Audit and Standards Committee

Date: Thursday 23 March 2023
Time: 10.00 am
Venue: Committee Room 2, Shire Hall

Membership
John Bridgeman (Chair)
Councillor John Cooke
Councillor Sarah Feeney
Councillor Bill Gifford
Councillor Brian Hammersley
Councillor Christopher Kettle
Councillor Bhagwant Singh Pandher
Robert Zara (Independent Member)

Items on the agenda: -

5. **Work Programme and Future Meeting Dates** 91 - 92

To consider the items for the Committee's Work Programme and note the dates of future meetings to be held at Shire Hall, Warwick, as follows:

- 25 May 2023
- 20 July 2023
- 21 September 2023
- 30 November 2023
- 21 March 2024

All meetings will commence at 10.00am

6. **Any Other Business**

7. **Reports Containing Exempt or Confidential 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'.

8. **Internal Audit Progress Report** 93 - 108

To receive a report detailing the results of internal audit work completed.

Monica Fogarty
Chief Executive
Warwickshire County Council
Shire Hall, Warwick

Warwickshire County Council

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- Declare the interest if they have not already registered it
- Not participate in any discussion or vote
- 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

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https://democracy.warwickshire.gov.uk/uuCoverPage.aspx?bcr=1

Public Speaking
Any member of the public who is resident or working in Warwickshire, or who is in receipt of services from the Council, may speak at the meeting for up to three minutes on any matter within the remit of the Committee. This can be in the form of a statement or a question. If you wish to speak please notify Democratic Services in writing at least two working days before the meeting. You should give your name and address and the subject upon which you wish to speak. Full details of the public speaking scheme are set out in the Council's Standing Orders.

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Warwickshire
County Council

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Audit and Standards Committee

Thursday 26 January 2023

Minutes

Attendance

Committee Members
John Bridgeman (Chair)
Councillor John Cooke
Councillor Sarah Feeney
Councillor Bill Gifford
Councillor Brian Hammersley
Councillor Christopher Kettle
Councillor Bhagwant Singh Pandher
Robert Zara (Independent Member)

Officers
Amy Bridgewater-Carnall, Senior Democratic Services Officer
Andrew Felton, Assistant Director – Finance
Chris Norton, Strategy and Commissioning Manager (Treasury, Pensions, Audit, Risk & Insurance)
Rob Powell, Strategic Director for Resources
Virginia Rennie, Strategy and Commissioning Manager (Strategic Finance)
Nic Vine, Strategy & Commissioning Manager, Legal and Democratic

Others Present
Jim McLarnon, Grant Thornton
Avtar Sohal, Grant Thornton

1. General

The Chair welcomed everyone to the meeting.

(1) Apologies

None.

(2) Disclosures of Pecuniary and Non-Pecuniary Interests

None.

(3) Minutes of the previous meeting

The minutes of the Audit and Standards Committee held on 3 November 2022 were received.

It was noted that a number of non-material amendments had been sent through by officers

which related solely to technical wording. The Chair advised that these would be amended, recirculated for information and, subject to these amendments, the minutes were agreed.

2. County Council Audit Findings Report for 2021/22

The Committee received a report from the Council's External Auditors, Grant Thornton which reported on issues arising from the audit of the County Council's financial statements, before issuing their final opinion.

It was noted that this report was in addition to the Annual Audit Letter, also on the agenda for this meeting. The 2021/22 Audit Findings report was attached as Appendix A to the report.

Grant Thornton were represented at the meeting by Avtar Sohal and Jim McLarnon.

Avtar Sohal, introduced the report, advised that the audit was substantially complete and signposted Members to the headlines on page 17 of the document pack. He referred to the outstanding matters detailed and explained that some progress had been made since the report was written. With regard to the valuation of schools' assets, he explained that this had progressed to the internal quality control stage within Grant Thornton and, before the opinion was issued, the auditors wanted to ensure the correct checks had taken place internally.

Following a query from the Chair, Jim McLarnon advised that Grant Thornton would strive to have the matter concluded in time for the Council papers to be issued, but this may not be possible. The Chair stressed the desire to keep any incomplete issues to a minimum.

Avtar Sohal assured the meeting that the aim was to sign off the audit opinion as soon as possible and advised that the audit had gone smoothly with good cooperation from Council officers. The value for money work had been completed with no significant weaknesses identified.

Jim McLarnon summarised the audit findings and significant risks identified. Each risk identified was accompanied by a commentary resulting in a conclusion from the auditors, along with any recommendations, if appropriate. The report highlighted that, in relation to the Collection Fund, the auditors recognised that the County Council was only able to work with the best information available and returns from District and Borough Councils were often late. This resulted in accounting entries being based on estimates but the auditors were satisfied that this would not result in a material difference.

Jim McLarnon outlined the audit adjustments on page 41 of the document pack and stated that the threshold for further detailed work no longer applied to the Council. He referred to the Value for Money work which was a separate report on the agenda and confirmed Grant Thornton's fee proposals as laid out.

The Chair raised a concern that there was still an outstanding objection to the 2017/18 accounts, made by an elector, which the Committee had been assured in November 2021 would be dealt with and closed off. Avtar Sohal explained that the responsibility for this sat with Grant Thornton's previous engagement lead but assured the meeting that he would again urge the engagement lead to close this off as soon as possible.

The Chair stressed his disappointment that the accounts could not be closed off due to internal administrative/quality assurance processes at Grant Thornton. He also felt that Warwickshire residents would be concerned that there was an outstanding objection five years on. Avtar Sohal explained that complaints had to progress through various quality controls but agreed to raise this again with the officers concerned.

Following queries raised by the Vice Chair, Robert Zara, officers provided clarification on the Financial Statements – Significant Risks and advised that Price Waterhouse Coopers were engaged centrally as a port for auditors and all estimates were in line with their expert opinion.

Councillor Kettle raised a concern that the wording in the report, in particular the references to 'trivial', may be read negatively by residents and requested if this could be changed. Avtar Sohal explained that, as discussed last year, these were technical terms used in the accounting standards on an industry-wide basis and so were a correct usage. In response, Rob Powell (Strategic Director, Resources) proposed that an additional paragraph could be added to future reports explaining the terminology used and its context.

Councillor Kettle expressed his concern that the work was incomplete despite the auditors knowing about the meeting dates in advance. In response, Avtar Sohal reiterated that they were working hard to resolve the outstanding issues but highlighted that the steps involved in the quality control stages could not be changed. Councillor Kettle was assured that the auditors were not waiting for any outstanding information from the Council.

Rob Powell explained that the outstanding issues were not in the control of the local team and reminded those present of the hard work and professionalism of our local audit team. The Chair acknowledged the concerns raised and expressed his disappointment that some matters remained open.

Councillor Feeney acknowledged the explanation provided with regard to the valuation of land and buildings but felt it was unusual because schools were unlikely to be sold as a going concern. Avtar Sohal explained that any such asset had to have a valuation to support the entry in the accounts.

Councillor Kettle addressed the meeting and referred to the prudent Minimum Revenue Provision and the IT general controls audit risk highlighted in the 2020/21 report. Andy Felton updated Councillor Kettle on the current position and level of risk. The Chair suggested that an additional sentence could be added to outline the management response.

Following an additional query from Councillor Kettle, Jim McLarnon provided assurance that the two audit adjustments detailed on page 40 of the document pack were immaterial to the results of the Council and its financial position.

The Chair signposted Members to the letter of representation detailed in the report and no comments or concerns were raised.

Further discussion took place with regard to the outstanding issues within the report and whether some Members were comfortable to agree the recommendations until these had been resolved. Rob Powell felt that the audit team's approach was reasonable and no changes were expected, and as such it was reasonable to approve the recommendations. In addition, Andy Felton

explained that with regard to the valuation of schools, the prior year methodology was being questioned, not the figures, and would not result in a material change.

Having received the assurances of officers, the Committee

Resolved that

1) the Audit Findings Report of the External Auditors for Warwickshire County Council, attached at Appendix A, is noted; and
2) the wording of the Letter of Representation, attached at Appendix B, is approved, subject to any changes which may be necessary to the final draft.

3. County Council Statement of Accounts for 2021/22

The Committee received a report from Virginia Rennie (Strategic Finance Manager) which presented the County Council Statement of Accounts for 2021/22 for consideration. The report requested that, if content, the Committee recommend them to Council for approval, highlighting any issues they wished to bring to Council's attention.

The Statement of Accounts was attached at Appendix A to the report, which explained the key features of the primary statements and notes that made up the statement of accounts.

Virginia Rennie introduced the report which she recognised included a lot of technical information. She signposted Members to the narrative statement in the report and thanked officers for their input and hard work.

The Chair addressed Virginia Rennie and asked her to pass the Committee's gratitude on to the team. In response to a query, Rob Powell advised that the papers had been in the public domain since the agenda for this meeting was published a week ago. The draft accounts were published in July 2022 for public inspection.

Councillor Gifford felt that it was a good set of accounts which was readable and understandable by the public. It was noted that the draft accounts had been in the public domain since July and during the course of the meeting officers advised that the specific page on the Council's website detailing the accounts had been accessed 386 times since July 2022.

Robert Zara recognised the assets of schools and noted that eight had chosen to take up academy status in 2021/22. Officers confirmed that in these instances, the value of that asset was removed from the accounts.

Councillor Kettle noted with interest that Adult Social Care was no longer the most expensive revenue spend by service and had been superseded by Children and Education. He queried if this was due to a change in volume or inflation but was advised that it may be down to the difference between gross and net spend. Virginia Rennie provided further clarification on the figures involved which were gross expenditure, and the Children and Education figures combined the two service areas and also included school budgets. Adult Social Care remained the highest area of net revenue spend by Council service.

In response to a query from Robert Zara relating to the policies used in Treasury Management, Chris Norton (Strategy & Commissioning Manager - Treasury, Pension, Audit & Risk) advised that these were followed and updated regularly with the strategy being revisited on an annual basis. Members noted the problems that some local authorities had experienced due to poor decision making in relation to borrowing and investing. Andy Felton added that the governance process around investments was quite tight and due diligence followed.

Recommended the County Council Statement of Accounts 2021/22 to Council for approval.

4. 2021/22 Annual Governance Statement

The Committee received a report from Chris Norton (Strategy & Commissioning Manager - Treasury, Pension, Audit & Risk) which presented the 2021/22 Annual Governance Statement (AGS), attached at Appendix 1 to the report, for approval.

The report advised that as a result of the AGS evaluation and assurance gathering process, there were no significant governance issues or failures to report. The results of the review had been considered by the Committee on 19 May 2022 and the draft kept in review, however, no further changes were required.

Chris Norton introduced the report and outlined the evaluation process which, following consultation, had received no changes. The Chair thanked the team for a good report.

Councillor Feeney recognised the areas of challenge listed in the Governance issues and challenges section of the report. In particular, she highlighted the work undertaken to promote the vaccination and booster programme and noted the risks relating to SEND provision.

The Chair highlighted the reference to the HMICFRS Inspection which had proposed 41 areas of improvement following their evaluation of the service in Spring 2021. He felt that this section of the governance report could be updated to reflect the significant progress made since the review. In response, Rob Powell acknowledged the monitoring visits carried out by the inspectorate and felt it would be prudent to wait and not pre-empt the next stage of the inspection process.

Following on from this discussion, Councillor Feeney queried if the Chief Fire Officer could update the Committee once the actions arising from the inspection had been actioned in March 2023. Rob Powell felt this may be possible but recognised that it may be more appropriate for the CFO to report to the Resources Fire and Rescue Overview and Scrutiny Committee.

The Chair spoke to the section of the report detailing the Independent Inquiry into Child Sexual Abuse. He requested that the wording in the penultimate sentence be amended to state "We have considered the findings of the report". He felt this would give a better impression to readers. In addition, the Chair noted that the annual report of the Audit and Standards Committee would be forthcoming in May and would review activities over the past year.

Resolved that the 2021/22 Annual Governance Statement be endorsed and **Recommended** it to Council for approval.

5. External Auditor's Governance Report

The Committee received a report from the Council's External Auditors, Grant Thornton which reported on issues arising from the audit of the Warwickshire Pension Fund financial statements before issuing their final opinion.

The report highlighted that the External Auditors required written confirmation about the fairness of various elements of the financial statements, known as the "Letter of Representation". The Committee were asked to approve the wording of the letter, attached as Appendix 2 to the report, subject to any necessary changes.

Avtar Sohal introduced the report and highlighted the minor mislabelling of the report, which should be the External Audit Report on the Pension Fund Financial Statements. He signposted Members to the Headlines of the report which advised that the work was substantially complete, with no matters requiring modification.   The report went on to detail three outstanding matters: receipt of the management representation letter, review of the Annual report for consistency with the audited financial statements and review of the final set of financial statements.

Following a question from the Chair, there was not a cap on Level 3 investments, but the pension fund set targets, with allocations to different asset types.

Councillor Gifford queried the reference to management override of controls and noted that there was no evidence of misuse. He therefore queried whether this was a computer system issue. In response, Rob Powell advised that this was a standard audit test for all entities and went beyond computer systems. This related to override of standard controls and was not specific to Warwickshire.

Jim McLarnon provided further assurance that no instances of management override of controls had been identified and the auditors were comfortable that there were other robust, compensatory measures in place to mitigate any risk. Jim McLarnon went on to highlight the work that the IT Audit team had undertaken, with many of the points raised having already been remedied and addressed by management. He concluded by stating that there was nothing else to draw Members' attention to other than the information with regard to fees and independence, with additional appendices at the back of report.

In response to a question from the Chair, officers confirmed that KPMG were the auditors used by Border to Coast Pensions Partnership and Grant Thornton only had minimal contact with them.

Members noted the Letter of Representation along with the appendix detailing the unadjusted misstatements.

Having received no questions from the Committee, it was

Resolved that

1) the Audit Findings Report of the External Auditors for the Warwickshire Pension Fund, attached at Appendix 1, is endorsed; and
2) the wording of the Letter of Representation, attached at Appendix 2 to the report, is approved, subject to any changes which may be necessary to the final draft.

Audit and Standards Committee

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6. Warwickshire Pension Fund Statement of Accounts 2021/22

The Committee received a report from officers which presented the Warwickshire Pension Fund Statement of Accounts 2021/22.

The report requested that, if content, the Committee recommend them to Council for approval, highlighting any issues they wished to bring to Council's attention.

The Warwickshire Pension Fund Statement of Accounts was attached at Appendix A to the report, which set out the financial position of the pension fund but did not cause any financial implications.

Chris Norton presented the report and advised that no feedback had been received from the consultation. Feedback had been submitted by Grant Thornton as detailed in section 5 of the report. The accounts had been published in draft form on the Council's website and would be issued as final version in due course. Following a query, Chris Norton advised that members of the Pension Scheme did not get sent the Statement of Accounts directly, but it could be accessed should they wish to view it along with the Annual Report.

Following a question raised by the Chair, Chris Norton advised that the pension fund took a long-term view and outlined the governance arrangements in place. These included the Investment Strategy, the Pension Fund Investment Sub-Committee who oversaw the work and the Funding Strategy.

Councillor Kettle raised a concern that at the last Pension Fund Annual General Meeting, members had to be advised that the accounts were not ready. He therefore requested assurance that they would be complete in time for the AGM this year. Avtar Sohal assured the meeting that the auditors would be aiming to have them complete by then but advised that it may depend on capacity.

Recommended the Warwickshire Pension Fund Statement of Accounts 2021/22 to Council for approval.

7. External Auditors' Annual Audit Letter 2021/22

The Committee received a report which outlined the annual Audit Letter of the External Auditors, Grant Thornton, as attached at Appendix A to the report.

The Audit Commission's Code of Audit Practice required auditors to prepare an annual audit letter and issue it to each body. The Committee were asked to consider its content and decide whether any executive action was required.

Virginia Rennie introduced the report and advised that the Annual Audit Letter would be presented to full Council in February. This was one of the only occasions that the external auditors would attend to present the report to all Councillors and answer any questions. Officers felt this was a good report which demonstrated what was being done across the Council to improve value for money and reiterated that the direction of travel was very positive.

The Chair highlighted that the anticipated letter was included in the appendix to the report.

Nic Vine (Strategy & Commissioning Manager, Legal and Democratic) addressed the meeting and advised that the recommendation did not make reference of the need for the Annual Audit Letter to progress to Council for ratifying. She therefore suggested that the wording of the recommendation be amended to reflect this.

The Chair agreed to the amendment and noted the statement relating to reserves on page 7 and the improvement recommendations on page 19 of the report.

The Chair felt the report was readable and interesting and having received no questions or queries from the Committee, proposed the recommendation as amended.

Resolved that the Annual Audit Letter of the External Auditors, attached at Appendix A, and endorse it to Council with any comments it has on Executive actions that it considers prudent.

8. Work Programme and Future Meeting Dates

The work programme and future meeting dates were noted.

Councillor Gifford raised a concern regarding the substantial financial implications of providing SEND services and proposed adding an item to the work programme.

In response, Rob Powell advised that there would be further clarity after the budget setting process, whilst acknowledging there was a systemic national funding issue for these services. He agreed to take the request of a short paper back to Nigel Minns (Strategic Director for People) and requested that the timings be confirmed once he had liaised with officers.

Councillor Gifford agreed and noted the public interest in this area. The Chair clarified that the report would look at the governance issues associated with financing the service.

Resolved that the following items be added to the work programme:

a) SEND Services – Financial implications
b) Audit & Standards Committee Annual Report

9. Any Other Business

None

10. Reports Containing Exempt or Confidential Information

Agreed

11. Exempt Minutes of the previous meeting

The exempt minutes of the Audit and Standards Committee held on 3 November 2022 were agreed and signed by the Chair as a correct record.

The meeting closed at 3:45.

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Audit and Standards Committee

26.01.23

Agenda Item 2

Audit and Standards Committee

23 March 2023

Scrutiny Review Update

Recommendation

That the Audit and Standards Committee notes and comments upon the progress made on implementation of the Scrutiny Review Action Plan and the plans for the continued development of the Council's approach to scrutiny.

1. Executive Summary

1.1. In February 2020, the Council commissioned Dr Jane Martin CBE to review how the Council operated its scrutiny function and to advise on improvements that would build on the statutory guidance and assist the Council to deliver on its objectives.

1.2. Dr Martin reported back in October 2020 and the recommendations were considered by the four Overview and Scrutiny Committees. The feedback from members was considered in light of Dr Martin's report and additional guidance from the Centre for Governance and Scrutiny (CfGS) and informed a final set of proposals that were considered and endorsed by Cabinet at its meeting of 9 September 2021.

1.3. Those recommendations were then considered and approved at Council on 14 September 2021 and were also considered by this committee subsequently at its meeting on 24 September 2021. The agreed proposals have largely been implemented and the table at Appendix 1 indicates the current status of each proposal.

1.4. The outstanding activity relates to the agreement and introduction of a "Statement of Behaviours" around Scrutiny. This is currently intended to form the backbone of a workshop training event focussed around how to be an effective scrutiny committee and is currently programmed for May 2023, following the Council AGM, with Overview and Scrutiny Committee (OSC) members and other interested members.

1.5. In preparation, officers have considered the recommendations of Dr Martin and the guidance available from the Centre for Governance and Scrutiny to prepare a draft set of principles for how Warwickshire could approach scrutiny activity in all its forms. That set of principles focuses on making scrutiny "collegiate, constructive and challenging" whilst emphasising the need for independent ownership and for scrutiny activity to be focussed on driving improvements and linking to the Council Plan objectives

1.6.   The draft principles further emphasise the nature of scrutiny as a critical friend challenge, and provide for an agreed statement against each of the areas highlighted by Dr Martin:

- Working in Partnership;
- Being Purposeful;
- Willing to Challenge;
- Seeking Transparency;
- Parity of Esteem;
- Performance Holds the Key;
- Focus;
- Behaviour; and
- Progression and Growth.

1.7.   The intention is that the draft principles will form part of a wider discussion with members around the purpose of scrutiny, the guidance on scrutiny and the desired Warwickshire approach. It is intended that the workshop will enable members to coalesce around a set of statements that reflect this approach.

1.8.   Given the wide range of scrutiny activities, it is difficult to provide a simple view on how to measure success. In its guide, the Centre for Governance and Scrutiny warns that the monitoring of recommendations made by scrutiny can easily become an industry. To ease this process, the guide recommends that the emphasis should be on recommendations that are effectively drafted and sufficiently clear – "smart" objectives that should improve the measurability of outcomes.

1.9.   Taking the guidance on board and in order to shape recommendations in a more measurable way, Democratic Services have updated the template for scrutiny reports (a copy is attached at Appendix 2). This has enabled a more consistent approach to reporting back to Cabinet and has been welcomed by members. The annual overview and scrutiny report to full Council also pulls out the key recommendations, outputs and topics considered by the committees and Task and Finish Groups. Once recommendations are approved, they are fed back to relevant services to action and the oversight of implementation then forms part of the general, ongoing work of the relevant committee.

1.10.   One measure of the success of the review itself can be seen in the increase in matters taken (or programmed to be taken) to scrutiny prior to decision by other committees. Examples include:

- The work of the Task and Finish Group looking at the possibility of 20mph speed limit introduction;
- A review of School Keep Clear Enforcement Zone recommendations prior to a decision of the Portfolio Holder;
- A review by the Electric Vehicle Charging Point Task & Finish Group;

- The Levelling Up Approach for Warwickshire, which was considered by all OSCs in June 2022, ahead of consideration by Cabinet;
- Consideration of the move to the Integrated Care System (ICS), engagement with the Committee on the Integrated Care Partnership Strategy and associated plan;
- The consideration of South Warwickshire University Foundation Trust's Community Hospital inpatient review;
- An additional Adult Social Care and Health OSC in Feb 2022 to focus on the introduction of the ICS; and
- (Subject to consideration of the pre-election period limitations) the draft Sustainable Futures Strategy.

1.11. Joint scrutiny committees are also held to consider cross-cutting issues where two or more OSCs come together to discuss areas of common interest. Examples include Communities and Adult Social Care & Health (ASC&H) OSCs looking at equality aspects around health, education and economy & skills, and the Children and Young People and ASC&H OSCs meeting together periodically to review progress from a review of the RISE service (children and young people's mental health service). In the arena of health, there are also ongoing examples of joint scrutiny work with neighbouring areas where the Council's ASC&H OSC is represented on health service reviews affecting Warwickshire residents. There are currently two joint health overview and scrutiny committees (JHOSCs). One covers Coventry and Warwickshire which is the 'footprint' for the Integrated Care System area. The other JHOSC is led by Oxfordshire County Council, involving representatives from both Warwickshire and Northamptonshire, recognising that patient flow is not coterminous with county boundaries.

1.12. There are other ways of monitoring the impact of scrutiny. Considering the views of members and officers, considering the number of Task and Finish Groups completed, the number of recommendations that have been adopted, and in specific circumstances where the scrutiny activity was intended to make a quantifiable change (such as increasing the number of people taking up a service for example), measuring that change.

1.13. Regarding measurability of the effect of scrutiny, we are continuing to refine the way in which recommendations are made to enable a more quantitative approach to measuring outcomes and outputs from scrutiny activity. This forms part of our continuous improvement approach. Although the specific recommendations are now largely complete, it is important to keep the approach under review and consider ways to enhance scrutiny activity. More specifically, we are using the updated scrutiny report template to drive better recommendations that can be monitored and reported on and are working on Phase 2 of our training and development review (referenced in Appendix 1). Alongside this we are continuing the focus on work plans and using the outputs from continued developments around Integrated Planning to inform future scrutiny topics.

1.14. The meetings held with lead members in between the formal committee meetings help to shape the OSC work programme to ensure responsive

capacity. The ASC&H OSC includes partners in these meetings so that members are briefed on forthcoming consultations for pre-decision scrutiny. It ensures the provision of timely briefings and other updates between committees, adding capacity and providing members with much needed information given the broad range of topics within this Committee's remit. This extends to joint work with Coventry City Council where there are service reviews affecting Coventry and Warwickshire health services, an example being a recent major review of stroke services.

1.15.   The involvement of external stakeholders and partners was also flagged within the review and is an important element of effective scrutiny. There are many examples of such engagement with the Care Quality Commission, Coventry City Council (joint health scrutiny), Oxfordshire County Council (joint health scrutiny), District and Borough Councils (co-opted representation on relevant committees), Healthwatch Coventry, Healthwatch Warwickshire, NHS England and NHS Improvement all taking part in various OSC activity over the past year.

1.16.   The other role of OSCs is to consider decisions of the Executive that are "called in". How each OSC approaches those call-in sessions is an important part of scrutiny. As examples, between March 2022 and May 2022, the Communities OSC heard three call-in requests. In those sessions, the committee upheld the original decisions but also passed additional recommendations including:

- a requirement that all members be informed when a decision is due to be made by a Portfolio Holder (whereby a more proactive approach to informing members has now been implemented);
- a requirement that the discussion points raised by all members of the committee were to be passed to Cabinet to inform future considerations on the relevant topic; and
- the requirement that a member development session be held to clarify the processes for members with delegated budgets and the operation of the Highway Action fund).

1.17.   These additional recommendations were actioned and illustrate that the committee had considered the need for improvements to process and areas where further knowledge would be helpful.

2.   Financial Implications

2.1.   There are no financial implications arising directly from this report

3.   Environmental Implications

3.1.   There are no environmental implications arising directly from this report

4.   Supporting Information

4.1.   Members may wish to review the original report to Council approved in September 2021 which can found here.

5.   Timescales associated with the decision and next steps

5.1.   We will progress the recommendation outstanding around the statement of behaviours. This is currently intended to form part of a workshop training event currently programmed for May 2023.

5.2.   The other actions have been completed and will be kept under review and refreshed and updated where necessary.

5.3.   May 2023 will see the presentation of the Annual Report on Overview and Scrutiny to full Council.

Appendices
1.   Appendix 1 – Progress against scrutiny recommendations

Background Papers
None

	Name	Contact Information
Report Author	Nichola Vine Strategy and Commissioning Manager Legal and Democratic	nicholavine@warwickshire.gov.uk
Assistant Director	Sarah Duxbury Assistant Director Governance and Policy	sarahduxbury@warwickshire.gov.uk
Strategic Director	Rob Powell Strategic Director for Resources	robpowell@warwickshire.gov.uk
Portfolio Holder	Cllr Jenns Portfolio Holder for Customer & Transformation	andyjenns@warwickshire.gov.uk

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

Local Member(s): not applicable as county wide report
Other members:

Appendix 1
Scrutiny Recommendations and Progress

	Activities	Current Position and Commentary
1.	Agree a Statement of Behaviours drafted by OSC members and officers, based on the principles identified in the independent report; Collegiate, Constructive, Challenging	A set of principles for the conduct of scrutiny has been drafted based upon the recommendations within Dr Martin's report, the work of Centre for Governance and Scrutiny (CfGS) and the comments made by officers and members during the review process. It is focussed on principles which are slightly wider in interpretation than behaviours alone, and is intended to provide a simple, understandable statement of purpose and approach It is intended for these to be shared with Corporate Board, followed by Cllr Seccombe and then OSC Chairs in advance of being considered and refined at a workshop on good scrutiny which will incorporate consideration of the right skills, behaviours and culture to be effective. The workshop will involve OSC members and other interested members and will be launched following confirmation of committee memberships at annual council in May 2023 to ensure all new committee members are able to be involved. The session will be externally led, incorporate the guidance of CfGS and draw lessons from a wide range of approaches and is intended to culminate in an agreed set of principles that all those working with or on scrutiny committees will be invited to follow – driving behaviours that will continue to improve the effectiveness of our approach
2.	Annual Training for Members	The Member Development Sessions have continued to take place with a move to online sessions improving ease of attendance for members. We have also continued to consider the content of these sessions and have approached the review of our training offer in 2 stages.

| | | 19 | Phase 1 – A desk-top review of the programme and the 'quick win' changes we could make to enhance the training and development offer to members. As a result of this, we have introduced scrutiny training for committee members and chairs as an annual fixture. We have also commissioned external training which has focused on how to be an effective scrutiny member including skills for chairs and how to make the most out of committees through effective questioning.

Service led sessions have also been expanded with a focus on areas of relevance and interest to each committee, the latest of these being three sessions by the team leading on Special Educational Needs and Disabilities (SEND) and SEND transformation. The development programme has seen 10 sessions attended between 20 September 2022 and 2 February 2023 with a further 12 sessions currently programmed in between 9 February 2023 and 27 June 2023 (this excludes the additional items being programmed within Phase 2 referenced below).

Democratic Services send out an annual questionnaire for members asking for views on development sessions to inform the priorities within the programme and ensure that those areas of most concern and interest are covered. It is intended that this will be supplemented by an online "suggestion box" that will enable members to flag issues of relevance to the team as they think of them, rather than awaiting the annual poll.

Phase 2 involves a more in-depth review and refresh of our training programme which is currently underway. We anticipate completing the programming by the end of April 2023 so that detail of the sessions for the following municipal year can be rolled out post the Council's AGM. The timing is considered appropriate given that the AGM involves the confirmation of the appointments to committees enabling us to ensure any new members also receive training relevant to that year's planned work.

The refreshed approach will include core essentials for all members to attend including opportunities to attend regular sessions on governance topics such as the Code of Conduct and declaration of interests, gifts and hospitality, the role of members in complaints, and privacy and data protection alongside the service-led training (which aims to provide a deeper understanding of the Council's |
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		services and how they operate). We also plan to identify those sessions which are considered relevant to specific committees. This will begin the process of moving towards an offer that enables members to design a training programme that is more bespoke and relevant to the committees that they sit on. In terms of scrutiny itself, it is intended that sessions will cover a wide variety of issues that are important to anyone sitting as part of an overview and scrutiny committee but will focus on skills training (how to be an effective Chair, how to ask effective questions, the role of a Councillor in complaints, how to interpret data and statistics etc). There will also continue to be bespoke training for overview and scrutiny committees that have specific requirements around definitions, language, legislation or procedures (such as the role of the Corporate Parent, SEND and Adult Social Care etc)
3.	OSC Chairs to discuss with Cabinet and Corporate Board matters where it is considered Scrutiny could add value to the decision-making process, and to liaise with other OSC Chairs to ensure that such matters can be considered in an efficient and effective way without causing undue delay to any proposal. Chair and Party Spokes with Strategic Directors to consider which upcoming projects,	Chair and Party Spokespersons meetings of each Overview and Scrutiny Committee are held in advance of each scheduled OSC meeting. Strategic Directors and Assistant Directors attend alongside the Chair of the OSC and the party spokespersons for that area. These meetings consider the work programme for the OSC, the performance data relevant to their remit and the topics due for consideration at the coming meeting. This information allows the meeting to consider any areas where there may be concerns arising from the performance data alongside any wider topical issues, and discuss where scrutiny will add value, which items would benefit from more pre-Cabinet engagement with scrutiny and whether additional information is required from officers. Cabinet members also attend these meetings and are able to input. In addition, Corporate Board has adopted a practice of proactively considering pre-engagement scrutiny when matters which are onwards bound for Cabinet have been presented. This has seen an increase of policy related matters which have been considered by scrutiny before being presented to Cabinet. This has included:

	programmes or decisions would benefit from pre-Cabinet engagement with Scrutiny. Also opportunity for greater involvement of OSC in considering the development of new policies as part of Forward Plan programme prior to Cabinet.	- the first Warwickshire County Council Children's Strategy which was considered by members of the Children and Young People OSC in advance of Cabinet; - Outdoor Education & Learning proposals; - the consideration of the findings of the 20mph Limits Task and Finish Group which were considered by Communities OSC in advance of a paper and recommendations to Cabinet - the proposals in relation to Scrutiny Improvement which were taken to all four OSC's prior to recommendations being made to Cabinet; - proposals for the governance of the Warwickshire Recovery and Investment Fund which were considered by Resources OSC with additional recommendations being made to enhance the reach of the scheme; - a review of School Keep Clear Enforcement Zone recommendations prior to a decision of the Portfolio Holder; - a review by the Electric Vehicle Charging Point Task & Finish Group; - the Levelling Up Approach for Warwickshire, which was considered by all OSCs in June 2022, ahead of its consideration by Cabinet; - the move to an Integrated Care System (ICS), engagement with the Committee on the Integrated Care Partnership Strategy and associated plan; and - The consideration of South Warwickshire Foundation NHS Trust's Community Hospital inpatient review.
4.	Updates not requiring input or decision to be dealt with electronically to free agendas for those matters intended to result in recommendations to decision making bodies	More updates are now being diverted to electronic circulation to enable meetings of OSCs to focus on topics that require discussion and input. These decisions are generally taken in conjunction with the relevant Chair. Democratic Services continue to be alert to cases where briefing notes are proposed for the agenda and raise with the relevant AD as required. This has had noticeable effect in allowing more time for committees to focus on items requiring more detailed discussion and for recommendations to be made.

| 5. | The OSC Committee cycle should be driven by the work programme but as a matter of principle each OSC Committee should meet between 5 and 6 times a year | OSCs are generally meeting at least five times a year. Additional committees are convened where needed either to discuss specific issues under time constraints, or because of volume within the work programme.

Additional joint sessions involving Communities OSC, Adult Social Care and Health OSC and Children and Young People's OSC have been added where joint themes presented. Some of these are highlighted within the report but include

• An additional Adult Social Care and Health OSC in Feb 2022 to focus on the introduction of the Integrated Care System;
• Communities and Adult Social Care & Health (ASC&H) OSCs looking at equality aspects around health, education and economy & skills;
• Children and Young People and ASC&H OSCs meeting periodically to review progress from a review of the RISE service (children and young people mental health service); and
• The two joint health overview and scrutiny committees (JHOSCs) at which the Council is represented – the Coventry and Warwickshire JHOSC covering the 'footprint' for the Integrated Care System area, and the JHOSC led by Oxfordshire County Council, involving representatives from both Warwickshire and Northamptonshire – both of which recognise that patient flow is not coterminous with county boundaries. |
| 6. | The OSCs will remain at 4 with the same Terms of Reference for the remainder of the municipal year. Climate change to be factored into the current work programme of either Communities OSC or as a cross cutting theme. Wider review of remit of OSCs to take place in advance of May | Climate change is considered in reports where relevant regardless of which OSC is seeing the report. In addition, the report of the Climate Change Adaptation Task and Finish Group was presented to Communities OSC in advance of it continuing to Cabinet in December 2019. The draft Sustainable Futures Strategy is also planned to come forward shortly. A member development session is planned in advance of a decision on which committees the strategy will be reported to.

All reports now include a section on environmental implications to enable this to happen more easily.

The review in May 2022 concluded that the Council would remain with the four OSCs in existence at the time of the review as they continue to provide the most logical split taking into account the |

	2022 Annual Council with any changes approved by Council.	coverage of each Council Directorate. The remit of the OSCs will be considered again this year in advance of the May 2023 AGM and on an ongoing basis on an annual cycle.
7.	All OSCs to consider the key themes arising from the Council Plan and agreed priorities, including cross cutting themes such as wellbeing, climate and tackling inequalities when undertaking their role.	Due to the overarching nature of the Council Plan and the timing of the refresh, a series of member briefings with the opportunity for members to ask questions of officers took place in November and December 2021. These briefings covered the priorities and areas of focus proposed for the Council as part of the refresh and gave members an understanding of the cross-cutting nature of the Council Plan. The training provided to members also emphasises the importance of scrutiny in performance improvement and management, and that good scrutiny focuses on those areas that improve the Council's services and agreed priorities. Briefing sessions on the Council Plan and key programmes such as Community Powered Warwickshire, the Council's Levelling Up approach and Sustainable Futures ensure specific key themes are shared with and explained to members and thus can be reflected in the programmes for each scrutiny committee. The importance of cross cutting themes and how they impact specific service areas will continue to be emphasised in training for members.
8.	Regular Chair, Vice Chair and Spokes meetings to specifically focus on the Forward Plan for decision making and scrutiny activity over coming months	These meetings are in place through the Chair and Party Spokes meeting of the OSCs. We will continue to encourage meetings to focus on the Forward Plan and items for future scrutiny activity.
9.	The Chief Executive and Leader meet with Chairs and Vice Chairs of OSC's on a 6 monthly basis to consider potential future themes to	A meeting between the Chief Executive, Leader and Chairs and Vice Chairs of the OSCs took place. However, consideration is being given as to whether this duplicates the proactive approach to the work programme being taken by Strategic Directors through the Chair and Spokes meetings, and if so whether these meetings should be stood down with views of the Chief Executive/Leader being sought

	assist the committees with consideration of work programmes.	through an alternative mechanism.
10.	Task and Finish Groups will be used in a dynamic fashion and will be cross party.

Task and Finish Groups are encouraged to seek public input into the matters under discussion where appropriate as part of their process of review.

There will be a ceiling agreed on the numbers of TFGs that can be undertaken at any one time to manage officer support /capacity | Task and Finish Groups (TFGs) are cross party and being used in a more dynamic fashion with particular examples being climate change adaptation, climate change mitigation, the stroke review, work on 20mph speed limit considerations and educational attainment amongst others.,

Upcoming work includes consideration of local transport and a new member working group to focus on home to school transport provision.

There are some groups which by their nature require a longer-term approach, such as educational attainment which required a detailed information gathering phase involving stakeholders before proposals can be fully considered or oversight of the CRMP (Community Risk Management Planning) for Fire and Rescue. However, these are being effectively managed and good use of technology and effective scoping is ensuring they remain on track to deliver their aims.

At present the number of TFGs and/or member working groups set up has been manageable. The need to focus on specific, focussed, and measurable recommendations arising from Task and Finish activity has resulted in the updated template devised by Democratic Services at Appendix 2. This aims to provide a clear and structured approach to reporting back on the findings of TFGs and to focus the minds of each group on what they see as the important actions that need to be taken. There has also been considerable work done with each TFG or Member Working Group at the start of their commission to properly scope the remit of the group and to encourage early focus on what is needed to achieve the outcomes agreed. This includes a focus on evidence required and the manner in which the group will meet and consider that evidence. A sound scope and terms of reference is essential – examples such as the Kenilworth Station review where the terms of reference were clear, the scope was agreed, and the outputs were clear provide value even several years after the findings are reported. |

11.	Chairs of individual OSCs will be encouraged to agree joint Overview and Scrutiny activity with another chair if that is considered the most effective use of resources in respect of any topic.	Chairs have continued to liaise with each other, and joint OSCs do take place where it is sensible for there to be a single wider discussion. Examples include joint sessions between Communities and Adults Social Care & Health OSCs considering topics including mitigating the Impact of COVID-19 on Ethnically Diverse Communities, Health Inequalities Strategic Plan, Education, Economy & Skills and Equality, Diversity and Inclusion within the Council.
12.	Resource requirements within Democratic Services to be reviewed within 6 – 9 months of the proposals being implemented	This review was undertaken and at present the Team is resourced sufficiently. Should there be continued growth in scrutiny activity and TFGs this will be kept under review and demand managed appropriately in consultation with Strategic Directors and OSC Chairs.
13.	Technology will be used where it can be – current legislation does not permit public meetings to be virtual or hybrid. Until this changes OSC meetings will need to be held in public and in person (although they will be streamed also)	This is happening effectively – meetings are conducted via teams or in a hybrid fashion where legislation does not require in person attendance; the streaming capabilities of Committee Room 2 have been upgraded to enable streaming of hybrid meetings and to better allow use of digital documents on the large screen where people are attending remotely; and the Council continues to adopt a digital first approach to the issuing of committee papers with improved access to electronic papers via the website and the committee management app. Hybrid attendance is enabled for members of the public and stakeholders who are not required to be physically present, widening the accessibility of meetings. This can work well where the request is made early to Democratic Services and connections and accessibility can be tested in advance of the meeting. There have been a number of sessions where this has proved helpful in enabling officers to attend despite Covid or challenges with transport. It has worked very well in encouraging attendance of representatives from partner authorities and stakeholders to attend where distance is a disincentive. Representatives of the Youth Council and Children in Care Council addressed the Children & Young People OSC on 8 November 2022 using this technology and a link to the webcast of that element of the hybrid meeting (item 3) can be viewed here to see how the technology can work to aid scrutiny by allowing young people to speak direct to a committee.

		This is new technology in terms of its interoperability with our streaming equipment and as a result of issues with accessibility/broadband that were outside of the Council's control, we have had to occasionally use a more basic means of hybrid attendance involving Microsoft Teams which has worked less well. However, it is still considered that enabling attendance virtually where permitted under legislation is an important approach especially with a view to encouraging wider public participation in scrutiny. Work is continuing with our provider to ensure that the enhanced streaming capability with multiple virtual attendees becomes more robust.
14.	Legal attendance will become more common at OSCs to provide support to Democratic Services and enable succession planning/skills development	This is beginning to take place and forms part of the approach to succession planning and staff development within Legal Services.
15.	We will work to align Scrutiny more closely with Integrated Planning and encourage public engagement, including use of the Voice of Warwickshire to identify suitable T&F topics.	This is an ongoing process that is tied in part to the continued work to develop and improve the Integrated Planning Process. The changes to performance reporting and move to dashboards of information available to members enables members through the Chair and Party Spokes meetings to see live data on performance that can help to direct areas of enquiry for scrutiny committees and Task and Finish Groups. The Voice of Warwickshire panel was formed in December 2021 with a membership in excess of 1,000 by September 2022 and a composition broadly representative of the population of Warwickshire. The aim is to ensure the voice of residents is heard in the delivery of the Council Plan by collecting views on key topics and to provide the Council with key insight to support and improve decision making. Where the insight is relevant it forms part of the evidence base that can be accessed as part of any scrutiny review. A number of surveys have been conducted focussing on issues including levelling up and climate change. The views and intelligence gathered have been used to inform a number of activities and projects within the Council and with wider partners and stakeholders including the Districts and Boroughs. The continued intelligence from Voice of Warwickshire will be utilised as we work through future areas of focus for task and finish work, and in informing reports on initiatives such

			Sustainable Futures. It continues to supplement consultation and engagement activity undertaken on specific issues.

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Warwickshire County Council
Overview and Scrutiny – Improving Services for the Community

(NAME OF REVIEW)
FINAL REPORT

Warwickshire County Council
Overview and Scrutiny – Improving Services for the Community

CONTENTS   **PAGE**

1.0   Introduction

1.1   Executive Summary

Brief summary of what the review was about; why it was needed; what it looked at.

1.2   Members and Contributors

List of people, partners, etc. that contributed to the review.

1.3   Evidence Used

List of relevant documents, sources, contributions, etc.

1.4   Dates and Timescales

When was the review commissioned, dates of meetings, report milestones.

1.5   Recommendations

List of the recommendations that have been agreed by the Task and Finish Group.

2.0   Overview

2.1   Background

What is the service under review, who is it for, where does it operate.

2.2   Rationale

Why was the review needed, what is the issue, how was the issue identified.

2.3   Objectives

What is the intention of the review, i.e. to make recommendations for service improvement, to respond to a consultation, to inform policy decisions?

Include the Scrutiny Review Outline as an appendix.

3.0   History of the Review

What methods were used? i.e. meetings, site visits, Select Committee-type events
Who was involved? i.e. experts, service users, etc
What issues were considered?
What findings were made?
What worked well? Learning for future reviews

Warwickshire County Council
Overview and Scrutiny – Improving Services for the Community

4.0   Recommendations

Each recommendation should be accompanied by a short narrative explaining:

- Why it is being proposed
- On what evidence it is based
- How it would make a positive difference

For example, if a consultation exercise or questionnaire was undertaken that led to a certain conclusion being reached (from which a recommendation was then formed), you should outline the results of that piece of work to show a clear link between the issue, the evidence and the recommendation.

The narrative should explain how the recommendation would rectify the issue previously identified, and strongly reflect the evidence provided previously.

Recommendations should steer away from having any associated costs in light of the current climate. They should aim to improve value for money and efficiency, i.e., doing things better for the same £, or maintaining a service level for less £. However, this should not deter members from suggesting creative recommendations with regard to practical expenditure or the transfer of resources from one area to another in particular circumstances, i.e. in the event of a failing service that needs additional resource support to improve performance.

Warwickshire County Council
Overview and Scrutiny – Improving Services for the Community

5.0   Financial and Legal Implications

This section needs to demonstrate that the possible implications of the above recommendations have been considered, to ensure they are feasible and practical to implement.

You should include any relevant comments from the following:

- Head of Service
- Finance
- Legal
- Resources
- Equality and Diversity
- Health and Well-Being

Warwickshire County Council
Overview and Scrutiny – Improving Services for the Community

Scrutiny Action Plan

	Recommendation	PfH Comments	Cabinet Comments	Target Date for Action	Lead Officer	OSC Update	Progress Notes
R1	Exact wording of the recommendation	Comments of the PfH from the informal meeting.	i.e. accepted, rejected and reasons why.	To be set by senior officer during informal meeting	To be assigned by senior officer during informal meeting	Date due for update to OSC	The Lead Officer to include progress updates on the implementation of the recommendation.
R2							
R3							

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Audit and Standards Committee

23 March 2023

CIPFA Financial Management Code – Warwickshire County Council Self- Assessment 2022/23

Recommendations

That the Audit and Standards Committee:

1) Note the progress made on the delivery of the planned improvements in financial management during 2022/23; and

2) Consider and comment on the Council's assessment of its compliance with the CIPFA Financial Management Code and the improvements planned for 2023/24.

1.   Purpose of the Report

1.1.   In 2019 CIPFA issued a Financial Management Code (the Code) designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Code is a series of financial management standards that set out the professional standards needed if the Council is to meet the minimum standards for financial management acceptable to taxpayers, customers and lenders. CIPFA's judgement is that compliance is obligatory if an Authority is to meet its statutory responsibility for sound financial administration. Beyond that, CIPFA members must comply with it as one of their professional obligations.

1.2.   The Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management such that compliance with the Code will help strengthen the framework that surrounds financial decision making. The broad headings in the Code are:
   - responsibilities of the Chief Financial Officer and Leadership Team;
   - governance and financial management style;
   - medium to long term financial management;
   - the annual budget;
   - stakeholder engagement and business plans;
   - monitoring financial performance; and
   - external financial reporting.

1.3   The extent of compliance with the Code will be one of the factors considered by the external auditors in reaching their judgement on the value for money provided by the Council.

1.4   The Council's first self-assessment was considered by this Committee in June 2021 and the latest reassessment in March 2022. This report provides an update on the progress made on the delivery of the planned improvements during 2022/23 (**Appendix A**) and provides an updated self-assessment to reflect the changes made and the improvements planned for 2023/24 (**Appendix B**).

1.5   As in 2021 and 2022 our assessment remains that the Council already meets the standards set out in the Code and therefore any developments are about an on-going process of continuous improvement.

1.6   Our assessment against the Financial Management Code is a partner document to the External Auditors Value for Money assessment reported as part of the Annual Audit Letter. The Auditors assessment rated the Council as "green" for financial sustainability and governance and "amber" for improving economy, efficiency and effectiveness. The rating of "amber" was as a result of prior year recommendations in relation to the on-going work implementing the agreed improvements arising from recent inspections, with a positive direction of travel reported. Our self-assessment is consistent with these ratings given the evidence of positive action being taken proactively where opportunities to improve performance are identified.

2.   Financial Implications

2.1.   There are no financial implications arising from this report.

3.   Environmental Implications

3.1.   There are no environmental implications arising from this report.

4.   Background Papers

4.1.   None.

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Elected Members have not been consulted in the preparation of this report.

CIPFA Financial Management Standards – Review of 2022/23 Planned Developments

Standard	2022/23 Planned Development	Commentary on Progress
The Leadership Team is able to demonstrate that the services provided by the authority provide value for money	Refinement of the approach to Integrated Planning using learning and responding to a focus on implementation and delivery.	The Council Plan is now supported by an Integrated Delivery Plan which tracks progress against the Plan's areas of focus and reports on this on a quarterly basis.
	Further develop the use of Power BI.	A suite of additional Power BI dashboards has been developed during the past twelve months covering a broad range of service areas at both strategic and operational levels. A directory of dashboards has been added to the Council's intranet pages so that staff can easily see what is available. A further suite of dashboards has been prioritised for development over the next 6-9 months.
	Embedding to process for strategy development.	A toolkit of guidance for strategy development has been developed and shared. This is supported by dedicated, named relationship managers within the Corporate Policy Team, supporting strategy development in each Directorate. A Strategy Network has been established which acts as a sharing and learning network of officers across the Council involved in strategy development and delivery. The network plays an important role in raising awareness/informing participants of developments on strategies, corporate policy developments and connecting across strategies.
	Comprehensive approach to the use of benchmarking information	Comprehensive benchmarking information drawn from external sources (CIPFA VFM model, CFOi Insights, CIPFA Resilience Index and LGA/LGIU Inform) was presented to all political groups and Corporate Board as part of the development of the 2023/24 MTFS refresh. Areas for potential improvement were identified and reviews of the cost effectiveness of the relevant services agreed. The approach will be embedded as part of the annual MTFS refresh with a view to identifying areas of focus and potential opportunities for future budget reductions.

Standard	2022/23 Planned Development	Commentary on Progress
The financial management style of the authority supports financial sustainability	Complete the development of an overarching financial framework for the organisation that aims to embed the principles of the CIPFA Financial Management Code more explicitly into the culture of the organisation.	The MTFS and the associated budget setting strategy provide a high-level financial framework for the organisation, ensuring there is no financial gap across the five years of the MTFS and that the Council is financially sustainable i.e. our expected resource levels match our planned expenditure. The financial rules and regulations, best practice guides, service offer and "how to" intranet guidance provide other key documents as part of a wider framework covering all aspects of financial governance, sustainability and value for money. The consolidation of these into an overarching financial framework has yet to be completed. This work will continue during 2023/24.
	Continue to develop the financial literacy of managers, including the implementation of mandatory training.	A refreshed Finance Workforce and Training Strategy was approved in February 2023 the purpose of which is to ensure that WCC can deliver financial management that is "fit for the future". In summary, its objectives in support of financial sustainability are to ensure that: • all employees understand their joined up and collective responsibility for the sound and effective management of the Council's financial resources and adherence to the financial governance framework; • all employees understand and proactively make use of the processes, systems and tools available to them; • all employees apply understanding of how performance and financial management are inextricably linked, to take informed decisions; and • Services engage with Finance at the earliest stage to ensure financial risks, opportunities and implications are assessed and managed effectively and transparently. As the Council makes further developments to its financial system in 2023/24, its supporting training offer will be updated accordingly.

Standard	2022/23 Planned Development	Commentary on Progress
The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	Implement the Integrated Delivery Plan Framework.	The Council Plan is now supported by an Integrated Delivery Plan which tracks progress against the Plan's areas of focus and reports on this on a quarterly basis. The first Integrated Delivery Plan was approved by Cabinet in April 2022.
	Deliver a pipeline of future capital and revenue investments.	Draft pipelines for future revenue and capital investment were consolidated as part of the 2023/24 MTFS refresh. These lists of potential future investment ideas materially outstripped the level of resources available. It was agreed a secondary prioritisation process was required, focussed on the Integrated Delivery Plan and the priorities agreed as part of the revenue and capital budget resolutions. This is also reflected in a new Target Operating Model for capital. Potential schemes on the pipeline 'long list' have asked to resubmit project outlines for evaluation and approval to create a more realistic pipeline. This work is on-going and will be focussed on the 2023/24 budget resolutions, approved in February 2023, the refreshed Integrated Delivery Plan due to be approved by Cabinet shortly.
	Develop and implement governance arrangements for the Asset Replacement Fund and the Budget Reductions Revolving Fund.	The governance arrangements for the Asset Replacement Fund and the Budget Reductions Revolving Fund were agreed by Corporate Board on 30 March 2022. Both have been operational during 2022/23 and will be relaunched in April 2023 as part of the full suite of investment funds.
The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions.	Further development of benefits realisation processes as part of the integrated planning work.	A Benefits Management Guide, which contains explanations, how the process of benefits management works (from identification and quantifying, through options appraisals and cost benefit analysis to realisation and review), and where responsibility lies has been drafted. The document will be issued to the wider Council as part of the operational redesign of the Programme Management Office and Change Management teams. Prior to the release of the guide, the Teams involved in the coordination and consolidation of benefits activity have worked with project teams to ensure that project benefits are measurable, linked to solving the business problem and understood at all levels. There is also a level of assurance within programme governance, where project closure reports cannot be completed without an agreed benefits realisation statement.

Standard	2022/23 Planned Development	Commentary on Progress
The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	Further integration of balance sheet monitoring and forecasting with the wider integrated planning approach.	The balance sheet model is now fully operational and has become part of business-as-usual. It is updated at least quarterly to reflect the latest forecast capital spend and the Council's loan and cash position. Any issues or concerns would be raised as part of the standard financial reporting. Use of the model also forms part of the consideration of the long-term financial implications of major investments through WPDG and WRIF as part of the assessment of the risks and benefits of the investment to the Council. The concept of 'debt capacity' (the amount of borrowing can afford and/or that could be incurred before the Council would be an outlier) is becoming embedded, with the limits formally included as part of the Council's capital strategy approved in February 2023. The Council's non-treasury loans are monitored on a quarterly basis with any issues or concerns reported through the approved governance arrangements.
	Review of the effectiveness of the governance arrangements for WPDG and the WRIF.	The level of activity through both WRIF and WPDG over the last two years has been lower than anticipated when the review of governance arrangements was included as part of the improvement plan. Therefore, a wholescale review of the governance of both initiatives has been carried forward to the 2023/24 financial year. The approved governance arrangements of both WRIF and WPDG continue to be implemented in full and no areas of concern have arisen to date.

CIPFA Financial Management Standards – Self Assessment

Ref.	CIPFA Financial Management Standard	Current Status	Planned Developments	Status
1	**Responsibilities of the CFO and Leadership Team**			
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money	• The Council Plan sets out how we will use our resources to deliver on our core outcomes and priorities, supported by an Integrated Delivery Plan. • Through our performance management framework, we monitor delivery of the Council Plan and the Integrated Delivery Plan. • A suite of dashboards for monitoring and decision making provide a golden thread from Council to Service business plans, covering performance, finance, risk, and assurance. • Benchmarking information is used to compare our service/financial performance to other authorities as part of the annual refresh of the Medium Term Financial Strategy (MTFS). In 2022/23 the report demonstrated that the majority of services are low cost but identified areas where there may be opportunities to improve performance. • Where performance (either service or financial) is identified as an issue of concern reviews are instigated with a clear value for money focus. Two areas, home to school transport and fire and rescue, were included as areas for further review in the 2023/24 budget resolution. • All Council strategies use a 'why, what, how' approach to ensure effectiveness is at their core. • Investment decisions specifically consider the cost-benefit of projects, with an independent evaluation forming part of the decision-making process. • These strands of activity are brought together and considered as part of an integrated approach to service and financial planning, overseen by three Assistant Directors to cover policy, finance and performance. • All reports to Member bodies, Corporate Board, and service management teams include a financial implications section that comments on the value for money of the decision. • Where savings are required, Services are required to prioritise 'right-sizing' budgets and identifying efficiency improvements before considering service reductions. • All tenders consider VFM by considering the quality of service and not just price and, in many cases, quality is given a higher weighting. • We provide open access to our current contract information as the means by which the Leadership demonstrates transparency to the public.	• Introduction of a Corporate Board quarterly stocktake. • Further development of the suite of Power BI dashboards.	GREEN

Ref.	CIPFA Financial Management Standard	Current Status	Planned Developments	Status
B	The Authority complies with the CIPFA "Statement of the Role of the CFO in Local Government"	• The SD-Resources is the Authority's s151 officer. He is a key member of Corporate Board, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest. • The AD – Finance (deputy s151 officer) also attends Corporate Board. • The SD-Resources is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy. • The SD-Resources leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively. • The AD-Finance, reporting to the SD-Resources, leads and directs a finance function that is resourced to be fit for purpose. Both are professionally qualified (CIPFA) and suitably experienced. • The five principles laid out in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government are met.		GREEN

Ref.	CIPFA Financial Management Standard	Current Status	Planned Developments	Status
2	**Governance and Financial Management Style**			

C	The Leadership Team demonstrates in its actions and behaviours responsibility for governance and internal control	• The organization has a set of core behaviours, which are demonstrated on a day-to-day basis by senior managers, to support the cultural change and transformation of the organisation.
		• The behaviours are supported our values; to be high performing, collaborative, customer focused, accountable, and trustworthy.
		• The behaviours and values are integral to 1:1s and appraisal conversations and are key to the way we recruit and develop colleagues.
		• We have arrangements to provide assurance that our behaviours are being upheld and that members and officers demonstrate high standards of conduct. These include:
		  o codes of conduct for officers and members (including gifts and hospitality, registering interests, anti-fraud, and whistleblowing); and
		  o inclusion of ethical values in policies and procedures for all areas including procurement and partnership working.
		  http://www.warwickshire.gov.uk/conduct
		• Our Constitution sets out the framework 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.
		• We have documented governance arrangements for our wholly owned companies and the Warwickshire Recovery and Investment Fund.
		• The Assistant Director – Finance and Monitoring Officer both attend Corporate Board to ensure strong financial governance and oversight of decision-making.
		• Assistant Directors complete an Assurance Statement at the end of each financial year which confirms the management of risk and internal controls in place during the year.
		• Equality Impact Assessments are completed as part of implementing changes to policies, activities.
			• Inclusion, as part of the appraisal process for all Tier 1-3 officers, a set of givens of what it is expected all leaders will deliver, covering delivering our outcomes, finance, process and people.	GREEN

Ref.	CIPFA Financial Management Standard	Current Status	Planned Developments	Status

D	The authority applies the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)"	• The organization has approved and adopted a refreshed Code of Corporate Governance, 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
		• The Annual Governance Statement explains how the Council has complied with its Code of Corporate Governance.
		• Induction training is available to all Members and includes a focus on governance, the code of conduct and officer/member relations.
		• The system of internal control is designed to manage risk to a reasonable level 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.
				GREEN

Ref.	CIPFA Financial Management Standard	Current Status	Planned Developments	Status
E	The financial management style of the authority supports financial sustainability	- The Council's financial management style and approach to risk is a balance of stewardship and enabling, aligned to the hierarchy of financial management styles (delivering accountability, supporting performance & enabling transformation) set out in the Code. - The Council has a defined 'risk appetite' that is refreshed annually. - The characteristics of the Council's financial management style are: - a consistent structure and approach to the delegation of financial responsibilities and authority; - budget holder responsibility; - financial management support aligned to service structure and documented through an agreed Service Offer; - enabling ethos, supporting improvement of performance, development, and transformation, including a dedicated Projects Team within Finance; - Finance representation on the Project Boards for all major projects; and - Finance attendance at all Service Management Teams. - A comprehensive Finance Workforce and Training Strategy that includes a suite of finance training for managers to ensure all employees understand their joined up and collective responsibility for the sound and effective management of the Council's financial resources. - Sustainability, strategic risk management and stewardship is delivered through the s151 role. - All reports to Member bodies and Corporate Board are required to include a financial implications section that is signed-off by a senior finance manager and a representative of the Finance Service attends all meetings. This will highlight any financial sustainability concerns in relation to the decision being recommended. - Finance Delivery Leads attend Directorate Leadership Team meetings to ensure financial risks and implications are considered across the portfolio of agenda items. - Processes ensure there is alignment of performance/service information with financial forecasting deadlines.	- Complete the development of an overarching financial framework for the organisation that aims to embed the principles of the CIPFA Financial Management Code into the culture of the organisation. - Continue to develop the financial literacy of managers, to alongside the financial systems developments.	GREEN

Ref.	CIPFA Financial Management Standard	Current Status	Planned Developments	Status
3	**Long to Medium-Term Financial Management**			
F	The authority has carried out a credible and transparent financial resilience assessment	- The budget resolutions include the s151 Assurance Statement on the robustness of reserves and estimates. - A reserves strategy is approved as part of the suite of budget papers on an annual basis. - The SD Resources undertakes and issues a detailed reserves risk assessment each year and sets out clearly the minimum level of reserves it is prudent for the Authority to hold. - The MTFS includes an assessment of future resilience issues and level of reserves. - The financial resilience of the Authority, including use of the CIPFA Financial Resilience Index is reviewed annually by the SD Resources and reported to Corporate Board and informally to Members as part of their budget deliberations. - Quarterly balance sheet modelling is undertaken including the impact of WRIF and WPDG. - A standalone annual assessment of the organisation's debt capacity is prepared and included as part of the Council's capital strategy.		GREEN
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members	- It is Council policy and practice to set budget and MTFS that is balanced not only for the next financial year, but also over the medium term (5 years). - The positioning of the budget report within the wider suite of consistent annual financial cycle reporting ensures that the understanding of sustainability is central to reporting throughout the financial year. - An interactive financial planning model is used as part of the MTFS process allowing senior managers and political leaders to adjust the drivers of spend and resourcing to understand the impact on the annual budget and the 5-year MTFS. The model includes the flexibility to use reserves to support activity on a temporary basis but ensures the MTFS is balanced and sustainable. - Budget reporting to Members includes a sensitivity analysis of the key drivers that highlights the impact of changes in estimated inflation, taxbases, government grant, spending need, council tax levels and business rates. - The Council's Strategic Risk Management Framework and Strategic Risk Appetite levels and statements in place with a full annual update and quarterly refresh.		GREEN

Ref.	CIPFA Financial Management Standard	Current Status	Planned Developments	Status
H	The authority complies with the CIPFA "Prudential Code for Capital Finance in Local Authorities"	• Capital treasury and investment activities are managed line with the Prudential Code for Capital Finance in Local Authorities, as well as associated statutory guidance (e.g. Investment Guidance; Minimum Revenue Provision Guidance; Treasury Management Guidance). • Fundamental to this is the setting of prudential and commercial investment indicators in the Treasury Management and Investment Strategies agreed as part of the suite of budget reports. • Mid-Year Review and Outturn reports of performance against both strategies are considered by Corporate Board, Cabinet and the Resources and Fire Overview and Scrutiny Committee. • A quarterly review is undertaken to ensure internal consistency between the capital programme, the Treasury Management and Investment strategies and the balance sheet forecasts. • Business case appraisal process for both WPDG and WRIF includes the provision of evidence that demonstrates compliance with the Prudential Code as part of the financial implications of any proposed decision.		GREEN
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans	• It is Council policy and practice to set budget and MTFS that is balanced not only for the next financial year, but also over the medium term (5 years). The 2023/24 approved budget also met this criterion. • The rolling 5-year MTFS demonstrates that the finances of the authority are allocated in accordance with the priorities of the organisation and that the underpinning finances remain robust and our service delivery sustainable. • In setting the MTFS framework it is acknowledged by Council that if future spending needs exceed the indicative levels, further budget reductions will need to be identified and delivered to ensure the budget remains sustainable. • An Integrated Planning approach to service and financial planning designed to further enhance the golden thread between the Council Plan, MTFS and service delivery plans. • Introduction of the concept of revenue and capital investment pipelines and a prioritisation process focused on the Integrated Delivery Plan.	• Further development of the pipeline of future revenue and capital investments.	GREEN

Ref.	CIPFA Financial Management Standard	Current Status	Planned Developments	Status
4	**The Annual Budget**			
J	The authority complies with its statutory obligations in respect of the budget setting process	• The Council approves an annual balanced budget that enables the CFO to positively comment on the robustness of the estimates and the adequacy of the proposed financial reserves (s25 assurance statement). • The supporting documentation meets the requirements to approve a capital strategy, the annual pay policy statement and the treasury management and investment strategies. • Meeting dates are set to ensure compliance with statutory deadlines.		GREEN
K	The budget report includes a statement by the CFO on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves	• A s25 assurance statement forms part of the budget resolution for each of the political groups. The commentary is specific to the content of the resolution. • The CFOs s25 assurance statement includes commentary on the key risks to the deliverability of the budget. For 2023/24 these include the delivery of the planned budget reductions, inflationary risk, cost-of-living risk, the repayment of overspends, dedicated schools grant deficits, treasury management, uncertainty of the national funding position, local government funding reform, the on-going impact of the covid-19 pandemic and the impact on the MTFS.		GREEN
5	**Stakeholder Engagement and Business Plans**			
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan, and annual budget	• Consultation with stakeholders is undertaken as part of setting the annual budget and capital programme, including the statutory consultation with business ratepayers and consultation with the trade unions. • Wider consultation with residents is embedded as part of the engagement around the organisation's priorities and objectives. • Extensive stakeholder involvement undertaken as part of the development and implementation of service changes and major projects, with the extent of consultation required approved by Legal Services. • A corporate consultation and engagement framework and guidance provides overarching standards and best practice for all staff who undertake consultation and engagement activities and reflect current legislation around the "duty to inform, consult and involve" local communities and residents, and recognised best practice.		GREEN

Ref.	CIPFA Financial Management Standard	Current Status	Planned Developments	Status
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions.	• For all revenue and capital projects requiring funding a proof-of-concept document is produced to assess alignment to the Councils strategic objectives and priorities and whether the investment is value for money and affordable. Approval adds a scheme to the 'live' revenue or capital investment pipeline. • A standard business case is then prepared for all new capital and revenue investment proposals. This includes AD sign off confirming the scheme is a priority in contributing to the delivery the corporate priorities and objectives, satisfaction with both the content of the bid and the rigour with which the business case has been compiled, and willingness to accept accountability for the delivery of the scheme benefits within the timeframe and cost envelope. Finance representatives review draft business cases to ensure financial implications are considered within the plans. • All business cases are reviewed by an independent Panel including legal and finance representatives. • The business case along with the evaluation then goes through a final approval process of Corporate Board and, where required, Elected Members at which point funding is approved. • Investment business cases are required to identify measurable project benefits linked to solving the business problem. • Post project assurance of benefits realisation is required before projects can be closed. • As part of our commissioning and procurement all tenders consider VFM by considering the quality of service and not just price.	• Approval and implementation of the Benefits Management Guide.	GREEN

Ref.	CIPFA Financial Management Standard	Current Status	Planned Developments	Status
6	**Monitoring Financial Performance**			
N	The Leadership Team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	• Financial reporting is consolidated covering revenue, capital, savings and balance sheet impacts. This enables the impact on reserves, the MTFS and future financial sustainability to be considered on a quarterly basis. • Monthly financial reporting to Corporate Board enables a prompt and proactive response to emerging risks and for mitigating actions to be identified. • Corporate Board receives quarterly reports on performance and risk that highlight areas of concern and any changes to our strategic risks. • Where areas of concern are identified 'deep dives' covering financial and performance information are considered and action plans developed. This covers both the revenue budget and major capital projects. • Directorate Leadership Teams receive monthly reports on financial position and performance, which escalate areas of concern for Directorates to consider mitigating actions. • A Commercial Board monitors the performance of traded services. • A Capital Strategy Board has been created to oversee the revenue and capital investment pipelines with a specific remit to monitor the delivery of the capital programme. • ADs providing an annual assurance that risks are managed, and controls are maintained through the year. • Internal Audit provide a level of assurance that the significant risks facing the Council are addressed, based on audit outcomes.	• Implementation of the recommendations from the capital management project.	GREEN

Ref.	CIPFA Financial Management Standard	Current Status	Planned Developments	Status

O	The Leadership Team monitors the elements of its balance sheet that pose a significant risk to financial sustainability	• We have a structured approach to the monitoring of the key elements of our balance sheet that pose a significant risk to financial sustainability.
		• A reserves strategy is approved as part of the budget/MTFS each year and our level of reserves is monitored on an on-going basis.
		• Compliance with the reserves strategy and the impact of in-year financial performance on the Authority's reserves and balances is reported as a standard part of all monitoring reports to Corporate Board and Cabinet.
		• Cash balances, debt and investments are monitored as part of the treasury management and investment in-year performance reports to Corporate Board and Cabinet.
		• Our performance management framework includes key financial health indicators at corporate and service level. This includes reporting on the level of outstanding debt.
		• Our balance sheet model is used to:
		    o forecast the Council's loan and cash position;
		    o determine long term capital financing and external borrowing requirements
		    o assess the impact of major investments through WPDG and WRIF as part of the assessment of the risks and benefits of the investment to the Council and subsequent impact on revenue and capital budgets; and
		    o support the setting of the authorised and operational boundaries within the Treasury Management and Investment Strategies.
		• Robust governance arrangements for both WRIF and WPDG have been implemented, as approved.
			• Review of the effectiveness of the governance arrangements for WPDG and the WRIF.	GREEN

Ref.	CIPFA Financial Management Standard	Current Status	Planned Developments	Status
7	**External Financial Reporting**			
P	The CFO has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom"	• The SD Resources is responsible for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom". • The operational responsibility for production of the Statement of Accounts, in line with proper accounting practices, rests within the Strategic Finance Team. The SD Resources has management responsibility, through the AD-Finance, for the Strategic Finance Team. • The Strategic Finance Team attend relevant briefings and training annually on Code of Practice changes and audit requirements to ensure knowledge is current and the quality of the draft, pre-audit documents remains high.		GREEN

Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions	• The outturn report to Corporate Board and Cabinet provides an analysis of the financial position of the organisation at the end of the financial year including:
		  • capital and revenue performance during the financial year;
		  • explanations and mitigating actions put forward by Services for variations to budgets, and the implications on the MTFS;
		  • savings achievement; and
		  • the resulting reserves position.
		• The information enables informed decisions to be made about:
		  • approving the carry forward of specific resources to support the delivery of the Council Plan in the following financial year; and
		  • areas to be targeted as providing potential opportunities for right-sizing.
		• The report is consistent with preceding budget monitoring reports presented to Corporate Board and Cabinet throughout the year, from the budget setting report through the three quarterly stages of in year monitoring, allowing outturn to be viewed in the context of the regular strategic financial reporting.
				GREEN

Audit and Standards Committee

23 March 2023

Internal Audit Plan 2023-24

1. **Recommendation**

   That the Audit and Standards Committee endorse the proposed Internal Audit Strategy and Plan for 2023-24 at Appendix A

2. **Executive Summary**

   2.1   The Council has a duty to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account relevant auditing standards.

   2.2   The role of internal audit is primarily to provide reasonable assurance to the organisation and ultimately the taxpayers that the Council maintains an effective control environment that enables them to manage its significant business risks. Internal Audit does this *by providing risk-based and objective assurance, advice and insight.* In addition to providing assurance, the audit service also undertakes proactive consultancy and advisory work designed to add value and offer insights that will improve the effectiveness of risk management, control and governance processes e.g. acting as a critical friend when process changes are being developed.

   2.3   To ensure the best use of limited audit resources audit work needs to be carefully planned. In accordance with best practice, the Committee's role is to review and approve the annual internal audit work plan. The plan is developed in consultation with senior managers and takes account of the organisations aims, strategies, key objectives, associated risks, and risk management processes (as required by internal audit standards). It also considers those topics which have not recently been audited or which feature in the corporate risk register or which, when last audited, received a low opinion. Care has been taken to explicitly link the internal audit plan with critical risks.

   2.4   Based upon the discussions to date and our professional judgement an indicative priority and an estimated number of days has been allocated to each potential topic. This considers a range of factors including when the topic was last audited, complexity of the topic, and the level of change. The list of potential topics arising from the planning process is included in the attached audit plan document (Appendix A) together with those topics we are unable to cover during the year based on existing level of resources. The aim is to give a high-level overview of audit areas. The Committee will note that as in past years whilst we are able to cover key aspects of very high-risk areas,

we are not able to cover lower rated risks. The Committee can accept a plan on this basis, provided this matches its "risk appetite" for independent assurance, also recognising that management have the prime accountability for managing processes and risks (and therefore assurances can be obtained directly from them where necessary).

2.5   Good practice requires us to recognise that the plan should be responsive to changes in risks during the year and it will therefore be reviewed at intervals throughout the year to ensure it remains relevant.

2.6   The Internal Audit function is governed by its Audit Charter, which is a requirement of the Public Sector Internal Audit Standards (PSIAS) and sets out the purpose, authority and responsibility of internal audit. The Charter must be formally agreed and approved by the organisation and periodically reviewed. It establishes the position of internal audit within the organisation, including the nature of the service's functional reporting relationship; authorises access to records, personnel and physical properties relevant to the performance of engagements and defines the scope of internal audit activities.

2.7   In accordance with best practice, the existing Audit Charter, which was approved in March 2022, has been reviewed to ensure it reflects the current structure, practice and legislation. No changes are being recommended following the recent review and it is included for completeness. (Appendix B)

3.   Financial Implications

3.1   There are no direct financial implications of this report, although the Audit Plan is a key element in assuring the Council of the adequacy of its control environments in relation to protecting our resources and finances.

4.   Environmental Implications

4.1   The proposed plan includes two audits relating to the environmental agenda, providing independent assurance and advice.

5.   Supporting Information

5.1   Appendix A sets out the full Audit Plan for 2023/24.

6.   Timescales associated with the decision and next steps

6.1   Delivery of this Audit Plan will be contained to the financial year 2023/24.

Appendices

Appendix A - Internal Audit Strategy and Plan 2023/24

Appendix B - Internal Audit Charter

Background papers

None.

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

None.

Warwickshire County Council

Internal Audit Strategy and Plan 2023/24

"Providing assurance on the management of risks"

Internal Audit Strategy and Plan 2023/24

"Providing assurance on the management of risks"

This document sets outs the Internal Audit Strategy and proposed Plan of work for 2023/2024 for Warwickshire County Council. These services are provided by the Internal Audit Service of the Resources Directorate. This document complements the Audit Charter and the Council's Risk Management Framework. In accordance with current best practice the role of the audit committee is to review and approve the internal audit plan.

The Role of Internal Audit

All organisations face risks in every aspect of their work: policy making, decision taking, action and implementation, regulation and spending, and making the most of their opportunities. The different types of risk are varied and commonly include financial risks, IT risks, supply chain failure, physical risks to people, and damage to the organisation's reputation. The key to the Council's success is to manage these risks effectively.

The Council has a statutory responsibility to have in place arrangements for managing risks; The Accounts and Audit Regulations 2015 state that a local authority is responsible for ensuring that its financial and operational management is effective and that it has a sound system of internal control which facilitates the effective exercise of its functions and includes arrangements for the management of risk. The Regulations require accounting systems to include measures to ensure that risk is appropriately managed.

The requirement for an internal audit function is also contained in the Regulations which require the Authority to:

> "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

The Council has delegated its responsibilities for internal audit to the Strategic Director Resources.

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Definition of Internal Auditing

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

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The key word in the definition is assurance, the role of audit is not to identify or investigate alleged irregularities, it is to provide assurance to the organisation (the Chief Executive, strategic directors, assistant directors and the Audit and Standards Committee) and ultimately the taxpayers that the authority maintains an effective control environment that enables it to manage its significant business risks. We do this by **providing risk-based and objective assurance, advice and insight**. The assurance work culminates in an annual opinion on the adequacy of the Authority's governance, control and risk management processes which feeds into the Annual Governance Statement.

Different parts and levels of an organisation play different roles in managing risk, and the interplay between them determines how effective the organisation as a whole is in dealing with risk. The Institute of Internal Auditors uses a "three lines of defence" model to explain internal audit's unique role in providing assurance about the controls in place to manage risk. Recognising that effective management involves choosing to take risks as well as defending against negative impacts, perhaps *"Three lines of Assurance"* is a helpful description:

### Figure 1: Three lines of defence (assurance) model

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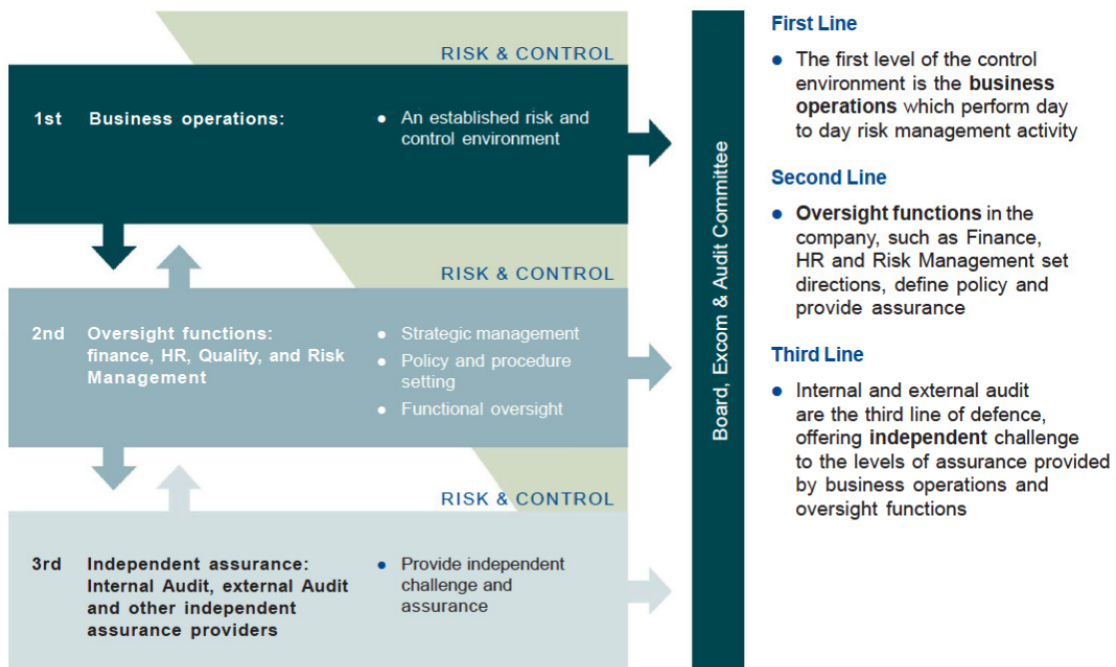
The management of risks is the responsibility of every manager. Sitting outside the processes of the first two lines of assurance, audit's main roles are to ensure that the first two lines are operating effectively and advise how they could be improved.

We develop and then deliver a programme of internal audits to provide independent reasonable assurance to senior management and members that significant risks are being addressed. To do this, we will evaluate the quality of risk management processes, systems of financial and management control and governance processes and report this directly and independently to the most senior level of management. In accordance with regulatory requirements most individual assurance assignments are undertaken using the risk-based systems audit approach and are not usually designed to identify potential frauds.

The focus of our work continues to be primarily on the very high risk areas and change programmes and key corporate processes. Audits of this nature are a more effective use of limited resources and are key to providing the appropriate assurance to the Council that its overall governance, control and risk management arrangements remain effective.

Figure 2: Key corporate processes
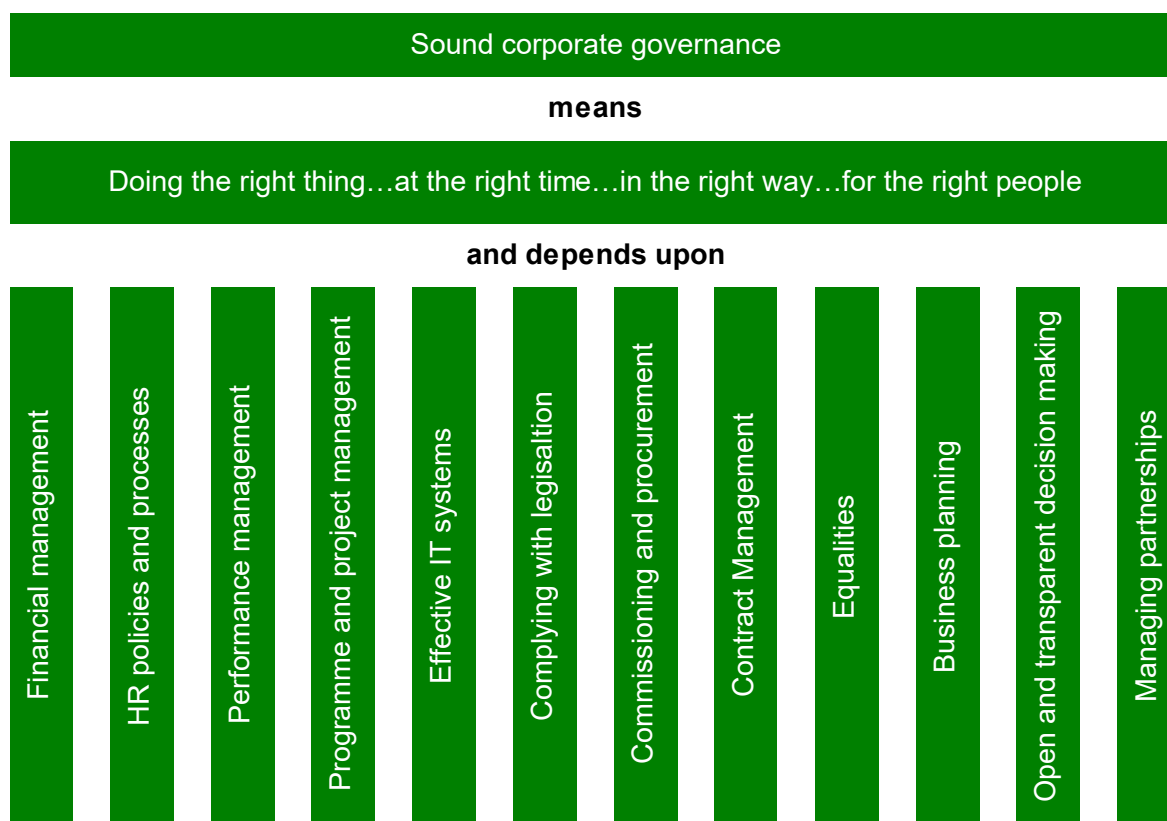
We give an opinion on how much assurance systems give that significant risks are addressed. We use four categories of opinion: Full, Substantial, Moderate and Limited assurance.

Vision, purpose and values

A professional, independent and objective internal audit service is one of the key elements of good governance in local government.

As a modern effective risk and assurance service we:
- Act as a catalyst for improvement and provide insight on governance, control and risk management;
- Influence and promote the ethics, behaviour and standards of the organisation;
- Develop a risk aware culture that enables clients to make informed decisions;
- Are forward looking; and
- Continually improve the quality of our services.

A key driver of this strategy is the need to meet all our clients' needs, which in the context of the County Council are the Audit and Standards Committee, Chief Executive, strategic directors and assistant directors.

The County Council will continue to be affected by a variety of local and national issues:
- The longer term economic and social inequalities impact from the pandemic
- Funding pressures faced by local government;
- The impact of inflation and the ongoing conflict in Ukraine
- Climate change
- Increased growth in partnerships and collaborations, for example with health, other parts of the public sector and the private sector;
- 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; and
- Pressure to reduce the cost of administrative / support functions while improving quality / effectiveness.

These, and other developments, will mean increased pressure on the service to review existing systems and provide advice on new and complex initiatives within reducing resources. We must add value and help deliver innovations in service delivery. To respond to the demands on us we will:

- Continue to develop our staff to ensure we are fully equipped to respond to our clients' demands;
- Continue to invest in modern technology to improve efficiency and effectiveness;
- Add value and make best use of our resources by focussing on key risks facing our clients;

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- Increasingly work in partnership with clients to improve controls and performance generally; and
- Continue to buy in specialist help – particularly in IT.

Services

In addition to undertaking audits the Service is able to support the organisation by also providing the following services:

Consultancy

The Council will face major changes in culture, systems and procedures over the coming years and we are able to provide advice on the governance, control and risk implications of these changes. The service will act as a critical friend. Particular emphasis is put on project governance and process design.

Our knowledge of the management of risk enables us to *challenge* current practice, *champion* best practice and be a *catalyst* for improvement, so that the Council as a whole achieves its strategic objectives.

So, for example, when a major new project is being undertaken we can help to ensure that project risks are clearly identified and that controls are put in place to manage them.

Challenge

Champion

Catalyst for improvement

It is more constructive for us to advise on design of processes during the currency of a change project rather than identify problems after the event when often it is too late to make a difference and it is possible to use less resource to identify key points than in a standard audit - timely advice adds more value than untimely.

Irregularities

As a publicly funded organisation the Council must be able to demonstrate the proper use of public funds. It is the responsibility of every manager to have systems in place to prevent and detect irregularities. However, if an irregularity is identified or suspected managers are required to notify the Service and will need professional support to investigate the matter.

All significant investigations will be undertaken by the Service but more minor matters will be referred back to the relevant manager to progress with support from the audit team. The decision on which cases will be investigated will be made by the Internal Audit Manager.

Counter fraud

Although responsibility for operating sound controls and detecting fraud is the responsibility of management, the Service has a key supporting role. In particular, we are responsible for maintaining and publicising the Council's anti-fraud policy, maintaining records of all frauds and, as a deterrent, publicising proven frauds.

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The Service also coordinates the Council's participation in the National Fraud Initiative. Relevant managers are best placed and hence are responsible for investigating matches identified by the NFI but we do maintain an overview of progress.

Plan 2023 / 2024

To ensure the best use of limited audit resources audit work needs to be carefully planned. We have sought to align our work with the Council's risk base again this year, by liaising extensively with senior management and taking into account:

- the overall environment in which the Council has to operate
- its aims, strategies, key objectives, associated risks
- risk management processes, and
- national surveys and intelligence on risk areas along with data on actual frauds at Warwickshire.

Our plan also takes into account those topics which have not recently been audited or which feature in the corporate risk register or which when last audited received a low opinion. In addition, auditors regularly attend various professional networking meetings which highlight the wider issues affecting public sector internal audit which need to be reflected in the programme of work.

General context and key themes

International
The Institute of Internal Auditors has identified a number of key themes through its annual survey of Heads of Audit across the world, which looks at the continuing and emerging areas of risk on which they are having to focus. The latest report, Risk in Focus 2023, identified six top risks from the survey, as follows:

- Cybersecurity and data security
- Human capital and talent management
- Macroeconomic and geopolitical uncertainty
- Changes in laws and regulations
- Digital disruption, new technology and AI
- Climate change and environmental sustainability

Cybersecurity remains highest as in 2022 and Human capital and talent management has moved up again to become second highest.

National

Like the rest of the world, the UK has been greatly impacted by the Ukraine conflict. The risks and impacts include:

- Cyber security

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- Higher costs of energy
- Higher general inflation
- Supporting refugees

County Council

The national and international perspectives highlighted above are reflected in the challenges faced by the county council. Regarding the aspects of financial risk, these have been identified by the Council in setting the budget and MTFS.

Financial Risks - Annual Budget and MTFS

From a financial perspective, as the Strategic Director for Resources has stated in the budget report, "*The uncertainties of the economic environment, in particular rising inflation, the fact we are awaiting a multi-year settlement, the scale of the expenditure reductions required and because of rapidly growing demands on our core services, mean that there are significant risks facing the Authority in delivering a balanced budget.*"

The report identifies the following financial risks, along with mitigation measures:

- Delivery of the Planned Budget Reductions
- Inflationary Risk
- Cost of Living
- Repayment of Overspends
- Dedicated Schools Grant Deficits
- Treasury Management
- Uncertainty of the National Funding Position
- Local Government Funding Reform
- On-going Impact of the Covid-19 Pandemic
- Impact on the Medium-Term Financial Strategy

Council Plan

Investment plans are directed towards delivery of the Council Plan.
The Council Plan contains three strategic priorities for achieving the vision "To make Warwickshire the best it can be, sustainable now and for future generations". These are as follows:

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Our ambition for Warwickshire

Three strategic priorities

We want Warwickshire to have a **thriving economy and places** that have the right jobs, skills, education, and infrastructure.

We want to be a County where all **people can live their best lives**; where communities and individuals are supported to live safely, healthily, happily and independently.

We want to be **a County with a sustainable future** which means adapting to and mitigating climate change and meeting net zero commitments, so that our generation ensures future generations can live well and reap the benefits of a sustainable and thriving Warwickshire.

Other planning considerations

Our primary customers remain the Chief Executive, Strategic Directors, Assistant Directors and the Audit and Standards Committee but we will take into account the views of other managers when refining the scope of audits and will accommodate them as long as requests do not divert us from addressing the core scope as agreed with the Audit and Standards Committee.

Further significant changes in processes and policies are likely during the coming year and internal audit will need to support this work and provide advice on the governance, risk management and control implications of the changes. Whilst providing advice is good practice and an effective use of resources, sufficient audits are required across the Council's risk profile in order to deliver the annual "Head of Audit" opinion. Given resourcing levels, advisory work will be targeted on key transformation projects and the Service is unlikely to be able to provide support on more minor matters.

Given the limitations on audit resources there is an increasing need for more reliance to be placed by the Council on second line of defence functions (such as Finance, HR and Procurement). Potentially, audit will need to provide increased assurance on the effectiveness of those functions especially as budget constraints will inevitably also impact on them and hence on the overall assurance framework. We will avoid undertaking roles that are properly the responsibility of the first or second line of defence – these managers need to have sound controls and monitoring systems in place rather than relying on periodic internal audits to provide

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them with assurance. Assurance that these management functions are being properly discharged will be tested as part of the audit work.

Governance, risk and control issues continue to be an issue at Maintained schools with an increasing number of schools experiencing financial difficulties. We plan to undertake some thematic audits, visiting a small sample of schools and sharing the key lessons more widely. Beyond that we will focus on the arrangements the Council has in place to identify as early as possible, and subsequently support, schools causing concern / in difficulty. Where a potential and significant financial irregularity is suspected at a school, we will investigate but we will not investigate minor suspected irregularities and will expect schools to resolve these, albeit with some support from audit as well as other support functions from across the council including finance and school advisers. Similarly, there is sometimes little value that an audit can add where the Council already knows of issues at a particular school.

The detailed plan

Based upon discussions with senior managers and our professional judgement an indicative priority and an estimated number of days have been allocated to each potential topic. The Council's strategic risks and the key planned work to provide assurance on these risks are shown in Annex 1. Demonstrating the assurances planned on each strategic risk and being transparent about auditable topics that cannot be audited are key requirements of internal audit professional standards and we therefore adopt a top-down approach with the plan being driven by key risks.

The outline plan in Annex 2 shows those topics that we are planning to audit and Annex 3 details an illustrative list of topics that we are not planning to audit. The plan takes into account the resources available within the audit service, risk and other assurance frameworks that exist from which the council can gain assurance.

As in previous years the plan covers one year which is accepted best professional practice. Whilst an indicative timing is included, and a view taken on time required, this is subject to review during the year e.g. when risks change or a specific project becomes a matter of priority or a significant fraud has to be investigated.

In addition to the assurance and advisory work listed, provision has been made in our work plan to:

- undertake investigations;
- complete outstanding 2022/23 audits; and
- counter-fraud work to maintain counter-fraud policies and to promote and raise the profile of counter fraud messages. This work will supplement the Council's on-going participation in the National Fraud Initiative which the internal audit team coordinates.

Quality Assurance and Improvement Programme

The Public Sector Internal Audit Standards (PSIAS) require the Internal Audit Manager to develop and maintain a Quality Assurance and Improvement Programme (QAIP) covering all aspects of the internal audit activity.

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The QAIP includes internal assessments, periodic self-assessments and external assessments and is not only designed to assess the efficiency and effectiveness of Internal Audits, but also to enable an evaluation of the internal audit activity's conformance with the definition of internal auditing and the PSIAS and an evaluation of whether internal auditors apply the Code of Ethics. We have an Audit Manual based on accepted professional practice which as well as being compliant with PSIAS builds quality into every stage of the audit process. A summary of the QAIP is shown in Annex 4.

Paul Clarke
Internal Audit Manager (Head of Internal Audit)

March 2023

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Strategic Risks

	Extract from Council's strategic risk register	Independent Assurance Sources	
	Strategic Risk description and impact	Other sources of assurance	Examples of proposed internal audit role / planned assignments
01.	Risk of slow or stalling economic growth affecting business, key sectors and town centre viability. Impact on WCC services, high inflation, business costs and supply chain.		Shared Prosperity Funding, Partnership and Community, Business Centres
02.	Risk of not delivering or achieving on our area-based regeneration and place priorities, due to differential levels of recovery from the economic impacts of the pandemic, including (but not limited to) to business impacts, deprivation, financial exclusion and stress.		Capital programme, Infrastructure Planning, Waste Management, Traveller Site Infrastructure, Highways- local projects
03.	Risk of education and skills gaps widening and inability to catch up to regain pre-pandemic levels of attainment after restricted access to school learning settings, lasting mental health and child development impacts.	Ofsted	Public Health statutory obligations, Schools Themed Visits, Admissions
04.	Risk of continuing Covid transmission and, resulting in adverse impacts on health & well-being, including mental health of our communities.		Public Health statutory obligations, including Public Health grant
05.	Risk of Post Pandemic widening of social and health inequalities and inability to catch up, compounded by challenges in healthcare, increasing demand on council services, resulting in worsening outcomes for our communities.	CQC	Public Health statutory obligations,
06	Risk of failings in the protection of vulnerable children in our communities and the potential for legal and reputational damage to the Council.	Ofsted	Children's home, independent reviewing service
07.	Risk of failings in the protection of vulnerable adults in our communities and the potential for legal and reputational damage to the Council.	CQC	Management information in Social Care and Support, New CQC inspection framework.
08.	Risk of continued and increasing levels of disruption to care markets and impacts on the supply of core provision and cost pressures from inflation, demand and legislative changes.		Contract Quality Assurance, Procurement.
09.	Risk of not achieving our climate change target of net zero by 2030, if we fail to adopt sustainability goals within our core service activities, plans and strategies.		Climate change

		Extract from Council's strategic risk register	Independent Assurance Sources	
		Strategic Risk description and impact	Other sources of assurance	Examples of proposed internal audit role / planned assignments
10.		Risk of failing to sustain and progress change to modernise, innovate and take advantage of technology-driven solutions within the organisation and ways we work, failing to fully update legacy IT systems.		IT Assurance audits, CRM replacement
11.		Risk of staff health and wellbeing concerns due to post pandemic new ways of working; isolation, loss of team culture, remote/office working tensions and low resilience following pandemic-related workloads.		HR risks - Succession planning, Agency staff, Reasonable adjustments
12.		Risk of negative results (financial and social) from our commercial and investment activities.		Property governance, Project Management
13.		Risk of insufficient resources to match the increasing demand for SEND provision and not achieving our SEND and Inclusion ambitions, worsening outcomes for our communities, damaging the council's financial resilience and potential for reputational damage to the council.		Home to school/ SEND transport
14.		Risk of continued uncertainty about key policy, economic and funding forecasts; impacting on financial planning assumptions and our ability to address the ongoing structural gap in available resources to deliver Council Plan priorities and respond effectively to unplanned events.		Budget management
15.		Risk of legal, regulatory, Information security non-compliance, impacting on the Council's reputation and future joint working and engagement opportunities.		Digital Roadmap, IT Access Controls, Data Assurance
16.		The risk of detriment to our reputation, including that of financial loss from commercial activities, locally, nationally and with partners and our community.		Insurance, New CQC inspection
17.		The risk of sustained inflationary pressures and cost of living increases putting pressure on staff costs, recruitment and retention and impacting on service resilience, service continuity and affordability as well as social, health and economic inequality.		Succession planning, Procurement
18.		Risk of not achieving County net zero by 2050, biodiversity and climate adaptation targets, if national roadmap and guidance on approach and funding structures is not clear and unable to mobilise businesses, communities and co-delivery partners where there are critical dependencies.		Climate change

Planned Work 2023/24

Strategic Priority:		We want Warwickshire to have a thriving economy and places that have the right jobs, skills, education and infrastructure

Directorate	Service	Topic	Notes
Resources	Finance	Capital programme governance	To include review of Agresso module for monitoring, forecasting and reporting arrangements.
Communities	Communities and CSU	Infrastructure planning	Review of key activities to optimise place-shaping outcomes through effective management of its infrastructure planning and delivery.
Resources	Governance and Policy	Succession planning	Review of the plans in place to identify and develop potential future leaders and individuals required to fill business-critical positions within the Council.
Communities	Environment	Impact of Shared Prosperity Funding	Review of funding arrangements (*UKSPF to replace ERDF sitting with District and Borough Councils)*, with sufficient access to capital funding to deliver transport priorities and Local Transport Plan.

Strategic Priority:			**We want to be a County where all people can live their best lives; where communities and individuals are supported to live safely, healthily, happily and independently**

Directorate	Service	Topic	Notes
Resources	Business and Customer	CRM replacement	Advisory support to the project aimed at delivering the new telephony system and CRM platform.
Resources	Enabling	Property governance	Follow-up - Property Legislation Compliance 22/23
Resources	Enabling	Intranet/ Website governance	Council wide assurance review
People	Strategy and Commissioning / CSU	Contract Quality Assurance	Review of the Quality Assurance teams, to include resourcing impact of remote working and completion of assessments.
People	Social Care and Support	New CQC inspection	Assurance review of preparedness against the new CQC framework, requirements and performance measures and inspection of care homes.
People	Public Health	Public Health Grant	Review of service improvements, monitoring and governance arrangements against actual spend.
People	Children	Children's homes	Compliance review against statutory responsibilities
People	Education	Traded Services	Consideration and outcome of the national review and council provision of future music services.
Communities	Communities	Waste Management	Review of impact of strategy and waste collection and risk management aligned to the MTFS.
Communities	Communities	Business Centres	Assurance review of the management of business centres leases and to include roles and responsibilities and governance arrangements.

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Directorate	Service	Topic	Notes
People	Education	School Admissions	Assurance review to ensure that robust processes are in place to monitor the requirements for school places, identify potential issues and include school records management.
People	Education	Home to school transport	Review of service delivery criteria for suppliers is in accordance with policy and procedures including use of licensed carriers and safeguarding of vulnerable children or adults and eligibility toolkit
People	Education	Special Education Needs Disability (SEND)	Assurance review of the controls and processes in place and to include staff training.
Communities	Environmental	Traveller site infrastructure	Review of arrangements and management of traveller sites, governance and reporting of health and safety risks.
Communities	Fire and Rescue	Fire - IT replacement and controls	Review of progress and implementation of the Incident Command System.
Communities	Environmental	Highways - local projects	Review of funding arrangements, delivery and liaison with elected Members.

Strategic Priority:		We want to be a County with a sustainable future which means adapting to and mitigating climate change and meeting net zero commitments

Directorate	Service	Topic	Notes
Resources	CSU	Climate Change	Assurance review on progress of actions taken to support the achievement of net zero carbon aligning to the Climate Strategy, highlighting any risks or issues.
Resources	CSU	Project Management	Review of arrangements of programme and project management including monitoring and post project evaluation.
Resources	CSU	Procurement	Assurance review against procurement framework and strategy
Resources	CSU	Partnerships and community	Review of the partnership working with districts, boroughs and NHS in meeting commitments to switch to renewable energy and financing arrangements.

	Governance, Risk and Controls Assurances and Advice	

Directorate	Service	Topic	Notes
Resources	Enabling	Use of Agency Staff	Review of arrangements, controls and expenditure and preparation for HMRC inspection
Resources	Finance	Budget management	Assurance review of budgetary control arrangements, including forecasting, monitoring and reporting arrangements.
Resources	Finance	Agresso development	Ongoing advisory
Resources	Finance	Pension Fund	Annual assurance review
Resources	Finance	Financial Assessments - BAIC	Review of assessments and payments
Resources	Finance	Insurance	Compliance review against policy
Resources	Enabling	Digital Roadmap	Assurance review of technology usage to improve the way the council serves its local residents and community stakeholders.
Resources	Enabling	IT access controls	Review of Agresso access controls
Resources	Enabling	Data Assurance	Review of data quality for reliable performance and financial information to support decision making.
Resources	Finance	Payroll	Assurance review
Resources	Law and Governance	HR risks - Reasonable adjustments	Assurance review corporate wide of health and well being
Resources	Governance and Policy	Records Management	Assurance review of corporate records management, including information security, retention and destruction.
People	Education	Schools - Themed visits	Thematic review of risk area, e.g. maintenance

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Illustration of auditable topics not planned for 2023-24

In addition to the coverage of key risk areas discussed at Annexes 1 and 2 above, the PSIAS requires the strategy to be open about those audit areas not covered in 2023/23. Based upon the planning discussions with senior management, our professional judgement and the results of previous audits the following topics are not planned for 2023/24. However, should planned audits not take place topics from this list can be substituted.

Directorate	Area
Communities	Forestry / tree planting
People	Implementation of learning from the Independent Inquiry into Child Sexual Abuse
Communities	Archaeology Warwickshire
People	Reablement service
Resources	General Ledger Including Accruals and Journals
Resources	Taxation compliance including IR35
Resources	Complaints
Communities	Fire - payroll assurance (*dependent on Industrial action*)
People	Safeguarding – Multi-agency safeguarding hub (MASH)
Resources	HR risks - Grievances
Resources	Automation/ Artificial Intelligence
People	Direct Payments management
Resources	Performance Management

Warwickshire
County Council

Annex 4: QAIP

Warwickshire County Council – Quality Assurance and Improvement Programme

Venn diagram with three overlapping circles: Quality Assurance, Quality Improvement Plan, Supervision & review. Overlapping regions labelled Engage. Managers, Auditors, Engage. Managers, and HIA at the centre.

Quality Assurance
Periodic external assessments and self-assessments against PSIAS. Robust performance monitoring. Post assignment de-brief and post assignment questionnaires.

Quality Improvement Plan
Quality improvement plan - HIA reports to Audit Committee on the outcome of Quality Assurance including any improvement action plan and any significant non-conformance with PSIAS.

Supervision & review
Ongoing monitoring and quality assurance is built into the audit process. Quality checks and oversight are undertaken throughout the audit engagement ensuring that processes and practice are consistently applied.

Head of Internal Audit

- Undertake an annual self-assessment against the requirements of PSIAS
- Develop and maintain a Quality Assurance Improvement Programme (QAIP) & improvement action plan
- Focus on evaluating conformance with Internal Audit Charter, definition of Internal Audit, Code of Ethics & the Standards
- Arrange an External Assessment in accordance with PSIAS requirements

Engagement Managers

- Undertake supervision and review audit engagements
- Obtain assurance from supervision and review processes that engagement planning, fieldwork conduct and reporting /communicating results adheres to audit manual / PSIAS
- Provide HIA with regular reports on outcome of reviews, performance against key service measures, etc
- Provide feedback to auditors on quality of their work
- Promote high professional standards and compliance with audit manual / PSIAS
- Continually develop their team members

Auditors

- Conduct audit engagements in accordance with audit manual / PSIAS
- Deliver all assignments on time and within budget

All

- Comply with the Code of Ethics / Code of Conduct
- Promote the standards and their use throughout the Internal Audit activity
- Committed to delivering high quality services and continuous improvement
- Promote the internal audit service
- Committed to continuing professional development

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Warwickshire County Council

Appendix B

Audit Charter

"Providing assurance on the management of risks"

Warwickshire County Council

Working for Warwickshire

Audit Charter

"Providing assurance on the management of risks"

An Audit Charter is a mandatory requirement of the Public Sector Internal Audit Standards and the associated Local Government Application Note (PSIAS) and sets out the purpose, responsibilities and authority of the internal audit service within Warwickshire County Council.

This document was approved by the Internal Audit Board and endorsed by the Audit and Standards Committee on 25-3-22 and applies until amended.

Context

The Council has a statutory responsibility to have in place arrangements for managing risks; The Accounts and Audit Regulations 2015 require local authorities to have a sound system of internal control which:

- facilitates the effective exercise of their functions and the achievement of its aims and objectives
- ensures that the financial and operational management of the authority is effective; and
- includes effective arrangements for the management of risk.

Furthermore, the CIPFA/SOLACE governance framework "Delivering Good Governance in Local Government: Framework 2016" outlines the need for risk management to be embedded into the culture of the organisation, with members and officers recognising that risk management is an integral part of their jobs.

The requirement for an internal audit function is also contained in the Regulations which require the Authority to:

"undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

Internal audit services for the County Council are provided by the Internal Audit Team within the Resources Directorate.

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Definitions

The role of the "Board" outlined in the PSIAS is fulfilled by Corporate Board. The role of senior management is fulfilled by Corporate Board. The role of the Chief Audit Executive is fulfilled by the Internal Audit Manager.

Purpose

The Council has to comply with the PSIAS which define internal audit as:

> "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

The key word in the definition is assurance; the role of audit is primarily to provide reasonable assurance to the organisation (the Board, managers, assistant directors and the Audit and Standards Committee) and ultimately the taxpayers that the Authority maintains an effective control environment that enables it to manage its significant business risks. We do this by **providing risk-based and objective assurance, advice and insight**.

The IIA standards, on which PSIAS are based, define the mission of an effective internal audit function as:

> "To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight."

Achievement of the mission is supported by a range of standards and guidance including: the Core Principles, the Definition of internal audit and a Code of Ethics.

For an audit function to be considered effective all of the following Core Principles must be present and operating effectively:

1. Demonstrates integrity.
2. Demonstrates competence and due professional care.
3. Is objective and free from undue influence (independent).
4. Aligns with the strategies, objectives, and risks of the organisation.
5. Is appropriately positioned and adequately resourced.
6. Demonstrates quality and continuous improvement.
7. Communicates effectively.
8. Provides risk-based assurance.
9. Is insightful, proactive, and future-focused.
10. Promotes organisational improvement.

The PSIAS includes a mandatory Code of Ethics (based on international IIA standards) covering integrity, objectivity, confidentiality and competency. All internal auditors in the public sector must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life – the Nolan principles.

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The service also assists the Strategic Director - Resources in discharging his 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".

Scope and Responsibility

The service is responsible for providing assurance in accordance with all relevant professional standards and guidance across the council's entire control environment and across all activities, including:

- services provided on behalf of other organisations by the Authority, and
- services provided by other organisations on behalf of the Authority.

In addition to core assurance work the service also provides the following work:

Consultancy / Advisory work

The service also undertakes consultancy and advisory work designed to add value and offer insights that should improve the effectiveness of risk management, control and governance processes at the request of the organisation, subject to the availability of skills and resources.

Due to its detailed knowledge of systems and processes internal audit is well placed to provide advice and support to managers on the implications of changes to policy or processes. As such, the service must be informed and consulted about plans for major or complex changes to systems. The service will advise / comment on proposed changes and the controls to be incorporated in new and revised systems when invited to do so or where agreed in the annual plan but the final decision on whether to accept the audit advice rests with the relevant manager(s). However, where appropriate the Internal Audit Manager may escalate the issue to more senior management. The provision of such advice does not prejudice the service's right to evaluate the established systems and controls at a later date.

Fraud

All managers are responsible for the prevention and detection of fraud, corruption and other irregularities. However, the service assists with these responsibilities. Internal auditors when conducting audit assignments are alert to opportunities, such as control weaknesses that could allow fraud. If the service discovers evidence of a fraud or other irregularity the relevant line manager will be informed.

Smaller, less complicated investigations will be undertaken by the relevant managers but the service will investigate the more complicated or large cases of 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.

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Managers should immediately inform the Internal Audit Manager if a fraud or other irregularity is suspected who will then inform the Internal Audit Board of significant allegations. 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 service 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, the service will undertake a review to determine whether controls should be strengthened.

The Internal Audit Manager is responsible for reporting frauds and subsequent liaison with the Police and other investigative agencies.

Value for money

The service will offer advice and insight concerning instances of over control, or inefficiency, but will not specifically examine or evaluate the extent that value for money is achieved as part of our routine reviews.

Where specifically agreed in the audit plan the service will, subject to availability of resources, also:
- undertake or participate in specific value for money / service reviews; and
- 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, the service 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 Internal Audit Manager must be informed at an early stage. Where requested, and subject to the agreement of the relevant manager, the service will assist reviewers by supplying information and knowledge gained during audits where this is relevant to the scope of the review.

Other

The Internal Audit Manager may, at the request of the Board, a senior manager or the Council or any of its committees, carry out investigations into issues where the Authority's strategic, corporate or financial interests are at stake.

Wherever possible staff responsible for providing advice on a particular topic will not undertake assurance work on that topic for at least 12 months. Where this is unavoidable management supervision will ensure that no conflict of interest arises and objectivity is maintained.

Any significant unplanned non-assurance work that would impact delivery of the core assurance work will require the prior approval of the Board.

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Independence

The service is managed by the Internal Audit Manager who is professionally qualified as required by PSIAS. Although the Internal Audit Manager's direct reporting line is to the Strategy and Commissioning Manager (Treasury, Pensions, Audit, and Risk) he also reports functionally to the Internal Audit Board and has the right of direct access to members of the leadership team. The service also provides regular reports to the Council through its Audit and Standards Committee which has responsibility for overseeing audit arrangements.

The service 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.

The service is free to plan, undertake and report on its work, as the Internal Audit Manager deems appropriate, in consultation with relevant managers and the Board.

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.

The service 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's advice and implementing their recommendations.

Audit and Standards Committee

The Council is responsible for maintaining an audit committee which complies with all relevant guidance. The committee's responsibilities include reviewing and commenting upon:
- formally approving the audit charter;
- formally approving (but not directing) the overall internal audit strategy and programme of audits to ensure that it meets the council's overall strategic direction (paying particular attention to whether there is sufficient and appropriate coverage);
- reviewing and commenting on 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 Internal Audit Manager in order to reach an overall opinion on the internal control environment and the quality of internal audit coverage.

Right of access

To undertake their work the service has unrestricted access to all the Authority's personnel, premises, documents, records, information and assets including those of

partner organisations[1]. The service has authority to access all relevant computer data as part of their work, including that registered under the Data Protection Act.

The service is 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.

The service has the right of access to any data required for their work that is owned by the Authority, but is processed or held elsewhere by third parties.

The Internal Audit Manager has the right of direct access to the Leader, Chief Executive, Strategic Directors, Chair of the Audit and Standards Committee and Assistant Directors.

Standards

The service operates in accordance with the best practice standards and guidance in the PSIAS.

Individual auditors are required to comply with the standards, all relevant ethical and technical standards issued by their professional bodies and with all relevant codes of conduct issued by the Authority.

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 Warwickshire County Council'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.

The service will safeguard the information obtained in carrying out its duties. Information obtained will not be disclosed unless there is a legal or professional requirement to do so (for example under the Freedom of Information Act) or used for personal gain.

Planning

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.

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[1] Regulation 5 Accounts and Audit Regulations 2015

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The Internal Audit Manager produces annual plans. These plans are developed in consultation with senior managers and take account of the Authority's aims, strategies, key objectives, associated risks, and risk management processes.

The Board agrees each year's plan which is endorsed by the Audit and Standards Committee. These plans will normally 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 Board 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.

The Internal Audit Manager is authorised to amend the plan during the year as necessary to reflect changes to systems or processes or in the risks facing the Authority. Any significant changes will be reported to the Board. All managers are expected to notify the service of any issues that may potentially require a change in the plan as soon as they become aware of them.

Terms of reference are usually prepared for each routine assignment and usually discussed with relevant line managers before the work is started.

Reasonable notice will usually be given to the relevant manager of the start of an audit and the service will minimise any disruption to the smooth running of the unit under review. However, the service reserves the right for unannounced visits where the Internal Audit Manager considers it necessary.

Reporting

All findings are reported to appropriate managers. Significant issues are reported in writing. The reports include an opinion on the adequacy of controls in 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.

Reports will usually be agreed with the relevant manager and the final agreed report will be copied to the relevant assistant director and strategic director. Reports identifying significant financial issues will also be copied to the Strategic Director - Resources.

The Internal Audit Manager is responsible for monitoring and reporting to the Board on the extent of implementation of agreed internal audit recommendations.

The Internal Audit Manager submits regular reports to the Board and Audit and Standards Committee summarising the results of audits and progress in implementing audit recommendations. An annual report will be provided giving an opinion on the Authority's control environment and which feeds into the annual review of the effectiveness of the Authority's system of internal control and the Annual Governance Statement.

Co-operation

The Internal Audit Manager co-ordinates internal audit plans and activities with other internal and external providers of assurance, to ensure the most efficient use of the total resources devoted to audit. However, as recognised in professional standards (ISA 610) external audit and internal audit have different objectives and priorities. The Internal Audit Manager is authorised to share information with external auditors and the Cabinet Office (for the purposes of the National Fraud Initiative). The Internal Audit Manager will liaise as appropriate with those involved in risk management and other policy and assurance providers, internal and external, sharing information and co-ordinating work as far as is practicable, in line with appropriate professional standards and other confidentiality considerations.

The service will work in partnership with other parts of the organisation on such matters as corporate governance, data protection, contracting and risk management.

It is the responsibility of every manager to be open, frank and honest at all times about any risks, concerns or problems that may exist and should provide more detailed information and evidence to internal audit within a reasonable time scale.

Where services are provided by or to other organisations the Internal Audit Manager is authorised to agree the responsibility for internal audit of those services with the internal auditors of those organisations and to share relevant information. Managers setting up a shared service / partnership must consider the requirement for assurances in relation to what they are doing, including the option of internal audit work, and must include appropriate assurance obligations and internal audit access rights in any agreement.

Quality of service

The Internal Audit Manager manages a quality assurance programme to ensure that internal audit work complies with professional standards and achieves its objectives.

The service takes the following steps 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; and
- regularly reviews its procedures to ensure that they remain appropriate.

The quality assurance programme includes:
- suitable guidance, support and review of all internal audit work;
- seeking feedback from line managers on the quality of internal audit work;
- periodic internal quality audits to monitor services provided by all internal auditors; and
- regular internal and external assessments in accordance with the PSIAS and IIA global standards.

The Internal Audit Manager will investigate and respond promptly to all complaints about internal auditors or the service provided.

Paul Clarke
Internal Audit Manager

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Audit and Standards Committee
Updated Work Programme 2023 - 2024

Item	Lead Officer	Date of meeting
SEND services – short paper on the financial implications and need to deliver service.	Nigel Minns / Johnny Kyriacou	TBC – post March
Audit & Standards Committee Annual Report – an overview of the work considered in 2022/23	Amy Bridgewater-Carnall	25 May 2023
External Auditors Report – Warwickshire County Council Risk Assessment 2022/23 - As part of the auditors' risk assessment procedures they are required to obtain an understanding of management processes and the Council's oversight of key risk areas. The report asks the Committee to consider the Council's risk assessment.	External Auditors – Grant Thornton	25 May 2023
External Auditors Annual Report 2021/22 – County Council Management Response & Action Plan - To consider the management response and action plan in response to the issues raised and recommendations made in the 2021/22 Annual Audit Letter and Audit Findings Report.	External Auditors – Grant Thornton	25 May 2023
Internal Audit Annual Report 2022/23	Paul Clarke	25 May 2023
Internal Audit External Quality Assessment	Paul Clarke	25 May 2023

1 of 1

Agenda Item 5

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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