

Audit & Standards Committee Agenda

24 July 2019

The Audit and Standards Committee will meet in **Committee Room 2, Shire Hall, Warwick** on **24 July 2019** at **10:00 a.m.**

1. General

(1) Apologies

(2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests.

Members are required to register their disclosable pecuniary interests within 28 days of their election of appointment to the Council. A member attending a meeting where a matter arises in which s/he has a disclosable pecuniary interest must (unless s/he has a dispensation):

- Declare the interest if s/he has not already registered it
- Not participate in any discussion or vote
- Must leave the meeting room until the matter has been dealt with.
- Give written notice of any unregistered interest to the Monitoring Officer within 28 days of the meeting

Non-pecuniary interests must still be declared in accordance with the Code of Conduct. These should be declared at the commencement of the meeting.

(3) Minutes of the Audit and Standards Committee meeting held on 23 May 2019 and Matters Arising

The public reports referred to are available on the Warwickshire Web
www.warwickshire.gov.uk/cmis

2. **External Auditors Annual Governance Report for Warwickshire County Council**
Covering report attached with appendices to follow
3. **Warwickshire County Council's Statement of Accounts 2018/19**
Covering report attached with appendices to follow
4. **2018/19 Statement of Accounts – Warwickshire Pension Fund**
To follow
5. **Annual Governance Statement 2018-19**
Report Attached
6. **Annual Report of the Audit & Standards Committee**
Report Attached
7. **Work Programme and Future Meeting Dates**

To consider items for the committee's work programme and future meeting dates to be held in Shire Hall at 10:00 a.m. as follows:

- 7 November 2019
- 26 March 2020

8. **Any Other Business**

EXEMPT ITEMS FOR DISCUSSION IN PRIVATE (PURPLE PAPERS)

Reports Containing Confidential or Exempt Information

To consider passing the following resolution:

'That members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972'.

9. **Exempt Minutes of the Audit and Standards Committee meeting held on 23 May 2019 and Matters Arising**

Membership of the Audit and Standards Committee

Councillors: Parminder Singh Birdi, Mark Cargill, Neil Dirveiks, Bill Gifford, John Horner, and David Reilly

Independent Members: John Bridgeman CBE (Chair) and Bob Meacham OBE

For queries regarding this agenda, please contact:
Tom McColgan, Senior Democratic Services Officer
01926 418079, tommccolgan@warwickshire.gov.uk

**Monica Fogarty
Chief Executive
Warwickshire County Council
16 July 2019**

The public reports referred to are available on the Warwickshire Web
www.warwickshire.gov.uk/cmis

**Minutes of the meeting of the Audit and Standards Committee
held on 23 May 2019**

Present

Members:

Councillors Parminder Singh Birdi, Mark Cargill, Neil Dirveiks, John Horner and Dave Reilly

Independent Members:

John Bridgeman CBE (Chair)

Officers:

Helen Barnsley, Democratic Services Officers
Paul Clarke, Deputy Internal Audit Manager
Sarah Duxbury, Assistant Director, Governance and Policy
Stuart Ikeringill, Heritage and Environment Group Manager
Lisa Kitto, Assistant Director (Interim) of Finance & ICT
Christopher Norton, Strategy and Commissioning Manager
Rob Powell, Strategic Director for Resources
Scott Tompkins, Assistant Director, Environment Services
Nichola Vine, Legal Services Manager

External Representatives:

Grant Patterson, Grant Thornton – Auditors

1. General

(1) Apologies

Councillor Bill Gifford and Bob Meacham OBE

(2) Members' Disclosures of Pecuniary and Non-Pecuniary Interests

None

(3) Minutes of the meeting of the Audit and Standards Committee held on 7 March 2019 and Matters Arising

It was agreed that the minutes be signed by the Chair as a true record.

Referring to Item 3 of the minutes, Contract Standing Orders, it was confirmed by Lisa Kitto, Assistant Director (Interim) of Finance & ICT that a draft outline of the scope for the working group, in relation to the review of financial regulation and the scheme of delegation issued to officers, would be circulated to the committee after the meeting. A full report is expected to be presented at the November meeting.

2. Reports Containing Confidential or Exempt Information

Resolved: That members of the public be excluded from the meeting for the item mentioned below on the grounds that their presence would involve the disclosure of exempt information as defined in paragraph 3 of Schedule 12A of Part 1 of the Local Government Act 1972.

3. 2018-19 Internal Audit Quarter 4 Progress Report

Resolved

The Committee agreed the recommendations as set out in the exempt minutes.

4. Exempt Minutes of the meeting of the Audit and Standards Committee held on 7 March 2019 and Matters Arising

It was agreed that the exempt minutes be signed by the Chair as a true record.

5. 2018-19 Annual Internal Audit Report

The report was presented to the committee by Paul Clarke, Deputy Internal Audit Manager who confirmed that the report summarises the results of internal audit work carried out in the year ending 31 March 2019.

The committee was pleased to note that the final opinion of the report was that the council's environment provides substantial assurance that the significant risks facing the authority are addressed. It was noted that this is a positive result for Warwickshire County Council.

With reference to page five of the report, the committee noted that the trend in opinions did not include 'full assurance' in 2017/18 and 2018/19. It was stated that full assurance is difficult to reflect on. Due to pressure on managers, audits will focus on known areas of risk rather than areas with known low level risk.

The Chair commented that the report reads well and that the audit processes at Warwickshire County Council were rigorous with very few complaints and incidents. There were strong, internal controls in place. Lisa Kitto, Assistant Director (Interim) of Finance & ICT confirmed that as part of the internal controls any outstanding audit actions were always reported to Corporate Board.

Resolved

That the Committee considers the results of internal audit work completed during 2018-19.

6. Annual Governance Statement 2018-19

Lisa Kitto, Assistant Director (Interim) of Finance & ICT confirmed that the Annual Governance Statement 2018/19 would be published at the end of May 2019 and that a copy would also be sent to the external auditors.

In response to a question from the Chair in relations to ensuring members of the public who do not have access to the internet do not miss out, Sarah Duxbury, Assistant Director, Governance and Policy confirmed that hard copies were printed out in the past but there was never a great take up of these and the cost of producing them did not make it worthwhile. As part of the digital transformation programme the council was ensuring that mobile technology works and that all the links published in the report also worked. The committee noted that libraries across Warwickshire offer access to computers but highlighted to officers the need to offer a print service to anyone who requests a hard copy of the report. It was agreed that this recommendation would be taken to Council.

The Chair noted that there was little mention of HS2 in the report and that Warwickshire County Council needs to continually assess the risks associated with the project. It was agreed that there should be an acknowledgement in the report of the ecological impact of HS2, the highway impact and the economic and safety concerns; in particular, the risks to the Fire & Rescue service during the construction phases.

The committee requested that the consistency of terms used in the report was checked; this action was agreed by officers.

It was agreed that the amended report would be presented to the committee in July and then be presented to Full Council.

Resolved

That the Committee endorse the draft annual governance statement, as outlined in Appendix 2 of the report.

7. Internal Audit Plan 2019-20

The report was presented to the committee who noted that there had been no significant changes and that the process followed was similar to previous years. The report gave particular focus to second and third lines of defence as well as back to basic assurances to make sure that every level is covered.

Following a question from Councillor Reilly with reference to why community safety had been graded as low priority, it was confirmed that this was a low risk area, and not a low priority area. Officers agreed to reconsider the wording and grading.

Resolved

That the Committee:

- 1) Approves the proposed plan; and
- 2) Note that no changes are currently required to the Audit Charter.

8. External Auditors' Progress Report

Grant Patterson, Grant Thornton – Auditors presented the report to the committee and confirmed that the external auditors are satisfied that Warwickshire County Council takes a professional approach and that there are no matters to report. There are no issues and nothing of concern to bring to the attention of the committee at this point in time.

Resolved

That the Committee consider the External Auditors' Progress Report.

9. Work Programme and Future Meeting Dates

The following was agreed by the committee –

- Contract Management will be added to the audit team work programme
- Confirmation will be provided in relation to the Risk Management Plan
- In relation to the Transformation Programme, the committee meeting in November 2019 will provide an opportunity to review the input audit has had in the process

The committee noted the work programme and future meeting dates to be held in Shire Hall at 10:00 a.m. as follows:

- 24 July 2019
- 7 November 2019
- 26 March 2020

10. Any Other Business

None

The Committee rose at 11:54am

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Chair

Audit and Standards Committee

24 July 2019

External Auditor's Governance Report 2018/19

Recommendation

The Committee:

- 1) Endorses the Audit Findings Report of the External Auditors for Warwickshire County Council, attached at Appendix A, and consider whether there are any matters it wishes to bring to the attention of Council.
- 2) Approve, subject to any changes which may be necessary to the final draft, the wording of the Letter of Representation, attached at Appendix B.

1. Key Issues

- 1.1. Our external auditors, Grant Thornton, are required to report to those charged with governance on issues arising from the audit of the County Council's financial statements before issuing their final opinion. This report is in addition to the usual Audit Management Letter which will be presented to this Committee later this year. A separate audit findings report is required for the Warwickshire Pension Fund; this can be found elsewhere on today's agenda.
- 1.2. During the period of the audit of the 2018/19 accounts two national legal judgements have ruled there was discrimination in the way transitional protections were applied as pension schemes have been changed in recent years. These judgements have necessitated us changing the accounts in relation to both the firefighters pension scheme and the Local Government Pension Scheme. The changes relate to the estimates of future pension liabilities and there is no resource impact on the 2018/19 accounts.
- 1.3. The need to extend the audit to review how we have actioned these changes as well as capacity issues within Grant Thornton have meant that the 2018/19 Audit Findings report is not yet available. This will be circulated to the

Committee as soon as it is available and will form **Appendix A** to this report. The Engagement Partner for Grant Thornton and the Audit Manager will attend the meeting to present their report.

- 1.4. As part of the audit process the External Auditors require written confirmation about the fairness of various elements of the financial statements. This is known as the Letter of Representation. In the letter the Strategic Director of Resources and those charged with governance on audit matters declare that the financial statements and other presentations to the auditor are sufficient and appropriate and without omission of material facts to the financial statements, to the best of their knowledge.
- 1.5. The Audit and Standards Committee are asked to approve, subject to any changes which may be necessary to the final draft, the wording of the Letter of Representation for the County Council (**Appendix B**). The final version of the letters will be signed, by the Chair of the Council and the Strategic Director of Resources, when the accounts are approved by Council on 25 July 2019.
- 1.6. As is our usual approach, once the accounts are signed and approved we will be undertaking a review of the process, in conjunction with the External Auditors, to ensure that any lessons learned are built into the closedown/audit process for the 2019/20 accounts.

2. Financial Implications

- 2.1. None.

3. Background Papers

- 3.1. None.

	Name	Contact Information
Report Author	Virginia Rennie	vrennie@warwickshire.gov.uk
Assistant Director	Lisa Kitto	lisakitto@warwickshire.gov.uk
Strategic Director	Rob Powell	robpowell@warwickshire.gov.uk
Portfolio Holder	Peter Butlin	peterbutlin@warwickshire.gov.uk

The report was circulated to the following members prior to publication:

None

Audit and Standards Committee

24 July 2019

Statement of Accounts 2018/19

Recommendation

The Committee is asked to consider the 2018/19 Statement of Accounts and recommend them to Council for approval.

1. Key Issues

- 1.1. This report presents the Statement of Accounts for 2018/19.
- 1.2. The Statement of Accounts for Warwickshire County Council comprises of:
 - The statement of responsibilities for the accounts
 - A narrative statement by the Strategic Director of Resources
 - The core financial statements, comprising:
 - The movement in reserves statement
 - The comprehensive income and expenditure statement
 - The balance sheet as at 31 March 2019
 - The cash flow statement
 - The statement of accounting policies
 - The notes to the core financial statements
 - The Firefighters' Pension Fund statement
- 1.3. Recommendations to Council for approval of the Annual Governance Statement and the accounts of Warwickshire Pension Fund, which will form part of the County Council's 2018/19 Statement of Accounts when they are published, are sought within separate reports on today's agenda.
- 1.4. Elected members are not expected to be financial experts, but they are responsible for approving and issuing the Council's financial statements. In doing this they are playing a key role in ensuring accountability and value for money are demonstrated to the public. However, local authority financial statements are complex and can be difficult to understand: they must comply with CIPFA's Local Authority Code of Practice, which is based on International

Financial Reporting Standards and also the accounting and financing regulations of central government.

- 1.5. This covering report explains the key features of the primary statements and notes that make up the 2018/19 Statement of Accounts. The narrative statement provides further information on the key issues for the benefit of readers of the statements.
- 1.6. The Committee is asked to consider the 2018/19 Statement of Accounts attached at **Appendix A** and recommend them to Council for approval, highlighting any issues that they wish to bring to Council's attention. Following their approval by Council the Statement of Accounts will be published, in accordance with regulations, by the end of July.
- 1.7. The 2018/19 Statement of Accounts (Appendix A) will be circulated separately once we have received confirmation from the External Auditors that they are happy with the accounts.

2. Narrative Statement

- 2.1. The purpose of the narrative statement is to provide commentary on the financial statements. It includes an explanation of key events and their effect on the financial statements. The information in the narrative statement is consistent with budget information provided during the year and reconciles to the year-end financial position reported to Cabinet on 11 June 2019.

3. Core Financial Statements

3.1. Movement in reserves statement

Reserves represent the Council's net worth and show its spending power. Reserves are analysed into two categories: usable and unusable. The level of usable reserves, the Council's spending plans and other sources of funding determine how much council tax needs to be raised. Unusable reserves derive from technical accounting adjustments and cannot be used to support spending. The movement in reserves statement analyses the changes in each of the authority's reserves between 2017/18 and 2018/19.

3.2. Comprehensive income and expenditure statement

The comprehensive income and expenditure statement reports on how the authority performed during the year and whether its operations resulted in a

surplus or deficit. It is produced in a standard format and is made up of five broad sections:

- Cost of services: Presented in the management structure of the Council. It includes service specific income and expenditure.
- Other operating income and expenditure: Includes the surplus or deficit from the sale of property, plant and equipment.
- Financing and investment income and expenditure: Includes interest payable and receivable and trading account income and expenditure.
- Taxation and general grant income and expenditure: Includes revenue from council tax, business rates and government revenue and capital grants.
- Other comprehensive income and expenditure: Includes items which are not allowed to be accounted for elsewhere, such as increases in the value of land and buildings and changes in the actuarial assessment of pension assets/liabilities.

3.3. Balance Sheet

The balance sheet is a 'snapshot' of the authority's financial position at a point in time, showing what it owns and owes at 31 March 2019. It is divided into two halves that, as the name suggests, balance. These are assets less liabilities (the top half) and reserves (the bottom half).

3.4. Cash flow statement

The cash flow statement sets out our cash receipts and payments during the year, analysing them into operating, investing and financing activities. Cash-flows are related to income and expenditure but are not equivalent to them. The difference arises from the accruals concept, whereby income and expenditure are recognised in the comprehensive income and expenditure statement when the transactions occurred, not when the cash was paid or received.

4. Accounting Policies and Notes to the Core Financial Statements

- 4.1. The accounting policies set out the accounting rules the authority has followed in compiling the financial statements. They are largely specified by International Financial Reporting Standards and the Local Authority Accounting Code of Practice. We have limited discretion to amend them.
- 4.2. The Notes to the accounts provide further detail for the figures within the core statements as well as other information we are required to include in the Statement of Accounts.

- 4.3. There is one significant accounting policy change this year, resulting from a change in the relevant Standard. This relates primarily to the classification and treatment of movements in the value of financial assets. The change and its impact are explained in the Accounting Policies and relevant Notes. Briefly, we are now required to take changes in the values of some of our financial investments to the General Fund in year. In this year of transition, we are also required to transfer the existing balance reflecting historic changes from unusable reserves to the General Fund. However, in recognition that the General Fund could also be charged in future year if investment values drop, we have taken the amount (£2.2m) to an earmarked reserve, to be held against this potential event. We have also taken options to classify some of our other assets in such ways that their historic and future changes continue to be taken to an unusable reserve to protect the General Fund. Finally, the same changed Standard has required us to revalue some of our loans. This has provided us with a windfall gain of £0.9m, which we have taken to the same earmarked reserve as described above.

5. Firefighters' Pension Fund Statement

- 5.1. It is unusual for an unfunded pension scheme (such as the firefighters' scheme) to have a fund as it holds no assets that need to be ringfenced. We collect in the Fund contributions receivable from Warwickshire County Council (as the employer) and firefighters' (employee) contributions and pay out any benefits due. The Fund is then balanced to nil at the end of each financial year by either paying over or receiving pension fund top-up grant from the government.

6. Audit Status

- 6.1. The attached 2018/19 Statement of Accounts has been audited and the Audit Findings Report from the external auditors, Grant Thornton is elsewhere on today's agenda.
- 6.2. The audit opinion is also included in that auditor's report and will be signed by Grant Thornton's Engagement Partner on receipt of our letter of representation signed by the Strategic Director of Resources following approval of the accounts at Council on 25 July 2019. A letter of representation is provided in connection with the audit of the 2018/19 financial statements for the purpose of expressing our opinion to the best of our knowledge and belief, having

made appropriate enquiries, that the financial statements give a true and fair view.

- 6.3. The approved accounts will be published alongside the authority's Annual Governance Statement and the Accounts of Warwickshire Pension Fund (elsewhere on the Agenda) together with the signed audit opinions by 31 July 2019 in line with statutory regulations.

7. Financial Implications

- 7.1. None

8. Background Papers

- 8.1. None.

	Name	Contact Information
Report Author	Virginia Rennie	vrennie@warwickshire.gov.uk
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Strategic Director	Rob Powell	robpowell@warwickshire.gov.uk
Portfolio Holder	Peter Butlin	peterbutlin@warwickshire.gov.uk

Audit & Standards Committee

24 July 2019

Annual Governance Statement 2018/2019

Recommendation

That the Audit & Standards Committee endorses the Annual Governance Statement for 2018/19 prior to submission to Council for approval.

1.0 Key Issues

- 1.1 This report presents the Annual Governance Statement (AGS) for 2018/19 for consideration, see the appendix.
- 1.2 The Accounts and Audit Regulations 2015 require the authority to conduct a review, at least once in a year, of the effectiveness of its system of internal control and to prepare an AGS.
- 1.3 The results of the review and the draft AGS were considered by the Audit and Standards Committee at its meeting on 23 May. The AGS was also provided to External Audit for review. Subsequent updates have been made to the AGS at Section 5, Governance Issues, to reflect comments of the Committee and of External Audit. The updated AGS was also considered by Cabinet on 11 July.
- 1.4 The AGS will be submitted, alongside the Council's accounts, to Council for approval on 25 July.

2.0 Financial Implications

- 2.1 There are no financial implications identified.

Background papers None

	Name	Contact Information
Report Author	Chris Norton, Strategy & Commissioning Mgr	chrisnorton@warwickshire.gov.uk Tel: 01926 412679
Assistant Director	Lisa Kitto	01926 412090
Strategic Director	Rob Powell	01926 412564
Portfolio Holder	Cllr Peter Butlin	01926 632679 peterbutlin@warwickshire.gov.uk

The report was not circulated to any members prior to publication.

Audit and Standards Committee 24 July 2019

Item 5 Appendix

Annual Governance Statement

Year ended 31 March 2019

Annual Governance Statement 2018/19

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1. What are we responsible for?

We are responsible for carrying out our business in line with the law and proper accounting standards, and for using public money economically, efficiently and effectively, and accounting for it properly. We also have a duty under the Local Government Act 1999 to continually review and improve the way we work, while at the same time offering value for money and an efficient and effective service.

To meet our responsibility, we have put in place proper governance arrangements for overseeing what we do. These arrangements are intended to make sure that we do the right things, in the right way, for the right people, in a timely, open and accountable manner. These arrangements consist of all the systems, processes, culture and values which direct and control the way in which we work and through which we account to, engage with and lead our communities.

We have approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)*. Further information is on our website: <http://www.warwickshire.gov.uk/corporategovernance>

This statement explains how the Council has complied with its Code of Corporate Governance and also meets the requirements of the Accounts and Audit Regulations 2015. It also covers the governance control and risk management arrangements of the Warwickshire Local Government Pension Scheme and Firefighters' Pension Scheme.

2. The aim of the governance framework

The framework allows us to monitor how we are achieving our strategic aims and ambitions, and to consider whether they have helped us deliver appropriate services that demonstrate value for money.

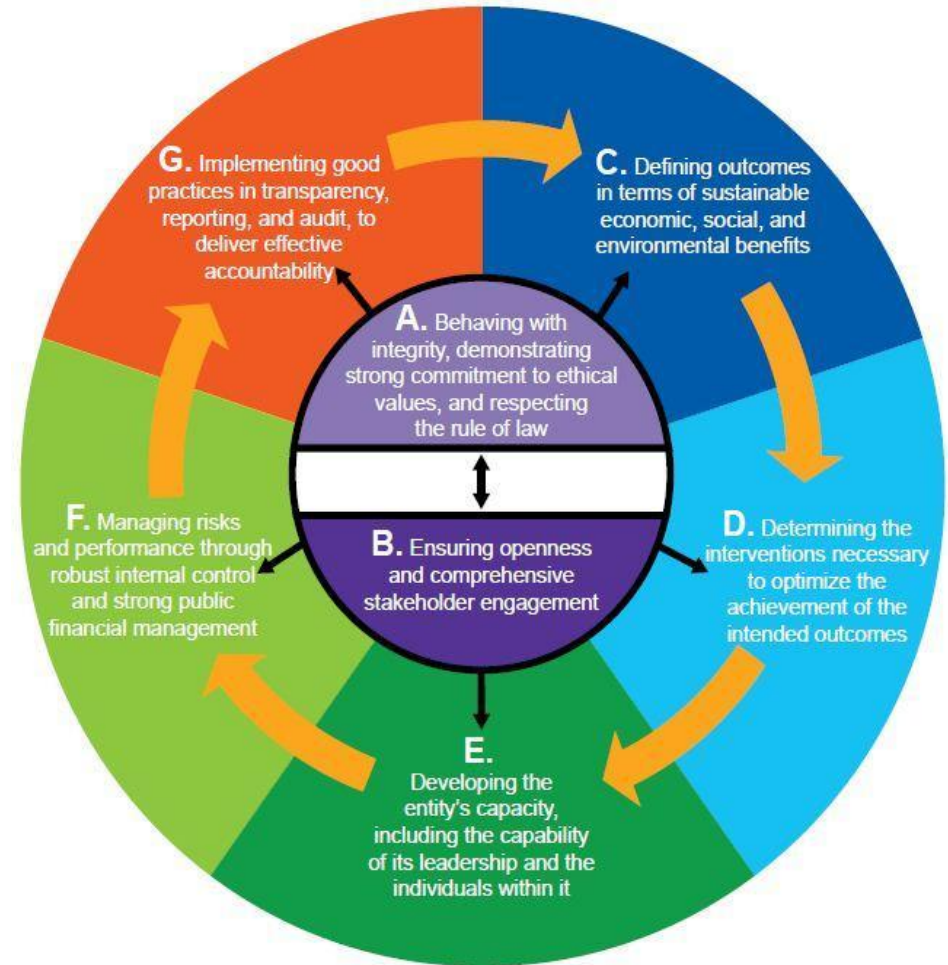


Figure 1 CIPFA's Principles of Good Governance

The system of internal control is an important part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failing to achieve our policies, aims and objectives, so it can only offer reasonable assurance and not absolute assurance of effectiveness. The system of internal control is based on continuing processes designed to:

- identify and prioritise the risks that could prevent us from achieving our policies, aims and objectives;
- assess how likely it is that the identified risks will happen, and what will be the result if they did; and
- manage the risks efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2019 and up to the date of approval of the Annual Governance Statement and Statement of Accounts.

3 The Governance framework

Our code is aligned to the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). A description of the arrangements which we have put in place to secure robust corporate governance are summarised below. The full detail of these arrangements can be found in the Code of Corporate Governance.

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

As part of our governance framework we apply six key behaviours which provide a clear framework on the behaviours we should be demonstrating on a day to day basis to support the cultural change and transformation of the organisation. The behaviours are integral to 1:1s and appraisal conversations as well as key to the way we recruit and develop our colleagues. <http://www.warwickshire.gov.uk/ourbehaviours>

Our Behaviours



Figure 2 Warwickshire's Six Key Behaviours

We have arrangements in place to provide assurance that our behaviours are being upheld and that members and officers demonstrate high standards of conduct. These include:

- codes of conduct for officers and members (including gifts and hospitality, registering interests, anti-fraud and whistleblowing); and
- inclusion of ethical values in policies and procedures for all areas including procurement and partnership working. <http://www.warwickshire.gov.uk/conduct>

Complaints and compliments help us improve the services we provide to all customers. We have a corporate complaints and feedback procedure to ensure that all complaints are investigated properly and are responded to as quickly as possible. <http://www.warwickshire.gov.uk/complaints>

We appreciate the diversity of our customers, workforce and the wider Warwickshire community and are committed to Equality and Diversity. This is integral to everything we do including policy development, service delivery and partnership working to ensure we meet the Public Sector Duty as set out in the Equality Act 2010 and that we do not unlawfully discriminate with services we deliver or commission <http://www.warwickshire.gov.uk/equality>

Our Constitution sets out the conditions to ensure that all officers, key post holders and Members are able to fulfil their responsibilities in accordance with legislative requirements so that we are efficient, transparent, accountable to our citizens and compliant with the law. Roles and responsibilities for individual Members, the Council, Cabinet and senior officers, along with the delegation of statutory powers and executive functions, and protocols on member / officer relations are documented. <http://www.warwickshire.gov.uk/constitution>

We have consistent governance arrangements for our two wholly owned trading companies; Warwickshire Legal Services Trading Ltd and Educaterers Ltd:

- the shareholder agreement governs our relationship with each company and sets out which decisions require shareholder approval;
- Annual General Meetings are held to ensure we are fully informed of the company's performance;
- Directors of each company have received "conflict of interest" awareness training and we actively monitor the risk of potential conflicts.

Also, in the case of Educaterers, the larger of the two companies, a shareholder representative attends company board meetings to keep updated on company matters.

Core Principle B. Ensuring openness and comprehensive stakeholder engagement

We have a Consultation and Engagement Framework in place, owned by a lead officer, which provides staff with up to date guidance and tools for planning and conducting consultation activities.

As part of our approach to consultation the Ask Warwickshire website is a portal for consultation exercises taking place within Warwickshire. We use a variety of methods to undertake consultation.

www.warwickshire.gov.uk/ask

We value the contribution from our employees and have an Employee Engagement Strategy in place which sets out how we ensure employees have a voice, managers and leaders are focusing, coaching and developing their people and there is clear communication about where our authority is going. This is supported by bi-annual staff surveys and pulse surveys which measure employee engagement and our direction of travel against a number of staff related measures. <https://www.warwickshire.gov.uk/employeeengagement>

We actively contribute to and collaborate with partners to promote good governance and achieve the delivery of outcomes through increased joint working and economies of scale. We are members of a number of sub-

regional partnerships and groups which have member and / or officer representation. Each partnership has its own governance arrangements in place. <http://www.warwickshire.gov.uk/partnerships>

We are registered as a data controller under the Data Protection Act as we collect and process personal information and we have a named Data Protection officer. We have introduced enhanced GDPR compliant procedures that explain how we use and share information and arrangements for members of the public to access information. We have also adopted the model publication scheme produced by the Information Commissioner's Office (ICO), in accordance with the Freedom of Information Act 2000. <http://www.warwickshire.gov.uk/lists-data-and-information>

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

A Corporate Plan and Medium Term Financial Plan covering the period 2017 – 2020 has been approved in response to the Local Government Finance Settlement and the longer term implications for the authority.

2018-19 is the penultimate year of The One Organisational Plan (OOP 2020). The plan was informed by extensive public consultation and the results of analysis undertaken by the Insight Service, all contributing to the evidence base. <http://www.warwickshireobservatory.org>.

OOP 2020 and the MTFP focuses on the role of local government and public services going forward and the redesign of the organisation. It sets out our vision for Warwickshire and the journey the authority will take to deliver this vision and outcomes over the life of the plan. Progress implementing the OOP 2020 is reported to full Council and it is subject to an annual review, only making changes where necessary. Plans are already in place for the development of the Corporate Plan and integrated MTFP beyond 2020. <http://oop.warwickshire.gov.uk/>.

Our core purpose: **'We want to make Warwickshire the best it can be'**. This is supported by outcomes which will form the focus of our work moving forward:

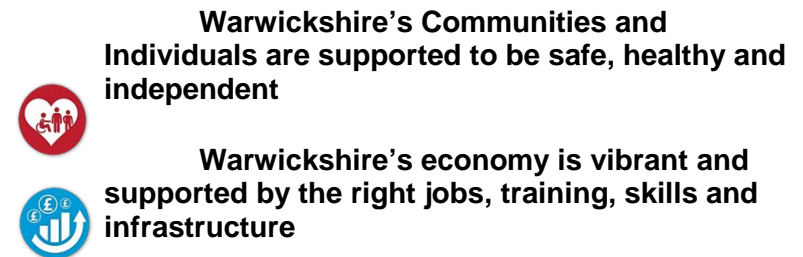


Figure 3 WCC's Core Purpose and Key Outcomes (OOP-2020)

The Council's programme of Transformation, Doing Things Better, has defined a New Council wide Operating Model and a set of Design Principles to direct change and transformation, governed by Corporate Board acting as a single Design Authority. The Operating Model has been developed with information and data about current activity and it supports the transition to a more commissioning driven organisation.

Target Operating Models are being developed for service areas, and are designed to maintain alignment with the budget approved by the Council, the key outcomes contained in the One Organisational Plan and with future Corporate Plans as these are developed. Each service area has Key Performance Indicators which are monitored and included in quarterly

performance reports to Service Management Teams, Overview and Scrutiny committees and Cabinet.

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

The One Organisational Plan and the Council's Medium Term Financial Plan are aligned to ensure a joined up approach to delivering the OOP 2020 outcomes and agreed savings plans. This provides the necessary framework to deliver change management and transformation and to ensure clear line of sight in the delivery of WCC's Core Purpose and Outcomes at strategic, group and service level so that Members and Officers have a clear picture of how well the Organisation is progressing against the delivery of the outcomes set out in the OOP Our outcomes framework includes the following mechanisms:

- progress against the OOP and the delivery of savings is reported to Overview & Scrutiny and Cabinet on a quarterly basis. This information is also available electronically via a Member Dashboard;
- a management information dashboard is in place which provides HR, finance and performance data to Strategic Directors, Heads of Service and third tier managers for their areas of responsibility. This enables managers to interrogate information quickly and efficiently, making key indicators easier to monitor;
- arrangements are in place to report critical management information on the key aspects of the delivery of the OOP 2020 including finance, projects and performance to Corporate Board on a quarterly basis to Cabinet and Overview & Scrutiny;
- Each Directorate has arrangements in place for reporting performance to its Directorate Leadership Team;
- The Project Hub, an on-line system for monitoring and reporting progress with projects and programmes has been rolled out which improves the delivery and performance of projects and programmes delivered across the Council against corporate objectives.

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

Our Workforce Strategy 2014 – 2018 is being refreshed and a new People Strategy has been developed to ensure our workforce can deliver the organisation's new Operating Model and stays aligned with our vision and outcomes. Priority actions to underpin the Strategy have been agreed with action plans in place, focusing on delivery. There is ongoing engagement with staff in this area and direction and progress continues to be governed and monitored by the Our People Board.

To enable our employees to be the best they can be we have a corporate process for annual appraisals, supported by regular 1:1 conversations. This provides the necessary clarity on expectations and behaviour, direction, support and opportunities for growth and development and allows employees and managers to have constructive discussions on performance, progress against outcomes, wellbeing and development. Since April 2017 our corporate appraisal process has been aligned to the Behaviours Framework. <http://www.warwickshire.gov.uk/gatewaytolearning>

Our Senior Leadership Forums and planned events and workshops aim to share our Transformation plans more widely and build the skills and capabilities needed to successfully deliver those plans. These have continued throughout 2018-19 and have supported the transition to a new leadership structure, which went live in October 2018.

We have invested in the Health & Wellbeing of our staff with a Workplace Wellness Strategy, supporting process including those to manage sickness absence.

A member development programme is agreed each year to ensure core development needs of members aligned to their respective roles are met and to take account of new and emerging issues.

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

The One Organisational Plan provides the necessary framework to deliver change management and transformation and to ensure clear line of sight in the delivery of WCC's Core Purpose and Outcomes. The outcomes framework ensures that Members and Officers have a clear picture of how well the Organisation is progressing against the outcomes set out in the Plan as well as the key business outcomes that support and underpin it. These processes are continuing for the delivery of OOP-2020.

We have started work on reviewing how we will operate beyond 2020 to ensure we have strong arrangements in place to deliver future strategic plans and savings, as the authority's financial envelope continues to be constrained and demand for services increases.

Risk management is an integral part of good management and corporate governance and is therefore at the heart of what we do. It is essential to our ability to deliver public services and as a custodian of public funds. Our approach to managing risk is explained in the Risk Management Strategy. <http://www.warwickshire.gov.uk/riskmanagementstrategy>.

An external Health Check of the Council's entire risk management approach against a national good practice framework was completed during the year. This resulted in an action plan to deliver improvements to our risk management approach and will inform updates to the Risk Management Strategy next year.

Financial Regulations set out our financial management framework for ensuring we make the best use of the money we have available to spend. They outline the financial roles and responsibilities for staff and Members and provide a framework for financial decision-making. Where there are specific statutory powers and duties the Financial Regulations seek to ensure these are complied with, as well as reflecting best professional practice and decision-making. <https://www.warwickshire.gov.uk/standingorders>

We have adopted the CIPFA Code of Practice for Managing the Risk of fraud and corruption and this is reflected in our anti-fraud policy. <http://www.warwickshire.gov.uk/antifraud>

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

We endeavour to always be open and transparent. We have a forward plan which provides information about all of the decisions that the Council has scheduled. Formal agendas, reports and minutes for all committee meetings are published on our website which ensures that people know what decisions the Council is planning to take, and the decisions taken. <http://www.warwickshire.gov.uk/democracy>

Overview and Scrutiny Committees act as a critical friend and hold Cabinet to account for its decisions. The terms of reference for all O&S Committees are defined in the Constitution. <http://www.warwickshire.gov.uk/scrutiny>

The Audit and Standards Committee has oversight of internal and external audit matters, the council's arrangements for corporate governance and risk management and any other arrangements for the maintenance of probity.

Each year we publish information on our website outlining how we spend Council Tax income. <http://www.warwickshire.gov.uk/counciltaxspending>

Arrangements are in place to ensure that we fully comply with the requirements of the Public Sector Internal Audit Standards and CIPFA Statement on the Role of the Head of Internal Audit. The Internal Audit and Insurance Manager is designated as the Head of Internal Audit and had regular formal meetings during the year with the Joint Managing Director (Resources), Assistant Director Finance & ICT and Assistant Director Governance and Policy and does not take any part in any audit of

risk management or insurance. An External Quality Assessment of the Internal Audit shared service was completed in February 2018 resulting in positive feedback on the quality of internal audit provided to its clients. <http://www.warwickshire.gov.uk/audit>

4. Review of effectiveness

We have responsibility for conducting, at least annually, a review of the effectiveness of our governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by external auditors and other review agencies and inspectorates.

The review of effectiveness was co-ordinated by an evaluation panel consisting of representatives from each group, Internal Audit and chaired by the Internal Audit and Insurance Manager. In carrying out their review, the evaluation panel:

- 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; and
- evaluated the assurances provided and identified gaps.

The evaluation panel took into account the strategic risk register prepared by executive managers and approved by Corporate Board. In addition Assistant Directors have confirmed that they have complied with the risk management framework throughout the year. Consideration was also given to the results of reviews carried out by external agencies during the year including the external audit of the accounts. The work of the

evaluation panel was scrutinised by the Assistant Director Governance and Policy (Monitoring Officer) and the Interim Assistant Director Finance and ICT (Section 151 Officer) before being submitted to the Audit and Standards Committee for further scrutiny and reported to Cabinet and Council.

The Authority's governance arrangements have been reviewed and improved throughout 2018/19 in a number of ways including:

- new Contract Standing Orders, updated financial regulations and officer delegations have been approved by Members;
- a follow up audit of pension fund investments and controls, including the Council's governance of arrangements with Border to Coast Pension Partnership was included in the 2018/19 internal audit plan and resulted in a substantial opinion;
- the Council's Integrated Capital Strategy has been reviewed and updated in line with the CIPFA code, approved by Council in April 2018 and is being further developed with the Capital Working Group
- Council meetings are web-streamed and a web based election results system introduced, improving transparency of decision making and public accessibility;
- the Council's external website was redeveloped and went live in January 2019, with improved signposting and navigation for site users and more interaction with our customers;
- we responded to Ofsted's inspection of our Children's Services in May 2017, resulting in an overall grade of "requires improvement", with a 12 point action plan owned at senior management level;
- WFRS received a positive inspection by HMICFRS in July 2018 including overall good judgements for the efficiency and effectiveness of the service;
- Warwickshire Youth Justice Service was assessed by HM Inspectorate of Probation and received an overall grade of "Good" in December 2018;
- the Audit & Standards Committee completed a self-assessment against the CIPFA guidance in November 2018 confirming the Committee is operating effectively;

- a report from the independently chaired review of the New Kenilworth Station project was presented to Communities Overview & Scrutiny in January 2019, with key recommendations on the governance and control of future major transport projects.

The results of Internal Audit work were reported to the Audit and Standards Committee throughout the year and the individual reviews feed into the overall Internal Audit Annual Report. The Committee has also considered in greater detail areas where limited assurance opinions have been provided including; Information Governance, Safeguarding in Schools, Payroll, Pensions Investment Management and Contracting Arrangements in Heritage and Environment. In addition, the results of investigations following up concerns about irregularities and poor financial management at a small number of schools have been reported, but these are not considered to be indicative of wider financial control issues. This report concludes that the Authority's control environment provides substantial assurance that the significant risks facing the Authority are addressed. The internal audit findings, including those with a limited assurance opinion, were duly considered in the preparation of this statement.

5. Governance issues

We have not experienced any significant governance failures during the last year and our arrangements continue to be regarded as fit for purpose in accordance with the governance framework. However, the matters listed below have been identified as major challenges for the Authority. These governance challenges are reflected in the organisation's strategic risk register and have accompanying actions. The risk register highlights the actions taken and successes achieved in addressing the challenges of the past twelve months. A prime purpose of the governance framework is to minimise the occurrence of strategic risks and to ensure that any such risks arising are highlighted so that appropriate mitigating action can be taken. We are satisfied that the challenges identified are addressed by corporate business plans and that the actions identified in those plans will address the issues highlighted in our review of effectiveness. The

following paragraphs summarise the risks contained in the strategic risk register in the context of good governance.

Government policies, new legislation, austerity measures and demographic pressures present challenges to sustainable service delivery.

The outlook for Local Government remains demanding with a number of central government policies combined with the national economic situation and post Brexit uncertainty presenting significant challenges to us. We are preparing for the change to local retention of business rates from 2020 and await the outcome of the Treasury's spending review in 2019. Decreasing Designated Support Grant funds and the projected increase in demand for school places is also a concern. We will continue to maintain a watching brief on government statements to identify potential policies which may have a significant impact for local government.

Our One Organisational Plan for the period 2017-2020 identifies savings of £67m during this period. This creates financial pressures meaning that the organisation faces significant challenges to meet its aims and objectives. The savings and transformation plans that are being delivered are realistic but challenging and the potentially significant impact on services that we provide to the public is being actively managed through Transformation Programme workstreams. Our pension fund is in excess of £2bn and we work closely with our Investment Committees, pooling partners and advisers to ensure we maximise the value of our assets and maintain effective governance and reporting arrangements. The major focus for us in the coming year is to:

- provide clarity about our priorities based on an analysis of need and budget plans, as part of the transformation programme and the development of Target Operating Models for services;
- carry out Strategic Reviews of critical service areas;
- implement Functional Operating Models for Finance, Business Support & Customer Services and Human Resources & Organisational Development to deliver effective and sustainable solutions;

- ensure the effective use of all funds allocated to the Council's Transformation Programme to support delivery of OOP-2020 and help manage the impact of changes to services that we provide to the public and the effect this may have on partners, other authorities and the voluntary sector;
- continue to monitor the implementation of savings and project plans and ensure that revenue and capital budgets are managed in a clear and prudent manner, with a focus on the quality of in-year forecasting to inform timely resource allocation decisions;
- participate in national and sub-regional working groups to support and influence the development of the Business Rates Retention system;
- continue to work closely with Border to Coast Pension Partnership on the full implementation of the revised asset pooling requirements;
- continue to explore and engage in the debate around the implication of national policy direction on local public service delivery and what it may mean for Warwickshire;
- work with our key partners to engage proactively with the UK Government to manage any financial consequences of exit from the EU.

Continuing pressure on Adult Social Services, Health, and Special Educational Needs & Disability (SEND) provision.

There continues to be a number of pressures that have a fundamental impact on the funding and provision of adult social care and SEND services in Warwickshire. Inflation and demographic pressures, combined with the impact of the national living wage, means that demand and costs for providing care and support continue to rise. In addition market pressures on providers increases the risk that they either leave the market or that services provided fail to meet minimum statutory requirements.

We have taken action to address pressures and increasing demand on adult social care services by utilising, for the third year, the 2% Adult Social Care Levy as part of our budget setting. We have also been

allocated over £17 million extra for adult social care over 3 years - £8.3m in 2017/18, £6.3m in 2018/19 and £3.1m in 2019/20.

During the next year we will continue to shape and commission our services and will have a focus on the following:

- stronger integration with our health partners and strengthening the role of the Community and Voluntary sector;
- progressing reablement workstreams to address demand for social care services;
- progressing transformation of the "customer journey" for children and adult services with customers and carers at its heart;
- further evolve our approach to commissioning and delivering high quality services with providers ensuring that we minimise the risk of market failures;
- our Demand Management Programme is informing decisions about models of provision in Adult Social Care, Health and SEND, including school transport;
- implementing the Sufficiency Strategy 2018-2023 commitment to incorporate SEND facilities within mainstream schools and expand capacity.

Safeguarding Children and Vulnerable Adults in our community - ability to take action to avoid abuse, injury or death.

In light of high profile safeguarding cases at a national level, we cannot be complacent about protecting children and vulnerable adults from harm.

Responding to increasing levels of referrals against the backdrop of financial austerity requires careful judgements to be made both in terms of managing our exposure to risk and the associated increase in costs and substantial budget pressures in Children's Services.

Following the Ofsted Inspection of Children's Services and the Peer Review in 2017 we have progressed planned actions in key improvement areas and have refocused resources on specific early intervention initiatives. We received a Focused Visit by Ofsted in 2018 which was positive about our child protection and child in need work. The Council is also focused on addressing high demand for children's services and following a strategic review have redesigned pathways around the Multi Agency Safeguarding Hub (MASH) and early help. We continue to improve our safeguarding arrangements with a focus on working more effectively with families in the community.

The Warwickshire Safeguarding Adults & Children's Board has implemented a programme of regular multi-agency audits. The two boards are working to develop new arrangements to be ensure greater alignment and a whole family approach.

Ability to maintain the security of personal or protected data and protect our systems from disruption as result of cybercrime.

Information security is a key issue for all public sector organisations in light of well publicised data losses and cyber security incidents affecting many public bodies. A robust process for investigating incidents is in place and we continue to protect our systems and data of our staff and customers. We ensure that data is stored securely, legally and in accordance with Council policy. We have reviewed our information security guidance as a method of increasing overall awareness, and signposting staff to our more detailed advice and guidance. To improve awareness, and ensure that all members of staff understand their information security responsibilities, we require staff to undertake e-learning and formally accept their responsibilities. In response to GDPR compliance requirements we have implemented a detailed action plan which will move to business as usual from April 2019 and have introduced routine compliance reporting to Corporate Board.

Along with all other organisations, we have seen an increase in the number of attacks on Warwickshire websites and systems arising from hacking, denial of service, ransomware and phishing. In response, we continue to review and develop our network and information security arrangements and invest in those resources, following an agreed ICT security roadmap.

The ability to secure economic growth in Warwickshire.

We are a member of The Coventry and Warwickshire Local Enterprise Partnership (CWLEP) and have representation on the CWLEP Programme Board with oversight of key funding strands and provide the Chair for the Transport & Infrastructure Board. We work with CWLEP to support ongoing planning, delivery and review of the Strategic Economic Plan (SEP). Internally we monitor the implementation and economic benefits of CWLEP Growth Funded projects and we also have a dedicated HS2 Project Team. We will continue to:

- support the CWLEP Growth Hub in assisting SMEs and work to help the Hub become self-financing;
- work with partners on the development of HS2 and maximising the economic benefits and managing the impacts on our communities;
- contribute to CWLEP sub-group work looking at the impact of Brexit on skills, employment and infrastructure in Coventry and Warwickshire;
- continue to work with our partners to develop the Skills for Employment programme to improve the employability skills and attributes of young people;
- identify opportunities to invest in education infrastructure as informed by our Sufficiency Strategy projections alongside developing a coordinated approach to Infrastructure Funding and Delivery overseen by the Infrastructure Development Board;
- coordinate Brexit contingency planning and the management of risks including workforce, data handling, civil unrest and supply chain impacts, with lead officers identified from each Directorate.

At a wider, regional level the West Midlands Combined Authority (WMCA) has been established with the challenge to create jobs, enhance skills,

develop prosperity and drive economic growth. The Council has joined WMCA as a non-constituent member and continues to play a full part in the development of the Authority, actively engaging with regards to transport, planning, housing and economic development. The leader of the Council has been Chair of WMCA Wellbeing Board since June 2018.

Ability to keep our communities safe from harm.

There are many challenges on the horizon nationally and locally for the services we provide that keep our communities safe. This particularly includes the Fire and Rescue Service, highways maintenance and corporate arrangements for business continuity, and we recognise that we need to become increasingly flexible if we are to meet our current and emerging challenges. During the course of the next year we will have a focus on the following areas:

- develop and deliver an annual action plan as part of the Integrated Risk Management Plan (2017 - 2020) for the Fire & Rescue Service, which also responds to improvement areas identified in the HMICFRS inspection;
- continue to review and test all our business continuity and emergency plans;
- Warwickshire Local Resilience Forum, Safer Warwickshire Partnership, collaborates with Category 1 and 2 Responders on county wide emergency response and contingency planning;
- move forward our collaborative arrangements with West Midlands Fire & Rescue Service;
- establish a Fire Service training hub model at key locations in the County;
- develop an evidence based Asset Management regime for the efficient and effective maintenance of the Highway Network, targeting the most critical areas of the Network;
- continue to direct Trading Standards resources to support a Rapid Response Unit, targeting criminal and other high risk activity in the community.

Successfully delivering the pace and extent of change required from the Transformation Programme to deliver required outcomes.

Successfully delivering the Transformation Programme, Doing Things Better, is critical to the Council's longer term core strategy and savings targets beyond 2020. The new Operating Model and clearly defined Design Principles set the framework for change. Transformation programme management and governance is in place to control change, including four programme boards:

- Demand Management
- Our People
- Digital by Design
- ICT

To maintain momentum and join up transformation activity, there is a dedicated internal communication resource and an embedded corporate consultation process. A new Change Management Framework means all transformation projects, from April 2019, are given early consideration by a Gateway process before further development and any recommendations to Corporate Board.

A revised ICT and Digital Strategy will underpin the work of each Programme Board. The Executive Leadership structure is approved and vacant posts at Tier 2 have been appointed to.

As well as Transformation Programme progress being reported to Cabinet in Quarterly OOP monitoring reports, all service level Key Business Measures are kept in view. A Performance Review Project will refresh finance and performance reporting, improving the automation of reporting and strengthening links to our outcomes. Corporate Board maintain monthly oversight and assurances on critical projects.

6. Certification

We will continue to manage the risks detailed above and further enhance our governance arrangements over the coming year. We are satisfied that the risks we have identified are in corporate business plans and the corporate risk register and that the actions identified will address the need for improvements that were highlighted in our review of effectiveness. These are monitored and reported to members and Corporate Board as part of the corporate performance management framework. We will monitor their implementation and operation as part of our next annual review.

.....
Monica Fogarty
Chief Executive/ Head of Paid Service

.....
Councillor Izzi Seccombe
Leader of the Council

Audit and Standards Committee

24 July 2019

Annual Report 2018/19

Recommendation

That the Audit and Standards Committee notes and comments on the report.

1.0 Key Issues

- 1.1 The annual report highlights some of the work undertaken by the Committee through 2018/19 and looks ahead to issues that the Committee will look at in the coming year.

2.0 Financial Implications

- 2.1 None for this report.

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Assistant Director	Sarah Duxbury	
Strategic Director	Rob Powell	

Audit and Standards Committee Annual Report 2018/19

Warwickshire County Council's Audit and Standards Committee (the "Committee") plays a vital role overseeing the Council's governance framework to ensure that residents receive quality services and value for money.

It provides independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the Council's - financial reporting and governance processes. Meetings of the Committee are open to the public. Details of future meetings can be found on the Council's [website](#).

Who is on the Committee?

The membership of the Committee during the municipal year 2018/19 was:

John Bridgeman CBE	-	(Independent member and Chair)
Bob Meacham OBE	-	(Independent member and Vice-Chair)
Councillor Parminder Singh Birdi	-	(Conservative)
Councillor Mark Cargill	-	(Conservative)
Councillor Bill Gifford	-	(Liberal Democrat)
Councillor John Holland	-	(Labour)
Councillor John Horner	-	(Conservative)
Councillor Jill Simpson-Vince	-	(Conservative)

The Chair of the Committee wishes to place on record his thanks to all the members, past and present, who have served on the Committee and have contributed to the important work it has undertaken.

The Internal Audit and Insurance Manager, Chief Finance Officer and the Monitoring Officer attend Committee meetings to provide information and ongoing assurance in relation to the Council's internal controls and systems. Representatives from Grant Thornton, the Council's external auditors also attend meetings to report on the Council's financial statements and value for money arrangements.

What the Committee did over the last year...

The Committee met four times during 2018/19 and considered a wide range of reports on various aspects of the Council's governance framework including the Annual Governance Statement, accounts and audit information. The Committee members were able to draw on their knowledge of how the assurance systems had operated in practice in order to contribute to the 2017/18 Annual Governance Statement.

This reports summarises the work of the Committee and highlights the role it plays in ensuring and promoting good governance. Key activities are set out below.

External Audit

The Committee receives updates at every meeting from Grant Thornton who are the external auditors for both the Council and the Warwickshire Local Government Pension Fund.

Members also regularly consider emerging national issues and developments which are brought to their attention by the external auditors (and others) so as to seek assurance that the authority is aware of and considering these issues. Issues brought to the attention of members during 2018/19 included school funding, social care trends, information governance and the current and future impact of Brexit.

Grant Thornton provided assurances that the Council was managing its finances well having met 90% of its savings targets in 2017/18. Although the Medium Term Financial Plan had been identified as an outstanding residual risk the Council is developing a 5 year MTFS as an integral part of the development of the Council Plan 2025. A rolling MTFS is being developed to ensure the council maintains a long term view on its financial position on an ongoing basis and that assumptions are updated and refreshed on an annual basis.

As anticipated, national sector wide issues such as demand pressures in social care and special educational needs spending were noted by the Auditors and will receive ongoing attention by the committee.

2018/19 saw a new tendering process for external audit contracts run by Public Sector Audit Appointments which resulted in the audit fee falling by almost a quarter against the previous year. While members were happy to see the council saving money they sought and were given assurance that the new reduced fee still included the robust audit approach that was needed for an organisation as large as Warwickshire County Council.

Internal Audit

A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The Council's Internal Audit Team carries out reviews of the Council's services throughout the year, identifying where there are issues and making recommendations. The Internal Audit Team operates in accordance with CIPFA guidance and the Public Sector Internal Audit Standards.

The outcomes of internal audits are reported to the Committee. On occasions these are considered by the committee in closed session owing to the commercial or personal sensitivity of the matter being addressed.

During 2018/19 Internal Audit carried out a series of service and process reviews including:

- Heritage and Environment
- County Highways
- Emergency Planning
- Business Centres

- Transitions and Care Leavers,
- Multi Agency Safeguarding Hub
- Payroll
- Information Governance and
- Treasury Management.

The majority of the audits undertaken resulted in a grading of “substantial” level of assurance being awarded this being the highest level of assurance that can be given. The Internal Audit Team felt that that was a positive outcome for the year. Where issues were identified by the audit, the Committee has followed progress against recommendations closely and raised queries and conducted oversight as needed.

Warwickshire County Council Transformation

2018/19 saw the commencement of an organisation wide transformation programme across Warwickshire County Council, restructuring the senior management arrangements. The Committee has discussed the new model and the implications it has for financial reporting and contract management. The Committee has also reviewed the updated Contract Standing Orders as set out in the Constitution which were refreshed to reflect the new organisational structure and operating model.

Audit & Standards Committee Self-Assessment

The Committee is also keen to ensure it operates as effectively as possible and in line with best practice. To that end, in November 2018 the Committee conducted an exercise to assess its own performance against the Chartered Institute of Public Finance and Accountancy evaluation framework. Members felt the Committee was performing well in:

- Promoting the principles of good governance and their application to decision making
- Contributing to the development of an effective control environment
- Supporting the quality of the internal audit activity
- Supporting the development of robust arrangements for ensuring value for money
- Helping the authority to implement the values of good governance

Members considered that the area where improvement was needed was ‘aiding the achievement of the authority’s goals and objectives’. The Committee agreed that it wished to focus on gaining assurance around major projects being undertaken by the Council and ensuring that lessons were being learnt and incorporated into the Council’s practices moving forward.

General Data Protection Regulation

The Committee also considered, particularly in the context of the review of contract standing orders, the effect of the General Data Protection Regulation and Data Protection Act 2018 on the Council’s processes and services. The Committee considered the Council’s approach to and embedding of data governance principles and received updates from officers.

Going Forward...

The Committee's membership for the coming year (2019/20) is:

John Bridgeman CBE	-	(Independent member and Chair)
Bob Meacham OBE	-	(Independent member and Vice-Chair)
Councillor Parminder Singh Birdi	-	(Conservative)
Councillor Mark Cargill	-	(Conservative)
Councillor Neil Dirveiks	-	(Labour)
Councillor Bill Gifford	-	(Liberal Democrat)
Councillor John Horner	-	(Conservative)
Councillor Dave Reilly	-	(Conservative)

The focus will remain on the supporting of good governance and strong financial management.

Over 2019/20 the Committee intends to take a more in-depth look at contract management and the interrelationship between the Council's Contract Management Framework (which deals with the ongoing operation and management of contracts) and Contract Standing Orders (which deal with how contracts are procured).

Following the self-assessment exercise described above, members have also indicated that they would like to rebalance the agenda of the meetings so as to spend less time considering the mechanics of external audit, instead placing a greater focus on risk management and governance at each meeting. Members have also asked officers to provide an update on the change management framework and new project gateway arrangements to provide assurance around major projects.

The Committee is also keen to look in more detail at post completion reviews of major projects but are mindful of not duplicating the work of the Overview and Scrutiny function.

The Committee will continue to receive updates from Grant Thornton as External Auditors and from the Council's Internal Audit Team in line with the published work plan.

**Audit and Standards Committee
Work Programme 2019**

Item	Lead Officer	Date of meeting
2018/19 Statement of Accounts - Warwickshire County Council	Vicki Barnard	24 July 2019
2018/19 Statement of Accounts - Warwickshire Pension Fund	Vicki Barnard	24 July 2019
External Auditors' Annual Governance Report – Warwickshire County Council	Vicki Barnard	24 July 2019
External Auditors' Annual Governance Report – Warwickshire Pension Fund	Vicki Barnard	24 July 2019
Annual Governance Statement	Chris Norton	24 July 2019
Audit and Standards Annual Report	Tom McColgan	24 July 2019
Internal Audit Progress Report	Chris Norton	7 November 2019
External Auditors' Annual Audit Letter 2018/19	Vicki Barnard	7 November 2019
External Auditors' Progress Report	Vicki Barnard	7 November 2019