

Minutes of the Audit and Standards Committee Meeting held on 5 December 2016

Present: Martyn Tittley (Chairman)

Attendance

Derek Davis, OBE	Kevin Jackson
Mike Davies (Vice-Chairman)	David Smith
Brian Edwards	Caroline Wood
Michael Greatorex	Mike Worthington
Derrick Huckfield	

Also in attendance:

Apologies: William Day, Philip Jones and Diane Todd

PART ONE

43. Declarations of Interest

Councillor Kevin Jackson declared an interest as his wife was a Member of Staffordshire County Council Pension Scheme.

44. Minutes of the Meeting held on 26 September 2016

Resolved: That the minutes of the Audit and Standards Committee held on the 26 September 2016 were approved as an accurate record of the meeting and signed by the Chairman.

45. Health, Safety and Wellbeing Performance Annual Report

The Health, Safety and Wellbeing Manager highlighted key points in the presentation which detailed achievements in 2015/16; incidents in 2015/16; the involvement of the Health and Safety Executive; the outcomes of Health and Safety Audits; accident, violence and ill health performance; health and safety management and the key actions for 2016/17.

In response to Members questions in respect of schools, the Health, Safety and Wellbeing Manager confirmed that as the landlord, (academy premises are leased on a one hundred year fully maintained and repaired basis), the County Council did have some obligations regarding the management of asbestos in academy schools and must, for example, ensure that accurate information was provided to schools.

A Member queried if the eighty one percent of schools achieving level three and above in their Health and Safety Audit included academy schools? It was confirmed that information was held about all schools that bought the County Council's Health and Safety Services in addition to the approximately two hundred and sixty five schools that remained maintained.

A Member expressed concern that almost 20 per cent of schools were not achieving level three or above in their Health and Safety Audit. It was suggested that School Governors should ask questions about this matter.

Concern was also raised that some schools had not reviewed their fire risk assessment and as such were out of date and if an incident occurred then the insurance company would not pay out. It was highlighted that it was a legal requirement to have risk assessments and current electrical and fire certificates in place.

The Health, Safety and Wellbeing Manager clarified that every school had a Fire Risk Assessment and was asked to review this annually. The County Council would visit schools and encourage them to carry this out.

It was confirmed by the Head of Financial Strategy & Support that there was an element of school insurance that was internal.

Members expressed concern that almost twenty five percent of schools had not completed or reviewed its Fire Risk Assessment in the last twelve months. The Chairman undertook to write to the Health, Safety and Wellbeing Manager on behalf of the Committee seeking assurances about the action taken to address this.

A Member expressed concern regarding asbestos in schools and it was confirmed by the Health, Safety and Wellbeing Manager that additional information could be provided to Members should they require it.

In response to a Member's question regard staff stress levels it was highlighted that psychological absence had reduced by seven percent. There were more self-referrals and a dedicated Think Well service had been introduced. The Think Well Service tackled issues proactively and provided an improvement in early support. The service could triage individuals within forty eight hours and offer an appointment within six days. This helped to keep people in work or get them back to work sooner.

In response to a further question it was confirmed that there was a strict criteria for the approval of ill health retirement. This had to be signed off by a medical health professional who had not been previously involved with the individual.

It was requested by a Member that he be sent the names of those schools in his division which had not complied with the Health and Safety Self Audit. It was instead suggested that School Governors should ask questions about this matter and that all members could be provided with some information to prompt useful discussions with local schools.

In response to a point raised about the new system being introduced the Health, Safety and Wellbeing Manager clarified that this was an online system which would be easier for schools to use. It would enable schools to see trends and support the analysis of information. Action taken by schools could be tracked and there would be more transparency.

A Member referred to the reduction in the County Council's workforce and requested that future reports include the percentage of accidents rather than just total numbers. It was confirmed that this information would be included.

It was **Resolved** that:

- The Chairman write to the Health, Safety and Wellbeing Manager on behalf of the Committee seeking assurances about the action taken to address the number of Fire Risk Assessments not completed or reviewed by schools.
- Support be given to assist members in raising health and safety matters with the schools in their division
- Future Health and Safety reports to the Committee include the percentage of accidents to staff as well as total numbers.

46. Annual Audit Letter 2015-16

Steve Clark, Ernst and Young LLP introduced the Annual Audit Letter for the year ended 31 March 2016 following the completion of audit procedures for the year.

Resolved: That Committee Members note the content of the Annual Audit Letter for the year ended 31 March 2016.

47. Internal Audit Plan 2016-17

The Chief Internal Auditor presented the Internal Audit Plan Update 2016/17 and highlighted the key points within the report.

In a response to a question regarding the outsourcing of the internal audit function of other District/Borough Councils it was confirmed by the Chief Internal Auditor that organisations had themselves approached the County Council for support and there were now discussions with two Districts regarding greater working together. There was work with Entrust as the County Council's internal audit was the supplier of choice to academies.

Referring to the high level audit recommendations not implemented by the agreed date it was confirmed that where the responsibility for a recommendation had sat with an Officer who had subsequently left the Council, a new person had now been identified to take on this responsibility and the action was being chased up. There was an electronic system in place and any recommendations not cleared were flagged up.

It was **Resolved** that the Committee;

- Note the progress against the 2016/17 Internal Audit Plan and the amendments to the original plan, including those audits which had been cancelled since its approval in June 2016.

Note progress on the implementation of high level recommendations made during 2016/17.

48. National Fraud Initiative

The Chief Internal Auditor presented the report and highlighted the requirements of the Cabinet Office's National Fraud Initiative (NFI) 2016.

It was **Resolved** that the Committee Members note the content of the report presented.

49. Fraud Briefing

The Audit Manager – Fraud, gave a detailed presentation on fraud, bribery and theft. Key issues discussed included the cost of local government fraud; what constituted fraud and bribery offences; when fraud was likely to occur; who committed fraud; red flag indicators for possible fraud; strategies to reduce the risk of fraud; what the County Council was doing to combat fraud losses; performance against the CIPFA Code of Practice; staff awareness and proactive work planned.

In response to a question from a Committee Member reassurances were provided that there were staff in place to support fraud investigations and that the Audit Manager could approach the Chief Internal Auditor if more resources were required.

A Member queried if fraud within the County Council was growing or declining? The Audit Manager explained that fraud was not particularly high. There were high profile risks however, for example fraudsters were known to send letters to Councils posing as known suppliers asking for the supplier's bank details to be updated to fraudulent accounts. In these scenarios once money had been transferred to an incorrect account it could not be recovered. The County Council paid attention to cases from elsewhere as fraud methods were always evolving. Eleven cases had been identified this year none of which had resulted in financial loss to the Council. In one case a P-Card had had to be cancelled. The losses were low and there was work being undertaken to raise awareness. In response to further questions the Audit Manager referred to the proactive work undertaken to consider P-Card fraud. Transaction amounts were examined and spend data analysed. P-Card usage was compared with, for example, periods of sickness absence from work. Split transactions were also identified. If there was a concern that fraud could have taken place the member of staff would be contacted and the transaction queried. This was a good deterrence to fraud.

A Member referred to the need to ensure value for money and the potential for fraud in the tendering process and queried the amount of undetected fraud? The Audit Manager reassured the Committee that the Internal Audit team had offered to input into the new procurement policy. Procurement guidelines ensured that where there was a new contract, fraud and corruption were considered. If there was a large supplier the Council would ask the supplier to confirm that they had a whistle blowing policy and that they promoted work against, for example, fraud. Procurement had been considered in the past and a similar exercise was likely to be repeated this year on a different set of contracts and this would query if there was appropriate selection processes in place.

The Head of Financial Strategy and Support explained that there were long established procurement procedures. Procurement Teams had to sign conflict of interest forms and large contracts would be considered by a panel. A single Officer could not take a decision in isolation. Certain contracts were subject to both internal and external audit. Cartels had been identified in the Public Sector in the past and the appropriate action had been taken. Under the transparency code, payments over a certain amount had to

be published on the Council's Website. The Council could not be complacent, but as EU tendering regulations were so tight, there would have to be sophisticated collusion to prevent the County Council getting value for money.

It was queried how Councillors could raise any concerns regarding fraud and the Chief Internal Auditor confirmed that the Internal Audit Team could be informed of any financial concerns straight away through the reporting line and through an online reporting form which would be going live shortly.

In response to a further question regarding liaison with District/Borough Council colleagues, the Chief Internal Auditor confirmed that the issue of fraud was discussed at a subgroup of the Midland Counties Chief Internal Auditors Group and at the Staffordshire Internal Auditors Group.

50. Forward Plan 2016-2017

There were no comments on the Forward Plan.

It was **Resolved** that Members put forward any items that they considered should be included in the 2016/17 Forward Plan.

51. Exclusion of the Public

52. Staffordshire and Stoke on Trent NHS Partnership Trust Update

53. Internal Audit Reports - Update on Limited Assurance Review

54. Exempt minutes of the Audit and Standards Committee meeting held on the 26 September 2016

Chairman