion only 14 service users files examined were totally compliant both in CareFirst and paper files, although 21 of the 50 CareFirst files examined and 21 of the 50 paper files examined were satisfactory. Although progress has been made, common errors, as also found in our review of case files in July 2005, included:
- Activity records were missing from CareFirst to identify whether carers' assessments had been offered; and
 - Not all paper files contained a copy of the service users' current assessment and care plan. Evidence was not always found on file to confirm that they were sent to the client for signing and return.

5. Audit Opinion

- 5.1 The level of assurance provided by controls for this audit area is moderate, as described below.

Level of Assurance	Definition
Full	There is a sound system of control designed to address relevant risks with controls being consistently applied.
Substantial	There is a sound system of control but there is evidence of non compliance with some of the controls.
Moderate	Whilst there is basically a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some of the controls.
Limited	The system of control is weak and there is evidence of non compliance with the controls that do exist.
No	There is no system of control in place.

DETAILED FINDINGS OF THE REVIEW

6. Minimum Requirements Publication

- 6.1 The Minimum Requirements of Case Recording and the Keeping of Case Files (SSDL93) was published in February 2004. It provides staff with guidance for gathering and retaining client data both on CareFirst and in paper case files. It is important therefore that all staff are aware of this document and that they can access it via the Publications Database from the AH&CS Homepage on Lotus Notes.
- 6.2 We visited 5 Adult Teams: South Learning Disability; Services to Deaf People; North Learning Disability; St. Cross Hospital; and Warwick Hospital. We confirmed that all staff have access to the browser to view the minimum requirements publication, although not all staff have been issued with paper copies. Due to the poor overall results of our examination of a sample of fifty case files, we recommend that the location and importance of the Minimum Requirements publication is reiterated to all relevant staff.

7. Data Security

- 7.1 During our visits to the 5 teams, we discussed the arrangements for file security with the respective Managers or Team Leaders and found that they are generally satisfactory. All staff have the ability to access CareFirst electronic files using their own individual IDs and secret passwords. Paper files are stored securely in a variety of lockable filing cabinets.
- 7.2 Paper files are usually transported between teams by staff visiting the other team. Some teams, but not all, keep a record of where their files have been taken to, and when returned:
- South Learning Disability - files are transported between teams by car (team do not transfer many but are more likely to receive files), although there is no booking out system in place;
 - Services to Deaf People - files transported by staff between teams are controlled by movement slip SS141 and return slip SS140 held either by the Social Worker concerned or by the Team Manager;
 - North Learning Disability - files are transported between locations by workers visiting the location concerned although no booking out system is used;
 - St Cross Hospital – files are transported locally, via admin, by staff visiting the other teams; and
 - Warwick Hospital - transportation of files is arranged by the Team Administrator, who maintains records of where the files are sent to.

It is good practice for the movement of files to be controlled and we recommend that, for consistency, all teams should have a formal booking out system in place.

8. CareFirst

- 8.1 We examined a sample of fifty service user's case files, both on CareFirst and their paper files, to determine whether they complied with the appropriate standards of case file recording, as included in the old self-auditing tool (December 2005 version), used by Adult Services. In our opinion, only fourteen cases in total complied to both the CareFirst and Paper standards. However, the data held on twenty one of the case files examined on CareFirst proved to be satisfactory. See the Audit Test Results in Appendix 1.
- 8.2 The quality standards for which more than 5 CareFirst records were not compliant include (See Appendix 1):
- Standard 3b (assessment completed within twenty eight days of contact) – six assessments had not been completed within the required timescale;
 - Standard 5 ('activity' to show that a carer's assessment has been offered) – thirteen cases did not have this 'activity' recorded;
 - Standard 9 (all eligible needs used as the basis for the care plan) - 9 cases where this could not be confirmed;
 - Standard 10 (action taken agrees to care plan) - 6 cases did not identify the action taken; and
 - Standard 13 (review 'activity' set) – 8 cases did not include a review 'activity'.

9. Paper Files

- 9.1 As for CareFirst, only twenty one of the fifty paper files examined complied with all of the appropriate standards. The standards for which more than 5 files were not compliant include (See Appendix 1):
- Standard 14 (assessment signed by the service user) – sixteen files did not include either a signed assessment or a letter confirming that the assessment had been sent to the service user for signing and return;
 - Standard 15 (care plan signed by the service user) – seventeen files did not include a signed care plan or evidence of the care plan being sent to the user for signing and return; and
 - Standard 16c (care plan if one is required) – nineteen files did not contain a care plan.
- 9.2 The overall test results, especially those highlighted in sections 8.2 and 9.1 above are disappointing. The full test results for each team visited are attached to this report in Appendix 1. Action needs to be taken to inform all staff that they need to take more care with case recording to ensure that the minimum standards of case recording and the keeping of case files are complied with.

ACTION PLAN

Key to Categorisation of Recommendations

Fundamental	Significant	Merits Attention
Action that is considered imperative to ensure that the County Council is not exposed to high risks. Major adverse impact on achievement of Authority's objectives if not adequately addressed.	Action that is considered necessary to avoid exposing the County Council to significant risks.	Action that is considered desirable and should result in enhanced control or better value for money. Minimal adverse impact on achievement of the Authority's objectives if not adequately addressed.

1. Fundamental Issues

Ref	Recommendation	Agreed Action	Responsible Officer	Implementation Date
	There are no recommendations in this category.			

2. Significant Issues

Ref	Recommendation	Agreed Action	Responsible Officer	Implementation Date
7.2	For consistency of approach, all teams should control the movement of paper case files by having a formal booking out system to identify where the files have been taken to and when they are returned.	A formal booking out system to be established and agreed across LCMT and implemented.	Donna Rutter, Service Manager Older People & Physical Disability.	30 September 2008.

3. Merits Attention

Ref	Recommendation	Agreed Action	Responsible Officer	Implementation Date
6.2	Remind all staff where the minimum requirements leaflet can be accessed.	Advise and inform staff to locate and use minimum requirement leaflet. Ensure that advice forms part of induction process.	Diana King, Performance Improvement Manager.	30 April 2008.
9.2	Remind all staff that more care needs to be taken with case recording to ensure that data held complies with the minimum standards of case recording and the keeping of case files.	Item to be added to agenda for Bi-monthly Service Manager / Team Manager meeting. Give feedback and remind all managers to cascade to teams.	Donna Rutter, Service Manager Older People & Physical Disability.	30 June 2008.

Appendix 1 – Results of audit testing.**Table 1 – Overall test results.**

Team	No. of files tested	All standards met	One standard not met	Two standards not met	Three or more standards not met
North Learning Disability	10	3	3	1	3
South Learning Disability	10	3	1	2	4
Services to Deaf People	10	0	2	1	7
St. Cross Hospital	10	2	1	2	5
Warwick Hospital	10	6	4	0	0
Total	50	14	11	6	19

Table 2 – CareFirst Data– No. of cases examined with all appropriate standards complied with.

Team	No. satisfactory
North Learning Disability	4
South Learning Disability	4
Services to Deaf People	0
St. Cross Hospital	5
Warwick Hospital	8
Total	21

Table 3 – Paper files – No. of files examined with all appropriate standards complied with.

Team	No. satisfactory
North Learning Disability	6
South Learning Disability	3
Services to Deaf People	2
St. Cross Hospital	2
Warwick Hospital	8
Total	21

Table 4 – Standards not met. (CF = CareFirst / P = Paper File)

Team	Standard 1 CF	Standard 2 CF	Standard 3a CF	Standard 3b CF	Standard 3c CF	Standard 4 CF	Standard 5 CF
North Learning Disability	0	0	1	1	0	0	1
South Learning Disability	0	0	1	2	0	0	2
Services to Deaf People	0	0	2	3	4	2	10
St. Cross Hospital	1	3	0	0	0	0	0
Warwick Hospital	0	0	1	0	0	0	0
Total	1	3	5	6	4	2	13

Team	Standard 6 CF	Standard 7 CF	Standard 8 CF / P	Standard 9 CF	Standard 10 CF	Standard 11 CF	Standard 12 CF / P
North Learning Disability	0	0	0	1	1	0	1
South Learning Disability	0	0	0	2	2	0	0
Services to Deaf People	2	1	1	4	1	1	0
St. Cross Hospital	2	1	3	2	2	2	0
Warwick Hospital	0	0	0	0	0	0	1
Total	4	2	4	9	6	3	2

Table 4 Cont'd

Team	Standard 13 CF	Standard 14 P	Standard 15 P	Standard 16a P	Standard 16b P	Standard 16c P	Standard 16d P
North Learning Disability	6	1	2	0	0	3	1
South Learning Disability	0	4	3	1	0	3	1
Services to Deaf People	1	5	5	0	3	7	0
St. Cross Hospital	1	6	6	0	2	6	1
Warwick Hospital	0	0	1	0	0	0	0
Total	8	16	17	1	5	19	3

Team	Standard 16e P
North Learning Disability	0
South Learning Disability	0
Services to Deaf People	0
St. Cross Hospital	0
Warwick Hospital	1
Total	1

Appendix 2 – Quality standards as shown in the AH&CS case file audit tool (version Dec 05)

Standard No.	Description
1.	Do records identify ethnicity?
2.	Has the contact screen been completed appropriately?
3.	Have the ministerial targets been met?
a)	Assessment started within two days of contact
b)	Assessment completed within 28 days of contact
c)	All services provided within 28 days of completion
4.	Is there an 'activity' to show that an assessment and care plan have been given (core standard)?
5.	Is there an 'activity' to show that a carer's assessment has been offered?
6.	Is there any evidence to show that the carer's views, preferences and feelings have been considered?
7.	Is the assessment explicitly based on the department's eligibility criteria, including the identification of risk?
8.	Is the printed assessment written as a story that flows?
9.	Have all eligible needs been used as the basis for the care plan?
10.	Does action taken relate to the agreed care plan?
11.	Is there any evidence to show that the service user's views, preferences and feeling have been considered?
12.	Is there evidence on file that team managers and other managers have read records and recorded their decisions?
13.	Has a review 'activity' been set?
14*.	Has the assessment been signed by the service user?
15*.	Has the care plan been signed by the service user?
16.	Is the structure of the file in accordance with the guidance (Minimum Requirements of Case Recording and the Keeping of Case Files)?
a)	A front sheet containing personal details
b)	A copy of current assessment if one has been required
c)	A care plan if one has been required
d)	Assessments, letters and any other written correspondence from the service user, carer or any other agency
e)	Closing / transfer summary

* If there is a letter on file evidencing that the assessment and / or care plan has been sent to the service user with a prepaid envelope to return, this standard should be ticked as met.

AGENDA MANAGEMENT SHEET

Name of Committee **Audit and Standards Committee**
Date of Committee **16 June 2008**
Report Title **The Annual Governance Statement**

Summary This report sets the conclusions of the review of internal control carried out as part of the overall process that fulfils the Authority's statutory obligations to publish an Annual Governance Statement. It presents a draft Annual Governance Statement for scrutiny prior to submission to Cabinet.

For further information please contact:

Greta Needham Head of Law and Governance Tel: 01926 412319 gretaneedham@warwickshire.gov.uk	Garry Rollason Audit and Risk Manager Tel: 01926 412679 garryrollason@warwickshire.gov.uk
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Would the recommendation decision be contrary to the Budget and Policy Framework? [please identify relevant plan/budget provision]

No.

Background papers The Statement of Internal Control for 2006/2007

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Local Member(s)
- Other Elected Members Cllrs Farnell, Tandy, Roodhouse
- Cabinet Member Cllr Timms
- Chief Executive Jim Graham
- Legal Reporting Officer
- Finance Dave Clarke
- Other Chief Officers
- District Councils
- Health Authority

Police

Other Bodies/Individuals

FINAL DECISION NO

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by
this Committee

To Council 24 June 2008

To Cabinet 19 June 2008

To an O & S Committee

To an Area Committee

Further Consultation

Agenda No

Audit and Standards Committee – 16 June 2008.

The Annual Governance Statement

Report of the Strategic Director of Performance and Development

Recommendation

That the Committee consider the results of the review of internal control and draft Annual Governance Statement and identify any matters they wish to bring to the attention of the Chief Executive and Leader of the Council who will be the signatories to the Statement.

1 Background

- 1.1 The Accounts and Audit Regulations 2003, as amended, require the authority to conduct a review, at least once a year, of the effectiveness of internal control and publish the findings alongside the authority's financial statements. The Regulations specifically require that a relevant committee considers the findings of the review.
- 1.2 The need to produce a Statement on Internal Control has been superseded by the requirement to produce an Annual Governance Statement (AGS) that recognises, records and publishes an authority's governance arrangements under the framework defined in CIPFA/SOLACE's publication "Delivering Good Governance in Local Government: The Framework". For those authorities, like Warwickshire, that adopted a corporate approach to producing the Statement on Internal Control, the transition to the Annual Governance Statement is seamless.
- 1.3 This framework sets out six core principles of governance that underpin the AGS and upon which the AGS should report;
 - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
 - Members and officers working together to achieve a common purpose with clearly defined functions and roles
 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability.

1.4 A key element of governance is the control environment, which CIPFA defines as comprising “the systems of governance, risk management and internal control. The key elements of the control environment include:

- establishing and monitoring the achievement of the organisation’s objectives
- the facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the organisation, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties
- ensuring the economical, effective and efficient use of resources, and securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness
- the financial management of the organisation and the reporting of financial management
- the performance management of the organisation and the reporting of performance management.”

2 The Assurance Gathering Process

2.1 The recommended steps for reviewing the authority’s governance arrangements and gaining assurance on the control environment are broadly similar to those required to produce the Statement of Internal Control.

2.2 Figure 1 in **Appendix 1** illustrates the recommended steps¹ for the process of reviewing the authority’s governance arrangements and gathering assurance about the effectiveness of the system in order to produce the Annual Governance Statement. This approach was adopted for the review which was carried out by an Evaluation Team consisting of:

Greta Needham, Head of Law & Governance
 Garry Rollason, Audit & Risk Manager
 Ron Williamson, Head of Resources; Adult, Health & Community Services
 Oliver Winters, Head of Finance
 Balbir Singh, Head of Policy & Performance; Community Protection

¹ The Annual Governance Statement; Meeting the requirements of the Accounts and Audit Regulations 2003, *Incorporating Accounts and Audit (Amendment) (England) Regulations 2006* – Rough Guide for Practitioners; CIPFA Finance Advisory Network

2.3 In carrying out their review, the Evaluation Team

- Considered the approach of the authority to establishing its principal statutory obligations and organisational objectives;
- Considered the approach of the authority to identifying principal risks to the achievement of those obligations and objectives;
- Identified the key control frameworks that the authority has in place to manage its principal risks;
- Obtained assurance from managers on the operation of key control frameworks and on the results of relevant external or internal inspection;
- Evaluated the assurances provided and identified gaps.

2.4 Having reviewed the strategic risks of the Authority identified in the Corporate Risk Register (agreed by Cabinet on 10 May 2007), the Evaluation Team identified a set of corporate control frameworks on which to seek assurance.

2.5 In addition to the corporate control frameworks, the Evaluation Team sought assurance on a number of departmental control frameworks covering key front-line services.

2.6 The full set of control frameworks is set out **Appendix 2** and the mapping of these control frameworks to the strategic risks of the authority is set out in **Appendix 3**.

2.7 Section 3 of this report sets out the main findings of the review. A draft Annual Governance Statement reflecting these findings is attached in **Appendix 4**.

2.8 The External Auditors have recommended that the Internal Audit Annual Report for the year ended 31 March 2008 is considered at the same time as this statement. The Annual Report is also included on the agenda for this meeting.

2.9 Members of the Audit and Standards Committee are invited to scrutinise the draft Annual Governance Statement and identify any matters they wish to bring to the attention of the Chief Executive and Leader of the Council who will be the signatories to the Statement. The Committee's views together with the draft statement will be presented to the Cabinet on 19 June 2008 along side the accounts.

3. The Annual Governance Statement

3.1 The guidance on the process for reviewing the Authority's governance arrangements allowed the Evaluation Panel a certain amount of discretion in recommending those items to be included in the Annual Governance Statement. However, the Panel were mindful of the following factors in determining what constitutes a significant issue:

- The issue has severely prejudiced or prevented achievement of a principal objective
- The issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of business
- The issue has led to a material impact on the accounts
- The Audit and Standards Committee has advised that it should be considered significant for this purpose
- The head of internal audit has reported on it as significant, for this purpose, in the annual opinion on the internal control environment
- The issue, or impact, has attracted significant public interest or has seriously damaged the reputation of the organisation
- The issue has resulted in formal action being taken by the Chief Financial Officer or the Monitoring Officer.

3.2 CIPFA guidance also states that “a ‘good’ governance statement should be “an open and honest self-assessment of the organisation’s performance across all of its activities [and] it is inevitable that, where the process of review has been rigorous and robust, issues will be identified that the organisation will need to address.”

3.3 The recommendation of the Evaluation Panel is that the issues highlighted in section 4 of this report should be included in the Annual Governance Statement as areas for ongoing improvement or future review. However, the Panel’s view is that none of these constitutes a “significant governance issue” in accordance with the CIPFA guidance. Action plans to address all of the issues highlighted have already been incorporated into the Corporate & Directorate Business Plans and the Council’s revised New Ways of Working Programme.

4 Findings of the Review

4.1 The Statement of Internal Control for 2006/2007 identified six areas of concern. As part of the Annual Governance Statement process for 2007/2008, the Panel considered progress against these areas and has subsequently identified the following as ongoing issues where, despite significant progress, there is still scope for improvement:

- Adult Social care
- Management of human resources , learning and development, organisational development and payroll processes
- Risk management and business continuity
- Partnership governance (including relationships with schools)

4.2 As a result of this years review of the systems of internal control and governance arrangements of the Authority, the Panel identified a further three

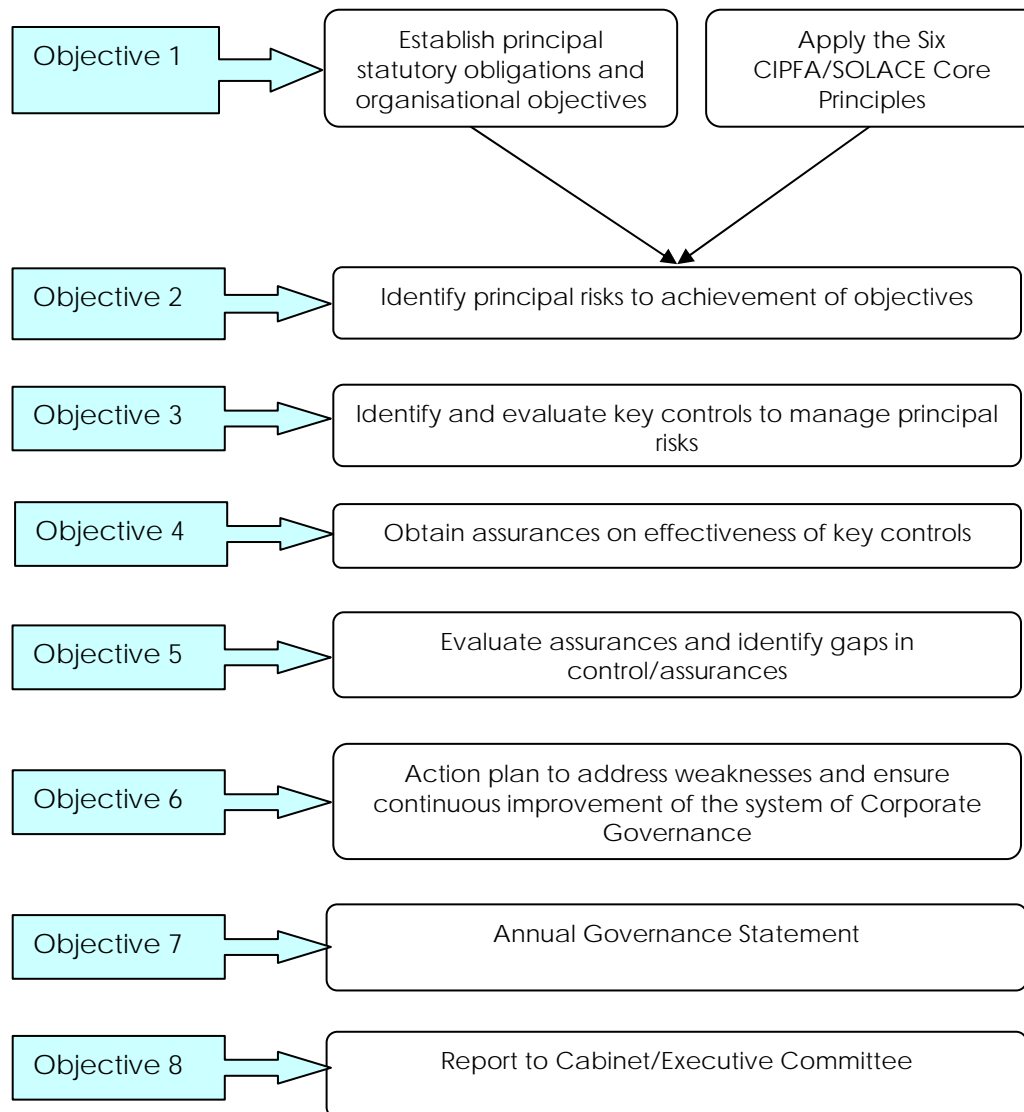
areas where we wish to continue to improve our controls and performance, although we do not judge any of these to be significant governance issues. These issues are set out in detail in the attached draft AGS.

DAVID CARTER
Strategic Director of
Performance and
Development

Shire Hall
Warwick

1 May 2008

Appendix 1: Review of Annual Governance Statement and the Assurance Gathering Process



Appendix 2: Key Control Frameworks

Corporate Control Frameworks

	Statement	Lead
1	New Ways of Working	Monica Fogarty
2	Business Strategy and Planning	Monica Fogarty
3	Budget Strategy and Planning	Oliver Winters
4	HR & Organisational Development	Bob Perks
5	Procurement	Paul White
6	Financial Management	Oliver Winters
7	Asset Management	Steve Smith
8	Risk Management	Simone Wray
9	Performance Management	Monica Fogarty
10	Project Management	Monica Fogarty
11	Information Management	Andrew Morrall
12	ICT	Tonino Ciuffini
13	Partnerships	Nick Gower-Johnson
14	Governance	Sarah Duxbury

Service Specific Frameworks

	Statement	Lead
1	Adult Social Care	Ron Williamson
2	Children in Need	Chris Hallett
3	Education and Schools	Geoff King
4	External Funding	John Scouller
5	Sustainability	Martin Stott
6	Waste	Martin Stott
7	Engineering	Graeme Fitton
8	Community Protection	William Brown
9	Customer Service and Access	Kushal Birla
10	Trading Standards	Mark Ryder

Appendix 3: Mapping of strategic risks to control frameworks

Strategic Risk (as agreed by Cabinet)	Assurance Statement
<p>The role of WCC is to provide Community Leadership to the County of Warwickshire through a democratically elected process. The risk would be that the Council fails to offer the community and political leadership required.</p>	<p>New Ways of Working Governance</p>
<p>WCC is a large, complex and diverse organisation with a variety of disparate services, skills and departments. The risk would be that the Council does not realise the enhanced performance benefits of collective working across services and a culture change of “oneness” reflecting a positive, high performing organisation.</p>	<p>New Ways of Working HR & Organisational Development</p>
<p>There are economic and social divisions within the county. For example, there are pockets of severe deprivation in the North and it is the Council’s policy to achieve the fastest improvement for the most deprived. The risk would be that the differences between areas and groups in the County are not managed effectively.</p>	<p>Business Strategy and Planning Budget Strategy and Planning</p>
<p>The delivery of Warwickshire County Council’s agenda is dependent on the availability of a wide range of appropriate staff, both now and in the future. The risk would be that the Council does not have the right skills in the right places at the right time.</p>	<p>HR & Organisational Development</p>
<p>WCC has constraints on the funding available to deliver services. Key issues include: Capping and affordability, The need to achieve efficiency savings and savings through procurement, the impact of single status. The risk would be that the Council has insufficient resources to deliver its statutory service provision and to achieve its vision for One Warwickshire.</p>	<p>Budget Strategy and Planning Asset Management Procurement Financial Management</p>
<p>ICT sits at the heart of the delivery of priorities and services from WCC. The risk would be that the ICT infrastructure is not sufficiently robust or embedded.</p>	<p>ICT Management Customer Access</p>
<p>In order to deliver on key priorities the Council is required to create partnerships and work constructively with its public service partners. The risk would be that the Council does not work effectively in partnership.</p>	<p>Governance Business Strategy and Planning Performance Management Partnerships</p>

<p>The Council provides high risk/high profile services and service failure could have very serious effects. The risk would be that there is a high profile incident/serious service failure.</p>	<p>Business Strategy and Planning</p> <p>Performance Management</p> <p>Project Management</p> <p>Risk Management</p>
<p>Warwickshire County Council is subject to continuous change and improvement agendas set by national government priorities and is required to deliver. The risk would be that the Council fails to respond effectively to change driven by central government.</p>	<p>Business Strategy and Planning</p> <p>New Ways of Working</p> <p>Budget Strategy and Planning</p>
<p>WCC is bound by strict codes of corporate governance and probity and is required to work within the law. The risk would be that the Council fails to comply with appropriate standards of governance and probity.</p>	<p>Governance</p>
<p>Advice from the Department of Health is that the expected absence rate following an outbreak could be between 33%-50% over a 15 week period. This presents the Council with a number of issues relating to its responsibilities for the provision of an external emergency response and internally the continued provision of priority services. The risk is the failure to maintain adequate staffing levels to respond effectively.</p>	<p>Risk Management</p> <p>Community Protection</p>
<p>The Council has a statutory duty to promote high standards and to secure high levels of achievement and attainment for all children and young people in Warwickshire. The risk is that levels of achievement and attainment do not rise to meet national targets and in line with national expectations and the gap between high and low achieving areas of the County is widened and not narrowed.</p>	<p>Education and Schools</p>
<p>In accordance with the White Paper "Our Health, Our Care, Our Say", there is an expectation that the Council will increase the numbers of people helped to live at home and improve the health and well-being of those who live in the community. This is to be funded through increased efficiencies and the redirections of resources from more traditional forms of adult social care. The risk is that the Council's performance in this area do not improve.</p>	<p>Adult Social Care</p>

There is a fast moving agenda on environmental issues. National environmental issues particularly related to Climate Change and Sustainable Development are becoming increasingly high profile. In order to deliver on key priorities, the Council is required to create partnerships and work constructively with many partners. The risks would be that changes in the legislative or fiscal requirements will make delivery of objectives more difficult across a partnership.

Sustainability

Waste

Appendix 4: An Annual Governance Statement

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(Paragraphs in black are the CIPFA standard wording for an AGS.)

Warwickshire County Council - Annual Governance Statement

Scope of responsibility

Warwickshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Warwickshire County Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Warwickshire County Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Warwickshire County Council has approved and adopted a code of corporate governance, which is consistent with the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code can be obtained from the Strategic Director of Performance and Development. This statement explains how Warwickshire County Council has complied with the code and also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

The purpose of the governance framework

The governance framework comprises the systems and processes, cultures and values by which the Authority is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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 provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Warwickshire County Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Warwickshire County Council for the year ended 31 March 2008 and up to the date of approval of the annual report and statement of accounts.

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The governance framework

- **Identifying and communicating the authority's vision of its purpose and its intended outcomes for citizens and service users**

The Authority's Vision, which is reviewed annually as part of the Council's corporate business planning process, provides strategic direction to the Council; it is the centre piece to its key plans and sets out its direction and aspirations. The Vision encapsulates what the Authority stands for, what it wants to achieve, how it wants to be regarded by the public, how it wants staff to identify with their council and how it wants to work with and influence other agencies and partners.

The Vision is informed by an extensive programme of consultation with the public and is based on 'State of Warwickshire' and 'Quality of Life' publications which identify the socio-economic drivers for Warwickshire. The 'Quality of Life' report focuses on both quantitative and qualitative outcome indicators which reflect objective measures such as unemployment and subjective measures such as fear of crime.

The Council's priorities are developed and reviewed as part of the integrated business and financial planning process. The Corporate Business Plan provides the context for the County Council's main priorities and provides greater detail for the actions and outcomes which the Authority is aiming to achieve.

The Vision and intended outcomes are communicated to citizens through a range of media including the Authority's website and the quarterly 'Warwickshire View' publication.

- **Reviewing the authority's vision and its implications for the authority's governance arrangements**

Warwickshire County Council adopted a Corporate Governance Code of Practice in October 2004 which was revised in 2007/2008 to reflect new CIPFA/SOLACE guidance. This code identifies the Council's commitment to corporate governance and makes explicit links to the Authority's Vision and objectives, explaining the relationship between the two. The code underlines the critical role governance has in the delivery of objectives, stating that "good governance is essential for the Authority to improve the quality of its services and has a significant impact on the public's level of trust in the services that the Authority delivers."

- **Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring they represent the best use of resources**

Warwickshire County Council's approach to performance management is set out in its Performance Management Framework. The Authority has an explicit vision underpinned by a set of strategic priorities and cross-cutting themes. The Authority's Corporate Business Plan addresses both national and local priorities and provides strategic direction to the 'Golden Thread' which runs through Directorate plans to individual targets. The achievement of targets at all levels within the organisation is regularly monitored by a range of methods.

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Corporate performance is considered by Cabinet and Directorate performance by the respective Overview and Scrutiny Committees.

Each Overview and Scrutiny Committee agrees an annual programme of scrutiny reviews which have performance improvement at their core and are supported by a dedicated scrutiny team. The Overview and Scrutiny Coordinating Group agreed a five year strategy for overview and scrutiny on 30 January 2008.

The Authority has a Medium Term Financial Planning strategy which interacts with the Corporate Business Plan and sets out how budget decisions are made. The budget process establishes the resources required to deliver the Authority's service priorities and involves a review of the overall use of resources. Services are required to deliver improvements in cost effectiveness on an annual basis. Relevant prudential indicators are approved by Council as part of the budget resolution.

- **Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication**

The roles and responsibilities of the executive, non-executive, scrutiny and officer functions, along with the delegation of statutory powers are defined and documented within the Authority's Constitution.

- **Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

The Authority's Corporate Governance Code of Practice is supported by a programme of governance training for officers and a biennial Corporate Governance Audit. The results of this audit and an action plan to address areas for improvement are agreed by members. The last governance review took place in 2007/2008.

Standards of behaviour for the council's staff are defined in the 'Roles and Responsibilities' document which is provided to all staff on joining the authority and available through the corporate intranet.

The expectations for the behaviour of elected members are published in the 'Members' Code of Conduct'.

- **Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals which clearly define how decisions are taken and the processes and controls required to manage risks**

The Constitution sets out how the Council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people. Responsibilities for decision-making, the role of individual members, the role Council, the Executive, Committees and the process for determining the Authority's Key Decisions are defined in the Constitution. Delegations are detailed so that the functions of full Council, Cabinet, Cabinet Members, Committees and Officers are specified. The Forward Plan of key decisions is published on the Council's website.

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A structured approach to procurement and contract letting is set out in Financial Standing Orders and Contract Standing Orders. A Procurement Code of Practice provides further guidance to managers to ensure value for money is considered in all purchasing activity. The content of contract standing orders was reviewed during the year to ensure it remains relevant and represents best practice.

A risk management framework has been developed including a corporate implementation strategy and business continuity plan. Strategic risks are reviewed annually and incorporated in the Corporate Business Planning process. All departments have risk registers. The Council's insurances are reviewed annually.

- **Undertaking the core functions of an audit committee as defined in CIPFA's *Audit Committees – Practical Guidance for Local Authorities***

The Authority's Audit and Standards Committee operates to an agreed terms of reference which defines its core functions, roles and responsibilities. The terms of reference are published as part of the Constitution.

- **Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful**

Key roles in relation to ensuring compliance with policies, procedures, laws and regulations are performed by the Authority's Monitoring Officer and the Section 151 Officer.

The Monitoring Officer has put in place arrangements to ensure that all reports to member bodies are checked by qualified lawyers within the Authority to ensure compliance with legislation and corporate policies and procedures. All member bodies are supported by a legal advisor to ensure there is appropriate advice at meetings of the Authority. In addition, the Monitoring Officer receives weekly briefings from the senior lawyers of the Authority highlighting if there are any

- cases or potential cases where questions arise as to the Council's power to take action;
- cases or potential cases of breaches of law or internal regulations (especially standing orders, contract standing orders or financial regulations);
- departmental proposals to act contrary to corporate policy or legal advice;
- new legislation, statutory instruments or government proposals affecting areas of work carried out by the Authority.

The Monitoring Officer with the Section 151 Officer also commissions the biennial Corporate Governance Audit and annual Contract Standing Orders compliance audits.

The Strategic Director of Resources, as the nominated Section 151 Officer, has the delegated responsibility for ensuring there are arrangements in place for proper administration of financial affairs.

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The Council has delegated responsibility for maintaining an adequate internal audit function to the Strategic Director of Performance and Development. A programme of risk based audits is carried out by the Internal Audit and Risk Management Service. A summary of audit work is reported to the Audit and Standards Committee which has responsibility for oversight of probity and audit issues and meets regularly. In addition, External Audit and external inspection agencies such as Ofsted contribute to the review of the Authority's compliance with its policies, laws and regulations.

- **Whistle blowing and for receiving and investigating complaints from the public**

The 'Confidential Reporting Code' outlines procedures for staff members wishing to raise a concern, the response they can expect from the Authority and the officers responsible for maintaining and operating the code. A confidential register of concerns raised and the subsequent outcomes of investigations is held by the Strategic Director of Performance and Development.

Complaints from members of the public are addressed according to the 'Corporate Complaints Procedure' and managed corporately by a Customer Relations Officer. Extensive guidance is available to staff through the Authority's Intranet site and to the public on the Council's website and written publications.

- **Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

The development and training of elected members is managed by the Law & Governance Division of the Performance and Development Directorate. Each member undergoes an induction programme which includes training on Corporate Governance. The Authority conducts regular Member Development Seminars which cover a broad range of topics both on matters internal to the Council and on relevant external subjects. Each member has an individual development plan which is reviewed and updated annually. The Member Services Section of the Law & Governance Division also maintain an electronic database of the training received by and planned for members.

The Chief Executive conducts appraisals of each of the six Strategic Directors and they in turn appraise their respective Service heads. The appraisal framework applies throughout the organisation. Each appraisal results in a plan of development objectives which are supported by training as appropriate.

- **Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

The Corporate Communications Strategy defines Warwickshire County Council's approach to managing effective communication with the community and other stakeholders. The strategy defines the roles and responsibilities within the Authority for managing communication, the people and entities with whom the Authority needs and aspires to communicate and the methods, channels and media by which that communication is achieved. Corporate Communications are managed by the Communications and Media Division of the Performance and Development Directorate.

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A Corporate Consultation Strategy was first developed in 2001 and was revised in 2003. The strategy was revised again in 2008 and now includes community engagement as well as consultation. The key elements of the Consultation and Engagement Strategy are to ensure that;

- The people of Warwickshire are satisfied with the opportunities available to them to contribute to policy-making, service design and service improvement
- The Authority shares effort and resources effectively and with its partners to gain value for money from consultation activities, avoiding duplication of effort and an overload of consultation activity on certain groups in the community
- Policies and services are improved to reflect the needs and aspirations of the people of Warwickshire

There are also a number of consultation groups working within Warwickshire consisting of representatives from the Authority, from District and Borough Councils, the Police and Primary Care Trusts. The Council's Equality and Diversity Policy and Consultation and Community Engagement Strategy ensure that all people have an equal chance of having their voice and views heard and of influencing their futures. Therefore, a group of specialist officers has been set up to advise staff who want to undertake consultation with particular groups of residents e.g. Black and Minority Ethnic groups, Older People groups.

The results of all public consultations are publicised on the Authority's website. A forward plan of key decisions is also publicly available, allowing interested parties to lodge their views prior to the decision being made.

- **Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements**

A Partnership Governance toolkit has been developed for use when establishing partnerships. Within the suite of documents is a tool which enables the assessment of a partnership's contribution to the Council's strategic objectives. There is an approved list of the Council's significant partnerships.

A 'Partnerships Protocol' is available to staff which "identifies the different types of partnership that can be established and aims to set out the arrangements needed to facilitate their smooth running and effectiveness. It also sets out the standards expected to ensure that the Council is protected in the partnership arrangements that it is involved in." Partnership governance forms part of the responsibility of a Cabinet member

Review of effectiveness

Warwickshire County Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual

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report, and also by comments made by the external auditor and other review agencies and inspectorates.

We have been advised on the implications of the result of the review of effectiveness of the governance framework by Cabinet and the Audit and Standards Committee and plan to address weakness and ensure continuous improvement of the system is in place.

Governance issues

The Statement of Internal Control for 2006/2007 identified six areas of concern. As part of the Annual Governance Statement process for 2007/2008, the Authority considered progress against these areas and has subsequently identified the following as ongoing issues where, despite significant progress, there is still scope for improvement:

- **Adult Social care**
Alongside the continuing improvements and monitoring arrangements for the Supporting People programme, a key project for Adult social care is the Care and Choice (Accommodation) Programme. This is an opportunity for the Authority to reshape its countywide provision of residential care services in order to provide increased choice and independence for service users, and to build on strategic partnerships in order to achieve a number of key objectives. The complex commercial, property and contractual issues involved in the delivery of this programme present a significant challenge for the authority and will require constant monitoring within its agreed project management arrangements
- **Management of Human Resources**
The Council is fundamentally restructuring and changing its approach to the management of human resources, learning and development, organisational development and payroll processes. Progress on these issues will need to be carefully monitored through regular progress reports to SDLT to ensure that timescales are achieved and benefits realised.

The development of the corporate HR service centre has enabled the review and rationalisation of HR and payroll processes. This is at an early stage and requires regular review to ensure that the potential for efficiencies is realised. Whilst continuing to monitor the impact and consequences of Stage 1 of the Pay and Conditions Review, Stage 2 of the process requires the continuation of careful management and monitoring to ensure a smooth transition to the new pay structures. Workforce planning has been identified for development in the coming year to ensure that the council is equipped to address the change agenda.

- **Risk Management and Business Continuity**
Building on the significant improvements demonstrated in 2007/2008 in integrating risk management and business continuity into its business planning and performance management processes, the Authority will need to maintain its momentum and fully integrate risk management into its full range of management processes.

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- **Partnership governance (including relationships with schools)**
The commitment to partnership working through the LAA has been reinforced by the new second LAA for Warwickshire. A health check of the agreed governance arrangements adopted by the LAA will take place during 2008/9. The Council's own constitutional arrangements need to be realigned in accordance with LAA aspirations within the overall context of the Local Government and Involvement in Public Health Act 2008. Realisation of the outline principles agreed by partners for financial management arrangements in the LAA (including pooled budgets) has yet to be delivered. The success of partnership working goes beyond the adoption by all partners of agreed principles, and its practical implementation and the management of strategic risks continue to present a major challenge for the LAA.

The nature of our relationship with schools is changing. The importance of maintaining strong relationships between the authority and schools remains an area where constant effort and energy is required. The Council's focus on Building Schools for the Future, 'Primary Strategy for Change' and surplus places demands continuing emphasis on a proactive and close working relationship with schools to ensure that these key projects are delivered.

A full time Assistant Head of Service for Governance was appointed in September 2007 to provide a strategic lead to school governance. Significant steps were made during 2007/2008, but a number of further improvements are either under way at year end or planned for delivery in the coming financial year. Progress in the improvement of arrangements for school governance is subject to review by the Audit and Standards Committee and has been recommended for inclusion on the Overview and Scrutiny Committee's programme of inspection.

As a result of this year's review of the systems of internal control and governance arrangements of the Authority, we have identified four further areas where we plan to continue to improve our controls and performance, although we do not judge any of these to be significant governance issues:

- **Governance**
Although the Council's overall governance arrangements are strong, we recognise that there are areas where we need to do better. In a council with no overall control, strong political leadership is required to develop our vision for the future, to develop strategy and to continue the drive for excellence. A number of initiatives are being pursued to support elected members and to develop their skills to meet the challenges of the changing environment facing the Council.

The Council also faces the challenging task of managing the continuing provision of fire and rescue services and future delivery of the service whilst also dealing with the lengthy on-going investigation into the recent tragedy at Atherstone on Stour.

- **Project management**
Despite the corporate adoption of a project management methodology there is scope for further improvement of our performance in delivering major projects. From 1 April 2008 the lead for Project Management was integrated into the corporate Planning & Performance Team and further integrated into the

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Performance Management Framework. This will be supported by the re-appointment of a dedicated Project Management Officer early in 2008 / 2009.

The Authority is looking to improve its arrangements for;

- ensuring that risks have been identified and robustly managed in all major projects,
- the training for project board members and key members of project teams in project management and risk management,
- the development of corporate guidance for project management,

- **The management of waste**

The Authority recognises that it cannot continue to rely on landfill as its main method of disposal and needs to develop more sustainable methods of managing waste. The Authority has identified key strategic objectives that provide the direction for the development of a Waste Strategy. In developing this Strategy, seven potential waste management scenarios were critically assessed against environmental, socio-economic and operational criteria.

The Waste Strategy provides guidance on the required changes in the waste management service to enable the Authority to achieve its goals. It is important that the Waste Strategy is not a static document and that it should be reviewed and updated on a regular basis to reflect changes in legislation, circumstance and evolving waste treatment technologies. It is for this reason that the Waste Strategy will be fully reviewed every five years with a review of the critical aspects at critical review points.

In addition, the Council is a partner in Project Transform, a joint collaboration between: Coventry City Council, Solihull Metropolitan Borough Council and Warwickshire County Council. The Partners are working together to develop effective and sustainable solutions to manage residual waste in the sub-region. The partners have recently submitted an Expression of Interest for PFI Credits to DEFRA, for the development of a new Energy from Waste plant. Project management arrangements are already in place, and a dedicated project manager is to be recruited. Both Project Transform and potential PFI need to be robustly controlled in order to ensure success.

- **Information management**

Warwickshire County Council first introduced a three-year Information Management strategy in January of 2004. The review and republication of this strategy in 2007/2008 coincided with a number of high profile national instances of data loss and an isolated incident involving the Authority itself. The Authority recognises that it has historically taken a light-touch, devolved approach to information management and that there are few dedicated corporate resources in comparison with its other major assets.

To strengthen arrangements for information management, the Authority intends to complete a value for money review by September 2008 with the intention of establishing an integrated Information Management function. Progress in this area will consolidate the work already undertaken across the individual Directorates and provide a strong corporate approach to information management.

Work is underway to review the IT tools and systems that support information management and improve the accessibility and quality of information made

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available by the Authority both internally to its staff and externally to its customers. The planned development of an Information Governance Framework and Toolkit will allow the Authority to more fully identify its strengths and weaknesses and to define how it can improve the management of information, both corporately and in specific service areas.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Chief Executive

Date:

Leading Member

Date:

AGENDA MANAGEMENT SHEET

Name of Committee	Audit & Standards Committee
Date of Committee	16th June 2008
Report Title	Opinion Audit Plan 2007/2008 and Audit and Inspection Plan 2008/2009
Summary	The attached reports from the Audit Commission provides information on risk as part of the 2007/2008 audit opinion and the audit plan for 2008/2009.
For further information please contact:	Oliver Winters Head of Finance Tel: 01926 412441 oliverwinters@warwickshire.gov.uk
Would the recommended decision be contrary to the Budget and Policy Framework?	No.
Background papers	None

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

- | | | |
|-----------------------|-------------------------------------|---|
| Other Committees | <input type="checkbox"/> | |
| Local Member(s) | <input checked="" type="checkbox"/> | N/A |
| Other Elected Members | <input type="checkbox"/> | |
| Cabinet Member | <input checked="" type="checkbox"/> | Cllr Alan Cockburn |
| Chief Executive | <input type="checkbox"/> | |
| Legal | <input checked="" type="checkbox"/> | Sarah Duxbury |
| Finance | <input checked="" type="checkbox"/> | David Clarke, Strategic Director, Resources - reporting officer |
| Other Chief Officers | <input type="checkbox"/> | |
| District Councils | <input type="checkbox"/> | |
| Health Authority | <input type="checkbox"/> | |
| Police | <input type="checkbox"/> | |

Other Bodies/Individuals

FINAL DECISION

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by
this Committee

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Audit & Standards Committee - 16th June 2008.

**Opinion Audit Plan 2007/2008 and Audit and Inspection
Plan 2008/2009**

Report of the Strategic Director, Resources

Recommendation

To consider the Opinion Audit Plan 2007/2008 and Audit and Inspection Plan 2008/2009 and raise any comments with the Audit Commission.

1. Introduction

- 1.1 On 4th June 2007 representatives of the Audit Commission attended the Audit & Standards Committee and presented the Annual Audit and Inspection Plan 2007/2008. At that time the Audit Commission were not able to detail the risks that they need to consider as part of their audit opinion work. The attached report, **Appendix A**, from the Audit Commission provides this information regarding risk.
- 1.2 Also attached, at **Appendix B**, is a copy of the Audit and Inspection Plan 2008/2009 which sets out the Audit Commission's proposed work schedule for the financial year 2008/2009.
- 1.3 Representatives from the Audit Commission will attend the meeting to take the Committee through the papers and answer any questions.

DAVID CLARKE
Strategic Director, Resources

Shire Hall
Warwick

Audit Summary Report

February 2008

Opinion Audit Plan

Warwickshire County Council

Audit 2007-2008

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

Copies of this report

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

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Testing strategy	7
Key milestones and deadlines	8
Audit fees	9

Introduction

- 1 We issued the initial audit plan for 2007/08 on 17 May 2007 which set out the work that we proposed in order to satisfy our responsibilities under the Audit Commission's Code of Audit Practice. We are required by professional auditing standards to specify the detailed risks that we need to consider as part of our opinion work. As the initial audit plan was produced at the start of the financial year for fee purposes, it was not possible to specify these risks. We are now in a position to do this as the opinion work is about to commence. We are required to:
 - identify the risk of material misstatements in your accounts;
 - plan audit procedures to address these risks; and
 - ensure that the audit complies with all relevant auditing standards.
- 2 We have therefore set out below our approach to identifying opinion audit risks and considered the additional risks that are appropriate to the current opinion audit.

Identifying opinion audit risks

Council level risks

- 3 As part of the audit risk identification process we need to understand the audited body to identify any risks of material misstatement (whether due to fraud or error) in the financial statements. We do this by:
 - establishing the nature of the council's activities;
 - identifying the business risks facing the council, including assessing the council's own risk management arrangements;
 - considering the financial performance of the council; and
 - assessing internal control - including reviewing the control environment, the IT control environment, and internal audit.

Information system risks

- 4 To comply with ISA (UK & I) 315 we need to assess the risk of material misstatement arising from the activities and controls within the information systems. To be able to assess these risks we need to understand the material systems and document that understanding.

- 5 Material systems are those systems which produce material figures in the annual financial statements. We have identified that the council has 12 material systems. For these systems we need to demonstrate our understanding by documenting the following.
- How transactions are initiated, recorded, processed and reported in the financial statements.
 - The accounting records relevant to the transactions.
 - How the council identifies and captures events and conditions which are material to the financial statements eg depreciation.
 - The financial reporting process used to prepare the financial statements.

Assertions

- 6 When considering the risks of material misstatement we consider what the Strategic Director of Resources is stating when he signs the financial statements. An audited body's management are responsible for the preparation and presentation of financial statements which fairly reflect the nature and activity of the entity for the period. In doing so, management are making statements regarding the recognition, measurement, presentation and disclosures of various elements of the financial statements and related disclosures.
- 7 These representations from management are referred to as assertions about financial statements in ISA (UK & I) 500. The ISA states that we have to ascertain that the financial statements are free from material misstatement at the assertion level. The standard splits out the assertions and considers the differing assertions for:
- revenue accounts items;
 - balance sheet items; and
 - disclosures and presentation elements of the financial statements.

- 8 The following table details the relevant assertions for these three categorisations, showing which assertions we need to consider by area of the financial statements.

Table 1 Assertions

Assertions that will be considered by area of financial statements.

Means	Revenue	Balance sheet	Disclosure
Is it recorded at the right amount and are the details right?	Accuracy		Accuracy
Is it in the right place in the accounts?	Classification		Classification
Is it all there?	Completeness	Completeness	Completeness
Is it in the right year?	Cut-off		
Is it real, does it exist?		Existence	
Has it happened?	Occurrence		Occurrence
Does it belong to the body? Are they entitled to use it?		Rights and obligations	Rights and obligations
Is it worth it?		Valuation and allocation	Valuation and allocation

Identification of specific risks

- 9 We have considered the additional risks that are appropriate to the current opinion audit and have set these out below.

Table 2 Specific risks

Specific opinion risks identified.

Risk area	Assertions	Audit response
Accounting for equal pay settlements	All	We will test the accounting disclosures for the funding of the equal pay settlements.
Accounting requirements of 2007 SORP.	All	We will test to ensure the disclosures in the accounts are SORP compliant.
Pension Fund – there were three material errors in the 2006/7 accounts relating to cash, interest income and classification of investments.	All	We will carry out detailed testing of the Pension Fund, placing reliance, where appropriate on Internal Audit work.
Payroll - new transactional processing unit.	All	We will carry out detailed testing of the payroll, placing reliance, where appropriate on Internal Audit work.

Testing strategy

- 10 On the basis of risks identified above we will produce a testing strategy which will consist of testing of key controls and/or substantive tests of transaction streams and material account balances at year-end.
- 11 Our testing can be carried out both before and after the draft financial statements have been produced (pre and post statement testing).

- 12 It may be possible to complete some substantive testing earlier in the year before the financial statements are drafted. We have identified the following areas where substantive testing could be carried out early.
- Review of disclosure and accounting policies.
 - Related party transactions.
 - Bank reconciliation.
 - Fixed Assets – confirmation of ownership and existence.
 - Firefighters' Pension Fund.
 - Year-end feeder system reconciliations.
- 13 Where other early testing is identified as being possible this will be discussed with officers.

Key milestones and deadlines

- 14 The Council is required to prepare the financial statements and arrange for them to be approved by 30 June 2008. We are required to complete our audit and issue our opinion by 30 September 2008. The key stages in the process of producing and auditing the financial statements are shown in Table 3.
- 15 We will agree with you a schedule of working papers required to support the entries in the financial statements.
- 16 Every week, we will meet with the key contact and review the status of all queries. If appropriate, we will meet at a different frequency depending upon the need and the number of issues arising.

Table 3 Proposed timetable

Task	Deadline
Early substantive testing	May/June 2008
Forwarding of Pension Fund working papers to the auditor	19 May 2008
Start audit of Pension Fund	19 May 2008
Approval of accounts	By 30 June 2008
Forwarding of main audit working papers to the auditor	1 July 2008
Start of detailed testing	1 July 2008

Task	Deadline
Progress meetings	Weekly/Fortnightly
Present report to those charged with governance to the Audit and Standards Committee	by 30 September 2008
Issue of opinion	by 30 September 2008

Audit fees

- 17 In my original audit plan, the estimated fee for the opinion audit was based on my best estimate at the time and agreed at £150,173. Having considered the above risks I remain satisfied that the original estimate was entirely appropriate and no adjustment is therefore required to the fee.

Audit and Inspection Plan

June 2008

Audit & Inspection Plan

Warwickshire County Council

Audit 2008-2009

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

Copies of this report

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Introduction

- 1 This plan sets out the audit and inspection work that we propose to undertake for the 2008/09 financial year. The plan is based on the Audit Commission's risk-based approach to audit planning and the requirements of moving towards Comprehensive Area Assessment (CAA). It reflects:
 - audit and inspection work specified by the Audit Commission for 2008/09;
 - current national risks relevant to your local circumstances; and
 - your local risks and improvement priorities.
- 2 During 2008/09, the role of Relationship Manager will be replaced by the post of Comprehensive Area Assessment Lead (CAAL). The CAAL will provide the focal point for the Commission's work in your local area, lead the CAA process, and ensure that the combined inspection programme across all inspectorates is tailored to the level and nature of risk for the area and its constituent public bodies. The Commission has become the statutory gatekeeper of all inspection activity involving local authorities.
- 3 As I have not yet completed my audit for 2007/08, the audit planning process for 2008/09, including the risk assessment, will continue as the year progresses, and the information and fees in this plan will be kept under review and updated as necessary.

Responsibilities

- 4 The Audit Commission comply with the statutory requirements governing our audit and inspection work, in particular:
 - the Audit Commission Act 1998;
 - the Local Government Act 1999;
 - the Fire and Rescue Services Act 2004; and
 - the Code of Audit Practice.
- 5 The Code of Audit Practice (the Code) defines auditors' responsibilities in relation to:
 - the financial statements (including the annual governance statement); and
 - the audited body's arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 6 The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies (from April 2008) sets out the respective responsibilities of the auditor and the Council. The Audit Commission has issued a copy of the Statement to every audited body.
- 7 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end, and audit work is undertaken in the context of these responsibilities.

Fees

- 8 The details of the structure of scale fees are set out in the Audit Commission's work programme and fee scales 2008/09. Scale fees are based on a number of variables, including the type, size and location of the audited body.
- 9 The total indicative fee for the audit and inspection work included in this audit and inspection plan for 2008/09 is for £351,636, which compares to the planned fee of £249,167 for 2007/08.
- 10 A summary of this is shown in the table below. The fee is determined by audit risks identified, mandated work and basic assumptions. A detailed breakdown of the audit and inspection fee is included in Appendix 2.

Table 1 Audit and Inspection fee

Audit area	Planned fee 2008/09	Planned fee 2007/08
Audit (excluding Pension Fund)	218,656	234,417
Audit (Pension Fund)	48,000	
Total audit fee	266,656	234,417
Total inspection fee	84,980	14,750
Certification of claims and returns	24,700	45,000

- 11 The Audit Commission scale fee for Warwickshire County Council is £207,720 (excluding Pension Fund and inspection fee). The fee proposed for 2008/09 is +5 per cent compared to the scale fee and is within the normal level of variation specified by the Commission.
- 12 In setting the fee, we have assumed that:
 - the level of risk in relation to the audit of the financial statements is not significantly different from that identified to 2007/08; and
 - internal audit undertakes appropriate work on all systems; and
 - good quality working papers and records will be provided to support the pension fund financial statements by 18 May 2009 and the County financial statements 1 July 2009.

Further details of the assumptions are outlined in Appendix 2.

- 13 The Audit Commission has the power to determine the fee above or below the scale fee where it considers that substantially more or less work is required than envisaged by the scale fee. The Audit Commission may, therefore, adjust the scale fee to reflect the actual work that needs to be carried out to meet the auditor's statutory responsibilities, on the basis of the auditor's assessment of risk and complexity at a particular body.
- 14 It is a matter for the auditor to determine the work necessary to complete the audit and, subject to approval by the Audit Commission, to seek to agree an appropriate variation to the scale fee with the Council. The Audit Commission expects normally to vary the scale fee by no more than 30 per cent (upwards or downwards). This fee then becomes payable.
- 15 The major variances between the planned fee for 2008/09 and the planned fee for 2007/08 are:
 - a corporate assessment will take place during the year and this has increased the inspection fee;
 - a separate audit of the pension fund scheme will be carried out. This has resulted in an overall net increase in fees;
 - the expanded Use of Resources assessment has resulted in an increased fee;
 - the introduction of new work on data quality at fire and rescue authorities has increased the fee; and
 - the estimated fee for the certification of claims and returns has fallen because we are expecting to audit fewer claims in 2008/09.

Specific actions Warwickshire County Council could take to reduce its audit fees

- 16 The Audit Commission requires its auditors to inform a council of specific actions it could take to reduce its audit fees. I have identified the following actions Warwickshire County Council could take:
 - Make further improvements to your arrangements for grant claim preparation.

Process for agreeing any changes in audit fees

- 17 As set out in paragraph 3, I expect that the initial risk assessment may change as the year progress. Where this is the case, I will discuss this in the first instance with the Strategic Director of Resources. Supplements to the plan will be issued to record revisions to the risk and the impact on the fee.

Auditor's report on the financial statements

- 18 I am required to issue an audit report giving my:
- opinion on whether the financial statements present fairly the financial position of the Council as at 31 March 2009; and
 - conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Financial statements

- 19 I have not undertaken a risk assessment for the audit of the financial statements as many of the specific risks which may become apparent after I have completed the 2007/08 audit. A separate opinion plan for the audit for the financial statements will be issued in December 2008. This year we will carry out a detailed review of Internal Audit to ensure continued compliance with appropriate professional standards.

Pension fund

- 20 I am carrying out a separate audit of the pension fund scheme. A separate report will be issued to those charged with governance. A detailed opinion plan will be issued in December 2008.

VFM conclusion

- 21 In reaching my conclusion I will review evidence that is relevant to the Council's performance management and financial management arrangements.
- 22 The key risks highlighted from the planning are summarised in the table below with details of planned work to mitigate the risks. Full details of the risk assessment are outlined in Appendix 3.

Table 2 Key risks identified

Key risks identified	Planned work to address the risk
Equal pay claims	We will review arrangements for funding single status claims for backpay
Waste PFI	On-going monitoring of progress with the Waste PFI.

Use of resources 2008/09

- 23 The Audit Commission has specified that auditors will complete a use of resources assessment for 2008/09. This will be a new assessment forming part of the CAA framework for 2009.
- 24 The Commission proposes that the approach to the new use of resources assessment will be focussed on three themes with the detailed Key Lines of Enquiry to be confirmed. For each of the significant risks identified in relation to the use of resources work, I consider the arrangements put in place by the Council to mitigate the risk, and plan the work accordingly.
- 25 The initial risk assessment for use of resources work is shown in Appendix 3. This will be updated through the continuous planning process as the year progresses.

Mandated work

26 As part of the audit, the mandated work programme comprises:

- data quality; and
- whole of government accounts.

CPA and inspection

- 27 From April 2009, the Audit Commission, jointly with the other public service inspectorates, will be implementing Comprehensive Area Assessment (CAA). Therefore, 2008/09 is the last year in which corporate assessments and programme service inspections will be undertaken as part of the CPA framework.
- 28 The Audit Commission's CPA and inspection activity is underpinned by the principle of targeting our work where it will have the greatest effect, based upon assessments of risk and performance.
- 29 The Council's CPA category is, therefore, a key driver in the Commission's inspection planning process. For CPA 2007, the Council was categorised as three stars.
- 30 I have applied the principles set out in the CPA framework, '*CPA - The Harder Test*', recognising the key strengths and areas for improvement in the Council's performance.
- 31 Strengths in the Council's performance include:
- Use of Resources - the Council is performing strongly in its use of resources and overall delivers good value for money across most of its services.
 - Education attainment - this is above the national average with good progress with reducing inequalities in attainment and improving outcomes for vulnerable children.
 - Sustainable environment - good progress is being made by the Council.
- 32 Areas for improvement in the Council's performance include:
- Ensuring that the improvements made in adult social care, including supporting people, are continued and have an impact on outcomes for service users.
 - Fire and Rescue Service - at the appropriate time, and taking account of the outcomes of the current investigations into the recent tragic events, the Council should address the changes needed to continue to improve the Fire and Rescue Service.
- 33 On the basis of the planning process I have identified where inspection activity will be focused for 2008/09 as follows.

Table 3 Summary of inspection activity

Inspection activity	Reason/impact
Relationship Manager RM/CAALrole	To act as the Commission's primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders.
Direction of Travel (DoT) assessment	An annual assessment, carried out by the RM, of how well the Council is securing continuous improvement. The DoT statement will be reported in the Annual Audit and Inspection Letter. The DoT assessment summary will be published on the Commission's website.
Corporate assessment	We will carry out a corporate assessment in line with the processes set out in ' <i>CPA- The Harder Test</i> '.

34 As a County Council Fire and Rescue Authority, the Commission will also be undertaking the following inspection activity:

- Relationship Manager/CAAL role;
- Direction of Travel statement; and
- service assessment.

Advice and assistance

- 35 Under paragraph 9 of Schedule 2A of the Audit Commission Act 1998 we have powers to provide 'advice and assistance' (A&A) to another public body where this is requested.
- 36 If you wish the Commission to provide additional services under these powers, please contact Dorothy Welsh.

The audit and inspection team

- 37 The key members of the audit and inspection team for the 2008/09 audit are shown in the table below.

Table 4 Audit and inspection team

Name	Contact details	Responsibilities
Dave Rigg Relationship Manager & District Auditor	d-rigg@audit-commission.gov.uk 0844 7981105	The primary point of contact with the Council and the interface at the local level between the Commission and the other inspectorates, government offices and other key stakeholders. Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and conclusion, and liaison with the Chief Executive and Audit & Standards Committee.
Tony Parks Audit Manager	t-parks@audit-commission.gov.uk 02476 834883	Manages and coordinates the different elements of the audit work. Key point of contact for the Strategic Director of Resources.

Quality of service

- 38 I am 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 the Central Head of Operations, Phil Jones.
- 39 If I am unable to satisfy your concerns, you have the right to make a formal complaint to the Audit Commission. The complaints procedure is set out in the leaflet '*Something to Complain About*', which is available from the Commission's website or on request.

Planned outputs

- 40 Reports will be discussed and agreed with the appropriate officers before being issued to the Audit & Standards Committee.

Table 5 **Planned outputs**

Planned output	Indicative date
Corporate assessment	17 September 2008
County Opinion Audit Plan	31 December 2008
Pension Fund Opinion Audit Plan	31 December 2008
Review of Internal Audit	31 January 2009
Interim audit memorandum	30 June 2009
County Annual governance report	30 September 2009
Pension Fund Annual governance report	30 September 2009
Auditor's report giving an opinion on the financial statements	30 September 2009
Use of resources report	30 October 2009
Final accounts memorandum	30 November 2009
Annual Audit and Inspection Letter	TBC

Appendix 1 – Elements of our work

Financial statements

- 1 I will carry out the audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).
- 2 I am required to issue an opinion on whether the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Council as at 31 March 2009 and its income and expenditure for the year.
- 3 I am also required to review whether the Annual Governance Statement has been presented in accordance with relevant requirements, and to report if it does not meet these requirements or if the Annual Governance Statement is misleading or inconsistent with our knowledge of the Council.

Value for money conclusion

- 4 The Code requires us to issue a conclusion on 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 conclusion. The Code also requires me to have regard to a standard set of relevant criteria, issued by the Audit Commission, in arriving at my conclusion.
- 5 In meeting this responsibility, I will review evidence that is relevant to the Council's corporate performance management and financial management arrangements. Where relevant work has been undertaken by other regulators, we will normally place reliance on their reported results to inform our work.
- 6 I will also follow up audit work from previous years to assess progress in implementing agreed recommendations.

Use of resources assessment 2008/09

- 7 The Commission has now consulted on its proposals for the 2008/09 Use of Resources assessment. It proposes that the work required to arrive at the 2008/09 use of resources assessment is fully aligned with that required to arrive at the auditor's 2008/09 value for money conclusion.
- 8 The Commission proposes that the assessment will be based upon the evidence from three themes:
 - Managing money;
 - Managing the business; and

- Managing other resources.
- 9 The Commission proposes that Data Quality will become an element of the Use of Resources framework from 2008/09.

Whole of government accounts

- 10 I will be required to review and report on your WGA consolidation pack in accordance with the approach agreed with HM Treasury and the National Audit Office.

National Fraud Initiative

- 11 From 2008/09 work relating to the National Fraud Initiative will be carried out directly by the Commission under its new data matching powers under the Serious Crime Act 2007. The Commission will be consulting audited bodies on the work programme and fee scales for the National Fraud Initiative later this year.

Certification of grant claims and returns

- 12 I will continue to certify the Council's claims and returns on the following basis:
- claims below £100,000 will not be subject to certification;
 - claims between £100,000 and £500,000 will be subject to a reduced, light-touch certification; and
 - claims over £500,000 will be subject to a certification approach relevant to the auditor's assessment of the control environment and management preparation of claims. A robust control environment would lead to a reduced certification approach for these claims.

Appendix 2 – Basis for fee

- 1 The Audit Commission is committed to targeting its work where it will have the greatest effect, based upon assessments of risk and performance. This means planning work to address areas of risk relevant to our audit responsibilities and reflecting this in the audit fees. It also means making sure that our work is coordinated with the work of other regulators, and that our work helps you to improve.
- 2 The risk assessment process starts with the identification of the significant financial and operational risks applying at the Council with reference to:
 - our cumulative knowledge of the Council;
 - planning guidance issued by the Audit Commission;
 - the specific results of previous and ongoing audit work;
 - interviews with Council officers;
 - liaison with internal audit; and
 - the results of other review agencies' work where relevant.

Assumptions

- 3 In setting the fee, I have assumed that:
 - the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2007/08;
 - you will inform us of significant developments impacting on the audit;
 - internal audit meets the appropriate professional standards;
 - internal audit undertakes appropriate work on all systems that provide material figures in the financial statements by 31 December 2008 sufficient that we can place reliance for the purposes of our audit;
 - good quality working papers and records will be provided to support the pension fund financial statements by 18 May 2009 and the County financial statements 1 July 2009;
 - requested information will be provided within agreed timescales;
 - prompt responses will be provided to draft reports; and
 - additional work will not be required to address questions or objections raised by local government electors.
- 4 Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the opinion audit plan.
- 5 Changes to the plan will be agreed with you. These may be required if:

- new residual audit risks emerge;
- additional work is required by the Audit Commission or other regulators; or
- additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.

- 6 Below is a detailed breakdown of the audit and inspection fee for 2008/09.
- 7 The fee (plus VAT) will be charged in 12 equal instalments from April 2008 to March 2009.

Table 6 Detailed audit and inspection fee

Audit area	Planned fee 2008/09	Planned fee 2007/08	Page
Audit (excluding the Pension Fund)			
Financial statements	122,943	150,173	9, 17
Use of resources	64,681	57,580	10, 17
Data quality	27,346	21,585	11
Whole of government accounts	3,686	3,529	11, 18
National Fraud Initiative	0	1,550	18
Audit of the Pension Fund	48,000	0	9
Total audit fee	266,656	234,417	
Inspection			
Relationship management	7,465	7,375	13
Direction of Travel	7,465	7,375	13
Service inspection	0	0	
Corporate inspection	70,050	0	13
Total inspection fee	84,980	14,750	
Total audit and inspection fee	351,636	249,167	
Certification of claims and returns	24,700	45,000	18

Appendix 3 – Initial risk assessment – Use of resources and VFM conclusion

Significant risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditor’s responsibilities
Equal pay claims	The Council has plans in place for the funding of equal pay claims.	Yes	We will review arrangements for funding single status claims for backpay.	The Council has put in place arrangements to ensure that its spending matches its available resources.
Waste PFI	The Council is working in partnership with other authorities and is considering the various options available.	Yes	On-going monitoring of progress with the Waste PFI.	The Council has put in place arrangements to ensure that its spending matches its available resources. The Council has put in place arrangements to maintain a sound system of internal control. The Council has put in place arrangements to manage and improve value for money.
Slippage in the capital programme and financial pressures for the revenue budget.	There are regular reports to Members on progress with the expected revenue and capital outturn.	Yes	On-going monitoring of the revenue budget and capital outturn.	The Council has put in place a medium-term financial strategy, budgets and a capital programme that are soundly based and designed to deliver its strategic priorities. The Council has put in place arrangements to ensure that its spending matches its available resources.

22 Audit & Inspection Plan | Appendix 3 – Initial risk assessment – Use of resources and VFM conclusion

Significant risks identified	Mitigating action by audited body	Residual audit risk	Action in response to residual audit risk	Link to auditor’s responsibilities
Caring for older people	Included in the Council's risk register. Restructuring of services and senior management to deliver the Agenda. Targets set for improvement and monitoring through the Directorate’s Performance Improvement Board.	Yes	Cross cutting review continuing care with the PCT.	The Council has put in place arrangements to manage its significant business risks. The Council has put in place arrangements to manage and improve value for money.

Appendix 4 – Independence and objectivity

- 1 I am not aware of any relationships that may affect the independence and objectivity of the District Auditor and the audit staff, which we are required by auditing and ethical standards to communicate to you.
- 2 I comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised below.
- 3 Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of the appointment. When auditing the financial statements, auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).
- 4 The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.
- 5 International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:
 - discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client; and
 - confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.
- 6 The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the Audit and Standards Committee. The auditor reserves the right, however, to communicate directly with the Council on matters which are considered to be of sufficient importance.
- 7 The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.
- 8 The Standing Guidance for Auditors includes a number of specific rules. The key rules relevant to this audit appointment are as follows.

- Appointed auditors should not perform additional work for an audited body (ie work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the Audit and Inspection Plan as being 'additional work' and charged for separately from the normal audit fee.
- Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.
- The District Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every five years.
- The District Auditor and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.
- The District Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

Appendix 5 – Working together

Meetings

- 1 The audit team will maintain knowledge of your issues to inform our risk-based audit through regular liaison with key officers.
- 2 Our proposal for the meetings is as follows.

Table 7 Proposed meetings with officers

Council officers	Audit Commission staff	Timing	Purpose
Chief Executive Strategic Director of Resources Strategic Director of Performance and Development Head of Change Management	District Auditor (DA) Audit Manager (AM)	March, May, July, September, and December.	General update
Directors	District Auditor (DA) Audit Manager (AM)	Quarterly	General update
Accountants	AM and Team Leader (TL)	Monthly (weekly during audit of accounts)	Update on audit and opinion issues
Audit Services Manager	AM and TL	Quarterly	Update on audit progress and issues
Audit & Standards Committee	DA and AM	Quarterly	Formal reporting of: <ul style="list-style-type: none"> • Audit and Inspection Plan; • annual governance report; • Annual Audit and Inspection Letter; and • other issues as appropriate.

Sustainability

- 3 The Audit Commission is committed to promoting sustainability in our working practices and we will actively consider opportunities to reduce our impact on the environment. This will include:
 - reducing paper flow by encouraging you to submit documentation and working papers electronically;
 - use of video and telephone conferencing for meetings as appropriate; and
 - reducing travel.

Annual Audit and Inspection Letter

Warwickshire County Council

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

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Key messages

- 1 Warwickshire County Council has continued its high levels of performance in the last 12 months. The Audit Commission's Comprehensive Performance Assessment for 2007 resulted in the Council retaining its three-star status and it has been classified as 'improving well' in the Direction of Travel assessment.
- 2 The Council has delivered improving outcomes in its three priority areas together with good improvement across services. Investment in modernising adult services is still at a relatively early stage but is delivering better support services and more choice for older people. The prospects for improvement are now 'promising', reflecting a clear vision, strong leadership and increased capacity.
- 3 The Council's administration of the Supporting People programme was assessed as 'fair' with 'promising prospects for improvement' following a re-inspection which found that a number of the previously identified weaknesses had been addressed.
- 4 Education attainment is above the national average with good progress with reducing inequalities in attainment and improving outcomes for vulnerable children.
- 5 Good progress is being made by the Council in pursuing a sustainable environment but it is not yet clear what impact this is having in delivering its carbon emissions target.
- 6 The Council is performing strongly in its use of resources and overall delivers good value for money across most of its services.
- 7 Understandably the Council has deferred any changes in the Fire and Rescue Service due to the recent tragic events and the volume of investigations that inevitably followed. Overall the fire and rescue service was assessed as 'improving adequately' but further changes may be needed in the future if the service is to continue to improve.

Action needed by the Council

- 8 We recommend that the Council take the following actions.
 - Ensure that the improvements made in adult social care, including supporting people, are continued and have an impact on outcomes for service users.
 - At the appropriate time, and taking account of the outcomes of the current investigations into the recent tragic events, the Council should address the changes needed to continue to improve the Fire and Rescue Service.
- 9 We have issued several reports during the year and we are satisfied that your officers are taking action to implement the recommendations contained in those documents. The Council may wish to monitor the progress made in implementing those recommendations.

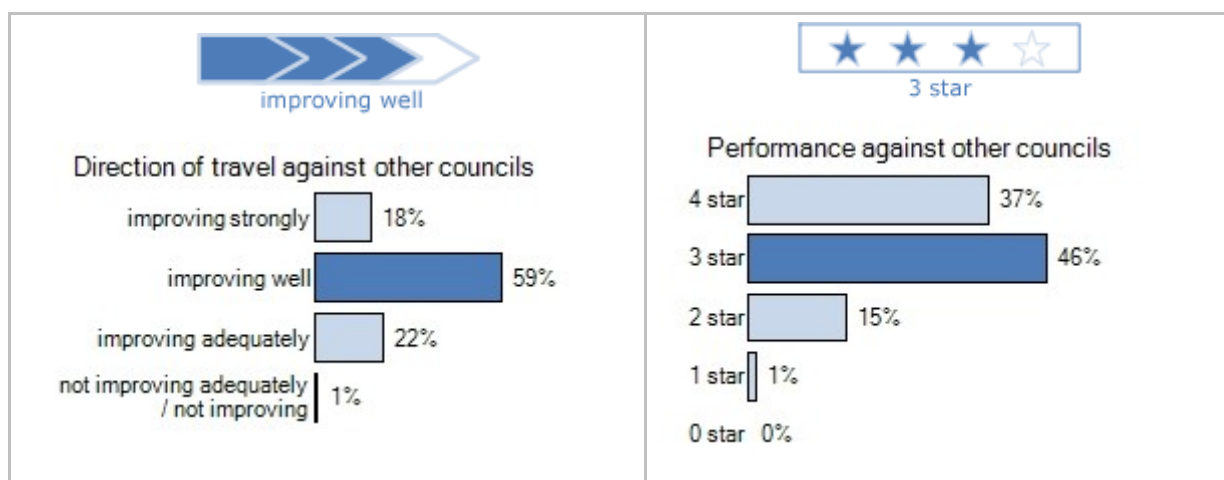
Purpose, responsibilities and scope

- 10 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2006/07 and from any inspections undertaken since the last Annual Audit and Inspection Letter.
- 11 We have addressed this letter to members as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 12 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at www.audit-commission.gov.uk. In addition the Council is planning to publish it on its website.
- 13 As your appointed auditor I am responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, I review and report on:
 - the Council's accounts;
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 14 This letter includes the latest assessment on the Council's performance under the CPA framework, including our Direction of Travel report and the results of any inspections carried out by the Audit Commission under section 10 of the Local Government Act 1999. It summarises the key issues arising from the CPA and any such inspections. Inspection reports are issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.
- 15 We have listed the reports issued to the Council relating to 2006/07 audit and inspection work at the end of this letter.

How is Warwickshire County Council performing?

- 16 The Audit Commission's overall judgement is that Warwickshire County Council is improving well and we have classified Warwickshire County Council as three stars in its current level of performance under the Comprehensive Performance Assessment. These assessments have been completed in all single tier and county councils with the following results.

Figure 1



Source: Audit Commission

- 17 The detailed assessment for Warwickshire County Council is as follows.

Our overall assessment - the CPA scorecard

Table 1 CPA scorecard

Element	Assessment
Direction of Travel judgement	Improving well
Overall	3 stars
Corporate assessment/capacity to improve	3 out of 4
Current performance	
Children and young people*	3 out of 4
Social care (adults)*	3 out of 4
Use of resources*	4 out of 4
Environment	4 out of 4
Culture	2 out of 4
Fire	2 out of 4

*(Note: * these aspects have a greater influence on the overall CPA score)
(1 = lowest, 4 = highest)*

The improvement since last year - our Direction of Travel report

- 18 Services in Warwickshire County Council are 'improving well'.

What evidence is there of the Council improving outcomes?

- 19 Warwickshire County Council has high performing services that continued to improve in 2007. A sharper focus on three priorities is delivering better outcomes in services for older people (a comparatively weaker service), education attainment, and environmental sustainability.
- 20 Overall service improvement compares favourably with other councils. In a basket of performance indicators for 2006/07, 69 per cent improved which is higher than most County and Unitary Councils. The Council is already performing better than most so this rate of improvement is good. The Council also continues to perform well in delivering value for money as a low spending authority with good and improving overall performance.

- 21** The annual assessment by the Commission for Social Care Inspectorate (CSCI) recognised the work underway to modernise services, moving from traditional residential care to supporting independent living. This is resulting in an increase in Direct Payments, shorter waiting times for assessments, care packages and the delivery of equipment. Services provided via the supporting people programme show good improvement since 2006. There is an increasing range of services available and as a result, more people are in receipt of low level care services which support independence and improve their quality of life. Improving the range of available housing options continues to be a challenge; significant improvement here is still some way off as building the first phase of new extra care housing schemes starts in 2008.
- 22** Education attainment has continued to improve and is above the national average. There has also been some success in addressing inequalities between different groups of young people and areas of the county. For example progress in boys writing skills is better than the national average and the number of children permanently excluded from schools has fallen. Services for vulnerable children are improving with fewer children in residential care, better adoption processes and there are good results from the new integrated disability service. . However, the progress in reducing the number of schools in special measures is slow.
- 23** Progress with the council's priority for a sustainable environment is good overall. The Council and its partners have continued to recycle more waste, and divert more from landfill although the reduction in waste collected is not substantial. More people are using public transport and there is a better transport infrastructure as a result of the completion of the Barford by-pass, Coleshill Parkway station and new cycleway projects. There are many projects underway to reduce the Council's impact on the environment, although it is not yet clear how much progress has been made in delivering the Council's target of reducing carbon emissions as a result of this work.
- 24** Access to services is improving rapidly with a number of One Stop Shops providing better face to face services and new channels such as kiosks and text messaging being successfully deployed. New children's centres are improving access to a range of health and social care services. Consultation and engagement with a range of partners and stakeholders has improved although the Council has not improved from level 2 of the Local Government Equalities standard.
- 25** The overall quality of life in Warwickshire is good and improving. The Council has a successful track record of reducing road casualties and together with its partners is having some success in reducing antisocial behaviour in specific areas. The first half of 2007/08 saw a good reduction in crime levels after a disappointing rise in 2006/07. Targeted programmes more disadvantaged communities has delivered some good outcomes but the claimant rate and number of young people not in education or training is rising in these areas.

How much progress is being made to implement improvement plans to sustain future improvement?

- 26 The Council has made considerable progress in refreshing its key strategies and is in a stronger position to deliver new ways of working programme and improvements in priority areas. Children's' services are assessed as having outstanding capacity to improve and prospects for improvement in adult social care are now 'promising', as a result of increased capacity, stronger leadership, clear vision and strategic joint commissioning plans complete for most service areas.
- 27 Progress with implementing plans is generally good. The majority of targets in the New Ways of Working programme are being delivered and is supporting a more corporate approach to working and an increased pace of change in some areas such as access to services. The new Local Area Agreement for Warwickshire was successfully launched in April 2007 and is being actively monitored. This is providing better partnership working, a platform for future improvements to reduce inequality across the County and a move to more locally based delivery.
- 28 The council's capacity for change improved in 2007. There is strong and visible leadership driving better corporate working and focused improvement in services. Budgets for 2007/08 more closely reflect the council's priorities and new resources are targeted at improvement areas. The outcomes from the first round of value for money reviews in high spending areas will inform the budget and plans for 2008/09. However it is not clear how capacity will be affected as a result of the forthcoming investigations into the Atherstone on Stour fire of November 2007.
- 29 There are no significant weaknesses in governance or improvement mechanisms. The council is self aware and has systems in place to identify issues and take remedial action. A Gateway review of the waste strategy has resulted in a clear route forward for the County's waste and an evaluation of the Stratford Park and Ride facility is reducing the operating costs at the site.

Direction of Travel for the Fire and Rescue Service

- 30 Warwickshire Fire and Rescue Authority is improving adequately.
- 31 Warwickshire's performance continues to improve adequately in priority areas and it is making an effective contribution to communities. It is maintaining a clear commitment to community safety and is targeting a wider range of initiatives at the young and vulnerable. This is the result of active engagement, good communications and an increasing understanding of communities. Overall satisfaction with the service is below average at 55 per cent and performance on key service delivery indicators remains mixed. Performance is improving for malicious false alarm calls, primary fires, deliberate primary fires, and fire casualties, but is below average for others and some are deteriorating.
- 32 The FRA is delivering VFM and efficiency gains. There are systems to review and improve VFM but benchmarking is not yet systematic. Further improvements in value for money are limited by the current service delivery structure.

- 33 Recognising the position during 2007 the Council commissioned an independent review into the medium to long term strategy. The review as to address amongst the things "*the difficulties the fire and rescue service has in meeting the County Council's budgetary requirements, notably in the achievement of a 2.5 per cent efficiency saving in the annual cost of the service*"
- 34 The recommendations from the review were presented to Cabinet in September and a course of action determined. However in reacting sensitively to the tragic events that followed the Council understandably resolved to postpone further actions on the changes needed to the Fire and Rescue Service.

Service inspections

- 35 The results of the inspection of the arrangements for the Supporting People Programme in Warwickshire were published in February 2008. Overall, Warwickshire County Council's administration of the Supporting People programme was assessed as 'fair' with 'promising prospects for improvement'.
- 36 This is the third inspection of the programme. The two previous inspections found the administration of the programme to be poor. This inspection found that a number of the previously identified weaknesses had been addressed. The programme now has a number of strengths although some of these are relatively recent and still need time to start to have an impact on outcomes for service users.

The audit of the accounts and value for money

As your appointed auditor, I have reported separately to the Audit and Standards Committee on the issues arising from our 2006/07 audit and have issued:

- my audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate on 27 September 2007; and
- my report on the Best Value Performance Plan confirming that the Plan has been audited.

Use of Resources

- 37 The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
 - Financial management (including how the financial management is integrated with strategy to support council priorities).
 - Financial standing (including the strength of the Council's financial position).
 - Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
 - Value for money (including an assessment of how well the Council balances the costs and quality of its services).
- 38 For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows.

Table 2

Element	Assessment
Financial reporting	3 out of 4
Financial management	4 out of 4
Financial standing	3 out of 4
Internal control	4 out of 4
Value for money	3 out of 4
Overall assessment of the Audit Commission	4 out of 4

(Note: 1 = lowest, 4 = highest)

As the Council has an integrated fire and rescue service there has been separate Use of Resources judgements. The scores awarded for the fire and rescue service are outlined in the table below.

Table 3

Element	Assessment
Financial reporting	3 out of 4
Financial management	4 out of 4
Financial standing	3 out of 4
Internal control	4 out of 4
Value for money	2 out of 4
Overall assessment of the Audit Commission	3 out of 4

(Note: 1 = lowest, 4 = highest)

The key issues arising from the audit

- 39** This year Warwickshire has achieved the highest level of performance in its Use of Resources assessment. This level of performance was achieved by only 10% of Council's nationally in 2007. The Council's Finance Directorate has continued to refine its arrangements to achieve these results which included some areas of good practice. In particular, internal control was awarded a higher score and the Council was performing strongly in the following areas:
- Medium - term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities;
 - Managing performance against budget;
 - Arrangements in place to maintain a sound system of internal control; and
 - Arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.
- 40** The annual accounts were to a good standard and an unqualified audit opinion was given. The accounts were produced in accordance with the agreed timetable and the standard of the supporting working papers was good. A small number of audit adjustments were required to the Pension Fund accounts but there were no significant adjustments for the main audit.
- 41** We issued an unqualified value for money conclusion on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. During the year we have carried out two significant pieces of performance work covering Performance Management in Adult Care and Governance Arrangements for Community Safety in Warwickshire.

- 42 Our review of Performance Management in Adult Care found that overall the arrangements for managing performance information data quality were adequate. Good progress had been made in promoting the importance of performance management in the directorate. In particular, a directorate performance management action plan has been produced. However, at the time of the audit, changes to the process of managing performance was not fully embedded and it was too early for these changes to have had any significant impact on delivering improved services to customers.
- 43 Our work on governance arrangements for Community Safety found that partners in Warwickshire faced significant challenges as they prepared for the LAA's Safer Communities block. The performance management of crime and disorder outcomes was not effective, with variable performance and insufficient challenge. Arrangements for evaluating partnership value for money were not consistent or strongly developed. County-wide partnership structures for community safety are complex and there was a significant lack of clarity about roles and lines of accountability. We found that there were, however, areas of good and notable practice within the county, and there was scope for partners to draw on these as they develop the Safer Communities block further.
- 44 Our data quality work concluded that the Council's overall management arrangements for ensuring good data quality are demonstrating adequate performance. Progress has been made in a number of areas since last year including approving a corporate data quality policy. However, the formality of arrangements for ensuring data quality varies across the directorates.

Audit and inspection fee update

- 45 We are required to provide an update on our audit and inspection fees and can report that our actual fees are in line with that set out in the Audit Plan presented to you on 5 June 2006.
- 46 Our 2006/07 grants certification fees to-date amount to £26,211 compared with the estimate of £75,000. This is because we have been required to audit fewer grant claims than expected and there are still six claims in progress. We estimate that the final grants certification cost will be £30,000.

Looking ahead

- 47 The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 48 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with a joint inspectorate annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 49 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new Local Area Agreements.

Closing remarks

- 50 This letter has been discussed and agreed with officers. A copy of the letter will be presented at the Audit and Standards Committee on xx xxx 2008. Copies need to be provided to all Council members.
- 51 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.

Table 4 Reports issued

Report	Date of issue
Audit and inspection plan	November 2006
Community safety	January 2007 & October 2007
Performance Management in Adult Social Care	February 2007 & August 2007
Interim audit memorandum	September 2007
Annual Governance Report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
BVPP statutory report	December 2007
Use of Resources	December 2007
Final accounts memorandum	January 2008
Data Quality	February 2008
Supporting People Re - Inspection	February 2008
Annual Audit and inspection letter	March 2008

- 52 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

Availability of this letter

- 53 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk, and also on the Council's website.

Dave Rigg
Relationship Manager

March 2008

AGENDA MANAGEMENT SHEET

Name of Committee

Audit and Standards Committee

Date of Committee

16 June 2008

Report Title

Internal and external audit joint working relationships

Summary

This report asks the Committee to endorse the joint working protocol with external audit.

For further information please contact:

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Tel: 01926 41
gretaneedham@warwickshire.gov.uk

G. Rollason
Audit and Risk Services Manager
Tel: 01926 412679
garryrollason@warwickshire.gov.uk

Would the recommended decision be contrary to the Budget and Policy Framework? [please identify relevant plan/budget provision]

No.

Background papers

None

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

- Other Committees
- Local Member(s) Not applicable.....
- Other Elected Members
- Cabinet Member Cllr. Timms
- Chief Executive
- Legal Sarah Duxbury
- Finance Dave Clarke
- Other Chief Officers
- District Councils
- Health Authority
- Police

Other Bodies/Individuals

FINAL DECISION YES

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by this Committee

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Agenda No

Audit and Standards Committee – 16 June 2008

Internal and external audit working arrangements

Report of the Strategic Director of Performance and Development

Recommendation

That the committee:

- 1 Endorse the joint working protocol, and
- 2 Note the contents of the updated Audit Commission's Statement of Responsibilities of Auditors.

To provide the best possible service it is essential for both internal and external audit services to work closely together and that officers of the Authority understand the respective roles.

The attached protocol (Appendix A) has been prepared to clarify and document the respective roles of the two services and aims to minimise duplication of effort and maximise the effective use of scarce audit resources.

The Protocol builds on the existing close working relationship and supplements a number of other key documents particularly the Code of Audit Practice and the Statement of responsibilities of auditors and of audited bodies, both issued by the Audit Commission and guidance for internal auditors set out in the CIPFA Code of Practice.

The Statement of responsibilities has been recently updated and a full copy is attached as Appendix B. The new statement is effective from 1 April 2008 and will apply to 2008/09 audits. The purpose of the statement is to assist external auditors and audited bodies by summarising where the different responsibilities of auditors and of the audited body begin and end, and what is to be expected of the audited body in certain areas.

Members should note that following endorsement by the Committee the protocol will be publicised more widely.

DAVID CARTER
Strategic Director of
Performance and
Development

Shire Hall
Warwick

1 May 2008

Audit Summary Report

May 2008



Joint Working Arrangements

Warwickshire County Council

Audit 2008-2009



*Working for
Warwickshire*

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

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- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

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Introduction

- 1 Audit resources, whether internal or external, are a scarce commodity. This is true not only in terms of sufficiency of staff numbers but also in relation to skills and experience. The many changes which have taken place within Warwickshire in recent years have increased pressures upon internal audit to broaden the scope and depth of their work within tighter resource constraints. Additional requirements have been placed on external auditors as a result of International Standards on Auditing (ISA). To meet these challenges successfully it is essential for both services to work closely together.
- 2 Both services are concerned with the existence and effective operation of internal controls:
 - Internal audit particularly to ensure that risks affecting achievement of the Authority's objectives are properly addressed;
 - External audit particularly in terms meeting the more complex and demanding requirements of the new International Auditing Standards (introduced following the failings of Arthur Andersons at Enron); AND
 - Undertaking extra work to meet the new Code of Audit Practice requirements to give a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Both services can, and should, work closely together.

- 3 The scope and objectives of the Audit Commission's (AC) work are clearly set out in the Code of Audit Practice (the Code), the Audit Commission Act 1998 and the Local Government Act 1999. Guidance for internal auditors is set out in the CIPFA Code of Practice for Internal Auditors in Local Government. These key documents should underpin all audit work performed by both external and internal auditors.
- 4 This statement builds on the current arrangements and sets out our joint working arrangements. The objectives in producing this joint statement are to:
 - outline areas where internal and external audit can work together for mutual benefit and the overall advantage of the Authority;
 - optimise the total audit resource by minimising duplication;
 - clarify the distinction between internal and external audit;
 - maximise coverage; AND
 - increase awareness of the respective roles.

Audit Commission Responsibilities

- 5 The Code defines AC responsibilities in relation to:
 - the financial statements of audited bodies; and
 - audited bodies' arrangements for securing economy, efficiency and effectiveness in their use of resources. Auditors are required to draw a positive conclusion regarding the Council's arrangements for ensuring value for money in its use of resources.
- 6 The Audit Commission's Statement of responsibilities of auditors and of audited bodies sets out the respective responsibilities of the auditor and the Council. The Audit Commission has issued a copy of the Statement to every audited body.
- 7 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end, and the audit work is undertaken in the context of these responsibilities.

Internal Audit Responsibilities

- 8 The requirement for an internal audit function is contained in the Accounts and Audit Regulations 2003 (as amended) which require that the Authority must:

‘maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices.’

In Warwickshire the County Council has delegated its responsibilities to the Strategic Director of Performance and Development.

- 9 Guidance on the regulations indicates that proper internal control practices are those contained in various Cipfa publications but particularly the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. The Regulations therefore effectively make compliance with the Cipfa Code mandatory.
- 10 The internal audit service also assists the Strategic Director of Resources in discharging his delegated responsibilities under section 151 of the Local Government Act 1972 which requires that authorities ‘make arrangements for the proper administration of their financial affairs.’
- 11 The Code defines internal audit as ‘an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.’

- 12 Whilst internal audit 'primarily' provides an independent and objective opinion on the control environment, internal audit also provides general advice on risks and controls and investigates frauds and other irregularities. However, the prime responsibility for the investigation, prevention and detection of fraud, corruption and other irregularities rests with managers throughout the organisation.
- 13 Internal Audit is required to review and assess both the operational and financial systems used by the Council for the delivery of its services and does this through the delivery of a risk based audit plan. By doing this internal audit contributes to:
- development and achievement of the organisational objectives;
 - meeting the organisations values;
 - achievement of the performance standards;
 - compliance with the law, regulations, policies and procedures;
 - economy, efficiency and effectiveness in the use of resources;
 - reliability and integrity of information;
 - safeguarding of assets; and
 - an anti-fraud and corruption environment.
- 14 An effective internal audit service should aspire to:
- understand the whole organisation, its needs and objectives;
 - understand its position with respect to the organisation's other sources of assurance;
 - and plan its work accordingly;
 - be seen as a catalyst for change at the heart of the organisation;
 - add value and assist the organisation in achieving its objectives;
 - be forward looking – knowing where the organisation wishes to be and aware of the national agenda and its impact;
 - be innovative and challenging;
 - help to shape the ethics and standards of the organisation;
 - share best practice with other auditors; and
 - seek opportunities for joint working with other organisations' auditors.

Considering the Work of Internal Audit

- 15 AC are required to consider the activities of internal audit and their effect, if any, on the external audit procedures. In accordance with the Audit Commission's 'Managed Audit' principles, AC will be seeking to place reliance wherever appropriate on the work of internal audit. In order to place reliance on work performed by internal audit, AC are required to assess the internal audit function. Where reliance is placed on a specific piece of work to reduce the extent of

external audit work AC are required to evaluate it to confirm its adequacy for AC purposes.

- 16 This will involve:
- review of the internal audit plan and delivery of the plan;
 - consideration of internal audit's reports;
 - assessment of internal audit against the requirements of the Code of Practice for Internal Audit in LG;
 - review of specific pieces of internal audit work. This may include an element of re-performance; and
 - reporting any issues arising to the Audit and Risk Manager.
- 17 Each year external audit will update its systems documentation for all material information systems and carry out walk through testing to confirm whether the systems and controls identified are operating as described. External audit will place reliance, where appropriate, on the testing of key controls carried out by Internal Audit. This will require limited re-performance to ensure that the quality of Internal Audit work is satisfactory.
- 18 It has been agreed that Internal Audit reviews of financial systems will usually take place between October and December each year. This will enable the Audit Commission to start its audit of financial systems in January and in particular to review and place reliance on the work performed by Internal Audit. If a planned internal audit cannot take place during this period then external audit reserve the right to undertake a review themselves. External audit are also required to carry out procedures to ensure that key controls have continued to operate for the remaining part of the financial year.
- 19 Sample sizes have also been agreed and samples will cover the period from the start of the financial year to the date of audit.
- 20 The focus of both internal and external audit work is on providing an opinion on the controls that have operated in the period preceding the audit. Proposed changes to processes do not reduce the need to evaluate controls that have operated prior to the change.

Sharing of work

- 21 To ensure effective joint working it has been agreed that the sharing of information between the Audit Commission and Internal Audit is important. This will include the sharing of reports and systems documentation. External audit staff have open access to internal audit's electronic management and working papers system.

Fraud and corruption

- 22 Managers are required to inform the Audit and Risk Manager of all suspected or detected fraud, corruption or impropriety, to inform their opinion on the internal control environment and Internal Audit's work programme.
- 23 Managing the risk of fraud and corruption is the responsibility of management but internal audit will, at the request of management, go beyond the work needed to meet its assurance responsibilities and assist with, for example, the investigation of suspected fraud or corruption.
- 24 Internal Audit does not have responsibility for the prevention or detection of fraud and corruption. Internal auditors should, however, be alert in all their work to risks and exposures that could allow fraud or corruption and to any indications that fraud or corruption may have been occurring. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. External auditors have specific responsibilities with regard to the risk of fraud as set out in ISA (UK&I) 240.
- 25 Any allegations that come to light by either agency will be communicated to the other. External auditors will not usually investigate allegations but will rely on work undertaken by internal audit.

Communication

- 26 It is important that AC and internal audit are aware of the work that each other is performing and of any significant emerging audit issues. To ensure that this objective is achieved regular meetings will be held, including bi-monthly meetings between representatives of internal and external audit.
- 27 The meetings between AC and internal audit will include consulting on audit plans, discussing matters of mutual interest, discussing common understanding of audit techniques, methods and terminology and seeking opportunities for the co-operation in the conduct of audit work.
- 28 We will agree on those areas where AC plan to place reliance on internal audit work. In particular, we will agree which of the main information systems internal audit will document, evaluate and test.

Monitoring and review

- 29 During the year formal feedback on work undertaken will be provided. In particular:
- AC will report issues arising from consideration of internal audit's work;
 - Internal audit will provide a summary of work performed; and
 - other verbal feedback will be provided as appropriate at the regular meetings.

Audit and Standards Committee

- 30 The Audit and Standards Committee will receive regular reports from both external and internal audit. The Committee will ensure effective relationships between AC and IA and that the value of the audit process is actively promoted.

Statement of responsibilities of auditors and of audited bodies

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we seek to ensure that public services are good value for money and that public money is properly spent.

For further information about the Audit Commission, visit our website at www.audit-commission.gov.uk



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General introduction

- 1 The Audit Commission (the Commission) is responsible for appointing auditors and determining their terms of appointment, as well as for preparing a Code of Audit Practice, which prescribes the way in which auditors are to carry out their functions. The Commission has prepared a Code for the audits of local government bodies and a Code for the audit of local NHS bodies. From time to time, the Commission issues guidance to auditors under section 3(8) of the Audit Commission Act 1998 (the Act) and paragraph 7 of Schedule 1 to the Act. This statement sets out guidance on general responsibilities relevant to audits in both sectors and so supports each Code.
- 2 The purpose of this statement is to assist auditors and audited bodies by summarising where, in the context of the usual conduct of an audit, the different responsibilities of auditors and of the audited body begin and end, and what is to be expected of the audited body in certain areas. Throughout this statement, the term 'audited body' covers both the members of the body (for example, elected members in local authorities and directors of NHS bodies) and its management (the senior officers of the body).
- 3 The responsibilities of auditors are derived from statute (principally the Audit Commission Act 1998) and from the Code. Nothing in this statement is intended to limit or extend those responsibilities. In particular, audited bodies should note that, because auditors must not prejudice their independence of the audited body, the audit role does not include providing financial or legal advice or consultancy to the audited body.
- 4 Auditors may wish to refer to, and/or incorporate, this statement in audit planning documents, annual audit letters, reports and other audit outputs.

Introduction to responsibilities

- 5 Those who are responsible for the conduct of public business and for spending public money are accountable for ensuring both that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 6 In discharging this accountability, public bodies and their management (both members and officers) are responsible for putting in place proper arrangements for the governance of their affairs and the stewardship of the resources at their disposal. They are also required to report on their arrangements in their annual published statements on internal control (NHS bodies) or annual governance statement (local government bodies).
- 7 It is the responsibility of the audited body to ensure that proper arrangements are in place, but certain individuals have specific responsibilities. NHS bodies have a unitary board, consisting of executive members and part-time non-executive members, chaired by a non-executive member. The chairman and non-executive members are responsible for monitoring the executive management of the body and are responsible to the Secretary of State for the discharge of these responsibilities. In addition, there is a requirement for an audit committee, which contributes independently to the board's overall process for ensuring that an effective internal control and risk management system is maintained. The chief executive is responsible to the board for the day-to-day management of the organisation and, as accountable officer, is also responsible to the Department of Health for the proper stewardship of public money and assets.
- 8 Local government bodies have three designated statutory officers, each of whom has a specific role in relation to accountability and control. These are:
 - the head of paid service, usually the chief executive, responsible to the full council for the corporate and overall strategic management of the authority;
 - the monitoring officer, who is responsible for reporting to the authority any actual or potential breaches of the law or any maladministration, and for ensuring that procedures for recording and reporting key decisions are operating effectively; and
 - an officer with responsibility for the proper administration of their financial affairs.

- 9 In carrying out their responsibilities, auditors may wish to obtain representations from management, both orally and in writing, on important matters.
- 10 The following paragraphs summarise the responsibilities of auditors and of audited bodies in relation to the responsibilities of auditors described in the Code.

The audit of the financial statements

- 11 The financial statements, which comprise the published accounts of the audited body, are an essential means by which it accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources. It is the responsibility of the audited body to:
- put in place systems of internal control to ensure the regularity and lawfulness of transactions;
 - maintain proper accounting records; and
 - prepare financial statements that present fairly (or, for NHS bodies and local probation boards, give a true and fair view of) the financial position of the body and its expenditure and income and that are in accordance with applicable laws, regulations and accounting policies.
- 12 A local authority that is the administering authority for a local authority pension fund must prepare pension fund financial statements for each financial year that present fairly:
- the financial transactions of its pension fund during the year; and
 - the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.
- 13 The audited body is also responsible for preparing and publishing with its financial statements:
- for health bodies and probation boards, a statement on internal control prepared in accordance with specified guidance; and
 - for local government bodies, an annual governance statement, prepared in accordance with proper practice set out in the Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives and Senior Managers publication *Delivering Good Governance in Local Government: A Framework*, and related guidance.

- 14** In preparing their financial statements, audited bodies are responsible for:
- preparing realistic plans that include clear targets and achievable timetables;
 - assigning responsibilities clearly to staff with the appropriate expertise and experience;
 - providing necessary resource to enable delivery of the plan;
 - maintaining adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements;
 - ensuring that senior management monitors, supervises and reviews work to meet agreed standards and deadlines; and
 - ensuring that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor. At local government bodies, the responsible financial officer must sign, date and certify the financial statements before they are approved by the body.
- 15** If draft financial statements and working papers of appropriate quality are not available at the agreed start date of the audit, the auditor is unable to meet the planned audit timetable and the start date of the audit will be delayed. The audit fee is calculated on the basis that the draft financial statements, and detailed working papers, are provided to an agreed timetable and are of an acceptable standard. If information is not provided to this timetable, or is provided to an unacceptable standard, the auditor will charge additional fees for any extra work that is necessary.
- 16** Auditors audit the financial statements and give their opinion, including:
- whether they present fairly, or give a true and fair view of, the financial position of the audited body and its expenditure and income for the year in question;
 - whether they have been prepared properly in accordance with relevant legislation and applicable accounting standards;
 - for certain bodies, on the regularity of their expenditure and income; and
 - for certain bodies, on whether the part of the remuneration report to be audited has been properly prepared.
- 17** In carrying out their audit of the financial statements, auditors will have regard to the concept of materiality.

- 18** Subject to the concept of materiality, auditors provide reasonable assurance that the financial statements:
- are free from material misstatement, whether caused by fraud or other irregularity or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- 19** Auditors plan and perform their audit on the basis of their assessment of risk. Auditors will examine selected transactions and balances on a test basis and assess the significant estimates and judgements made by the audited body in preparing the statements.
- 20** Subject to the concept of materiality, auditors of specified NHS bodies and local probation boards also provide reasonable assurance on the regularity of expenditure and income. In giving such assurance, auditors do not perform detailed tests of transactions to the extent that would be necessary to disclose all unlawful transactions or events that may have occurred or might occur, and the audit process should not be relied upon to disclose such matters.
- 21** Auditors evaluate significant financial systems, and the associated internal financial controls, for the purpose of giving their opinion on the financial statements. Where auditors identify any weaknesses in such systems and controls, they will draw them to the attention of the audited body, but they cannot be expected to identify all weaknesses that may exist.
- 22** Auditors review whether the statement on internal control (NHS bodies) or annual governance statement (local government bodies) has been presented in accordance with relevant requirements and report if it does not meet these requirements or if it is misleading or inconsistent with other information of which the auditor is aware. In doing so auditors take into account the knowledge of the audited body gained through their work in relation to the audit of the financial statements and through their work in relation to the body's arrangements for securing economy, efficiency and effectiveness in the use of its resources. They will also have regard to the work of other regulators, to the extent that it is relevant to auditors' responsibilities. Auditors are not required to consider whether the statement on internal control (NHS bodies) or annual governance statement (local government bodies) covers all risks and controls, nor are auditors required to express a formal opinion on the effectiveness of the audited body's corporate governance procedures or risk and control procedures.

- 23** In carrying out their work on the financial statements, auditors will:
- plan to complete work and meet agreed deadlines;
 - maintain close liaison with the audited body; and
 - provide appropriate and adequate resources and assign responsibilities to staff with the relevant expertise and experience.
- 24** Where audited bodies do not meet agreed timetables and/or provide poor documentation such that additional audit work is necessary, or the audit is delayed, auditors will charge additional fees to cover the costs incurred.

Electronic publication of the financial statements

- 25** Where the audited body wishes to publish its financial statements electronically, it is responsible for ensuring that the publication accurately presents the financial statements and the auditor's report on those financial statements. This responsibility also applies to the presentation of any financial information published in respect of prior periods. The auditor's report on the financial statements should not be reproduced or referred to electronically without the auditor's written consent.
- 26** The audited body may also wish to distribute electronic copies of the financial statements, and the auditor's report on those financial statements, to its stakeholders and must ensure that these are presented accurately. The auditor's report on the financial statements distributed electronically should not be reproduced or referred to electronically without the auditor's prior written agreement.
- 27** The examination of the controls over the electronic publication of audited financial statements is beyond the scope of the audit of the financial statements and the auditor cannot be held responsible for changes made to audited information after the initial publication of the financial statements and the auditor's report.

Responsibilities in relation to arrangements for securing economy, efficiency and effectiveness in the use of resources

- 28 It is the responsibility of the audited body to put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, and to ensure proper stewardship and governance, and regularly to review the adequacy and effectiveness of them. Such corporate performance management and financial management arrangements form a key part of the system of internal control and comprise the arrangements for:
- establishing strategic and operational objectives;
 - determining policy and making decisions;
 - ensuring that services meet the needs of users and taxpayers and for engaging with the wider community;
 - ensuring compliance with established policies, procedures, laws and regulations;
 - identifying, evaluating and managing operational and financial risks and opportunities, including those arising from involvement in partnerships and joint working;
 - ensuring compliance with the general duty of best value, where applicable;
 - managing its financial and other resources, including arrangements to safeguard the financial standing of the audited body;
 - monitoring and reviewing performance, including arrangements to ensure data quality; and
 - ensuring that the audited body's affairs are managed in accordance with proper standards of financial conduct, and for preventing and detecting fraud and corruption.
- 29 The audited body is responsible for reporting on these arrangements as part of its annual statement on internal control (NHS bodies) or annual governance statement (local government bodies).

- 30** Auditors have a responsibility to satisfy themselves that the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In meeting this responsibility auditors should review and, where appropriate, examine evidence that is relevant to the audited body's corporate performance management and financial management arrangements, as summarised above, and report on these arrangements.
- 31** Auditors report annually their conclusion on those arrangements, having regard to the criteria specified by the Audit Commission and will report if significant matters have come to their attention that prevent them from concluding that the audited body has put in place proper arrangements. However, auditors are not required to consider whether all aspects of the audited body's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively in practice.
- 32** In planning this work, auditors consider and assess the relevant significant business risks. These are the significant operational and financial risks to the achievement of the audited body's statutory functions and objectives, which apply to the audited body and are relevant to auditors' responsibilities under the Code, and the arrangements it has put in place to manage these risks. The auditor's assessment of what is significant is a matter of professional judgement and includes consideration of both the quantitative and qualitative aspects of the item or subject matter in question. Auditors discuss their assessment of risk with the audited body.
- 33** When assessing risk auditors consider:
- the relevance and significance of the potential business risks faced by all bodies of a particular type;
 - other risks that apply specifically to individual audited bodies;
 - the audited body's own assessment of the risks it faces; and
 - the arrangements put in place by the body to manage and address its risks.

- 34 In assessing risks auditors have regard to:
- evidence gained from previous audit work, including the response of the audited body to previous audit work;
 - the results of assessments of performance carried out by the Commission;
 - the work of other statutory inspectorates; and
 - relevant improvement needs, identified in discussion with the Commission or other statutory inspectorates.
- 35 Where auditors rely on the reports of statutory inspectorates as evidence relevant to the audited body's corporate performance management and financial management arrangements, the conclusions and judgements in such reports remain the responsibility of the relevant inspectorate or review agency.
- 36 In reviewing the audited body's arrangements for its use of resources, it is not part of auditors' functions to question the merits of the policies of the audited body, but auditors may examine the arrangements by which policy decisions are reached and consider the effects of the implementation of policy. It is the responsibility of the audited body to decide whether and how to implement any recommendations made by auditors and, in making any recommendations, auditors should avoid any perception that they have any role in the decision-making arrangements of the audited body.
- 37 While auditors may review audited bodies' arrangements for securing economy, efficiency and effectiveness in the use of resources, they cannot be relied on to have identified every weakness or every opportunity for improvement. Audited bodies should consider auditors' conclusions and recommendations in their broader operational or other relevant context.
- 38 Auditors are specifically required to review audited bodies' arrangements for 'monitoring and reviewing performance, including arrangements to ensure data quality'¹.

¹ *Code of Audit Practice 2005*, section 3: Auditors' responsibilities in relation to the use of resources.

- 39 The responsibility for applying data quality standards, collecting data that are fit for purpose and where appropriate conform to prescribed definitions, and reporting performance information that is reliable and accurate, rests with audited bodies.
- 40 Before performance information is reported externally or submitted to external auditors for review, it should be subject to scrutiny and approval by senior management and those charged with governance.
- 41 In order to fulfil their responsibilities under the Code, auditors will review an audited body's corporate arrangements to secure the quality of its data. This review will be informed by other relevant work, for example any detailed reviews of the data supporting specific performance information.
- 42 The findings of the review of corporate arrangements for data quality will contribute to the auditor's conclusion under the Code of Audit Practice on the audited body's arrangements to secure value for money, in relation to the specific criterion on data quality. Where weaknesses have been identified in an audited body's arrangements for data quality, the auditor will consider the overall impact on the conclusion under the Code of Audit Practice, and where appropriate make recommendations to support improvement.
- 43 Audit work in relation to the audited body's arrangements to ensure that its affairs are managed in accordance with proper standards of financial conduct, and to prevent and detect fraud and corruption, does not remove the possibility that breaches of proper standards of financial conduct, or fraud and corruption, have occurred and remained undetected. Nor is it auditors' responsibility to prevent or detect breaches of proper standards of financial conduct, or fraud and corruption, although they will be alert to the possibility and will act promptly if grounds for suspicion come to their notice.
- 44 The reviews arising from national studies developed by the Commission, or in support of the Healthcare Commission's national work programme, and the extent to which auditors are expected to apply them at relevant bodies, are prescribed by the Commission and are notified to audited bodies each year by the Commission in its annual work programme and by auditors in their audit planning documents. When carrying out national studies, auditors are required to follow the methodologies and, for certain studies, use comparative data provided by the Commission. Responsibility for the adequacy and appropriateness of these methodologies and the data rests with the Commission.

Specific powers and duties of auditors

- 45 Auditors have specific powers and duties under the Audit Commission Act 1998 in relation to matters of legality and, in local government, electors' rights. Fees arising in connection with auditors' exercise of these powers and duties, including costs relating to the appointment of legal or other advisers to the auditors, are borne by the audited body.

Reporting the results of audit work

- 46 Auditors provide:

- an audit planning document;
- oral and/or written reports or memoranda to officers and, where appropriate, members on the results of, or matters arising from, specific aspects of auditors' work;
- a report to those charged with governance, normally submitted to the audit committee, summarising the work of the auditor;
- an audit report, including the auditor's opinion on the financial statements and a conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
- a certificate that the audit of the accounts has been completed in accordance with statutory requirements; and
- an annual audit letter.

- 47 In addition, the following outputs, the need for which may arise at any point during the audit process, are issued where appropriate:

- a report dealing with any matter that the auditor considers needs to be raised in the public interest under section 8 of the Act;
- any recommendations under section 11(3) of the Act (local government bodies);
- any referral to the Secretary of State under section 19 of the Act (NHS bodies) where the auditor considers that a decision by a body or officer has led to, or would lead to, unlawful expenditure, or that some action by a body or officer has been, or would be, unlawful and likely to cause a loss or deficiency; and
- information to be reported to the Commission in a specified format to enable it to carry out any of its other functions, including assessments of performance at relevant

bodies, or to assist other bodies, such as the Healthcare Commission, the Commission for Social Care Inspection and the National Audit Office, in carrying out their functions.

- 48 When considering the action to be taken on audit reports, audited bodies should bear in mind the scope of the audit and responsibilities of auditors, as set out in the Code and as further explained in this statement. Matters raised by auditors will be drawn from those that come to their attention during the audit. The audit cannot be relied upon to detect all errors, weaknesses or opportunities for improvements in management arrangements that might exist. Audited bodies should assess auditors' conclusions and recommendations for their wider implications before deciding whether to accept or implement them.
- 49 Although annual audit letters and reports may be addressed to officers or members of the audited body, they are prepared for the sole use of the audited body. Auditors do not have responsibilities to officers or members in their individual capacities (other than in the exercise of auditors' specific powers and duties in relation to matters relating to electors' rights in local government) or to third parties that choose to place reliance upon the reports from auditors.

Ad hoc requests for auditors' views

- 50 There may be occasions when audited bodies will seek the views of auditors on the legality, accounting treatment or value for money of a transaction before embarking upon it. In such cases, auditors will be as helpful as possible, but are precluded from giving a definite view in any case because auditors:
- must not prejudice their independence by being involved in the decision-making processes of the audited body;
 - are not financial or legal advisers to the audited body; and
 - may not act in any way that might fetter their ability to exercise the special powers conferred upon them by statute.

- 51 In response to such requests, auditors can offer only an indication as to whether anything in the information available to them at the time of forming a view could cause them to consider exercising the specific powers conferred upon them by statute. Any response from auditors should not be taken as suggesting that the proposed transaction or course of action will be exempt from challenge in future, whether by auditors or others entitled to raise objection to it. It is the responsibility of the audited body to decide whether to embark on any transaction.

Access to information

- 52 Auditors have wide-ranging rights of access to documents and information in relation to the audit. Such rights apply not only to documents and information held by the audited body and its members and staff, including documents held in electronic form, but also to the audited body's partners and contractors, whether in the public, private or voluntary sectors.
- 53 There are restrictions on the disclosure of information obtained in the course of the audit, subject only to specific exemptions. The Freedom of Information Act 2000 does not apply to the Commission's appointed auditors, as they have not been designated as 'public authorities' for the purposes of that legislation. Audited bodies wishing to disclose information obtained from an auditor are required by law to seek the auditor's consent to that disclosure.

Grant claims and returns – certification

- 54 The Commission agrees to make certification arrangements in accordance with the framework set out in the separate *Statement of Responsibilities of Grant-paying Bodies, Authorities, the Audit Commission and Appointed Auditors in Relation to Claims and Returns*. The responsibility for ensuring the completion, accuracy and completeness of grant claims and returns lies with the audited body. Grant-paying bodies may require independent examination as a condition of their acceptance of claims and returns and may ask the Commission to make arrangements for auditor certification of claims and returns. The Commission will have regard to what it is appropriate, practically and professionally, to expect the certification process and auditors to do before agreeing to make certification arrangements.

Audit of charitable funds

- 55** This section is relevant to those charities to which the Audit Commission appoints auditors under s43A of the Charities Act 1993¹.
- 56** Trustees of charitable funds subject to audit have a duty to prepare financial statements for each financial year which give a true and fair view of:
- the state of the charity's affairs at the end of the financial year; and
 - the incoming resources and the application of those resources by the charity for that period.
- 57** Trustees must ensure that the financial statements are prepared in accordance with the Statement of Recommended Practice – 'Accounting and Reporting by Charities'.
- 58** It is the duty of the auditor to report to the trustees whether the financial statements give a true and fair view and whether they have been prepared in accordance with the Charities Act 1993 and the Charity (Accounts and Reports) Regulations.
- 59** Auditors are also required to report immediately to the Charity Commissioners any matter which they have reasonable cause to believe is, or is likely to be, of material significance to the Commissioners' functions under s8 (general power to institute inquiries) or s18 (power to act for protection of charities) of the 1993 Act. Such matters may relate not only to the activities or affairs of the charity, but also to any institution or body corporate which is connected with the charity.
- 60** The audit fee is calculated on the basis that detailed working papers, and other specified information, are provided to an agreed timetable. Where audited bodies do not meet agreed timetables and/or provide poor documentation such that additional audit work is necessary, or the audit is delayed, auditors will charge additional fees to cover the costs incurred.

¹ S43A of the Charities Act 1993 prescribes that all English NHS charities shall, at the election of the Audit Commission, be subject to an independent examination or audit. The Commission has decided that it will require an audit for all those charities above the threshold of £500,000, as defined in s43. Those below this threshold will be subject to an independent examination, unless the trustees elect for an audit. The auditor or examiner appointed must then follow the procedures required under s43(7)(b) of the Charities Act. Where an independent examination is carried out, the responsibilities of the examiner are more limited.

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AGENDA MANAGEMENT SHEET

Name of Committee

Audit and Standards Committee

Date of Committee

16 June 2008

Report Title

Internal Audit Strategy 2008/2009.

Summary

This report asks the Committee to endorse the internal audit plan for 2008/2009

For further information please contact:

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Would the recommended decision be contrary to the Budget and Policy Framework? [please identify relevant plan/budget provision]

No.

Background papers

None

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

- Other Committees
- Local Member(s) Not applicable.....
- Other Elected Members
- Cabinet Member Cllr. Timms
- Chief Executive
- Legal Reporting Officer
- Finance Dave Clarke
- Other Chief Officers
- District Councils
- Health Authority
- Police

Other Bodies/Individuals

FINAL DECISION YES

SUGGESTED NEXT STEPS:

Details to be specified

Further consideration by this Committee

To Council

To Cabinet

To an O & S Committee

To an Area Committee

Further Consultation

Agenda No 8

Audit and Standards Committee – 16 June 2008

Internal Audit Strategy 2008/2009

Report of the Strategic Director of Performance and Development

Recommendation

That the proposed internal audit strategy is approved.

The overall objective of internal audit is to provide an opinion on the overall adequacy and effectiveness of the council's 'internal control environment'. To do this, audit work during the year needs to be planned to cover the significant risks facing the Council. The attached strategy outlines the audit work to be undertaken during 2008/9 for approval by the Committee.

DAVID CARTER
Strategic Director of
Performance and
Development

Shire Hall
Warwick

1 April 2008

Internal Audit Strategy 2008/2009

“Providing assurance on internal controls”

1 Introduction

- 1.1 Management is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements i.e. the control environment. Internal audit plays a vital part in advising the organisation that these arrangements are in place and operating properly. On behalf of the Authority, internal audit review, appraise and report on the efficiency, effectiveness and economy of these arrangements. This report outlines the internal audit work plan for 2008/9 which will culminate in an opinion on the adequacy of the Authority's control environment.

2 Regulatory background

- 2.1 The requirement for an internal audit function is contained in The Accounts and Audit Regulations 2003 (as amended) which require the Authority to:
“maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

In Warwickshire the County Council has delegated its responsibilities to the Strategic Director of Performance and Development. Guidance on the regulations indicates that proper internal control practices are those contained in various Cipfa publications but particularly the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. The Regulations therefore effectively make compliance with the Cipfa Code mandatory.

- 2.2 The internal audit service also assists the Strategic Director of Resources in discharging his delegated responsibilities under Section 151 of the Local Government Act 1972 which requires that authorities:

“make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”.

In addition, internal audit makes a key contribution to the Authority's CPA assessment particularly the Internal Control element of the Use of Resources block.

- 2.3 The regulations, and related guidance, also lay down far-reaching requirements regarding systems of internal control. They require the Authority to:
- Have “a sound system of internal control which includes arrangements for the management of risk”;
 - “Conduct a review at least once a year of the effectiveness of its system of internal control”; and

- Prepare and publish an Annual Governance Statement.

The regulations and Code require a much wider role for internal audit compared to the historical focus on financial systems. The scope of internal audit therefore encompasses virtually every management control system, covering every risk in corporate and departmental risk registers. These requirements aim to bring local government practices into line with the private sector and others parts of the public sector.

- 2.4 It is best practice to regularly review the overall terms of reference for the internal audit service. This document, which was approved by the Audit and Standards Committee in June 2007, has been reviewed and we have concluded that, apart from minor typographical changes, it remains relevant and no changes are required at this time. For reference the updated document is attached as Appendix A.

3 Definition of internal audit

- 3.1 The Code defines internal audit as:

“an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.”

Whilst audit’s main role is to provide an opinion on the control environment, the Code states that internal audit may also undertake non-assurance work at the request of the organisation, subject to there being no impact on the core assurance work and the availability of skills and resources. This can include advice, training, facilitation and fraud / irregularity related work.

- 3.2 The Code defines the control environment as comprising the systems of governance, risk management and internal control. The key elements of the control environment include:

- “establishing and monitoring the achievement of the organisation’s objectives
- the facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the organisation, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties
- ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness

- the financial management of the organisation and the reporting of financial management
- the performance management of the organisation and the reporting of performance management.”

4 Our vision, purpose and values

4.1 Our overall purpose is:

“To provide assurance on internal controls by providing an effective and professional internal audit service.”

A secondary objective is to improve the overall level of internal control and management of risk within the County Council. Hence we assist management to achieve the council’s objectives.

4.2 As a modern effective internal audit service our aspirations are to:

- be seen as a catalyst for change at the heart of the organisation
- add value and assist the organisation in achieving its objectives
- be forward looking – knowing where the organisation wishes to be and aware of the national agenda and its impact
- be innovative and challenging
- help to shape the ethics and standards of the organisation
- seek opportunities for joint working with other organisations’ auditors.
- work in partnership with other support services
- be more pro-active rather than reactive

4.3 Key drivers of this strategy are the need to comply with the Cipfa Code, as outlined earlier, and to meet our customers needs. Our customers will continue to be affected by a variety of local and national issues:

- Increased growth in partnerships, for example with health and the private sector, and particularly the local area agreement;
- Ever increasing use of technology to deliver services;
- Flexible working arrangements to make more effective use of accommodation;
- The introduction of new ways for customers and the public to access services (one stop shops etc);
- The transfer from local authorities of key services – continuing the trend already established with Police, Probation and Magistrates Courts; and
- Pressure to reduce the cost of administrative / support functions while improving quality / effectiveness.

These, and other developments, will mean increased pressure on the audit service to review existing systems and provide advice on new and complex initiatives within existing resources.

4.4 To deliver on our vision we will:

- Continue to develop our staff to ensure we are fully equipped to respond to our customer's demands,
- Continue to invest in modern technology to improve efficiency and effectiveness. The computerised audit management system will be linked to the recently introduced computerised risk management system and both will become accessible to our customers.
- Add value and make best use of our resources by focussing on key risks facing our customers.
- Become more pro-active rather than reactive, We will reduce the time spent on "traditional audits" in favour of providing advice at workshops, meetings and working parties. Increasingly we will work in partnership with clients to improve controls and performance generally. We must add value and help deliver innovations in service delivery.
- Continue to work with colleagues in districts to achieve economies of scale and improve effectiveness. Whilst an internal audit service can best be provided by an in-house unit we will continue to buy in specialist help – particularly in IT and contract audit. A contract for IT audit, which was let competitively in conjunction with the Warwickshire districts, commenced on 1 April 2006. Specialist contract audit services are also bought in, from the acknowledged leader in the field. This combination of internal provision supplemented by external specialists, we believe, results in a more effective service.

4.5 If we can embrace the challenges set out above we will be a vital component of Warwickshire's success.

5 Audit approach

5.1 In accordance with the Code, most individual assignments are undertaken using the risk based systems audit approach. This approach:

- a) "identifies and records the objectives, risks and controls
- b) establishes the extent to which the objectives of the system are consistent with higher level corporate objectives
- c) evaluates the controls in principle to decide whether or not they are appropriate and can be reasonably relied upon to achieve their purpose;
- d) identifies any instances of over- and under-control;
- e) determine an appropriate strategy to test the effectiveness of controls, i.e. through compliance and/or substantive testing;
- f) arrives at conclusions and produces a report, leading to management actions as necessary and providing an opinion on the effectiveness of the control environment."

This approach requires a broader review focusing on key corporate objectives and risks rather than an audit of solely financial issues. For example a review of school trips might review health and safety issues whilst historically the audit would have focussed on collection and banking of cash. Our role is to provide an opinion on whether risks and opportunities relating to the corporate

objectives are being managed effectively. This opinion feeds into the authority's annual governance statement. To reduce duplication of effort we will work in partnership and place assurance on the work done elsewhere in the authority.

- 5.2 The use of a computerised audit management and working papers system is an essential element of our streamlined working practices which are based upon best professional practice as contained in the Cipfa Model Audit Manual.

6 Risk Assessment Methodology

- 6.1 The methodology adopted in preparing the audit plan is essentially to calculate the total number of days available, deduct commitments and an allowance for non-assurance work leaving the bulk of time for risk based audits and advice.

- 6.2 A risk assessment is prepared which is used to determine which topics should be reviewed during the coming year. This assessment is primarily based on discussions with senior officers that highlight key local and national issues. These discussions are supplemented by reviewing entries in the corporate and departmental risk registers. In addition, the head of audit regularly attends various professional networking meetings which highlight wider the issues affecting local government internal audit which need to be reflected in the programme of work.

- 6.3 Each potential topic is given a risk score based upon a number of factors, including:

- Materiality
- Business Risk
- Time elapsed since previous audit
- Cumulative audit knowledge
- Experience of past irregularities

Given the availability of resources only those topics with a score of over 17 (maximum score is 35) will be audited in 2008/9. As recommended by the Authority's external auditors financial systems are now included in the general risk assessment.

- 6.4 To maximise the benefits of limited audit resources and avoid duplication the service liaises closely with the Authority's external auditors. Our objective is for external auditors to fully rely on our work and to agree a split of work on financial systems that is acceptable to both parties.

- 6.5 The process adopted is consistent with that advocated in the Cipfa Model Audit Manual and ensures that the audit plan addresses the key risks facing the Authority.

- 6.6 A key role of internal audit is to review and support the risk management process. Considerable progress has been made in embedding risk

management. As risk management becomes more embedded the audit plan will increasingly be based upon the authority's own assessment of risk as contained in the corporate and departmental risk registers. A key element of the risk management process is the introduction of a new computerised risk management system. During 2008/9 the audit management system will be upgraded to make it compatible with the risk system.

7 Audit Plan 2008/2009

7.1 The plan is split into a number of elements each of which is described in the following paragraphs:

(a) Assurance Work

The bulk of audit work is devoted to reviewing and providing an opinion on the Authority's control environment and covers the significant business risks facing the Authority.

Included within this block are audits of the material financial systems and work at schools. The work proposed on the material financial systems (HR Transactional Unit, etc) has been discussed with the Authority's external auditors and to avoid duplication they will seek to place reliance on the internal work. The plan continues the approach to school audits used in previous years of undertaking risk based themed audits instead of the more traditional cyclical school visits whereby each school was audited over a period of 3 – 5 years. The resources required for the traditional approach were significant and bearing in mind that similar issues arise at most schools, the themed audit approach is a more effective use of audit resources.

Priority audits from 2007/8 that could not be started in that year are rolled over into 2007/08. There will also be some 2007/8 audits partly completed as at 31 March 2007. The plan allows for this eventuality.

There are a small number of topics that the Authority has decided should be done to a defined frequency. These are usually key corporate processes. Contract Standing Orders require an annual review of compliance and at its meeting in February 2008 the Audit and Standards Committee requested a follow up corporate governance review during 2008/9. Also included in this category is the work arising from the Authority's mandatory participation in the National Fraud Initiative run by the Audit Commission which will run again in 2008/9.

(b) Non-assurance work

The Code explains that whilst internal audit "primarily" provides an independent and objective opinion on the control environment, it may also undertake non-assurance work at the request of the organisation,

subject to there being no impact on the core assurance work and the availability of skills and resources. Given the limited resources available we have to strike a balance between the requests for non-assurance work and the primary need to do sufficient assurance work to enable a sound opinion to be provided at year end on the control environment.

(i) Fraud

Warwickshire is fortunate in not having a large number of irregularities. Specific provision has been included in the plan for investigating irregularities based on past experience of the number and complexity of cases. Additional training in fraud investigation techniques will be provided during the year to improve the effectiveness and efficiency of investigations.

(ii) Certification

At Warwickshire, audit have historically audited the financial statements of a variety of miscellaneous county council funds including:

- Lord Lieutenant
- Members Club
- Staff Club

This work will continue. However, increasingly we are being required by grant conditions to certify the accuracy of a variety of grant claims and / or undertake an audit and / or provide an opinion on governance arrangements. Certification work that we are required to undertake during 2008/9 includes:

- Local Area Agreement
- Supporting people

This work conflicts with the requirement to produce a risk based plan and the Code – an issue that is being addressed nationally by the Cipfa Audit Panel

In some cases grant conditions simply require that the head of audit considers the need for an audit in the general risk assessment. This has been done and, where appropriate, an audit has been included in the work plan.

(iii) Advice on managing risk and design of controls

It is more constructive for auditors to advise on risk management and design of controls at the outset of a project (and during its currency) rather than to make critical comments after the event when often it is too late to make a difference - timely advice adds more value than untimely criticism.

The County Council is continuing to undergo significant changes and discussions with senior officers have identified a continuing high demand for this type of work. The audit service has been restructured to facilitate a more pro-active approach.

Key projects and developments on which it is anticipated advice will be required during the year include:

- Specification and procurement of replacement financial systems
- Developments in Adult Social Care including Care and Choice (accommodation) project and individualised budgets
- Waste management
- Atherstone Fire
- Implementation of the corporate governance action plan
- Support to CYPF in strengthening school governance arrangements
- Support to HR initiatives particularly Phase 2 of the Pay and Conditions Review and the review / strengthening of processes in the HR Service Centre.
- On-going development of the customer service centre
- Local Area Agreement
- Improvements to general partnership governance

Although responsibility for operating sound controls and for the detection of fraud is the responsibility of management we have a key supporting role. We intend to place more emphasis on preventative counter fraud work during the year by providing better training for managers on designing controls, identifying possible frauds, etc.

(iv) Value for Money

Although internal auditors consider value for money issues where relevant during risk based audits, specific value for money audits have not been undertaken for many years. Undertaking such work would adversely impact the core assurance and advice work, consequently specific VFM reviews have not been included in the plan. However, auditors will continue to highlight any VFM issues that arise during general audits. In line with the Council's objectives auditors will pay particular attention to identifying opportunities to reduce over-control, and streamline processes. The Authority has, of course, put in place arrangements for a series of value for money reviews.

The work programme is summarised in Appendix B.

- 7.2 Finally, the plan is intended to be flexible. There will inevitably be circumstances where the head of audit will have to amend the programme, e.g. when a major irregularity investigation is required, risks change or a specific project becomes a matter of priority. The plan includes a reasonable

amount of contingency time to cope with the usual level of demand but there may be cases where individual lower priority audits have to be rescheduled because of competing priorities. Throughout the year the plan will be updated to ensure it remains relevant. In year changes to the plan to reflect such changes are accepted as best practice.

- 7.3 This audit plan, therefore, is not set in stone. It will need revising as circumstances change. The Audit and Standards Committee will be kept informed of any significant changes to and progress against the plan through regular progress reports.

G Rollason
Audit and Risk Manager

31 March 2008

TERMS OF REFERENCE
For the
INTERNAL AUDIT SERVICE
Of
WARWICKSHIRE COUNTY COUNCIL
June 2008

1 INTRODUCTION

- 1.1 The requirement for an internal audit function is contained in The Accounts and Audit Regulations 2003 (as amended) which require the Authority to:
“maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

Proper internal audit practices are those contained in various Cipfa publications but primarily the Cipfa Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.

- 1.2 The internal audit service also assists the Strategic Director of Resources in discharging his delegated responsibilities under Section 151 of the Local Government Act 1972 which requires that authorities:

“make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”.

- 1.3 These Regulations and Code require a much wider role for internal audit compared with the historical focus on financial systems. Recognising this wider role the Authority has formally delegated its responsibility for internal audit to the Strategic Director of Performance and Development, who is the designated monitoring officer.
- 1.4 The purpose of this document is to set out the nature, role, responsibilities and authority of the internal audit service within Warwickshire County Council.

2 ROLE

- 2.1 Internal audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

3 OBJECTIVES

- 3.1 Internal audit's objective is to give assurance to the County Council, through the Audit and Standards Committee, on the adequacy and reliability of the Authority's control environment.
- 3.2 This assurance will be provided by an annual report that will give an opinion of the control environment. This opinion will feed into the Authority's Annual Governance Statement.

4 RESPONSIBILITIES OF INTERNAL AUDIT

- 4.1 Internal audit is responsible for providing assurance across all the Authority's activities, including:
- schools
 - services provided on behalf of other organisations by the Authority, and
 - services provided by other organisations on behalf of the Authority.
- 4.2 Internal audit provides assurance on the organisation's entire control environment. The key elements of the control environment include:
- "establishing and monitoring the achievement of the organisation's objectives
 - the facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the organisation, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties
 - ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness
 - the financial management of the organisation and the reporting of financial management
 - the performance management of the organisation and the reporting of performance management."

Audits are undertaken using the risk based approach as outlined in the Cipfa Code.

Internal audit is responsible for reviewing the Authority's response to fraudulent activity in order to ensure that appropriate action has been taken. Once an investigation is concluded, internal audit will undertake a review to determine whether controls should be strengthened.

- 4.3 Whilst internal audit primarily provides an independent and objective opinion on the control environment, the Code states that internal audit may also undertake non-assurance work (consultancy) at the request of the

organisation, subject to there being no impact on the core assurance work and the availability of skills and resources. This can include advice, training, facilitation and fraud / irregularity related work:

4.3.1 Policy and Systems Development

Internal audit is most efficient when its advice is utilised to ensure that risks are identified and appropriate controls are incorporated at an early stage in the planning of policy or systems development. As such, managers are required to consult internal audit at the start of such processes. Internal audit must be informed and consulted about plans for major or complex changes to systems. Internal audit will advise / comment on proposed changes and the controls to be incorporated in new and revised systems but the final decision on whether to accept the audit advice rests with the relevant manager.

The provision of such advice does not prejudice internal audit's right to evaluate the established systems and controls at a later date.

4.3.2 Fraud

All managers are responsible for the prevention and detection of fraud, corruption and other irregularities. However, internal audit assists with these responsibilities. Internal auditors when conducting audit assignments are alert to opportunities, such as control weaknesses that could allow fraud. If internal audit discovers evidence of a fraud or other irregularity the relevant line manager will be informed.

Subject to the availability of resources, internal audit will also investigate suspected fraud and other irregularities. It is the responsibility of the relevant line manager to determine what action to take as a result of the investigation.

Managers should immediately inform the Audit and Risk Manager if a fraud or other irregularity is suspected who will then inform the strategic directors of Performance and Development and Resources. Managers should also ensure that:

- any supporting documentation or other evidence is secured; and
- confidentiality is maintained so as not to prejudice any subsequent investigation.

The Audit and Risk Manager is responsible for reporting frauds and subsequent liaison with the Police and other investigative agencies.

4.3.3 Best value and value for money

Internal audit will assist managers by examining and evaluating the extent that value for money is achieved as part of routine internal audit reviews.

At the request of the Chief Executive, a Strategic Director or other senior manager, and subject to the availability of resources, internal audit will also:

- undertake or participate in specific value for money / service reviews;
- facilitate the introduction of best practices across the Authority.

The scope of a value for money / service review will not normally overlap with the scope of an audit. However, internal audit will take account of the timing and scope of such reviews when planning its work.

Where a review team is actively looking at options that have a material impact on risks and controls the Audit and Risk Manager must be informed at an early stage.

Where requested, and subject to the agreement of the relevant manager, internal audit will assist reviewers by supplying information and knowledge gained during audits where this is relevant to the scope of the review.

4.3.4 Other investigations

The Audit and Risk Manager may, at the request of senior managers or the County Council or any of its committees, carry out investigations into issues where the Authority's strategic, corporate or financial interests are at stake.

5 INDEPENDENCE

- 5.1 The internal audit of Warwickshire County Council is provided by the Internal Audit and Risk Management Service of the Performance and Development Directorate. The service is managed by the Audit and Risk Manager who is professionally qualified. Although the Audit and Risk Manager's direct reporting line on audit matters is to the Head of Law and Governance he also reports to the County Council through its Audit and Standards Committee which has responsibility for overseeing audit arrangements. The Audit and Risk Manager also has a professional responsibility to the Strategic Director of Resources in his capacity as chief financial officer.
- 5.2 The service has responsibility for co-ordinating work on risk management and business continuity but individual service heads are responsible for managing risk and preparing business continuity plans for their areas of responsibility. A clear separation of work is maintained within the service to ensure that no conflict of interest arises and to maintain objectivity. Apart from these areas of work internal audit does not have any executive responsibilities and is independent of the activities that it audits. This enables it to provide impartial and unbiased professional opinions and recommendations. Internal audit is free to plan, undertake and report on its work, as the Audit and Risk Manager deems appropriate, in consultation with relevant managers and the Audit and Standards Committee.

- 5.3 Line managers are fully responsible for the quality of internal control within their area of responsibility. They should ensure that appropriate and adequate control and risk management arrangements exist without depending on internal audit activity.
- 5.4 Internal audit provides advice and assistance to managers and provides assurance that their control responsibilities are being properly fulfilled. Line managers are accountable for accepting internal audit advice and implementing their recommendations.

6 AUDIT AND STANDARDS COMMITTEE

- 6.1 The Audit and Standards Committee's responsibilities are detailed in the Constitution but in summary include the overview of internal audit and risk management matters and arrangements for the maintenance of probity.
- 6.2 The role of the Committee complies with relevant Cipfa guidance on audit committees and includes:
- formally approving (but not directing) the overall internal audit strategy to ensure that it meets the council's overall strategic direction;
 - approving the annual programme of audits (paying particular attention to whether there is sufficient and appropriate coverage);
 - monitoring progress against the plan and assesses whether adequate skills and resources are available to provide an effective audit function;
 - considering summaries of work done, key findings, issues of concern and action in hand as a result of audit work; and
 - receiving and reviewing the annual report from the Audit and Risk Manager in order to reach an overall opinion on the internal control environment and the quality of internal audit coverage.
- 6.3 The Audit and Risk Manager provides independent assurance to the committee, and by doing so, helps support the chief financial officer's Section 151 responsibilities.
- 6.4 As required by the Cipfa guidance the Audit and Risk Manager has the right to meet privately with the Committee.

7 OVERVIEW AND SCRUTINY

- 7.1 The responsibilities of overview and scrutiny committees are detailed in the Constitution but include, in summary, the review and scrutiny of decisions made or actions taken in connection with the discharge of the Council's functions.
- 7.2 Internal audit will assist in this role by undertaking or participating in any specific reviews as requested by an overview and scrutiny committee or the Scrutiny Services Manager.

8 RIGHT OF ACCESS

- 8.1 To undertake their work internal auditors have unrestricted access to all the Authority's personnel, premises, documents, records, information and assets including those of partner organisations. Internal auditors have authority to access all computer data as part of their work, including that registered under the Data Protection Act.
- 8.2 Internal auditors are authorised to obtain the information and explanations they consider necessary from any employees, partners or agents of the Authority to fulfil their objectives and responsibilities. Managers must ensure that internal audit access is considered when preparing partnership agreements or contracts for the purchase or supply of goods and services.
- 8.3 Internal auditors have rights of access to any data required for their work that is owned by the Authority, but is processed or held elsewhere by third parties.
- 8.4 The Audit and Risk Manager has the right of direct access to the strategic directors of Performance & Development and Resources, Chief Executive and the Chair of the Audit and Standards Committee.
- 8.5 Any unresolved dispute over access to information will be referred to the Monitoring Officer.

9 INTERNAL AUDIT STANDARDS

- 9.1 Internal audit operates in accordance with the best practice standards and guidance in the "Code of Practice for Internal Audit in Local Government in the United Kingdom" issued by Cipfa.
- 9.2 Individual auditors are required to comply with the Cipfa Code, all relevant ethical and technical standards issued by their professional bodies and with all relevant codes of conduct issued by the Authority.
- 9.3 The Audit and Risk Manager, in conjunction with the Strategic Director of Performance and Development, is responsible for ensuring that the internal audit service is appropriately staffed in terms of numbers, grades and experience. Internal auditors will be properly trained to fulfil their responsibilities.
- 9.4 Internal auditors are expected to:
- exercise due professional care based upon appropriate experience, training, ability, integrity and objectivity;
 - maintain and keep up to date their professional knowledge and skills and to participate in any continuing professional development scheme (CPD) operated by their professional body;
 - participate in the Performance and Development Directorate's staff appraisal scheme;

- comply with the Authority's rules about declaring interests; and
- obtain and record sufficient audit evidence to support their findings and recommendations.

9.5 Internal audit will safeguard the information obtained in carrying out its duties. Information obtained will not be use for personal gain or disclosed unless there is a legal or professional requirement to do so (for example under the Freedom of Information Act).

10 INTERNAL AUDIT PLANNING

10.1 Internal audit work is planned at all levels of operation in order to establish priorities, achieve objectives and ensure the efficient and effective use of audit resources.

10.2 The Audit and Risk Manager produces annual plans. These plans are developed in consultation with senior managers and take account of the Authority's risk management process. The Audit and Standards Committee approves each year's plan. These plans include an element of contingency to allow internal audit to be responsive to changing conditions and requests for assistance from managers. It is the responsibility of the Strategic Director of Performance and Development to ensure that the budget and resources allocated to internal audit are sufficient to ensure that these plans can be delivered. This is assessed as part of the business planning process.

10.3 The Audit and Risk Manager is authorised to amend the plan during the year as necessary in conjunction with the strategic directors of Performance and Development and Resources to reflect changes to systems or processes or in the risks facing the Authority. All managers are expected to notify internal audit of such changes immediately they become aware of them.

10.4 Terms of reference are prepared for each routine internal audit assignment and usually discussed with relevant line managers before the work is started.

10.5 Internal audit will usually give reasonable notice to the relevant manager of the start of an audit and will minimise any disruption to the smooth running of the unit under review. However, internal audit reserves the right for unannounced visits where the Audit and Risk Manager considers it necessary.

11 INTERNAL AUDIT REPORTING

11.1 Internal audit reports all findings to appropriate managers. Significant issues are reported in writing. The reports include an opinion on the area reviewed, make recommendations for improvement and specify the officer responsible for implementation. Opinions on individual assignments feed into the overall opinion given in the annual report. Recommendations are prioritised.

- 11.2 The Audit and Risk Manager is responsible for monitoring and reporting on the extent of implementation of agreed internal audit recommendations. The Audit and Risk Manager reports to the strategic directors of Performance & Development and Resources, and the Audit and Standards Committee, as appropriate, where significant internal audit recommendations do not receive adequate attention.
- 11.3 The Audit and Risk Manager submits regular reports to the Audit and Standards Committee outlining the results of audits. An annual report will be provided giving an opinion on the Authority's control environment and which feeds into the Authority's Annual Governance Statement.

12 CO-OPERATION

- 12.1 The Audit and Risk Manager co-ordinates internal audit plans and activities with external auditors to ensure the most efficient use of the total resources devoted to audit and review.
- 12.2 The Audit and Risk Manager is authorised to share information and papers with external auditors.
- 12.3 Internal audit will work in partnership with other services on such matters as corporate governance, data protection, contracting and risk management. Internal audit will work closely with the Strategic Director of Resources in his capacity as chief financial officer.
- 12.4 Line managers are expected to be open, frank and honest about any risks, concerns or problems that may exist.
- 12.5 Where services are provided by or to other organisations the Audit and Risk Manager is authorised to agree the responsibility for internal audit of those services with the internal auditors of those organisations.

13 QUALITY OF SERVICE

- 13.1 The Audit and Risk Manager manages a quality assurance programme to ensure that internal audit work complies with professional standards and achieves its objectives.
- 13.2 Internal audit takes the following action to provide a quality service:
- adopts a flexible risk driven approach;
 - works in partnership with managers and staff to develop and maintain adequate and reliable systems of internal control;
 - continually seeks to improve the efficiency of its services in consultation with managers from across the Authority;
 - regularly reviews its procedures to ensure that they remain appropriate; and

- develops a set of performance indicators and targets to help the Strategic Director of Performance & Development monitor its success;

13.3 The internal audit quality assurance programme will include:

- suitable guidance, support and review of all internal audit work;
- seeking feedback from line managers on the quality of internal audit work; and
- periodic internal quality audits to monitor services provided by all internal auditors.

13.4 The quality and scope of internal audit work is also regularly reviewed by the Authority's external auditors.

13.5 The Audit and Risk Manager will investigate and respond promptly to all complaints about internal auditors or the service provided.

Proposed Work Plan 2008/2009

		Topic	Assurance	Advice	Certification	
Adult Health and Community Services	ADT	Adult Services – Care and Choice Project, Telecare, Security of laptops	√	√		
	CCVAD	Visits to HEPs, SECs and other units	√			
	CMMAD	Commissioning of services to adults	√	√		
	DIR	Direct Payments and self care schemes	√	√		
	EXT	External Home Care	√			
	FNCX	Financial Management Standard			√	
	HEAAD	Partnerships with Health	√			
	HOC	Internal home care provider	√	√		
	SPT	Supporting People	√		√	
Children Young People and Families	STFAD	Staff Costs	√			
	CHD	Looked After Children	√			
	CMMCH	Commissioning of services to children and young people	√	√		
	DIS	Integrated Disability Services	√			
	EAR	Early Years & Childcare		√		
	FSS	Extended Schools	√			
	GOV	School Governance		√		
	NGF	IT Management	√			
	PAY	Positive About Young People				
	PURSC	Procurement		√		
	PVC	Assessment				
	SFG	Safeguarding Children		√		
	STFSC	Staff costs - all school based staff	√			
	SUR	Surestart	√			
	TEE	Teenage Pregnancy and Health		√		
	YOT	Youth Offending Team		√		
	YTH	Youth Services (including Outdoor Education)	√			
	Community Protection	BUDCP	Budget management	√		
		ATH	Atherstone Fire		√	
		EQP	Equipment & uniforms	√		
OAPCP		Ordering and payment of creditors	√			
Corporate	STFCP	Staff Costs	√			
	AGS	Annual Governance Statement	√			
	CGO	Corporate governance	√	√		
	CMP	Complaints		√		
	CON	Use of consultants and agency staff	√			
	CSO	Contract Standing Orders	√	√		
	DAT	Information Security	√	√		
	FSD	Financial Systems	√	√		
	HRM	HR Service Centre	√	√		
	INCXX	Income/debt recovery	√			
	IVS	Investment management	√			
	LAA	Local Area Agreement	√	√		
	NFI	National Fraud Initiative	√		√	

		Topic	Assurance	Advice	Certification
Environment and Economy	PEN	Pensions administration	√		
	PRF	Performance management	√		
	PRJ	Project management	√	√	
	PRT	Partnerships		√	
	PUR	Procurement		√	
	RSK	Risk Management			
	BUDEE	Budget management	√		
	EES	Regeneration	√		
	ENE	Sustainability		√	
	GIS	GIS	√		
Performance and Development	OAPPEE	Ordering and payment of creditors	√		
	PTR	Transport Operations: Passenger Transport	√		√
	ROA	County Highways	√		
	TENEE	Tendering	√		
	TTM	Transport Planning - decriminalisation	√		
	WAS	Waste Management		√	
	CEN	Customer Service Centre	√	√	
	COR	Coroner	√		
	RGT	Registrar	√		
	STC	Staff Club			√
Resources	LOL	Lord Lieutenant			√
	MEC	Members Club			√
	WPF	JWPF			√
	DAP	Property Strategy / Management	√	√	
	INF	Database security	√		
	MAJ	Major Works Framework Contracts	√		
	NET	Network - Remote access	√		
	OAPRS	Ordering and payment of creditors	√		
	OPS	IT Operations	√		
	PAR	Measured Term Contracts (NSR)	√		
PRJPS	Project management	√			
PROIT	Procurement – IT	√			
PYR	Payroll & HR system - central aspects	√			
PYX	Payroll service provided to external customers	√			
WEB	Internet and intranet – Vignette	√			