

Agenda



AGENDA for a meeting of the AUDIT COMMITTEE in COMMITTEE ROOM B at County Hall, Hertford on WEDNESDAY, 23 MARCH 2016 at 10.00AM

MEMBERS OF THE COMMITTEE (10) (Quorum 3)

D Andrews, R F Cheswright, G R Churchard, D T F Scudder, T W Hone, T Hunter, L R Kercher, S J Taylor, A D Williams (*Chairman*), W J Wyatt-Lowe (*Vice-Chairman*)

Meetings of the Committee are open to the public (this includes the press) and attendance is welcomed. However, there may be occasions when the public are excluded from the meeting for particular items of business. Any such items are taken at the end of the public part of the meeting and are listed under "Part II ('closed') agenda".

Committee Room B fitted with an audio system to assist those with hearing impairment. Anyone who wishes to use this should contact main (front) reception.

PART I (PUBLIC) AGENDA

1. MINUTES

To confirm the minutes of the meeting held on 25 November 2015.

2. PREPARATION FOR THE 2015/16 ACCOUNTS

Report of the Assistant Director - Finance

3A. AUDIT PLAN 2015/16 – COUNTY COUNCIL

Report of Ernst & Young

3B. AUDIT PLAN 2015/16 – PENSION FUND

Report of Ernst & Young

4. LETTERS OF REPRESENTATION ON MANAGEMENT AND OVERSIGHT OF THE HERTFORDSHIRE COUNTY COUNCIL (INCLUDING FIREFIGHTERS’ PENSION FUND) AND HERTFORDSHIRE PENSION FUND ACCOUNTS 2015/16

Report of the Assistant Director - Finance

5. RISK MANAGEMENT ANNUAL REPORT 2015/16

Report of the Assistant Director (Resources), Improvement and Technology

6. RISK FOCUS REPORT - COMMUNITY PROTECTION FIRE RESOURCE RISK

Report of the Director Community Protection (Chief Fire Officer)

7. DATA PROTECTION RISK

Report of the Assistant Director (Resources), Improvement and Technology

8. INTERNAL AUDIT PROGRESS REPORT Q4

Report of the Head of Assurance Services

9. INTERNAL AUDIT PLAN 2016/17

Report of the Head of Assurance Services

10. SHARED ANTI-FRAUD SERVICE UPDATE

Report of the Assistant Director - Finance

11. FUTURE WORK PROGRAMME

The Committee is invited to agree its future rolling work programme, suggested as follows:-

<p>21 June 2016</p>	<ul style="list-style-type: none"> • Risk Management Update • Risk Focus Report – Statutory Public Health Responsibilities • Annual Governance Statement 2015/16 and Code of Corporate Governance • Annual Assurance Statement and Internal Audit Annual Report 2015/16 • Internal Audit Progress Report Q1 • End of Year Report on the Treasury Management Service and Prudential Indicators 2015/16 • Whistle Blowing Annual Report 2015/16
---------------------	--

<p>September 2016 at 10am (date to be confirmed)</p>	<ul style="list-style-type: none"> • Audit Results Report 2015/16 – County Council • Response To The Audit Results Report – Hertfordshire County Council (Including Fire Fighters’ Pension Fund) Financial Statements • Annual Statement Of Accounts – Hertfordshire County Council (Including Fire Fighters’ Pension Fund) Financial Statements • Audit Results Report 2015/16 – Pension Fund • Response To The Audit Results Report 2015/16 – Pension Fund • Risk Management Update • Risk Focus Report • Internal Audit Progress Report • Shared Internal Audit Service Annual Report
<p>November 2016 at 10am (date to be confirmed)</p>	<ul style="list-style-type: none"> • Annual Audit Letter 2015/16 • Annual Audit Results Report – Follow Up Actions • Grant Certification 2015-16 • Mid-Year Report on the Treasury Management Service and Prudential Indicators 2016/17 • Risk Management Update • Risk Focus Report • Internal Audit Progress Report • S106 and CIL Update Report

If you require further information about this agenda please contact Fiona Corcoran, Democratic Services, on telephone no (01992) 555560 or email fiona.corcoran@hertfordshire.gov.uk

Agenda documents are also available on the internet at:
www.hertsdirect.org/hccmeetings

Minutes



To: All Members of the Audit Committee, Chief Executive, Chief Officers, All officers named for 'actions'

From: Legal, Democratic & Statutory Services
Ask for: Fiona Corcoran
Ext: 25560

AUDIT COMMITTEE 25 NOVEMBER 2015

ATTENDANCE

MEMBERS OF THE PANEL

R F Cheswright, G R Churchard, T W Hone, T Hunter, L R Kercher, R M Roberts (substitute for D Andrews), D T F Scudder, S J Taylor, A D Williams (*Chairman*), W J Wyatt-Lowe (*Vice-Chairman*)

Upon consideration of the agenda for the Audit Committee meeting 25 November 2015, as circulated, copy annexed, conclusions were reached and are recorded below:

Note: No declarations of interest were made by any member of the Committee in relation to the matters considered at this meeting.

PART I ('OPEN') BUSINESS

1. MINUTES

- 1.1 The minutes of the Committee meeting held on 23 September 2015 were confirmed as a correct record and signed by the Chairman.

2. ANNUAL AUDIT LETTER 2014/15

- 2.1 The Committee considered the Hertfordshire County Council Annual Audit Letter 2014/2015, which was provided to communicate key issues arising from the work of the external auditors.

ACTION

- 2.2 The Committee welcomed Neil Harris, Ernst & Young who had taken over from Mark Hodgson in working with the County Council.
- 2.3 Members' attention was drawn to section 4 of the report (Looking Ahead) and it was highlighted that the Highways Network Assets would be a challenge for all local authorities and the County Council was well prepared for this. With regard to the Better Care Fund (BCF), it was noted that the County Council's BCF was well governed with good processes in place.
- 2.4 With regard to Highways Network Assets and the depreciation of replacement costs, it was noted that recording the value accurately would be the biggest challenge and the way in which the County Council captures this information would be critical. Members heard that officers had been working on this for a significant length of time and, although there was a risk in terms of materiality, all possible measures were being put in place to minimise such risks.
- 2.5 Members discussed the level of underspend which could be considered appropriate and noted that regulators tended to disregard reserves and focus on budget gaps over a three year period and that auditors would consider the levels of reserves and whether they were being used in a planned and appropriate way. It was also noted that systematic under or overspending would suggest inadequate budgetary control. The Committee heard that the County Council's reserves had been increased in response to the increasing risk with regard to business rates and that the level of reserves would be continuously reassessed.

Conclusion:

- 2.6 The Committee RESOLVED that the Annual Audit Letter for 2014/15 be noted.

3. UPDATE ON RESPONSE TO THE AUDIT RESULTS REPORT AND OTHER MATTERS

- 3.1 The Committee considered a report which provided a response to the Annual Audit Results Report 2014/15.
- 3.2 Members heard that Ernst & Young had issued an unqualified opinion on the 2014/15 accounts and made no specific recommendations. A small number of issues were raised and details of action being taken to address these in the 2015/16 accounts were detailed in the report.

Conclusion

**CHAIRMAN'S
INITIALS**

.....

3.3 The Committee RESOLVED that the response to the Audit Result Report be noted.

4. EARLY CLOSURE OF ACCOUNTS

4.1 The Committee were provided with an update on changes to the Audit and Accounts Regulations (2015) and specifically the requirements to approve and publish the accounts earlier than previous years.

4.2 Members heard that in practise the changes would mean a need to reduce the time allowed to close accounts by two weeks and that officers were in discussion with actuaries, district councils and EY to plan how to obtain the necessary information earlier and work to the new timeframe.

4.3 In response to questions from Members, it was noted that there would be a regular quarterly update on key areas and risk; officers would be kept up to date with all relevant training courses and reporting structures were being developed.

4.4 Members welcomed the early closure of accounts and it was noted that it would be possible for a six or nine month audit to be carried out. In response to a question about the potential for closing quarterly, the Committee heard that not everything could be done but some aspects such as balance sheet reconciliations could be checked.

4.5 The Committee were informed that a working group with district councils on this subject had met and was becoming a very helpful forum.

Conclusion

4.5 The Committee RESOLVED that this report be noted.

5. MID-YEAR REPORT ON THE TREASURY MANAGEMENT SERVICE AND PRUDENTIAL INDICATORS 2015/16

5.1 The Committee received the mid-year report on the Treasury Management service, detailing the treasury activity for the first six months of the financial year, up to 30 September 2015. The report summarised the economic context, interest rates, forecasts and transactional activity with regards to investments and borrowing during that period.

5.2 Members heard that the County Council had complied with all prudential treasury management indicators as set out in the Integrated Plan and there had been no breaches of the treasury strategy.

**CHAIRMAN'S
INITIALS**

.....

- 5.3 At the request of Members, officers circulated an investments list to the Committee (appendix A attached.)
- 5.4 Members raised the question of the potential impact, should the UK withdraw from the euro zone. It was noted that this could impact GDP as some large companies might relocate but it was also possible that deregulation could reduce costs and attract business and the UK has established trading partners outside Europe. It was highlighted that there would be no currency risk as the County Council did not invest in euro denominated instruments. Members heard that these potential impacts were being considered by officers.

Decision:

- 5.5 The Committee RESOLVED that the mid-year report on Treasury Management activity be noted.

6. RISK MANAGEMENT UPDATE

- 6.1 The Committee received the Risk Management Update report, covering risk management activity over the last quarter. The report included a summary of the Corporate Risk Register and a summary of risk movements since the last report.
- 6.2 Two new risks were highlighted (paragraph 1.7 and 1.8 of the report.) although the overall number of red risks had not increased.
- 6.3 In response to a question from a Member regarding potential financial risk associated with refugees to fund care and support needs, it was noted that it was a risk but the number of refugees expected was not significant. Officers were aware of this financial risk and the support that refugee families may require and provision for unaccompanied asylum seekers was also being incorporated into plans.
- 6.4 The question of risk around data protection was raised by a Member and it was noted that there is coverage on the risk register for this and substantial programmes were in place, including tools and training. There were good controls on the technical measures and most past breaches had been paper based. It was also noted that external partners held some of the more vulnerable data. The Committee were informed that the risk register was very closely tied to what is happening to prevent breaches and to mitigate if any occur.
- 6.5 Officers agreed that an item on the management of risk regarding

M Aust

**CHAIRMAN'S
INITIALS**

.....

data protection be added to the work programme for the March 2016 meeting of the Committee.

- 6.6 In discussion, Members raised the issue of risk relating to the recruitment and retention of professional staff in areas of planning. It was noted that specific areas of recruitment and retention were drawn out in the report rather than being grouped all together and the annual report on workforce strategy made reference to specific areas such as planning and how it was being addressed.
- 6.7 With regard to recruitment and retention of staff in the area of care work, the Committee heard that work carried out by officers on the Integrated Plan would ensure that the living wage could be met. It was confirmed that a risk would remain in this area until further details on funding and the impact of cuts to health funding were known.

Decision:

The Committee RESOLVED that:

- 6.8 the Risk Management update report be noted.
- 6.9 HFRS0007 (unplanned incidents e.g. terrorism) be the subject of the risk focus report for the March 2015 meeting.

M Aust

7. RISK FOCUS REPORT – SCHOOL EXPANSION PROGRAMME

- 7.1 The Committee received a report providing information regarding risks and controls recorded on the County Council Corporate Risk Register relating to the funding of capital projects within the School Expansions Programme.
- 7.2 The Committee heard that the school expansion programme had started with primary schools and was now moving on to secondary schools. It was also noted that the Council might not receive sufficient funding from government to cover the whole school expansions programme but steps had been taken such as tight planning and seeking external funding where possible, which had been successful so far. The fact that there would be increasing demand in future from substantial housing development was highlighted. These factors explain the reasons for the risk remaining high despite the successful work completed over the last 4/5 years and additional funds from the County Council not being sought.
- 7.3 Members discussed the ways in which secondary school expansions raised different challenges to primary schools, with bigger expansion projects needing to take place on fewer schools.
- 7.4 In discussion, it was highlighted that different schools had their own

**CHAIRMAN'S
INITIALS**

.....

individual expectations and needs with the overarching aim of improving the quality of facilities and ensuring the quality of education does not deteriorate. Members noted that the complex specialist facilities required in secondary schools was an important factor that was not an issue for primary schools.

- 7.5 In response to a question from a Member, it was noted that all the new builds except Highfield were academies so the County Council had little involvement in those projects but officers were aware that there had been some slippage although that was to be expected.

Conclusion:

- 7.6 The Committee RESOLVED that the risk focus report on the school expansion programme be noted.

8. INTERNAL AUDIT PROGRESS REPORT

- 8.1 The Committee received the Internal Audit Progress Report which provided updates on the progress made by the Shared Internal Audit Service in delivering the Hertfordshire County Council Internal Audit Plan for 2015-16.
- 8.2 The Committee were informed that all outstanding projects had been allocated and SIAS was on track to meet year end targets. In addition to this, work on schools was on track with two schools due to be audited after being brought to the attention of officers.
- 8.3 There was discussion of officer and Member expenses and it was noted that officers were aware there was an issue surrounding receipts and were looking into a method of ensuring claims could not be submitted without a receipt via the automated system. Guidance would also be provided to officers and Members to ensure this method could be complied with in future using technology.

Decision:

- 8.4 The Committee RESOLVED that:
the Internal Audit Progress Report be noted;
changes to the Audit Plan be noted;
the changes regarding schools be made as detailed in the report;
high priority actions now complete (as detailed in the report) be removed.

**9. HERTFORDSHIRE FIRE AND RESCUE AUTHORITY
STATEMENT OF ASSURANCE 2015/16**

- 9.1 The Committee received a report which detailed the response to the

**CHAIRMAN'S
INITIALS**

.....

government requirement for fire and rescue authorities to provide assurances on financial, governance and operational matters and to demonstrate how they had due regard to their Integrated Risk Management Plan. It was highlighted that as the Fire and Rescue Service was part of the County Council it was also adequately covered in the County Council statements of assurance.

9.2 With regard to the pensions dispute, it was noted that the service had been well prepared for the strike action but had also been fortunate that there had been no major incidents during the strike period. Members noted that further strike action relating to pensions was not anticipated by the Service future industrial unrest should be considered a possibility if budgetary pressures result in a need for significant Service change.

9.3 **Decision:**

The Committee RESOLVED that the Statement of Assurance 2014/15 be approved.

10. FUTURE WORK PROGRAMME

The Committee agreed its future rolling work programme, as follows (new items added at this meeting **in bold**):

23 March 2016 at 10am	<ul style="list-style-type: none"> • Preparation for 2015/16 Accounts • Audit Plan 2015/16 – County Council • Audit Plan 2015/16 – Pension Fund • Letters of Representation on Management and Oversight of The Hertfordshire County Council (Including Firefighters’ Pension Fund) And Hertfordshire Pension Fund Accounts 2015/16 • Risk Management Annual Report 2015/16 • Risk Focus Report - HFRS0007 (unplanned incidents e.g. terrorism) • Data Protection Risk • Internal Audit Progress Report Q4 • Internal Audit Plan 2016/17
21 June 2016 at 10am	<ul style="list-style-type: none"> • Risk Management Update • Risk Focus Report • Annual Governance Statement 2015/16 • Annual Assurance Statement and Internal Audit Annual Report 2015/16 • SIAS Terms of Reference 2016/17 • Internal Audit Progress Report Q1 • Annual Report on the Treasury

CHAIRMAN’S INITIALS

.....

	Management Service & Prudential Indicators
--	--

11. ANY OTHER BUSINESS

There was no other business.

**KATHRYN PETTITT
CHIEF LEGAL OFFICER**

CHAIRMAN _____

**CHAIRMAN'S
INITIALS**

.....

Class	Type	Start / Purchase Date	Maturity Date	Counterparty	Principal O/S (£)
Deposit	Fixed	01/07/14	01/07/16	Dumfries and Galloway Council	-5,000,000.00
Fixed Total					-5,000,000.00
Deposit	Notice	10/05/13		Bank of Scotland plc	-5,000,000.00
Deposit	Call	04/12/13		Svenska Handelsbanken	-10,000,000.00
Deposit	Call	22/03/13		Barclays Bank plc	-10,461,588.39
Call/Notice Total					-25,461,588.39
Deposit	MMF	27/11/14		CCLA Local Authorities Property Fund	-10,000,000.00
Deposit	MMF	11/06/15		InvestecDiversified Income	-3,000,000.00
Deposit	MMF	17/06/15		UBS Multi Asset fund	-1,000,000.00
Deposit	MMF	21/07/15		Schroder Unit Trusts Limited	-6,000,000.00
Deposit	MMF	20/08/15		M&G Corporate Bond Fund	-2,000,000.00
Deposit	MMF	19/08/15		Threadneedle Strategic Bond Fund	-4,000,000.00
Deposit	MMF	30/04/13		Morg Stnly Sterling Liquidity Inst	-11,100,000.00
Deposit	MMF	30/03/12		Insight Liquidity Sterling C3	-10,000,000.00
Deposit	MMF	30/03/12		SLI Sterling Liquidity/CI 2	-15,000,000.00
Deposit	MMF	02/04/12		Aberdeen Sterling Liquidity Fund	-8,024,000.00
Deposit	MMF	30/03/12		GS Sterling Liquid Reserve Institutional Inc	-10,820,000.00
Deposit	MMF	27/11/12		Payden & Rygel Sterling Reserve Inc GBP	-10,000,000.00
Deposit	MMF	07/03/13		Insight Liquidity Plus Fund	-7,500,000.00
MMF Total					-98,444,000.00
Deposit	Bond	28/08/15	18/01/16	GE Capital UK Funding	-1,451,867.00
Deposit	Bond	29/07/15	10/12/15	Daimler AaG	-4,640,383.92
Bond Total					-6,092,250.92
Deposit Total					-134,997,839.31

MMF = Money Market Fund

Country	Country Sovereign Rating
---------	--------------------------

UK AA+

UK AA+

Sweden AAA

UK AA+

Pooled Fund

Pooled Fund

Pooled Fund

Pooled Fund

Pooled Fund

Pooled Fund

MMF

MMF

MMF

MMF

MMF

VNAV MMF

VNAV MMF

UK AA+

Germany AAA

Note: Risk exposure of company is to the UK, but its parent companies assets is General Electric which is a US (AAA) company

**HERTFORDSHIRE COUNTY COUNCIL
AUDIT COMMITTEE
WEDNESDAY 23 MARCH 2016 AT 10.00 am**

REPORT ON PREPARATION FOR THE 2015/16 ACCOUNTS

Report of the Assistant Director - Finance

Author: Claire Cook (Tel: 01992 555737)

1. Purpose of the Report

- 1.1 To update the Committee on actions taken in preparation for the 2015/16 Statement of Accounts.

2. Summary

- 2.1 Ernst Young LLP (EY) issued an unqualified opinion on the 2014/15 accounts, and made no specific recommendations. As reported in November, a number of actions are under way to ensure the 2015/16 accounts and audit achieve the same high standards, and to address new requirements. This report provides an update of progress against these actions.

3. Recommendations

- 3.1 The Committee is invited to note and comment upon this report.

4. Actions to prepare for 2015/16 and subsequent audits

4.1 Staff Training and Preparation for 2015/16 Closure

Herts Finance has undertaken a review of the accounts closure and audit process, identifying further opportunities for more efficient coordination of information and use of reporting, and ensuring that key processes are maintained effectively throughout the year, to minimise additional work at year end.

The results of the “lessons learned” exercise undertaken in autumn 2015 have been reviewed, and processes and the published timetable for 2015/16 closure have been adapted accordingly. Template working papers have been revised to further streamline processing. A training session for all Finance staff has been held, supplemented by updated training resources on Compass and briefings for individual teams. A further training session, to be delivered by CIPFA in March 2016, has been organised jointly with Districts.

4.2 Vehicle, Plant and Equipment Assets

No errors were found in 2014/15 Audit testing of entries in our vehicle, plant and equipment asset records and following several years of Officers reviewing asset records, this issue has been removed as a significant risk on the 15/16 audit plan.

However, given previous issues this continues to be recognised as an area that officers need to review. In 2015/16, Officers have completed work on verifying school equipment over 5 years old, and are working with schools to update records when assets are disposed of, using notifications through the interim and final schools capital returns. Officers have continued to review non-school assets on a risk based approach.

4.3 Highways Expenditure

The ARR stated that, whilst the final payment due for works carried out in 2014/15 had not yet been agreed with the contractor, the auditors were satisfied that highways expenditure in the 2014/15 accounts was not “materially misstated”. The settlement of the contractor’s claim for final payment, including several compensation event claims, is still to be confirmed but is reaching conclusion.

Work to implement and embed the recommendations made in the Internal Audit report on Highways has continued throughout the year. This will ensure that the final 2015/16 position on Highways expenditure is robust.

4.4 Transport Infrastructure Assets Code/Highways Network Assets

New requirements for the valuation and reporting of transport infrastructure assets will be introduced from 2016/17. While tools and guidance to implement the Highways Network Asset Code (previously called the Transport Infrastructure Asset Code) are still under development nationally, the Council is in a good position as it has officer representation on the Highways Asset Management Finance Information Group, which is working with CIPFA and the Department of Transport on the implementation of the Code. Officers in Herts Finance are receiving training, developing a project plan for implementation and have engaged with the external auditors.

4.5 Early Closure of Accounts

As reported in November, officers have reviewed year-end processes to prepare for early closure from 2017/18, liaising with our external auditors EY and reviewing best practice elsewhere, including through a working group with our District Councils.

A project plan continues to be worked on; officers have identified critical paths and dependencies as part of the preparation for producing the 2015/16 draft accounts, and will use this year to test new approaches. The accruals process, including the value of de-minimis levels, has been reviewed and discussions are ongoing with our external auditors with respect to introducing new levels. We have also worked with our Actuary and have agreed revised processes to ensure earlier delivery of information required for the accounts. This approach has also been agreed with audit.

Officers will use 2015/16 to test the impact of the new approach; and issues will be identified and resolved before undertaking a full dry run in 2016/17, to deliver draft accounts by 31 May.

4.6 Accounting Policies

Officers have also reviewed the Accounting Policies to ensure these remain compliant with relevant accounting standards, and that accounting practice in preparing the accounts is aligned with policies. The adoption of accounting standard IFRS 13 has introduced some changes to the valuation of surplus assets, investment properties and assets held for sale, and financial instruments. Additional disclosures are now required to enable the reader of the accounts to evaluate the valuation techniques and inputs to arrive at the fair value. Whilst some of the terminology has changed, this will have little impact on the calculation of fair values for financial instruments and the methods used in previous financial years. For property, the biggest impact will be on surplus assets where they are now required to be valued at best and highest market value rather than existing use value. Officers are working with our external valuers to ensure these changes are in place for year end.

No other changes are required for 2015/16.

4.7 Other Areas

The Audit Letter highlights the Better Care Fund as a significant initiative in 2015/16, with the Council hosting budgets of approximately £230m in partnership with East & North Herts, Herts Valleys and Cambridgeshire and Peterborough CCG's. Reporting arrangements are in progress with the CCG's, and performance is being monitored by the Health & Wellbeing Board. Discussions have been held with external audit on the correct presentation of this spending in the accounts.

There are some changes arising from the Accounts and Audit Regulations 2015. The public inspection period (when members of the public can raise queries on the accounts and inspect the underlying records) has increased from 20 to 30 working days, and must include the first 10 working days in July, to facilitate comparisons between authorities. The period for raising queries with the auditor is now incorporated within the public inspection period, rather than following it.

The regulations also require a Narrative Report to replace the Explanatory Foreword to the accounts. This statement must comment on the authority's financial and non-financial performance and economy, efficiency and effectiveness in its use of resource over the financial year.

5. Financial Implications

5.1 There are no additional financial implications.

HERTFORDSHIRE COUNTY COUNCIL

**AUDIT COMMITTEE
WEDNESDAY 23 MARCH 2016 AT 10.00AM**

Agenda Item
No:

3A

AUDIT PLAN 2015/16 – COUNTY COUNCIL

(Year ending 31 March 2016)

Report of Ernst & Young

Hertfordshire County Council

Year ending 31 March 2016

Audit Plan

29 February 2016

Ernst & Young LLP



EY

Building a better
working world

Audit Committee
Hertfordshire County Council
County Hall
Pegs Lane
Hertford
SG13 8DQ

29 February 2016

Dear Committee Members

Audit Plan

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2015-16 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this Audit Plan with you on 23 March 2016 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Neil Harris
For and behalf of Ernst & Young LLP
Enc

Contents

1. Overview	1
2. Financial statement risks	2
3. Value for money risks	5
4. Our audit process and strategy.....	6
5. Independence.....	11
Appendix A Fees.....	13
Appendix B UK required communications with those charged with governance	14
Appendix C Detailed scopes	16

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued “Statement of responsibilities of auditors and audited bodies 2015-16”. It is available from the Chief Executive of each audited body and via the [PSAA website \(www.psa.co.uk\)](http://www.psa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Overview

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of Hertfordshire County Council, its Group and the fire-fighters' pension fund give a true and fair view of the financial position as at 31 March 2016 and of the income and expenditure for the year then ended;
- ▶ Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

2. Financial statement risks

We outline below our current assessment of the financial statement risks facing the Council, identified through our knowledge of the Council's operations and discussion with those charged with governance and officers.

Significant risks (including fraud risks)	Our audit approach
Property Asset Valuation	
<p>Valuation of property assets and capital expenditure are significant accounting estimates that have material impact on the financial statements.</p> <p>One area which may be susceptible to manipulation is the capitalisation of revenue expenditure on Property, Plant and Equipment given the extent of the Council's capital programme.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Assessing and placing reliance on property valuation specialists commissioned by the Council and the auditor. ▶ Assessing and using an independent valuer's market report to assess and challenge the assumptions and judgements used by the Council's external valuer in valuing the Council's property. ▶ Testing the accounting entries made for revaluations. ▶ Testing the additions to the Property, Plant and Equipment balance to ensure that they are properly classified as capital expenditure.
Better Care Fund	
<p>The Better Care Fund (BCF) is a major policy initiative between local authorities, CCGs and NHS providers with a primary aim of driving closer integration and improving outcomes for patients, service users and carers. The intention is that partners use the BCF to jointly commission health and social care services at a local level.</p> <p>From 1 April 2015 BCF has been set up as a pooled budget between the Council and local Clinical Commissioning Groups (CCG). The pool is managed by the Council and has total funding of £230 million in 2015-16. The Council has contributed £110 million.</p> <p>Local BCF arrangements may be complex and varied, involving a number of different commissioning, governance and accounting arrangements that raise risks of misunderstanding and inconsistencies between the partners. There are also structural, cultural and regulatory differences between local government and the NHS, and it is important that these are understood and considered by all of the partners in the operation of the BCF.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Examining relevant S75 agreements entered into by the Council. ▶ Reviewing proposed accounting treatments for the Better Care Fund and the disclosures made under relevant accounting standards. As part of this, we will consider what relevant activities are to be undertaken and whether participants have control, either jointly or solely, over the arrangement. ▶ Performing testing to gain assurance that the Council has appropriately accounted for its share of the pool. <p>We will keep our approach under review, pending any further guidance from CIPFA, the National Audit Office and PSAA.</p>
Risk of fraud in revenue recognition	
<p>Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.</p> <p>In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p>We will:</p> <ul style="list-style-type: none"> ▶ Review and test revenue and expenditure recognition policies ▶ Review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias ▶ Develop a testing strategy to test material revenue and expenditure streams ▶ Review and test revenue cut-off at the period end date
Risk of management override	
<p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. ▶ Reviewing accounting estimates for evidence of management bias. ▶ Evaluating the business rationale for significant unusual transactions.

Other financial statement risks

Group accounts

The Council set up two companies in September 2013:

- ▶ Hertfordshire Catering Ltd, which is a wholly-owned subsidiary
- ▶ Herts for Learning Ltd, of which 20% is owned by the Council and the remainder by schools.

The Council continues to assess these interests as quantitatively and qualitatively material to the group and therefore the Council will continue to consolidate the companies into the Council's group accounts as required by the Code of Practice on Local Authority Accounting in the United Kingdom (Code of Practice).

There is a risk that the group financial statements do not meet the requirements as defined by the Code.

We will review and test whether the Council has:

- ▶ Identified all potential group entities against accounting standards IFRS 10 and 11.
- ▶ Adopted and correctly applied accounting policies that comply with the requirements of the Code.
- ▶ Consolidated the companies' accounts appropriately into the group accounts.
- ▶ Made all appropriate disclosures in accordance with adopted accounting policies and requirements of the Code.

We are responsible for the direction, supervision and performance of the group audit. We will therefore instruct the auditor of the companies as part of our audit procedures.

Further details on the work we will carry out in respect of the group accounts audit is set out in Appendix C.

Highways expenditure

Internal Audit issued a limited assurance opinion in 2014 on highways contract management, indicating that there were significant weaknesses in key controls. The report noted that weaknesses had been identified in areas of invoicing, reconciliations, budget monitoring and coding of expenditure. Progress has been made in these areas, but processes are still developing and are not yet embedded.

We carried out specific work to address this risk in 2014-15 and noted that there was uncertainty about the final amount which would be paid to the contractor. A final settlement is negotiated with the contractor post year end.

As a result there remains a risk that highways expenditure, both revenue and capital, may be misstated, as the final settlement position for 2015-16 will be estimated at year end.

Our approach will focus on:

- ▶ Reviewing and testing the reconciliation of payments made to claims submitted by the contractor to provide assurance across the full year's total expenditure.
- ▶ Reviewing of an overall reconciliation of the amount processed as highways capital expenditure on infrastructure.
- ▶ Reviewing the estimates and assumptions made as part of closing the 2015-16 accounts about the final expenditure position which will be agreed with the contractor.
- ▶ Considering the outcome of the negotiations on 2014-15 expenditure and whether a final settlement has been agreed and reflected in the 2015-16 accounts.

Pensions Ombudsman case GAD v Milne

In May 2015, the Pensions Ombudsman published a decision which affected fire-fighters who retired between 2001 and 2006. The Ombudsman found that Government Actuary Department (GAD) had not updated the commutation factors which were used to calculate lump sums due on retirement and that fire-fighters who retired in this period were disadvantaged as a result. As a result of this decision these retired fire-fighters were to be compensated.

In 2014-15 this was disclosed as a post balance sheet event, but no amendments were made to the accounts.

The Department for Communities and Local Government (DCLG) expects these payments to be calculated and paid to affected pensioners by April 2016 and has agreed to fund these payments. The exact method of funding and resulting accounting for these payments is not fully determined, in particular whether they will need to be accounted for via the fire-fighters' pension fund.

Such payments would be expected to be material to the fire-fighters' pension fund.

Our approach will focus on:

- ▶ Reviewing the progress made in calculating and paying the compensation due.
- ▶ Testing a sample of compensation payments.
- ▶ Performing testing to gain assurance that the Council has appropriately accounted for these payments and the expected DCLG funding.

2.1 Responsibilities in respect of fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages;
- ▶ Enquiry of management about risks of fraud and the controls to address those risks;
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determining an appropriate strategy to address any identified risks of fraud, and,
- ▶ Performing mandatory procedures regardless of specifically identified risks.

3. Value for money risks

We are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness on its use of resources. For 2015-16 this is based on the overall evaluation criterion:

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

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise the Council’s arrangements to:

- ▶ Take informed decisions;
- ▶ Deploy resources in a sustainable manner; and
- ▶ Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our initial risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the following significant VFM risk which we view as relevant to our value for money conclusion. We will revisit this assessment throughout the audit process.

Significant value for money risks	Our audit approach
<p>Financial pressures</p> <p>The Council’s finances continue to be under significant pressure in the medium term. When setting its 2015-16 budget in early 2015, the Council expected to make savings of £120 million per year by 2017-18. At the time the 2015-16 budget and Integrated Plan was finalised, £56.4 million of that amount was still to be found.</p> <p>In December 2015 the provisional local government finance settlement was announced which included a significant reduction in government funding beyond that anticipated and already built into the Integrated Plan. Additional transitional grant has since been announced.</p> <p>The Council is currently developing budget proposals to 2019-20. These show a gap of savings still to be found of £38.4 million in 2017-18 rising to £71.4 million in 2019-20.</p> <p>The achievement of the Council’s Integrated Plans to date has been good. However, the Council has to continue to deliver significant savings year on year in order to bridge the gap and balance its budget.</p>	<p>Our approach will continue to focus on:</p> <ul style="list-style-type: none"> ▶ Review of the Council’s Integrated Planning Process for financial planning and business transformation. ▶ The robustness of budget assumptions. ▶ The effective use of scenario planning to assist the budget setting process. ▶ The Council’s approach to prioritising resources. ▶ Achievement of the 2015-16 budget, including delivery of savings.

4. Our audit process and strategy

4.1 Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Council's:

- ▶ Financial statements.
- ▶ Arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We report to you by exception in respect of your governance statement and other accompanying material as required, in accordance with relevant guidance prepared by the NAO on behalf of the Comptroller and Auditor General.

Alongside our audit report, we also:

- ▶ Review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require;
- ▶ Give a separate opinion on the part of the Council's financial statements that relates to the accounts of the local government pension fund.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness on its use of resources.

4.2 Audit process overview

Our audit approach is to assess the Council's level of internal controls and to place reliance upon those controls where our assessment allows.

In doing so, we will look to rely upon the work of Internal Audit as much as possible whilst complying with the requirements of auditing standards. We have discussed our plans with Internal Audit, establishing which financial systems they are reviewing this year and have built this in to our work plan.

Processes

Our initial assessment of the key processes across the Council has identified the following key processes where we will seek to test key controls, relying on the work of Internal Audit:

- ▶ Accounts receivable
- ▶ Accounts payable
- ▶ Cash processing
- ▶ Payroll

Other material items of account will be tested substantively.

Early substantive testing

Building on the early testing trialled in last year's audit we intend to undertake detailed testing of transactions in the period April to December 2015.

We will focus this testing on income and expenditure in the following areas:

- ▶ Social care income and expenditure
- ▶ Hertfordshire Business Services income and expenditure
- ▶ Waste management expenditure

The balance sheet will be tested at year end.

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries, in particular payroll and journal entries. We have collected the journal entry data at Month 9 to support our early testing and will do so again at year end. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests.
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

Internal audit

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit reporting, where we raise issues that could have an impact on the year-end financial statements.

We will seek to place reliance on the work of Internal Audit wherever possible in line with auditing standards.

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Pensions	Hymans Robertson (the Council's actuary) PWC review of the work of local government actuaries (including Hymans Robertson), commissioned by the NAO EY pensions team review of the PWC report
Property valuation	Lambert Smith Hampton (the Council's property valuers) Gerald Eve report on property market conditions (independent valuers) commissioned by the NAO EY property team review of the Gerald Eve report
Property componentisation	Head of Building Management
Loan fair values	Arlingclose (the Council's treasury advisors)

In accordance with auditing standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's environment and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the expert to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

4.3 Mandatory audit procedures required by auditing standards and the Code

As well as the financial statement risks (section two) and value for money risks (section three), we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- ▶ Addressing the risk of fraud and error;
- ▶ Significant disclosures included in the financial statements;
- ▶ Entity-wide controls;
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements;
- ▶ Auditor independence.

Procedures required by the Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement;
- ▶ Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014.

4.4 Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

We have determined that overall materiality for the Council's single entity financial statements is £17.6 million based on 1% of gross expenditure. We will communicate uncorrected audit misstatements greater than £880,000 to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

4.5 How materiality is applied to the component locations

We determine component materiality as a percentage of Group materiality based on risk and relative size to the Group. Based on the Group planning materiality of £17.6 million, we expect a component materiality of £1.9 million.

4.6 Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code. The indicative fee scale for the audit of the Council is £142,067.

4.7 Your audit team

The engagement team is led by Neil Harris who has significant experience of local government external audit. Neil is supported by Penny Irwin who is responsible for the day-to-day direction of audit work and is the key point of contact for the finance team.

4.8 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Audit Committee's cycle in 2015-16. These dates are determined to ensure our alignment with PSAA's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.

Audit phase	Timetable	Audit Committee timetable	Deliverables
High level planning	December 2015		
Risk assessment and setting of scopes	December 2015-February 2016	March 2016	Audit Plan
Testing routine processes and controls	March-April 2016	June 2016	
Early substantive testing			
Year-end audit	June-August 2016		
Completion of audit	September 2016	September 2016	Report to those charged with governance via the Audit Results Report Audit report (including our opinion on the financial statements and, overall value for money conclusion). Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	October 2016	November 2016	Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

5. Independence

5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. 	<ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the PSAA Terms of Appointment and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period are disclosed, analysed in appropriate categories.

5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Council has approved and that are in compliance with PSAA Terms of Appointment.

We carried out non-audit work on the certification of the Council's 2014-15 teachers' pensions return as a reporting accountant in November 2015. The fee charged was £13,000. Therefore the ratio of non-audit fees to audit fees for 2014-15 was approximately 1:14. No additional safeguards were required. Certification arrangements have not yet been made for the 2015-16 return.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Council. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

The 2015-16 audit year is the ninth year that Penny Irwin has been the engagement manager. The PSAA's policy is that the audit manager at an audited body should be changed at least once every ten years. Penny is therefore within the permitted timeframe and we conclude that there are no considerations that compromise, or could be perceived to compromise, Penny's independence or objectivity. Penny will rotate off this engagement at the conclusion of the audit.

There are no other threats at the date of this report.

Overall Assessment

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of Neil Harris, the audit engagement director and the audit engagement team have not been compromised.

5.3 Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended June 2015 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2015>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2015/16 £	Scale fee 2015/16 £	Outturn fee 2014/15 £	Explanation
Opinion Audit and VFM Conclusion	142,067	142,067	189,423	
Total Audit Fee – Code work	142,067	142,067	189,423	
Non-audit work	TBC	N/A	13,000	Fee for work on the teachers' pensions return

All fees exclude VAT.

The agreed fee presented above is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ The operating effectiveness of the internal controls for the key processes outlined in section 4.2 above;
- ▶ We can rely on the work of internal audit as planned;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council and response to our queries is within agreed timeframes; and
- ▶ The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Audit Committee. These are detailed here:

Required communication	Reference
<p>Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.</p>	▶ Audit Plan
<p>Significant findings from the audit</p> <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	▶ Report to those charged with governance
<p>Misstatements</p> <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ In writing, corrected misstatements that are significant 	▶ Report to those charged with governance
<p>Fraud</p> <ul style="list-style-type: none"> ▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	▶ Report to those charged with governance
<p>Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	▶ Report to those charged with governance
<p>External confirmations</p> <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	▶ Report to those charged with governance
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	▶ Report to those charged with governance

Required communication	Reference
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement director's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Significant deficiencies in internal controls identified during the audit</p>	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ Breakdown of fee information at the agreement of the initial audit plan ▶ Breakdown of fee information at the completion of the audit 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance ▶ Annual Audit Letter if considered necessary
<p>Group audits</p> <ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance

Appendix C Detailed scopes

Our objective is to form an opinion on the group's consolidated financial statements under International Standards on Auditing (UK and Ireland).

We set audit scopes for each reporting unit which together enable us to form an opinion on the group accounts. We take into account the size, risk profile, changes in the business environment and other factors when assessing the level of work to be performed at each reporting unit.

- ▶ **Full scope:** locations deemed significant based on size and those with significant risk factors are subject to a full scope audit, covering all significant accounts and processes using materiality levels assigned by the Group audit team for the purposes of the consolidated audit. Procedures are full-scope in nature, but may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements (as materiality thresholds support to the consolidated audit).
- ▶ **Specific scope:** locations where only specific procedures are performed by the local audit team, based upon procedures, accounts or assertions identified by the Group audit team.
- ▶ **Review Scope:** review scope procedures primarily consist of enquiries of management and analytical review. On-site or desk top reviews may be performed, according to our assessment of risk.
- ▶ **Other procedures:** For those locations that we do not consider material to the Group financial statements in terms of size relative to the Group and risk, we perform other procedures to confirm that there is no risk of material misstatement within those locations.

Our audit approach is risk-based, and we have assessed the risks presented by the two component companies within the Hertfordshire County Council group. Both Hertfordshire Catering Limited and Herts for Learning Limited have been assessed as review scope components, with our work being based on a desk top review consisting of enquiries of management and analytical review as appropriate.

ISA 600 (UK and Ireland) requires that we provide you with an overview of the nature of our planned involvement in the work to be performed by the component auditors of significant locations/reporting units. Our involvement can be summarised as follows:

- ▶ For both component companies we expect to review the final audited financial statements and the auditor's report on the results of their audit when performing our tests of consolidation and analytical review of the amounts feeding into the group statements.

Detailed scopes

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

[ey.com](https://www.ey.com)

HERTFORDSHIRE COUNTY COUNCIL

**AUDIT COMMITTEE
WEDNESDAY 23 MARCH 2016 AT 10.00AM**

Agenda Item
No:

3B

AUDIT PLAN 2015/16 – PENSION FUND

(Year ending 31 March 2016)

Report of Ernst & Young

Hertfordshire Pension Fund

Year ending 31 March 2016

Audit Plan

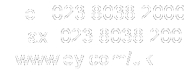
8 March 2016

Ernst & Young LLP



EY

Building a better
working world



Audit Committee
Hertfordshire County Council
County Hall
Pegs Lane
Hertford
SG13 8DQ

8 March 2016

Dear Committee Members

Audit Plan

We are pleased to attach our Audit Plan for the Hertfordshire Pension Fund, which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit Committee with a basis to review our proposed audit approach and scope for the 2015-16 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Pension Fund, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this plan with you on 23 March 2016 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Neil Harris
For and behalf of Ernst & Young LLP
Enc

Contents

1. Overview	1
2. Financial statement risks	2
3. Our audit process and strategy.....	3
4. Independence.....	7
Appendix A Fees.....	9
Appendix B UK required communications with those charged with governance	10

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued “Statement of responsibilities of auditors and audited bodies 2015-16”. It is available from the Chief Executive of each audited body and via the [PSAA website \(www.psaa.co.uk\)](http://www.psaa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Overview

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of Hertfordshire Pension Fund (the Pension Fund) give a true and fair view of the financial position as at 31 March 2016 and of the income and expenditure for the year then ended; and
- ▶ Our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the pension fund financial statements.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Pension Fund. Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

2. Financial statement risks

We outline below our current assessment of the financial statement risks facing the Pension Fund, identified through our knowledge of the Pension Fund's operations and discussion with those charged with governance and officers.

Significant risks (including fraud risks)	Our audit approach
<p>Risk of management override</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements ▶ Reviewing accounting estimates for evidence of management bias, and ▶ Evaluating the business rationale for significant unusual transactions
<p>Risk of fraud in revenue recognition</p> <p>Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.</p> <p>In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p>We will:</p> <ul style="list-style-type: none"> ▶ Review and test revenue and expenditure recognition policies ▶ Review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias ▶ Develop a testing strategy to test material revenue and expenditure streams ▶ Review and test revenue cut-off at the period end date

Respective responsibilities in relation to fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages;
- ▶ Enquiry of management about risks of fraud and the controls to address those risks;
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determining an appropriate strategy to address any identified risks of fraud, and,
- ▶ Performing mandatory procedures regardless of specifically identified risks.

3. Our audit process and strategy

3.1 Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Pension Fund's financial statements. We:

- ▶ form an opinion on the financial statements under International Standards on Auditing (UK and Ireland); and
- ▶ form an opinion on the consistency of the financial statements within the pension fund annual report with the published financial statements.

3.2 Audit process overview

Our audit involves:

- ▶ identifying and understanding the key processes and internal controls;
- ▶ assessing whether to test and place reliance on the operation of those controls,
- ▶ where relevant reviewing and placing reliance on the work of Internal Audit;
- ▶ reviewing and assessing the work of experts in relation to areas such as valuation of the Pension Fund to establish if reliance can be placed on their work; and
- ▶ substantive tests of detail of transactions and amounts.

Processes

Our initial assessment of the key processes across the Pension Fund has identified the following key processes where we will seek to test key controls, relying on the work of Internal Audit:

- ▶ Benefits Payable
- ▶ Contributions Receivable

Investments and cash balances will be tested substantively at year end. Investments are managed by contracted fund managers and overseen by the appointed custodian. We will also review the findings of independent ISAE 3402 assurance reports for the custodian and fund managers, and assess if there are any issues reported that may impact on our testing strategy.

We will also undertake work in accordance with our IAS19 protocol to provide requested information to the auditors of relevant admitted bodies.

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular the pensions payroll and journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests, and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

Internal audit

We will review internal audit plans and the results of their work. We reflect on these when designing our overall audit approach and when developing in our detailed testing strategy. We may also reflect relevant findings from their work in our reporting, where it raises issues that we assess could have a material impact on the year-end financial statements.

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Investment valuation	The Pension Fund's custodian (Bank of New York Mellon) Investment fund managers
Pensions liability	Hymans Robertson (the Pension Fund's actuary) PWC review of the work of local government actuaries (including Hymans Robertson), commissioned by the NAO EY pensions team review of the PWC report

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Pension Fund's environment and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ analyse source data and make inquiries as to the procedures used by the expert to establish whether the source data is relevant and reliable;
- ▶ assess the reasonableness of the assumptions and methods used;
- ▶ consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ assess whether the substance of the specialist's findings are properly reflected in the financial statements

3.3 Mandatory procedures required by auditing standards

As well as the financial statement risks outlined in section two, we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- ▶ Addressing the risk of fraud and error;
- ▶ Significant disclosures included in the financial statements;
- ▶ Entity-wide controls;

- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements;
- ▶ Auditor independence.

Procedures required by the Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements.

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014.

3.4 Materiality

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

We have determined that overall materiality for the financial statements of the Pension Fund is £35.8 million based on 1% of net assets. We will communicate uncorrected audit misstatements greater than £1.79 million to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

3.5 Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code. The indicative fee scale for the audit of Hertfordshire Pension Fund is £27,991.

3.6 Your audit team

There have been a number of key changes to the team. Our audit opinion will be signed by an Executive Director in the UK Pensions team, who has not yet been designated.

The local audit team will be managed by Penny Irwin who also works on the County Council audit. Penny is responsible for the day-to-day direction of audit work and is the key point of contact for the finance and pension teams.

Neil Harris is the director leading our overall engagement with Hertfordshire County Council and our relationship with the Audit Committee.

3.7 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit. The timetable includes the deliverables we have agreed to provide to the Pension Fund through the Audit Committee's cycle in 2015-16. These dates are determined to ensure our alignment with PSAA's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an annual audit letter for the Council in order to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work. This will include reporting on our work on the Pension Fund.

Audit phase	Timetable	Audit Committee timetable	Deliverables
High level planning	March 2016	March 2016	Audit Plan
Risk assessment and setting of scopes			
Testing routine processes and controls	March-April 2016	June 2016	
Year-end audit	June 2016		
Completion of audit	July 2016	September 2016	Report to those charged with governance via the Audit Results Report Audit report , including our opinion on the financial statements Audit report on our opinion on the consistency of the financial statements within the pension fund annual report with the pension fund financial statements.

4. Independence

4.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. 	<ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the PSAA Terms of Appointment and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period are disclosed, analysed in appropriate categories.

4.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

Self-interest threats

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Pension Fund.

At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Pension Fund has approved and that are in compliance with the PSAA Terms of Appointment.

At the time of writing, there are no non-audit services provided by us to the Pension Fund.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Pension Fund. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Overall Assessment

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of the audit engagement director and the audit engagement team have not been compromised.

4.3 Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended June 2015 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2015>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2015/16 £	Scale fee 2015/16 £	Outturn fee 2014/15 £	Explanation
Total Audit Fee – Code work	27,991	27,991	27,991	
Non-audit work	0	0	0	

All fees exclude VAT.

The agreed fee presented above is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ The operating effectiveness of the internal controls for the key processes outlined in section 3.2 above;
- ▶ We can rely on the work of internal audit as planned;
- ▶ Our accounts opinion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Pension Fund; and
- ▶ The Pension Fund has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Pension Fund and the Council in advance.

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Audit Committee. These are detailed here:

Required communication	Reference
<p>Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.</p>	▶ Audit Plan
<p>Significant findings from the audit</p> <ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	▶ Report to those charged with governance
<p>Misstatements</p> <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ In writing, corrected misstatements that are significant 	▶ Report to those charged with governance
<p>Fraud</p> <ul style="list-style-type: none"> ▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	▶ Report to those charged with governance
<p>Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	▶ Report to those charged with governance
<p>External confirmations</p> <ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	▶ Report to those charged with governance
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	▶ Report to those charged with governance

Required communication	Reference
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement director's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Significant deficiencies in internal controls identified during the audit</p>	<ul style="list-style-type: none"> ▶ Report to those charged with governance
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ Breakdown of fee information at the agreement of the initial audit plan ▶ Breakdown of fee information at the completion of the audit 	<ul style="list-style-type: none"> ▶ Audit Plan ▶ Report to those charged with governance

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

[ey.com](https://www.ey.com)

Resources
Director of Resources

Penny Irwin
Audit Manager
Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Herts Finance
Hertfordshire County Council
County Hall
Pegs Lane
Hertford SG13 8DE

Tel: 01992 555601
Fax: 01992 555505
Email: owen.mapley@hertfordshire.gov.uk
Contact: Owen Mapley

Private & Confidential

Date: 23rd March 2016

Dear Ms Irwin

Hertfordshire County Council Audit of Accounts 2015/16 – Understanding how the Audit Committee gains assurance from management

Thank you for your letter dated 16th February 2016 sent to me as Chairman of the Audit Committee, concerning your current work on the Council's accounts for 2015/16.

In response to your request, I can provide you with the following assurances.

1 Oversight of management's processes in relation to:

1.1 Undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error

This risk is considered by the Audit Committee as part of its annual scrutiny of the accounts. Internal Audit audits and reports to the Committee on its work, assessing the controls designed to ensure the accuracy and propriety of the financial statements. As a result of this work during 2015/16, I anticipate that the Head of Assurance will report to the Committee that he does not consider that there is a significant risk of material misstatement in the financial statements due to fraud.

1.2 Identifying and responding to risks of fraud and reporting fraud concerns

The Director of Resources takes reasonable steps for the prevention and detection of fraud.

In addition, Internal Audit reports to the Audit Committee on its annual planning process, in which they undertake a risk assessment of the Council's systems and arrangements, including an evaluation of the risk of fraud or other irregularity. The

overall assessment of assurance including internal controls and segregation of duties is provided by the Head of Assurance.

The Council's Anti-Fraud and Corruption Strategy has been endorsed by the Audit Committee; the Strategy sets out how the Council responds to suspected or detected fraud or corruption, and includes the requirement on all Council employees and members that such suspicions be reported promptly to the Head of Assurance for investigation. The Council's Whistleblowing procedure, also endorsed by the Audit Committee, sets out how this reporting can be done in confidence, and is issued to all employees and members.

The Council's website, HertsDirect, provides confidential means for members of the public to report suspected fraud direct to the Head of Assurance or, if they prefer, to the Audit Commission's national investigations manager.

The Hertfordshire Shared Anti-Fraud Service which began operation in April 2015 is resourced to undertake investigations into suspected fraud, and has undertaken a number of these in 2015/16. The service maintains a record of all fraud referrals and actions taken in response. A number of suspected frauds have been investigated and resolved. Anti-fraud work also includes participation in the National Fraud Initiative and the investigation of potential data matches which may indicate overpayment or, occasionally, fraud.

In addition to the increased professional expertise around fraud that the Service brings, its new initiatives will further strengthen the anti-fraud arrangements in place, for example in creating a data-sharing hub which has helped to generate fraud investigation targets by comparing sets of information and looking for anomalies.

1.3 Communication to employees on business practice and ethics

The Council's Code of Conduct, available on the Council's intranet, sets out clearly the standards expected of its employees including the high standards required in respect working with public funds and complying with Anti-Bribery laws. The Code of Conduct is referenced in all employment related policies.

1.4 Encouraging employees to report their concerns about fraud

The Council's Whistleblowing policy is set out on the Council's intranet. All concerns notified have been investigated. During the year a poster campaign took place to highlight the routes available for reporting concerns.

1.5 Communication to those charged with governance on processes for identifying and responding to fraud

The Head of Assurance presents the annual Internal Audit Plan to the Audit Committee, and provides the Committee with the opportunity to scrutinise those elements of the Plan aimed at identifying and responding to the risks of fraud within

the Council. The Committee has also been made aware of the Anti-Fraud and Corruption Strategy and the Anti-Bribery policy.

In his Annual Report, the Head of Assurance provides an account to the Committee of work done to test anti-fraud controls and of investigations into suspected fraud. The Head of Assurance will also report whether there is any undue organisational or management pressure to meet financial or operating targets.

2 Risk of fraud and breaches of internal control

The Audit Committee receives quarterly reports from the Head of Assurance on the progress of the Internal Audit planned work including, if applicable, any breaches in control. In his Internal Audit Annual Report, the Head of Assurance provides an account to the Committee of work done to test for breaches of internal control, and reports on management responses to these.

In addition, Internal Audit reports to the Audit Committee on its annual planning process in which internal audit undertake a risk assessment of the Council's systems and arrangements, including an evaluation of the risk of fraud or other irregularity.

3 Awareness of actual, suspected or alleged fraud or breaches in internal control

Work has continued to examine the results of the 2014/15 National Fraud Initiative and outcomes duly reported to the Audit Commission; the next data download is scheduled for 2016/17. The Head of Assurance via the Shared Anti-Fraud Service maintains a fraud register, which provides for the recording of the nature and extent of each suspected fraud, the way in which each case is resolved, and any wider corrective measures.

4 Awareness of any organisational or management pressure to meet financial or operating targets

The Audit Committee is not aware of any inappropriate organisational or management pressure being applied or incentives offered to meet financial or operating targets

5 Compliance with relevant laws and regulations

The County Council approves the Council's Constitution and any changes to it (most recently July 2015), in which the functions of Monitoring Officer are set out. The Audit Committee members are members of the County Council. It is the role of the Monitoring Officer to ensure that decisions are lawful and fair and, after consultation with the Head of Paid Service and Director of Resources, to report to the Council (or Executive) if any proposals or decision would give rise to unlawfulness or maladministration.

Formal reports from Monitoring Officers to Council Meeting, at Hertfordshire County Council as elsewhere, are extremely rare. The Monitoring Officer discharges her responsibility by ensuring that Members, including the Audit Committee, are advised as soon as possible about potential unlawfulness or maladministration. There have been no significant issues of non-compliance in 2015/16 reported to the Audit Committee.

6 Awareness of any actual or potential litigation or claims that would affect the financial statements

The Director of Resources is required, as part of the ongoing performance management and monitoring arrangements, to consider any material risk or issues which could impact on the financial statements and recommend that the authority makes appropriate provisions against such risks. This would include any potential litigation or claims. There are no actual or potential litigation or claims that would affect the financial statements for HCC.

7 Financial Statements are prepared on a going concern basis

The Governance arrangements of the authority include specific requirements for the financial management arrangements to conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (2010). The ongoing review of internal control by the Audit Committee includes arrangements in place for the financial management of the authority. This includes scrutiny of the robustness of estimates and the adequacy of reserves, as part of the annual budget cycle, together with ongoing monitoring and control of the budget and action necessary to address any variances.

I trust that this answers your queries in this area but if you require any further information, please do not hesitate to contact me.

Yours sincerely

Andrew Williams

Chairman, Hertfordshire County Council Audit Committee

Resources
Director of Resources

Penny Irwin
Audit Manager
Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Herts Finance
Hertfordshire County Council
County Hall
Pegs Lane
Hertford SG13 8DE

Tel: 01992 555601
Fax: 01992 555505
Email: owen.mapley@hertfordshire.gov.uk
Contact: Owen Mapley

Private & Confidential

Date: 23rd March 2016

Dear Ms Irwin

Audit of the Hertfordshire Local Government Pension Fund Financial Statements for the year ended 31 March 2016 - Understanding how the Audit Committee gains assurance from management

Thank you for your letter dated 16 February 2015 to me as Chairman of the Audit Committee, concerning your current work on the Hertfordshire Pension Fund accounts for 2015/16.

In response to your request, I can provide you with the following assurances.

1 Oversight of management's processes

1.1 Assessment that the financial statements may be materially misstated due to fraud or error

This risk is considered by the Audit Committee as part of its annual scrutiny of the Pension Fund accounts. Internal Audit audits and reports to the Committee on its work, assessing the controls designed to ensure the accuracy and propriety of the financial statements. As a result of this work during 2015/16, I anticipate that the Head of Assurance will report to the Committee that he does not consider that there is a significant risk of material mis-statement in the financial statements due to fraud.

1.2 Identifying and responding to risks of fraud and reporting fraud concerns

The Chief Financial Officer takes reasonable steps for the prevention and detection of fraud. The Pension Fund's assets are held in custody by an independent custodian; and investment managers appointed by the Pension Committee manage these assets on behalf of the Fund. Reasonable controls have been certified by an appropriate auditor.

In addition, Internal Audit reports to the Audit Committee on its annual planning process, in which they undertake a risk assessment of the Council's systems and arrangements, including an evaluation of the risk of fraud or other irregularity. Administration of the Pension Fund is operated through the Council's core financial systems, and Internal Audit's reviews of each of these are aimed in part at testing for fraud, and evaluating the effectiveness of controls aimed at minimising such activity. At the stage of individual audit planning the risk of fraud/irregularity occurring is always considered and appropriate controls testing included within the test schedule. The overall assessment of assurance, including internal controls and segregation of duties, is provided by the Head of Assurance.

The Council's Anti-Fraud and Corruption Strategy has been agreed by the Audit Committee; the Strategy sets out how the Council responds to suspected or detected fraud or corruption, and include the requirement on all Council employees and Members that such suspicions be reported promptly to the Head of Assurance for investigation. The Council's Whistleblowing procedure, endorsed by the Audit Committee, sets out how this reporting can be done in confidence, and is issued to all employees and members.

The Council's website, HertsDirect, provides confidential means for members of the public to report suspected fraud direct to the Head of Assurance.

The Hertfordshire Shared Anti-Fraud Service which began operation in April 2015 is resourced to undertake investigations into suspected fraud, and has undertaken a number of these in 2015/16. The service maintains a record of all fraud referrals and actions taken in response. Anti-fraud work covering the Pension Fund includes participation in the National Fraud Initiative and the investigation of potential data matches which may indicate overpayment or, occasionally, fraud. A number of suspected frauds are being investigated.

In addition to the increased professional expertise around fraud that the Service brings, it's new initiatives will further strengthen the anti-fraud arrangements in place, for example in creating a data sharing hub which will help to generate fraud investigation targets by comparing sets of information and looking for anomalies.

1.3 Communication to employees on business practice and ethics

The Pension Fund has published a Communication Policy Statement which explains how it communicates with employers and representatives of employers, scheme members and prospective scheme members. This is set out within the Pension Fund's 2015/16 Annual Statement of Accounts, and may be found at the following website <http://www.yourpension.org.uk/Hertfordshire/Fund-information/Policy-statements.aspx>

The Council's Code of Conduct, available on the Council's intranet, sets out clearly the standards expected of its employees including the high standards required in respect working with public funds and complying with Anti-Bribery laws. The Code of Conduct is referenced in all employment related policies.

1.4 **Encouraging employees to report their concerns about fraud**

The Council's Whistleblowing policy is set out on the Council's intranet. During the year a poster campaign took place to highlight the routes available for reporting concerns.

All concerns notified have been investigated. There were no incidences of whistle blowing with regards to Pensions in 2015/16.

1.5 **Communication to those charged with governance on processes for identifying and responding to fraud**

The Head of Assurance presents the annual Internal Audit Plan to the Audit Committee, and provides the Committee with the opportunity to scrutinise those elements of the Plan aimed at identifying and responding to the risks of fraud within the Council, including those within the Pension Fund. The Committee has also agreed the Anti-Fraud and Corruption Strategy and the Anti-Bribery policy.

In his Annual Report, the Head of Assurance provides an account to the Committee of work done to test anti-fraud controls and of investigations into suspected fraud. The Head of Assurance will also report if internal audit work identifies that there is any undue organisational or management pressure to meet financial or operating targets.

2. **Risk of fraud and breaches of internal control**

The Head of Assurance provides an account to the Audit Committee of work done to test for breaches of internal control, and reports on management responses to these. In addition internal Audit reports to the Audit Committee on its annual planning process, in which internal audit undertakes a risk assessment of the Council's systems and arrangements, including an evaluation of the risk of fraud or other irregularity.

3. **Breaches of internal control and actual, suspected or alleged frauds during 2015/16**

3.1 **Breaches of internal control**

The Pension Committee receives quarterly reports from the Chief Financial Officer on the performance of the Pension Fund, against both the investment and administration strategies. These reports also include, if applicable, any breaches in control.

From 2014/15, the Chief Financial Officer has also provided a quarterly Risk Monitor reporting on control mechanisms to manage the key risks set out in the Pension Fund's Risk Register. As part of this risk monitoring the Pensions Committee is also provided with a quarterly update on risks associated with scheme employers not meeting their obligations to the Pension Fund.

In his Internal Audit Annual Report, the Head of Assurance provides an account to the Audit Committee of work done to test for breaches of internal control, and reports on management responses to these.

3.2 Awareness of actual, suspected or alleged fraud or breaches in internal control

The Chief Financial Officer takes reasonable steps for the prevention and detection of fraud. The Pension Fund's assets are held in custody by an independent custodian, where reasonable controls have been certified by an appropriate auditor.

In addition, Internal Audit reports to the Audit Committee on its annual planning process, in which internal audit undertakes a risk assessment of the Council's systems and arrangements, including an evaluation of the risk of fraud or other irregularity.

Administration of the Pension Fund is operated through the Council's core financial systems, and Internal Audit's reviews of each of these are aimed in part at testing for fraud, and evaluating the effectiveness of controls aimed at minimising such activity.

In addition, Internal Audit's anti-fraud work covering the Pension Fund includes participation in the National Fraud Initiatives and investigation of potential data matches. Work has continued to examine the results of the 2014/15 National Fraud Initiative and outcomes duly reported to the Audit Commission; the next data download is scheduled for the 2016/17. The Head of Assurance via the Shared Anti-Fraud Service maintains a fraud register, which provides for the recording of the nature and extent of each suspected fraud, the way in which each case is resolved, and any wider corrective measures.

4. Organisational or management pressure to meet financial or operating targets.

I am not aware of any inappropriate organisational or management pressure being applied or incentives offered to meet financial or operating targets.

5. Compliance with relevant laws and regulations

The County Council approves the Council's Constitution and any changes to it (most recently July 2015), in which the functions of Monitoring Officer are set out. The Audit Committee members are members of the County Council. It is the role of the Monitoring Officer to ensure that decisions are lawful and fair and, after consultation with the Head of Paid Service and Director of Resources, to report to the Council (or Executive) if any proposals or decision would give rise to unlawfulness or maladministration.

Formal reports from Monitoring Officers to Council Meeting, at Hertfordshire County Council as elsewhere, are extremely rare. The Monitoring Officer discharges her responsibility by ensuring that Members, including the Audit Committee, are advised as soon as possible about potential unlawfulness or maladministration. There have

been no significant issues of non-compliance in 2015/16 reported to the Audit Committee.

6. **Awareness of any actual or potential litigation or claims that would affect the financial statements**

The Chief Financial Officer is required, as part of the ongoing performance management and monitoring arrangements, to consider any material risks or issues which could impact on the financial statements and recommend that the authority makes appropriate provision against such risks. This would include any potential litigation or claims. There are no actual, potential litigation or claims that would affect the financial statements for HCC.

7. **Financial Statements are prepared on a going concern basis**

The Governance arrangements of the authority include specific requirements for the financial management arrangements to conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (2010). The ongoing review of internal control by the Audit Committee includes arrangements in place for the financial management of the authority, which includes management of the Pension Accounts. This includes assessing risks and liabilities and ensuring that these are reflected in the Pension accounts.

I trust that this answers your requests, if you require any further information, please do not hesitate to contact me.

Yours sincerely

Andrew Williams

Chairman, Hertfordshire County Council Audit Committee

HERTFORDSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

WEDNESDAY 23 MARCH 2016 10.00 AM

RISK MANAGEMENT ANNUAL REPORT 2015/16

Report of the Assistant Director (Resources), Improvement and Technology

Authors: Martin Aust, Head of Intelligence [Tel: 01992 555793]
Peter Stanley, Performance and Risk Manager [Tel: 01992 555306]

1. Purpose of Report

1.1. This report is an annual item to outline the key Risk Management activity undertaken since the last annual report presented in March 2015 and as requested by the Audit Committee.

2. Summary

2.1. The following items are included in this report:

- A summary of key corporate risk movements over the last year
- Audit findings on Risk Management
- Benchmarking/ best practice
- Other risk developments / emerging risks
- Development of the Risk Management and Insurance team

2.2. Corporate risk appendices accompany this report:

- A risk movement report at Appendix A details movements of current risk scores in the last quarter.
- A risk status report at Appendix B summarises the latest risk scores and risk scores at each of the last 3 Audit Committee meetings.
- A list of risks considered as part of the risk focus reports can be found at Appendix C
- The organisational risk matrix is included in Annex A to this paper.

3. Recommendations

- That the Risk Management Annual report be noted.
- That the Committee identifies a risk (or risks) to be reviewed at its next meeting in June 2016.

4. Corporate Risk Register

4.1. The latest review of the corporate risk register took place during January 2016 and significant changes were subsequently reported to the Strategic Management Board (SMB) on 8 February 2016 and will be similarly reported

to the Resources and Performance Cabinet Panel on 11 March 2016.

The table below shows the risk movements broken down by risk classification. The movements detailed are a continuation from the previous report dated November 2015.

	2014/15 Quarter 4	2015/16 Quarter 1	2015/16 Quarter 2	2015/16 Quarter 3	2015/16 Quarter 4
Red	9 (+1)	8 (-1)	9 (+1)	9	10 (+1)
Amber	21(-1)	22 (+1)	23 (+1)	25 (+2)	24 (-1)
Yellow	5	4 (-1)	3 (-1)	2 (-1)	1 (-1)
Green					
Total	35	34	35	36	35
Difference +/-	0	-1	+1	+1	-1

* The final quarter (highlighted in grey) is the current quarter and details movements to date. No change in absolute numbers may hide movement in and out. These will be outlined in the following section

The quarterly variations and changes to risk categories are indications of the continued active management and scrutiny of risks and controls. These movements also include newly identified risks which is a further indication of the continued activity around identifying future areas of risk and uncertainty.

5. Current position and key movements since November 2015 Audit Committee

5.1. There are now 10 red (severe) risks, one more than last quarter. One risk has a score of 64, and one has a score of 48.

- a) Due to national NHS commissioning changes from May 2015 there may be structural changes to NHS commissioning, leading to financial uncertainty for jointly commissioned projects including the Better Care Fund within Hertfordshire County Council. (HCS0012, App A, Page 1). Score of 64
- b) During unplanned incidents, such as terrorist activity, civil disturbance or large scale wide area flooding, or periods of industrial action, there is a risk that HFRS have insufficient resources to cope which may result in an over-reliance on regional or national resources or significantly reduced fire cover (HFRS0007, App A, Page 2). Score of 48
 - Reviewed by Audit Committee on 22 November 2012

5.2. There are now 8 red risks with a score of 32, the lowest score for a red risk.

- a) If we fail to retain, attract and recruit the right people and right skills and maintain staff engagement at all levels, there may be a significant impact on service delivery and major cost implications. (CSCE0007, App A, Page 4)
 - Reviewed by Audit Committee 21 November 2013

- b) As a result of changes to the way in which development contributions will be collected from new developments through use of Community Infrastructure Levy (CIL) and Section 106 contributions, and the delay in introduction of the new arrangements across all district authorities there is a risk that there may be insufficient money to support infrastructure needs derived from new housing developments etc. (CSCE0023, App A, Page 6)
- Reviewed by Audit Committee 20 November 2014
- c) In the event of inappropriate care or attention there is a risk that a child or young person could die or be seriously injured. (CSF0055, App A, Page 8)
- Reviewed by Audit Committee 30 June 2011 and 22 March 2013
- d) There is a risk that HCC's pension fund level will not improve sufficiently to cover accrued pension costs because of economic conditions, poor investment or ineffective governance. (CSHF0002, App A, Page 9)
- e) In the event of the Residual Waste Treatment Programme being impacted by one or more of the following scenarios:
- Delay in the implementation of the Revised Project Plan (RPP)
 - Unsuitable Revised Project Plan received resulting in the termination of the contract with VES.
 - Unable to secure suitable alternatives for waste disposal should the contract with VES be terminated.
 - Implementation of suitable alternatives delayed.
- (ENV0104, App A, Page 10)
- f) Inability to attract an increased number of care workers in line with the Health and Community Services Workforce Strategy leading to non-compliance with the Care Act 2014 duties and customer dissatisfaction. (HCS0010, App A, Page 12)
- g) In the event of the quality of care from internal and external HCS care providers becoming inadequate, resulting in the death or severe abuse of a client. (HCSCP0001, App A, Page 13)
- Reviewed by Audit Committee on 28 March 2013
- h) As a result of the 2014 Supreme Court ruling around Deprivation of Liberty Safeguards (DOLS) there is a risk that an inability to conduct best interest assessments within legal timeframes could lead to unlawful detention of people and potential legal and compensation challenges to HCC. (HCSMH0002, App A Page 15)
- Reviewed by Audit Committee 16 September 2014

6. Changes within the Corporate Risk Register since March 2015 Audit Committee

6.1. New risks

7 new risks have been added to the Corporate Risk Register since the previous Risk Management Annual report (Audit Committee, March 2015).

6.1.1. HCS0012 (App A, Page 1)

“Due to national NHS commissioning changes from May 2015 there may be structural changes to NHS commissioning, leading to financial uncertainty for jointly commissioned projects including the Better Care Fund within Hertfordshire County Council.”

The NHS currently protect Hertfordshire adult social care budgets from cuts by providing £10m of income direct from Clinical Commissioning Groups every year. An additional £10m of income will be required for 2016/17 to protect them from demographic pressures. The new risk arose as both Clinical Commissioning Groups were experiencing high financial pressures due to patient demand and new government guidance around planning for acute hospital activity. The risk score was red 48 (severe). The NHS has now indicated that although committed to protecting adult social care, its own finances may mean this is not possible next year. This therefore presents a corporate financial, reputational and partnership risk for HCC. The risk score was therefore increased to red 64 (severe) in October 2015.

6.1.2. HCS0010 (App A, Page 12)

“Inability to attract an increased number of care workers in line with the Health and Community Services Workforce Strategy leading to non-compliance with the Care Act 2014 duties and customer dissatisfaction.”

The Policy and Resources Officer Group (PROG) determined that this new risk should be developed to replace HCS0004 (see para 6.5.1) on the corporate risk register to capture Part 2 of the Care Act. When first raised in April 2015 the risk score was yellow 6 (material) and this was increased to amber 16 (significant) in July 2015. The risk score has now been increased to red 32 (severe). (Please see para 6.3.1).

6.1.3. CP0004 (App A, Page 16)

“As a result of disruptive factors influencing the lives of people in Hertfordshire, there is a risk that residents or staff become radicalised or drawn into terrorism, which could cause harm to themselves or the wider public and reduce community / social cohesion.”

As a result of the Counter Terrorism and Security Act 2015 placing new duties on the authority and discussion at Policy and Resources Officer Group (PROG) in October 2015, a new corporate risk has been developed.

A number of controls have already been put in place and so the current score is; likelihood ‘possible’ and impact ‘high’, resulting in an overall current risk score of amber 24 (significant).

6.1.4. HCS0011 (App A, Page 23)

“In the event of significant, increasing demand on health and social care services, there is a risk that the Better Care Fund pooled budget will not be sufficient to meet future demand for services.”

The Policy & Resources Officer Group (PROG) in April 2015 determined that the Better Care Fund corporate risk needed to reflect the financial risk in the longer term. As a result HCS0005 (see para 6.4.3) has been withdrawn and this new risk developed. The risk score is amber 24 (significant).

6.1.5. HR0018 (App A, Page 26)

“In the event of a failure to train employees to required standards, there is a risk that staff are not fully competent in their roles, which could lead to the death, serious injury or harm to service users, members of the public or staff themselves e.g. front facing staff like QSWs and staff with access to vulnerable adults and children”. The current risk score is amber 24 (significant).

Following discussion at Policy and Resources Officer Group (PROG) in July 2015, the Interim Head of HR & OD considered that this general training risk should be raised at the corporate level.

6.1.6. HR0017 (App A, Page 35)

“In the event of industrial action there is a risk that services cannot be delivered effectively, which could result in harm to residents.”

Following a challenge by Audit Committee in June 2015 and discussion at Resources & Performance Board in July 2015, the Interim Head of HR & OD retained the former corporate risk relating to possible industrial action (HR0011) at a service level and raised this new risk at the corporate level. The current risk score is amber 16 (significant).

6.1.7. PHD0014 (App A, Page 36)

“In the event of a Health Protection emergency such as a communicable disease epidemic, radiological, chemical or biological agent exposure, or extreme weather conditions, there is a risk that the authority may be unable to meet its statutory duty to adequately assure multi-agency health protection arrangements and as a result there are high rates of morbidity or mortality of Hertfordshire residents.”

Public Health developed this corporate risk for health protection emergencies, which replaced PHD0010 (at para 6.4.4) on the corporate risk register. The current risk score is amber 16 (significant).

6.2. Escalated risks

1 risk was escalated from the Service risk register since March 2015.


6.2.1. CSF0070 (App A, Page 21)

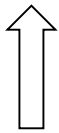
“In the event of inadequate capital being made available from a number of funding streams, part of the costs of delivering the primary and secondary expansion programme may need to be met from the council’s own resources having exhausted all other eventualities”

This risk was discussed at the Policy and Resources Officer Group (PROG) on 30/04/2015 where it was decided to escalate this risk from a service to a corporate level. The current risk score is amber 24 (significant).

6.3. Risk Score Movements since the last report to Audit Committee (November 2015)

6.3.1. HCS0010 (App A, Page 12)

 “Inability to attract an increased number of care workers in line with the Health and Community Services Workforce Strategy leading to non-compliance with the Care Act 2014 duties and customer dissatisfaction.”




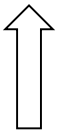
The care sector in Hertfordshire has experienced recruitment and retention difficulties during 2015/16 which have led to under-performance against delayed discharge from hospital and waiting lists for Homecare. As a result the risk score has been increased from amber 16 (significant) to red 32 (severe).




6.3.2. CSHF0005 (App A, Page 22)

“In the event of a reduction in government and external funding there is a risk of a funding gap which may result in the need to identify measures to further reduce service spend leading to deterioration or interruption of front line service delivery”.

 Following a discussion of this risk at the Policy and Resources Officer Group (PROG) in October 2015, the December provisional spending settlement significantly reduced the overall level of Revenue Support Grant (RSG) and increased the gap between resources and spend. The risk owner raised the current probability and the current impact and as a result the current risk score increased from yellow 8 (material) to red 32 (severe).



 The authority has plans in place to deliver a balanced budget for 2016/17; this includes the transitional funding that the government have made available for 2016/17 and 2017/18 as well as a number of other measures that are capable of immediate implementation. However, the outlook for future years remains challenging. Given this SMB are working with members to bring forward a set of savings proposals early in 2016/17 in order to address the budget gap in 2017/18 and future years. As a result the overall risk score has been amended to amber 24 (significant).

6.4. **Withdrawn risks**

5 risks have been withdrawn from the Corporate risk register since March 2015.

6.4.1. ENV0106

“As a result of the complexity, public interest, scale and number of partner organisations involved in taking the Croyley Rail programme forward, there is a risk that the programme may be delayed or cancelled, which may result in additional or abortive costs, legal action and damage to the reputation of HCC.”

The terms of the agreements between HCC and TfL/LUL by which the project have been finalised were sealed on 20/11/15. The agreements identified a level of liability that is acceptable to HCC and in light of this, the risk score was reduced from amber 24 (significant) to yellow 8 (material) In December 2015.

The risk owner has subsequently reviewed this risk and as the responsibility for the project, including liability for costs beyond the agreed budget has passed to London Underground Limited, has determined that this project can be removed from the HCC risk register.

6.4.2. PROP0019

“If significant issues arise with the development of the Property Framework Re-procurement there is a risk that the new frameworks will not be in place by April 2015. As a result HCC departments, schools and others who have used the frameworks will make their own contractual arrangements which may lead to contracting decisions which are not compliant with EU legislation and/or HCC procurement policies and procedures.”

The Policy and Resources Officer Group (PROG) met on 30/04/2015 and agreed that this risk should be withdrawn from the corporate risk register as the Frameworks had been successfully procured on time. The risk score was yellow 8 (material).

6.4.3. HCS0005

“In the event of a failure to meet emergency admissions targets set out in the Better Care Fund (BCF) plan, there is a risk that part or all of the pay for performance element of the BCF could be withheld.”

This risk has been withdrawn as the controls have been effective in mitigating this risk and a new risk (HCS0011 see para 6.1.4) has been developed to cater for both the short term and longer term financial risks. The risk score was amber 12 (significant).

6.4.4. PHD0010

“In the event of the Public Health (PH) department failing to deliver its statutory responsibilities in the key 5 areas of PH, (Health Checks, National Childhood Measurement Programme, sexual health services, advice to CCGs and Health Protection) there is a risk we will fail to sufficiently improve the

health and wellbeing of the public and reduce health inequalities.” The risk score was amber 16 (significant).

The Audit Committee requested an update on Public Health’s corporate risk (PHD0010) and a risk focus report was presented at its meeting on 26 June 2015. As a result of a subsequent review of this risk by the Public Health team it was decided that this risk be withdrawn and a new risk which focuses on the authority’s statutory duty has been developed (PHD0014 see para 6.1.7) at the corporate level.

6.4.5. HR0016

“There is a risk to the recruitment and retention of senior managers in response to the changing market place”. The risk score was amber 12 (significant).

Following discussion at PROG in October 2015, the risk owner has withdrawn this as a separate risk, but transferred the associated controls to risk CSCE0007 (recruit and retain staff, App A, Page 4.

6.5. **De-escalated risks**

3 risks have been de-escalated from the corporate risk register since March 2015.

6.5.1. HCS0004

“As a result of the changes brought about by the introduction of The Care Act 2014 (being managed by the HCS Care Act Programme Board) there is a risk to ensure that there are clear ongoing arrangements/agreements in relation to planning to implement multiple changes happening in parallel. Failure in delivery may result in reputational damage to HCS.”

The Policy and Resources Officer Group (PROG) determined at its meeting of 30/04/2015 that this risk should be de-escalated to a service level and that a new risk be developed to replace it on the Corporate Risk Register to capture Part 2 of the Care Act (HCS0010 at para 6.1.2). The risk score was yellow 6 (material).

6.5.2. HR0011

“As a result of internal and national changes to employment package, there is a risk of declining industrial relations which may result in industrial action”

The score had been reduced due to there being no local industrial disputes, and in the light of this the risk owner de-escalated the risk from the Corporate risk register to the Service risk register

The decision by officers to de-escalate this risk was challenged by Audit Committee at its meeting of 26 June 2015. There were no live local disputes and the risk was being managed and mitigated. However, in the light of the ongoing national Fire and Rescue dispute, PROG decided at their meeting of 30 July that this risk will remain at the service level and a new risk be developed at a corporate level to cover the risk of industrial action where

services may not be delivered effectively, which could result in harm to residents. The risk score was yellow 8 (material).

6.5.3. CSCE0018

“In the event of an extensive failure of the service provided by Hertfordshire Catering Ltd (HCL), there is a risk that meals to children cannot be supplied and of financial losses, which may lead to reputational damage and an impact on the R&P budget”.

Resources & Performance Board in July 2015 determined this risk should be de-escalated to a service level and was re-worded to reflect a failure to supply meals to children, financial losses to the Authority and reputational damage. The risk score was yellow 8 (material).

6.6. **Other Risk Developments**

6.6.1. Risk Focus

The following risk will be the subject of a risk focus report at Audit Committee, 23 March 2016.

HFRS0007 (App A, Page. 2) “During unplanned incidents, such as terrorist activity, civil disturbance or large scale wide area flooding, or periods of industrial action, there is a risk that HFRS have insufficient resources to cope which may result in an over-reliance on regional or national resources or significantly reduced fire cover.” The risk score is currently red 48 (severe). This risk was previously the subject of a risk focus by Audit Committee on 22 November 2012.

6.6.2. Emerging risk issue – Tree Health

A report to Resources and Performance Cabinet Panel (July 2015) introduced tree health issues and the potential implications to HCC.

Members noted that tree pests and diseases currently in the UK had the potential to affect an increasing range of native trees in urban parks, streets and gardens, woodlands, highways, schools, nature reserves, hedgerows and the wider landscape. Two of these, Chalara Ash Dieback and Oak Processionary Moth (OPM), posed an imminent threat and had the potential to impact on the future of trees and woodlands in the County with significant cost implications for individuals, landowners and local authorities.

At the October 2015 meeting Policy and Resources Officer Group (PROG) considered that this poses an emerging risk at a corporate level. The Shared internal Audit Service (SIAS) also provided a draft report on HCC Tree Management to relevant stakeholders (officers) in December 2015. Officers are now determining how this risk will be developed and taken forward.

7. Highlight of risks that are rare but may have very high impacts

- 7.1. It is good practice to consider these risks, which otherwise, due to their relatively low risk score, may not be subject to scrutiny.

There are 3 risks on the corporate risk register in this category, which score amber 16 (significant).

- a) CPRES0001 (App A, Page 28) - In the event of a failure of the Local Resilience Forum to provide adequate inter-agency plans which correctly identify the capabilities required to deal with a major emergency in Hertfordshire, there is a risk that Hertfordshire's multi-agency response may not be fully effective.
- Reviewed by Audit Committee 24 November 2011 and 23 September 2015
- b) CPRES0002 (App A, Page 29) – In the event of a failure to prepare adequate Corporate and departmental generic BCP plans, there is a risk that should a major incident take place (to building, technology & people) there may be insufficient back up arrangements in place, which could result in a higher level of disruption than anticipated causing increased disruption to key resources.
- Reviewed by Audit Committee 24 November 2011 and 23 September 2015
- c) PHD0014 (App A, Page 36) - In the event of a Health Protection emergency such as a communicable disease epidemic, radiological, chemical or biological agent exposure, or extreme weather conditions, there is a risk that the authority may be unable to meet its statutory duty to adequately assure multi-agency health protection arrangements and as a result there are high rates of morbidity or mortality of Hertfordshire residents.

8. Audit and Risk Management

- 8.1. Risk Management is a key element of the governance and assurance structures in the organisation. The Shared Internal Audit Service (SIAS) takes a risk approach to assessing activity for the audit plan.
- 8.2. The report of the Head of Assurance Services to 26 June 2015 Audit Committee, 'Annual Governance Statement 2014/15 and Code of Corporate Governance' states that the system of internal control is a significant part of that (governance) framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 8.3. The Council has a well-developed risk management strategy and embedded risk monitoring processes, which operate at the highest levels of the organisation, and are overseen by the Council's Audit Committee. The risks associated with meeting budget targets are also considered as part of the integrated planning process, and then monitored in quarterly reports to Cabinet.
- 8.4. At its quarterly meetings the Audit Committee receives and considers reports on the Council's overall risk management arrangements and also receives reports on specific risk issues that are considered worthy of individual reporting by internal audit or the officers of the Council.
- 8.5. The report of the Head of Assurance Services to 26 June 2015 Audit Committee, '2014/15 Annual Assurance Statement 2014/15 and Internal Audit Annual report' states that risk management arrangements are considered during annual audit planning and the delivery of individual audit assignments. No fundamental changes were made to the Council's risk management arrangements in 2014/15. In our opinion the corporate governance and risk management framework substantially complies with the best practice guidance on corporate governance issued by CIPFA/SOLACE. This conclusion is based primarily on the work undertaken by the Council and reported in its Annual Governance Statement for 2014/15.

9. Risk Management Benchmarking Club / Best Practice

- 9.1. The Risk Management function and approach continues to be benchmarked annually against Alarm's National Performance Model for Risk Management in Public Services published in 2009, developed by members of the professional body ALARM and expert Risk consultants and coordinated by Cipfa. The assessment received in 2015 described the risk management function as 'Embedded and Integrated' and 'Driving' in 7 different areas, which was a very encouraging analysis and demonstrates the continuing maintenance of the function. A summary of results is detailed in the table below.

Enablers	Leadership & Management	Awareness	Happening	Working	Embedded & Integrated	Driving
	Policy & Strategy	Awareness	Happening	Working	Embedded & Integrated	Driving
	People	Awareness	Happening	Working	Embedded & Integrated	Driving
	Partnerships & Shared Resources	Awareness	Happening	Working	Embedded & Integrated	Driving
	Processes	Awareness	Happening	Working	Embedded & Integrated	Driving
Results	Risk Handling & Assurance	Awareness	Happening	Working	Embedded & Integrated	Driving
	Outcomes & Delivery	Awareness	Happening	Working	Embedded & Integrated	Driving

10. Development of the Risk Management and Insurance Team

- 10.1. An Insurance Strategy has been developed which sets out ways the authority plans to improve its management of insurable risks. The strategy highlights opportunities for the authority to take a more holistic approach to insurance and risk management in order to provide comprehensive risk identification, assessment and mitigation. In order to take advantage of these opportunities a new structure will be introduced in April 2016 creating a new Risk Management and Insurance team within the Assurance service.

11. Next Steps

- 11.1. Challenges and recommendations from Audit Committee will be considered by the relevant risk owners/Services. Action taken as a result will update the corporate risk register and be reported to the appropriate cycle of risk review meetings.

Risk Matrix – The following chart shows where, and what category/colour the risk will fall in dependent on the scores. Red being the most severe and green being the least.

The scores within the chart are multiples of the likelihood and impact, e.g. (*Likelihood of*) 4 x (*Impact of*) 8 = (*Risk Score of*) 32

Assessing Impacts

Impact Score	Impact Title	Example description
1	Negligible	Annoyance but does not disrupt service: Minor injury to an individual; Financial loss under £50k; Isolated service user complaints contained within unit/section; Litigation claim or fine less than £50k; Failure to achieve a core team plan objective
2	Low	Minor impact on service; Minor injuries to several people; Financial losses between £50k-100k, Isolated service user complaints contained within department; Litigation claim or fine between £50k -100k; Failure to achieve several team plan objectives including a core objective
4	Medium	Service disruption; Major injury to an individual; Financial losses between £100k-1 Million; Adverse local media coverage. Lots of service user complaints; Litigation claims or fine between £100k - £1Million; Failure to achieve one or more strategic plan objective
8	High	Significant service disruption; major/disabling injury to employee, service user or other stakeholder; financial losses between £1Million-£5Million; adverse national media coverage; litigation claim or fine between £1Million-£5Million; Failure to achieve one or more strategic objective
16	Very High	Total service loss for a significant period; fatality to employee, service user or other stakeholder; financial loss in excess of £5 Million; National publicity more than 3 days. Possible resignation of leading member or chief officer; Multiple civil or criminal suits. Litigation claim or fine above £5 Million; Failure to achieve a major corporate objective in the Corporate Plan

Severe	The Board feels most concerned about carrying this risk. The consequences will have a severe impact on the delivery of a key priority and comprehensive management action is required immediately.
Significant	The Board feels concerned about carrying this risk. The consequences of the risk materialising would be significant, but not severe. Some immediate action is required plus the development of an appropriate action plan.
Material	The Board is uneasy about carrying this risk. Consequences of the risk are not significant and can be managed through contingency plans. Action plans can be developed later to address the risk.
Manageable	The Board is content to carry this risk. Consequences of the risk are considered relatively unimportant. The status of the risk should be reviewed periodically.

Assessing Likelihood

Scale	Description	Likelihood of Occurrence
1	Rare	<ul style="list-style-type: none"> Extremely unlikely or virtually impossible Less than 5% chance of happening Unlikely to occur in a 50 year period
2	Unlikely	<ul style="list-style-type: none"> Could occur at some point 6% to 20% chance of happening Unlikely to occur within a 10 year period
3	Possible	<ul style="list-style-type: none"> Fairly likely to occur 21% to 50% chance of happening Likely to occur once within a 10 year period
4	Likely	<ul style="list-style-type: none"> Will probably occur in most circumstances 51% to 80% chance of happening Likely to occur once within a one year period
5	Almost certain	<ul style="list-style-type: none"> Expected to occur in most circumstances More than 80% chance of happening Likely to occur within 3 months

Likelihood

Impacts

	Negligible (1)	Low (2)	Medium (4)	High (8)	Very High (16)
Almost certain (5)	5	10	20	40	80
Likely (4)	4	8	16	32	64
Possible (3)	3	6	12	24	48
Unlikely (2)	2	4	8	16	32
Rare (1)	1	2	4	8	16

Audit Committee
23 March 2016
Appendix A
Corporate Risk Movement Report

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
HCS0012 <i>Opportunity to be Healthy and Safe</i> Current Category: Corporate Due to national NHS commissioning changes from May 2015 there may be structural changes to NHS commissioning, leading to financial uncertainty for jointly commissioned projects including the Better Care Fund within Hertfordshire County Council.	Iain MacBeath Director of Health and Community Services	Risk reviewed by Risk Owner in January 2016. NHS confirmed that £10 million provided to protect Adult Social Care will be honoured in 2016/17. The spending review announcement in December 2015 was worse than expected, Director has written to NHS asking for indication of their intentions to protect Adult Social Care further in 2016/17. Reviewed On :07/01/2016	<div style="background-color: red; color: white; padding: 5px; text-align: center;">Severe 64</div> Probability Likely 4 Impact Very High 16	↔	<div style="background-color: red; color: white; padding: 5px; text-align: center;">Severe 64</div> Probability Likely 4 Impact Very High 16	<div style="background-color: orange; padding: 5px; text-align: center;">Significant 16</div> Probability Unlikely 2 Impact High 8
Controls:	<u>Ref</u>	<u>Control Description</u>	<u>Status</u>	<u>Owner</u>		
	HCS0012/001	Section 75 arrangements in place between NHS and HCC	In Progress	Iain MacBeath		
	HCS0012/002	Agreed governance arrangements between CCGs and HCS	In Progress	Iain MacBeath		
	HCS0012/003	Joint Integrated Planning Process (IPP) planning with CCGs.	In Progress	Iain MacBeath		
	HCS0012/004	Transformation through Better Care Fund.	In Progress	Iain MacBeath		

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref	Risk Description	Corporate Priority	Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
HFRS0007	<i>Opportunity to be Healthy and Safe</i>			Ian Parkhouse	This risk has been reviewed and controls added and updated to clarify the activity being undertaken to mitigate the risk. The implementation and issue of new contracts (April 2016) will provide a greater flexibility in personnel and appliance availability, in addition the introduction of Retained Duty System software (GARTAN) will facilitate an improved process for personnel to indicate their availability whilst also improving the management and performance auditing process. HFRS has recently procured a new specialist Rescue Support Unit (RSU) and supporting operational equipment with appropriate training being provided to applicable staff. Reviewed On :04/02/2016	<div style="background-color: red; color: white; padding: 5px; text-align: center;"> Severe 48 </div> Probability Possible 3 Impact Very High 16	↔	<div style="background-color: red; color: white; padding: 5px; text-align: center;"> Severe 48 </div> Probability Possible 3 Impact Very High 16	<div style="background-color: red; color: white; padding: 5px; text-align: center;"> Severe 32 </div> Probability Unlikely 2 Impact Very High 16

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Controls:	<u>Ref</u>	<u>Control Description</u>		<u>Status</u>	<u>Owner</u>	
	HFRS0007/003	Constant review, updating and testing of National, Regional and local initiatives and plans.		In Progress	Ian Parkhouse	
	<u>HFRS0007/004</u>	<u>Review Integrated Risk Management Plan (IRMP) regularly to assess community risk against resources</u>		<u>Existing</u>	<u>Ian Parkhouse</u>	
	<u>HFRS0007/005</u>	<u>Review whole-time and retained workforce numbers on a monthly basis to identify deficiencies and take appropriate action</u>		<u>Existing</u>	<u>Ian Parkhouse</u>	
	<u>HFRS0007/006</u>	<u>Crewing office to manage and maintain crewing levels on a daily basis across the organisation and ensure appliance availability</u>		<u>Existing</u>	<u>Ian Parkhouse</u>	
	<u>HFRS0007/007</u>	<u>Maximise both personnel and appliance availability through the application of procedures and appropriate management</u>		<u>In Progress</u>	<u>Ian Parkhouse</u>	
	<u>HFRS0007/008</u>	<u>Procure and provide specialist vehicles, equipment and teams to meet the current technical rescue risk within the County</u>		<u>In Progress</u>	<u>Ian Parkhouse</u>	
	<u>HFRS0007/009</u>	<u>Regularly review site specific response plans, operational procedures and contingency arrangements</u>		<u>Existing</u>	<u>Ian Parkhouse</u>	
	<u>HFRS0007/010</u>	<u>Organise and host regular large scale/major incident exercises with local partners on a local, county and regional platform</u>		<u>Existing</u>	<u>Ian Parkhouse</u>	
	<u>HFRS0007/011</u>	<u>Regularly review and ensure arrangements are in place to request additional resources both locally and nationally</u>		<u>Existing</u>	<u>Ian Parkhouse</u>	

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<p>CSCE0007 <i>Delivering our Vision</i></p> <p>Current Category: <i>Corporate</i></p> <p>If we fail to retain, attract and recruit the right people and right skills and maintain staff engagement at all levels, there may be a significant impact on service delivery and major cost implications</p>	<p>Karen Grave</p> <p>Interim Head of HR and Organisational Development</p>	<p>Turnover has increased slightly compared to September (now at 12.1%) impacted by improvements in private sector jobs market and potential impact of proposed 1% pay cap over next 4 years. We are likely to see a further slight increase in turnover in January as this is a peak period in the job market . Continued difficulties recruiting and retaining some key groups. Continuing to monitor turnover and retention and ensure recruitment advertising and branding is strong. Careers portal continues to attract healthy website traffic to the recruitment pages with 46,100 hits in November 2015. Reviewed On :23/12/2015</p>	<p>Severe 32</p> <p>Probability Likely 4</p> <p>Impact High 8</p>	<p>↔</p>	<p>Severe 32</p> <p>Probability Likely 4</p> <p>Impact High 8</p>	<p>Significant 16</p> <p>Probability Unlikely 2</p> <p>Impact High 8</p>

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Controls:	<u>Ref</u>	<u>Control Description</u>		<u>Status</u>	<u>Owner</u>	
	CSCE0007/001	Regular monitoring, workforce planning and forecasting - e.g. incl talent management and succession planning		Existing	Karen Grave	
	CSCE0007/007	Ensure the ability to call upon key service providers to meet any short term in-house skills gap		Existing	Karen Grave	
	CSCE0007/008	Regular monitoring of the employment 'package' to help ensure HCC remains an Employer of Choice		Existing	Karen Grave	
	CSCE0007/010	Maintain and support PMDS scheme, appropriate career schemes and associated training. (replaces controls CSCE0007/003 and 004)		In Progress	Karen Grave	
	CSCE0007/012	Develop, implement and embed employee comms, engagement and well-being initiatives, incl Herts Manager & Stakeholder Management		In Progress	Karen Grave	
	CSCE0007/013	Develop a future focused strategy for resourcing, including a focus on young people, re-deployment and re-skilling.		In Progress	Karen Grave	
	CSCE0007/014	Proactive approach to managing demand and supply e.g. QSW's in collaboration with other LA's		In Progress	Karen Grave	
	CSCE0007/015	Target Public Health recruitment at specialist networks, journals and social media sites		In Progress	Alison Hardy	
<u>CSCE0007/016</u>	<u>Monitor the external recruitment market including senior manager pay to ensure remain competitive</u>		<u>Existing</u>	<u>Karen Grave</u>		

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref	Risk Description	Corporate Priority	Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
				<u>CSCE0007/017</u>	<u>Talent & succession plans in place to support future organisation</u>		<u>In Progress</u>		<u>Karen Grave</u>

<p>CSCE0023</p> <p><i>Opportunity to Prosper</i></p> <p>Current Category: Corporate</p> <p>As a result of changes to the way in which development contributions will be collected from new developments through use of Community Infrastructure Levy (CIL) and Section 106 contributions, and the delay in introduction of the new arrangements across all district authorities there is a risk that there may be insufficient money to support infrastructure needs derived from new housing developments etc.</p>	<p>Angela Bucksey</p> <p>Assistant Director - Property</p>	<p>Target risk score reviewed and raised to 12. New control added.</p> <p>Reviewed On :30/12/2015</p>	<p>Severe 32</p> <p>Probability Likely 4</p> <p>Impact High 8</p>	<p>↔</p>	<p>Severe 32</p> <p>Probability Likely 4</p> <p>Impact High 8</p>	<p>Significant 12</p> <p>Probability Possible 3</p> <p>Impact Medium 4</p>
---	--	---	--	----------	--	---

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Controls:	<u>Ref</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>
	CSCE0023/002	Engage additional staff resource to drive forward work with Districts on Local Plans			Existing	Jacqueline Nixon
	CSCE0023/003	To work effectively with District planners to communicate and identify the required infrastructure			Existing	Jacqueline Nixon
	CSCE0023/004	Provide regular updates to Members/stakeholders working with Districts to secure support for successful implementation of CIL			Existing	Angela Bucksey
	CSCE0023/005	Identification of possible alternative funding sources and interaction with fund bidding processes			Existing	Angela Bucksey
	CSCE0023/006	Develop & maintain dialogue with central government depts as necessary to inform and influence policy and funding decisions			Existing	Angela Bucksey
	CSCE0023/007	Establish working relationships with Parish & Town Councils as necessary to achieve effective use of CIL funding			Existing	Angela Bucksey
	CSCE0023/008	Work with Districts to bring forward their Local Plans CIL charging and support HCC Infrastructure requirements			Existing	Jacqueline Nixon
	<u>CSCE0023/009</u>	<u>Work with districts regarding CIL bidding process to seek to maximise understanding and acceptance of HCC need.</u>			<u>Proposed</u>	<u>Jacqueline Nixon</u>

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
CSF0055 <i>Opportunity to be Healthy and Safe</i> Current Category: Corporate In the event of inappropriate care or attention there is a risk that a child or young person could die or become seriously injured.	Jenny Coles Director of Children's Services	This risk has been reviewed and remains in place as it is. Reviewed On :06/01/2016	<div style="background-color: red; color: white; padding: 5px; text-align: center;"> Severe 32 </div> Probability Unlikely 2 Impact Very High 16		<div style="background-color: red; color: white; padding: 5px; text-align: center;"> Severe 32 </div> Probability Unlikely 2 Impact Very High 16	<div style="background-color: red; color: white; padding: 5px; text-align: center;"> Severe 32 </div> Probability Unlikely 2 Impact Very High 16
Controls:	Ref		Control Description		Status	Owner
	CSF0055/003		Maintain casework practice and implement recommendations of reviews		In Progress	Sue Williams
	CSF0055/004		Continually monitor and review safeguarding practice and services within the council and with partners under the HSCB		In Progress	Sue Williams
	CSF0055/005		Implement peer review and inspection actions		In Progress	Sue Williams

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
CSHF0002 <i>Delivering our Vision</i> Current Category: Corporate There is a risk that HCC's pension fund level may not improve sufficiently to cover accrued pension costs because of economic conditions, poor investment or ineffective governance	Claire Cook Assistant Director Finance	The performance of the fund continues to be monitored. Quarterly Actuarial Navigator reports are shared with the pensions committee. Latest position shows the funding level to be around 86% Reviewed On :05/01/2016	<div style="background-color: red; color: white; padding: 5px; text-align: center;"> Severe 32 </div> Probability Unlikely 2 Impact Very High 16		<div style="background-color: red; color: white; padding: 5px; text-align: center;"> Severe 32 </div> Probability Unlikely 2 Impact Very High 16	<div style="background-color: red; color: white; padding: 5px; text-align: center;"> Severe 32 </div> Probability Unlikely 2 Impact Very High 16
Controls:	Ref	Control Description			Status	Owner
	CSHF0002/002	Monitor ongoing market conditions and fund performance			Existing	Patrick Towey
	CSHF0002/003	Ensure investment decisions are made in line with the strategy and are adequately diversified			In Progress	Patrick Towey
	CSHF0002/004	Ensure that bond guarantee arrangements are in place for guaranteed admitted bodies which are subject to ongoing monitoring			In Progress	Patrick Towey
	CSHF0002/005	Ensure that new LGPS and other pension arrangements are implemented effectively			In Progress	Karen Grave

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<p>ENV0104 <i>Delivering our Vision</i></p> <p>Current Category: <i>Corporate</i></p> <p>In the event of the Residual Waste Treatment Programme being impacted by one or more of the following scenarios:</p> <ul style="list-style-type: none"> - Delay in the implementation of the Revised Project Plan (RPP) - Unsuitable Revised Project Plan received resulting in the termination of the contract with VES. - Unable to secure suitable alternatives for waste disposal should the contract with VES be terminated. - Implementation of suitable alternatives delayed. <p>It may result in:</p> <ul style="list-style-type: none"> - Increased costs to HCC 	<p>Simon Aries</p> <p>Assistant Director - Transport, Waste & Environmental Management</p>	<p>Following the Public Inquiry into the planning application for the construction and operation of a Recycling and Energy Recovery Facility on land at New Barnfield Hatfield by Veolia Environmental Services Ltd (VES), the County Council received notification on the 8 July 2014 that the Secretary of State for Communities and Local Government had refused the planning application. VES lodged an independent legal challenge against the Secretary of State's decision; the application was referred back to the Secretary of State for re-determination. On 17 July 2015 the County Council received notification that the application for New Barnfield had been reconsidered by the Secretary of State and that planning permission has been refused. The re-determination decision has</p>	<p>Severe 32</p> <p>Probability Likely 4</p> <p>Impact High 8</p>	<p>↔</p>	<p>Severe 32</p> <p>Probability Likely 4</p> <p>Impact High 8</p>	<p>Significant 16</p> <p>Probability Unlikely 2</p> <p>Impact High 8</p>

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref	Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
			<p>not been challenged.</p> <p>Following the Highways and Waste Management Cabinet Panel and Cabinet meetings in November, it was agreed to request a Revised Project Plan (RPP) from VES. VES submitted the draft RPP on 7 July 2015 in accordance with the contract.</p> <p>Evaluation of the RPP is currently ongoing and a paper is being taken to the Community Safety and Waste Management Panel on 4th March 2016 where a recommendation is expected on whether to accept or reject the RPP (which results in the termination of the contract with VES).</p> <p>The overall risk score remains at 32 based on the control measures in place including the interim disposal arrangements and capped termination provisions in the contract (however the risk remains 'red' due to its high profile nature and value).</p> <p>Reviewed On :14/01/2016</p>				

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Controls:	<u>Ref</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>
	ENV0104/001	Scenario planning			In Progress	Simon Aries
	ENV0104/002	Legal & financial advice			In Progress	Simon Aries
	ENV0104/003	Liaison with contractor			Existing	Simon Aries
	ENV0104/004	Management of Political Processes			Existing	Simon Aries
	ENV0104/006	Technical advice			Existing	Simon Aries
	ENV0104/007	Engagement with the Market			In Progress	Simon Aries

<p>HCS0010 <i>Opportunity to be Healthy and Safe</i></p> <p>Current Category: Corporate</p> <p>Inability to attract an increased number of careworkers in line with the Health and Community Services Workforce Strategy leading to non-compliance with the Care Act 2014 duties and customer dissatisfaction.</p>	<p>Iain MacBeath</p> <p>Director of Health and Community Services</p>	<p>Risk Reviewed by Risk Owner in January 2016. Risk confirmed as same probability and impact increased to high. Care sector in Hertfordshire has experienced recruitment and retention difficulties during 2015/16, which have led to underperformance against delayed discharge from hospital and waiting lists for Homecare. New Workforce Strategy agreed. Reviewed On :07/01/2016</p>	<p>07/01/2016 Significant 16</p> <p>Probability Likely 4</p> <p>Impact Medium 4</p>	<p>➔</p>	<p>Severe 32</p> <p>Probability Likely 4</p> <p>Impact High 8</p>	<p>Manageable 4</p> <p>Probability Unlikely 2</p> <p>Impact Low 2</p>
--	---	--	---	----------	--	--

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Controls:	<u>Ref</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>
	HCS0010/001	Regular reporting on workforce strategy to HCSMB			Existing	Frances
	HCS0010/002	Monitoring of new staffing requirements for whole sector in place within commissioning.			In Progress	Frances
	HCS0010/003	Learning and Development Team Engagement			Complete	Denise Mc
	HCS0010/007	Contingency planning around key areas of risk			Existing	Frances

<p>HCSCP0001 <i>Opportunity to be Healthy and Safe</i></p> <p>Current Category: Corporate</p> <p>In the event of the quality of care from internal and external HCS care providers becoming inadequate resulting in the death or severe abuse of a client</p>	<p>Frances Heathcote</p> <p>Assistant Director Health and Community Commissioning</p>	<p>Reviewed by Risk Owner in January 2016. Risk confirmed as the same probability and impact. Risk wording to remain the same. Review the Prevention of Provider Failure policy to be refreshed in April 2016.</p> <p>Reviewed On :08/01/2016</p>	<p>Severe 32</p> <p>Probability Unlikely 2</p> <p>Impact Very High 16</p>	<p>↔</p>	<p>Severe 32</p> <p>Probability Unlikely 2</p> <p>Impact Very High 16</p>	<p>Severe 32</p> <p>Probability Unlikely 2</p> <p>Impact Very High 16</p>
---	---	---	--	----------	--	--

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Controls:	<u>Ref</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>
	HCSCP0001/00 1	Assessment and care management procedures in Health & Community Services			Existing	Earl Dutton
	HCSCP0001/00 2	Hertfordshire's multi-agency safeguarding adults policy and procedures			Existing	Sue Darker
	HCSCP0001/00 3	HCS Contract Monitoring Procedures			Existing	Frances
	HCSCP0001/00 4	Complaints and representations procedure			Existing	Sue Fox
	HCSCP0001/00 5	Appropriate and effective supervision of operational staff			Existing	Sue Darker
	HCSCP0001/00 6	MAPPA strategic board collaboration to protect vulnerable adults			Existing	Sue Darker
	HCSCP0001/00 7	Learning and development of care providers			Existing	Denise Mc

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
HCSMH0002 <i>Opportunity to be Healthy and Safe</i> Current Category: Corporate As a result of the 2014 Supreme Court ruling around Deprivation of Liberty Safeguards (DOLS) there is a risk that an inability to conduct best interest assessments within legal timeframes could lead to unlawful detention of people and potential legal and compensation challenges to HCC.	Sue Darker Operations Director, Learning Disabilities and Mental Health	Reviewed by Risk Owner in October 2015. Risk to remain the same. Current risk score confirmed as same probability and impact, with overall risk score remaining the same. Report to Board and Hertfordshire Safeguarding Adults Board. Reviewed On :08/01/2016	<div style="background-color: red; color: white; padding: 5px; text-align: center;">Severe 32</div> Probability Likely 4 Impact High 8	↔	<div style="background-color: red; color: white; padding: 5px; text-align: center;">Severe 32</div> Probability Likely 4 Impact High 8	<div style="background-color: yellow; padding: 5px; text-align: center;">Material 8</div> Probability Unlikely 2 Impact Medium 4
Controls:	<u>Ref</u>	<u>Control Description</u>	<u>Status</u>	<u>Owner</u>		
	HCSMH0002/001	Monthly meetings with Lawyers and Operations Director.	In Progress	Sue Darker		
	HCSMH0002/003	Projection for next years workload - Forward Planning	In Progress	Sue Darker		

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<p>CP0004 Created Date: 11/01/2016</p> <p><i>Opportunity to be Healthy and Safe</i></p> <p>Current Category: Corporate</p> <p>As a result of disruptive factors influencing the lives of people in Hertfordshire, there is a risk that residents or staff become radicalised or drawn into terrorism, which could cause harm to themselves or the wider public and reduce community / social cohesion.</p>	Darryl Keen Deputy Chief Fire Officer	This new risk has been developed as a result of the Prevent duty placed on local authorities through the Counter Terrorism and Security Act 2015. A number of measures to reduce the risk are already being undertaken. Reviewed On :18/01/2016	<p>11/01/2016 Significant 24</p> <p>Probability Possible 3</p> <p>Impact High 8</p>	↔	<p>Significant 24</p> <p>Probability Possible 3</p> <p>Impact High 8</p>	<p>Significant 16</p> <p>Probability Unlikely 2</p> <p>Impact High 8</p>
Controls:	Ref	Control Description	Status	Owner		
	CP0004/001	Formation of a Prevent Board	In Progress	Darryl Keen		
	CP0004/002	Development and regular review of progress of a Prevent action plan	In Progress	Darryl Keen		
	CP0004/004	Hertfordshire Channel Panel established as required by the Counter Terrorism and Security Act 2015	Existing	Darryl Keen		
	CP0004/005	Development of appropriate training to meet requirements of HCC Prevent action plan	In Progress	Darryl Keen		
	CP0004/006	Collaboration with partners (incl schools) to coordinate Prevent activities	Proposed	Darryl Keen		

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
CPRES0009 <i>Opportunity to Thrive</i> Current Category: Corporate If there is insufficient preparation for increased frequency of extreme weather events resulting from climate change, then there might be negative impacts on service delivery or user access to service provision	Ian Parkhouse Assistant Chief Fire Officer - Response and Resilience	The Risk Owner has reviewed this risk and confirmed that there are no changes. Reviewed On :07/01/2016	Significant 24 Probability Possible 3 Impact High 8		Significant 24 Probability Possible 3 Impact High 8	Significant 12 Probability Possible 3 Impact Medium 4
Controls:	<u>Ref</u>	<u>Control Description</u>	<u>Status</u>	<u>Owner</u>		
	CPRES0009/001	Appropriate business continuity arrangements in place and regular annual reviews carried out	Existing	Rad Bristow		
	CPRES0009/002	Continually developing partnership working with agencies developing risk reduction strategies multi agency warn&inform strategy	In Progress	Rad Bristow		
	CPRES0009/003	Each service holds a service level risk which is monitored and reviewed on a regular basis by the resilience team	Existing	Rad Bristow		

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
CSCE0017 <i>Opportunity to Thrive</i> Current Category: Corporate There is a risk that the Authority does not develop sufficient timely proposals to deal with the ongoing reductions in funding/resources which may lead to unplanned reduction of services or the need to draw on reserves.	Claire Cook Assistant Director Finance	Risk and control measures reviewed and updated accordingly. Reviewed On :06/01/2016	Significant 24 Probability Possible 3 Impact High 8		Significant 24 Probability Possible 3 Impact High 8	Significant 16 Probability Unlikely 2 Impact High 8
Controls:	Ref	Control Description			Status	Owner
	CSCE0017/004	Horizon scanning/policy Network			In Progress	Alex James
	CSCE0017/001	Partnership working to improve service delivery whilst reducing cost without significant impact on service level or council tax			In Progress	Claire Cook
	CSCE0017/002	Take account and anticipate changes through analysis of Government papers/announcement so management can make informed decisions			In Progress	Lindsey McLeod
	CSCE0017/003	Continue to carry out Service-led budget reviews			In Progress	Lindsey McLeod

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<p>CSCE0019 <i>Delivering our Vision</i></p> <p>Current Category: <i>Corporate</i></p> <p>A significant proportion of the Council's expenditure is accounted for by externally commissioned services. In the event of insufficient skills in commissioning / contract management and competencies along with a lack of application of effective monitoring, governance and contract management rigour, there is a risk of poor value, inadequate data security and/or failure of externally delivered services, which could lead to disruption of service delivery.</p>	<p>Stuart Bannerman Campbell</p> <p>Assistant Director - Improvement and Technology</p>	<p>Review Summary (as at 16/11/2015): A new control to undertake a review of the procurement / commissioning approach across the county in autumn 2015 has been added. Following discussion at R&P Board 21 Oct 2015, the risk owner has raised the current probability to 'possible' increasing the overall current score to amber 24 (significant). Following further discussion at Policy & Resources Officer Group 29 Oct 2015, the risk owner has reduced the target likelihood. Review Summary (as at 05/01/2016): The wording of this risk has been updated to clarify the risk and reflect the concern relating to the ICT security risk which is introduced by significant amounts of our services being provided by third parties (i.e.non-ICT specific) to HCC. Two new controls have been added as a result. Reviewed On :06/01/2016</p>	<p>Significant 24</p> <p>Probability Possible 3</p> <p>Impact High 8</p>	<p>↔</p>	<p>Significant 24</p> <p>Probability Possible 3</p> <p>Impact High 8</p>	<p>Material 8</p> <p>Probability Rare 1</p> <p>Impact High 8</p>

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Controls:	<u>Ref</u>	<u>Control Description</u>		<u>Status</u>	<u>Owner</u>	
	CSCE0019/002	Effective use of The `Do, Buy, Share' model of procurement		In Progress	Paul Drake	
	CSCE0019/005	Specialist procurement training programme commences Jan 2014		In Progress	Paul Drake	
	CSCE0019/006	Regular newsletter and Contracting Best Practice meeting which takes place bi monthly		In Progress	Paul Drake	
	CSCE0019/008	SPG team specialist support to key business areas		In Progress	Paul Drake	
	CSCE0019/009	Undertake a review of the procurement / commissioning approach across the county in Autumn 2015 and investigate any skills needs		In Progress	Paul Drake	
	<u>CSCE0019/010</u>	<u>Effective service and contractual checks are made by contracting managers pre contract placement and on an ongoing basis</u>		<u>Proposed</u>	<u>Paul Drake</u>	
<u>CSCE0019/011</u>	<u>HCC's Technology team provide support to contracting managers to assess ICT implications and security.</u>		<u>Proposed</u>	<u>David Mansfield</u>		

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
CSF0070 <i>Opportunity to Thrive</i> Current Category: Corporate In the event of inadequate capital being made available from a number of funding streams, part of the costs of delivering the primary and secondary expansion programme may need to be met from the council's own resources having exhausted all other eventualities	Simon Newland Assistant Director (Education Provision & Access)	This risk is reviewed and remains in place Reviewed On :06/01/2016	Significant 24 Probability Possible 3 Impact High 8		Significant 24 Probability Possible 3 Impact High 8	Material 8 Probability Unlikely 2 Impact Medium 4
Controls:	Ref		Control Description		Status	Owner
	CSF0070/005		Minimise the number of expansions undertaken including by ensuring information management is fit for purpose		In Progress	Simon Newland
	CSF0070/006		Ensure value for money		In Progress	Simon Newland
	CSF0070/007		Secure access to additional funding from DfE		In Progress	Simon Newland

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<p>CSHF0005 <i>Delivering our Vision</i></p> <p>Current Category: <i>Corporate</i></p> <p>In the event of a reduction in government and external funding there is a risk of a funding gap which may result in the need to identify measures to further reduce service spend leading to deterioration or interruption of front line service delivery</p>	<p>Claire Cook</p> <p>Assistant Director Finance</p>	<p>That final Revenue Support Grant settlement announced on 10 February means the Government grant has been cut by a third. The authority has plans in place to deliver a balanced budget for 2016/17; this includes the transitional funding that the government have made available for 2016/17 and 2017/18 as well as a number of other measures that are capable of immediate implementation. However, the outlook for future years remains challenging. Given this, SMB are working with members to bring forward a set of savings proposals early in 2016/17 in order to address the budget gap in 2017/18 and future years. As a result the risk score has been changed to Amber.</p> <p>Reviewed On :17/02/2016</p>	<p>06/01/2016 Material 8</p> <p>Probability Unlikely 2</p> <p>Impact Medium 4</p>		<p>Significant 24</p> <p>Probability Possible 3</p> <p>Impact High 8</p>	<p>Manageable 4</p> <p>Probability Rare 1</p> <p>Impact Medium 4</p>

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Controls:	<u>Ref</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>
	CSHF0005/005	Timely reporting to senior managers highlighting risks relating to available resources to enable mitigations to be made			In Progress	Lindsey McLeod
	CSHF0005/007	Work with districts to monitor changes to business rates related to loss of businesses/impact revaluations/improve collection			In Progress	Claire Cook
	CSHF0005/008	Close working with Health Service to agree the priorities for use of the Better Care Fund			In Progress	Iain MacBeath
	CSHF0005/009	Monitor the impact of proposed changes to Education Funding to enable senior officers/members to make timely/informed decisions			In Progress	Abioye

<p>HCS0011 <i>Opportunity to be Healthy and Safe</i></p> <p>Current Category: Corporate</p> <p>In the event of significant, increasing demand on health and social care services, there is a risk that the Better Care Fund pooled budget may not be sufficient to meet future demand for services</p>	<p>Jamie Sutterby</p> <p>Assistant Director, Health Integration (E&NH)</p>	<p>Reviewed by Risk Owner in January 2016. No change made to the risk. Risk confirmed as same probability and impact. Reviewed On :14/01/2016</p>	<p>Significant 24</p> <p>Probability Possible 3</p> <p>Impact High 8</p>		<p>Significant 24</p> <p>Probability Possible 3</p> <p>Impact High 8</p>	<p>Material 8</p> <p>Probability Unlikely 2</p> <p>Impact Medium 4</p>
--	--	---	--	--	--	--

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Controls:	<u>Ref</u>	<u>Control Description</u>		<u>Status</u>	<u>Owner</u>	
	HCS0011/001	The approach Hertfordshire have taken in constituting the BCF ensures the stability of finance for many of the BCF schemes		In Progress	Keir Mann	
	HCS0011/002	Regular monitoring of metrics through joint governance structures to identify lack of progress and areas for improvement		In Progress	Keir Mann	
	HCS0011/003	Agreement of risk sharing and contingency plans with NHS partners		In Progress	Keir Mann	
	HCS0011/004	Pay for performance funding used to fund projects across providers, risk shared, rather than concentrated in single provider.		In Progress	Keir Mann	
	HCS0011/005	2015/16: Pay for Performance agreement with CCGs not to withhold money from the BCF if emergency admission targets are not met		Complete	Keir Mann	
	HCS0011/006	2015/16: - Non-recurrent £10m added to BCF budget from CCGs		Existing	Keir Mann	
	HCS0011/007	Reducing spend on acute admissions and other services as a result of BCF projects and other health and social care system change		In Progress	Keir Mann	
	<u>HCS0011/008</u>	<u>Awaiting guidance on National Better Care Fund reporting requirements.</u>		<u>In Progress</u>	<u>Keir Mann</u>	

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
HCSOPD0006 <i>Opportunity to be Healthy and Safe</i> Current Category: Corporate In the event of commercial or contractual failure of private or independent care providers, this may lead to disruption to care provision and impact on service users and carers. (Previously ACSC0001)	Frances Heathcote Assistant Director Health and Community Commissioning	Reviewed by Risk Owner in January 2016, risk to remain the same. Probability and Impact to remain the same. The second phase to go live in April 2016 for new contracts. Reviewed On :08/01/2016	Significant 24 Probability Possible 3 Impact High 8	↔	Significant 24 Probability Possible 3 Impact High 8	Significant 24 Probability Possible 3 Impact High 8
Controls:	Ref	Control Description			Status	Owner
	HCSOPD0006/001	Regular contract monitoring of HCS care providers with a risk-based approach			Existing	Frances
	HCSOPD0006/002	HCS 'Serious Concerns' procedure to deal with failing care providers			Existing	Sue Darker
	HCSOPD0006/003	Instigation of annual credit checks on all care providers as early warning system			In Progress	Frances
	HCSOPD0006/005	Quarterly performance report to HCS Management Board			Existing	Frances

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<p>HR0018 <i>Delivering our Vision</i></p> <p>Current Category: <i>Corporate</i></p> <p>In the event of a failure to train employees to required standards, there is a risk that staff are not fully competent in their roles, which could lead to the death, serious injury or harm to service users, members of the public or staff themselves e.g. front facing staff like QSWs and staff with access to vulnerable adults and children</p>	<p>Karen Grave</p> <p>Interim Head of HR and Organisational Development</p>	<p>As part of the HR and L&D Reviews, we are currently developing a Hub and Spoke model of L&D provision across the council. We will be, as part of this activity, assuring that all mandatory and other statutory training is up to date. Reviewed On :23/12/2015</p>	<p>Significant 24</p> <p>Probability Possible 3</p> <p>Impact High 8</p>	<p>↔</p>	<p>Significant 24</p> <p>Probability Possible 3</p> <p>Impact High 8</p>	<p>Significant 16</p> <p>Probability Unlikely 2</p> <p>Impact High 8</p>

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
CPRES0001 <i>Delivering our Vision</i> Current Category: Corporate In the event of a failure of the Local Resilience forum to provide adequate inter-agency plans which correctly identify the capabilities required to deal with a major emergency in Hertfordshire there is a risk that Hertfordshire's multi- agency response may not be fully effective (formerly SERMU0001)	Ian Parkhouse Assistant Chief Fire Officer - Response and Resilience	The Risk Owner has reviewed this risk and confirmed that there are no changes. Reviewed On :07/01/2016	<div style="background-color: #f4a460; padding: 5px; text-align: center;">Significant 16</div> Probability Rare 1 Impact Very High 16	↔	<div style="background-color: #f4a460; padding: 5px; text-align: center;">Significant 16</div> Probability Rare 1 Impact Very High 16	<div style="background-color: #f4a460; padding: 5px; text-align: center;">Significant 16</div> Probability Rare 1 Impact Very High 16
Controls:	<u>Ref</u>	<u>Control Description</u>	<u>Status</u>	<u>Owner</u>		
	CPRES0001/001	LRF business plan to address areas of concern / key priorities	Existing	Rad Bristow		
	CPRES0001/002	HCC an active participant in LRF activity	Existing	Rad Bristow		
	CPRES0001/003	Agreed programme of training/exercising, including development plan for LRF members & internal incident response managers	Existing	Rad Bristow		
	CPRES0001/006	Review of community risk register	In Progress	Rad Bristow		
	CPRES0001/007	Agreed programme of reviewing inter-agency plans	In Progress	Rad Bristow		

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
CPRES0002 <i>Delivering our Vision</i> Current Category: Corporate In the event of a failure to prepare adequate Corporate and departmental generic BCP plans, there is a risk that, should a major incident take place (to building, technology & people), there may be insufficient back up arrangements in place, which could result in a higher level of disruption than anticipated causing increased disruption to key resources. (Formerly SERMU0002)	Ian Parkhouse Assistant Chief Fire Officer - Response and Resilience	The Risk Owner has reviewed this risk and confirmed that there are no changes. Reviewed On :07/01/2016	Significant 16 Probability Rare 1 Impact Very High 16		Significant 16 Probability Rare 1 Impact Very High 16	Significant 16 Probability Rare 1 Impact Very High 16
Controls:	Ref	Control Description			Status	Owner
	CPRES0002/001	Robust plans in place for all departments / service areas and 4 principle office locations			Existing	Rad Bristow
	CPRES0002/002	Regular reporting to Resilience Board and SMB on plan reviews, training and exercising			Existing	Rad Bristow
	CPRES0002/003	Work programme to focus support on key areas where vulnerability is greatest			Existing	Rad Bristow

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
CSCE0002 <i>Delivering our Vision</i> Current Category: <i>Corporate</i> There is a risk of legal challenge to County Council policies or decisions, the consequences of which could result in legal proceedings against the Council and potentially financial loss by way of damages and/or fine and delay, for example as well as bad publicity and/or reputational damage.	Kathryn Pettitt Chief Legal Officer	Following discussion at Resources & Performance Board in January 2016, the risk owner is undertaking a further review of the risk and controls. Reviewed On :03/02/2016	Significant 16 Probability Unlikely 2 Impact High 8		Significant 16 Probability Unlikely 2 Impact High 8	Significant 16 Probability Unlikely 2 Impact High 8
Controls:	Ref	Control Description	Status	Owner		
	CSCE0002/001	Use of Equality Impact assessments (EQIA'S) throughout HCC	In Progress	Martha Goodhill		
	CSCE0002/008	Best practice training and advice to HCC staff involved in procurement processes	Existing	Paul Drake		
	CSCE0002/010	Early engagement with legal services in projects/services by all chief officers	In Progress	Kathryn Pettitt		

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
CSCE0009 <i>Delivering our Vision</i> Current Category: Corporate If we fail to comply with safe staffing legislation and agreed HCC policy and practice there is a risk this could lead to a lack of protection for HCC service users (e.g. children and vulnerable adults)	Karen Grave Interim Head of HR and Organisational Development	Implemented changes to re-checks. Communications issued to affected workers. Key processes are being reviewed and enhanced as part of our HR & OD review project. New processes will be implemented from April 1st 2016, but where possible quick wins will be implemented earlier. Reviewed On :23/12/2015	Significant 16 Probability Unlikely 2 Impact High 8		Significant 16 Probability Unlikely 2 Impact High 8	Significant 16 Probability Unlikely 2 Impact High 8
Controls:	Ref		Control Description		Status	Owner
	CSCE0009/001	Robust policy and practice agreed and regularly reviewed by Head of Human Resources & Organisational Development		Existing	Karen Grave	
	CSCE0009/003	Use learning from regular audits and QA inspections to improve policy, process and practice.		Existing	Karen Grave	
	CSCE0009/005	Address cultural issues and technical understanding of line managers via training and organisational development intervention		In Progress	Karen Grave	

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
ENV0030 <i>Opportunity to be Healthy and Safe</i> Current Category: Corporate In the event of a failure in road inspection and / or fault reporting procedures, there is a risk that the condition of our roads falls below expected standards, which results in injury to citizens and / or successful claims against HCC.	Rob Smith Deputy Director Environment	Risk reviewed - No change to report this quarter. There are robust back up measures in place should the on-line reporting systems fail. Reviewed On :19/01/2016	Significant 16 Probability Unlikely 2 Impact High 8		Significant 16 Probability Unlikely 2 Impact High 8	Material 8 Probability Rare 1 Impact High 8
Controls:	Ref	Control Description		Status	Owner	
	ENV0030/001	Protocol for the investigation of road deaths agreed with police.		Existing	Rob Smith	
	ENV0030/002	Annual programmes of accident remedial engineering schemes, and structural and routine maintenance in place		Existing	Rob Smith	
	ENV0030/003	Broad and accessible fault reporting procedure available to members of the public		Existing	Rob Smith	
	ENV0030/004	Quarterly reports from Insurance Team on High Court Cases		Existing	Rob Smith	
	ENV0030/005	Audit of inspections & inspection programme		Existing	Rob Smith	
	ENV0030/006	Protocol for Serious injury accidents which may result in significant insurance claims		In Progress	Rob Smith	

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
ENV0033 <i>Opportunity to be Healthy and Safe</i> Current Category: Corporate In the event of under investment there is a risk that road maintenance levels can not be maintained and general deterioration occurs, which may lead to increased number of accidents, loss of reputation and customer dissatisfaction.	Rob Smith Deputy Director Environment	The Annual Road Maintenance Programme for 2015/16 has been agreed and is being delivered. There is no change to this risk or its score at this time. Reviewed On :19/01/2016	Significant 16 Probability Unlikely 2 Impact High 8		Significant 16 Probability Unlikely 2 Impact High 8	Material 8 Probability Rare 1 Impact High 8
Controls:	Ref		Control Description		Status	Owner
	ENV0033/001		Regular performance monitoring		Existing	Rob Smith
	ENV0033/002		Efficient Asset management principles		Existing	Rob Smith
	ENV0033/003		Claims information reported quarterly to Environment by the Insurance team		In Progress	Patrick Towey
	ENV0033/004		Review of Maintenance Strategy		In Progress	Rob Smith

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
HFRS0004 <i>Delivering our Vision</i> Current Category: Corporate In the event of a failure to meet national training requirements, poor operational performance from personnel who are not fully trained and competent in their role could lead to the death or serious injury of a firefighter.	Chris Bigland Fire and Rescue Assistant Chief Officer - Service Support	The Risk Owner has reviewed this risk and confirmed that there are no changes. Reviewed On :07/01/2016	Significant 16 Probability Unlikely 2 Impact High 8		Significant 16 Probability Unlikely 2 Impact High 8	Significant 16 Probability Unlikely 2 Impact High 8
Controls:	<u>Ref</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>
	HFRS0004/001	Integrated Personal Development System			Existing	Chris Bigland
	HFRS0004/002	Station Audit Process			Existing	Chris Bigland
	HFRS0004/004	Feedback from standard meetings informs improvements in equipment, technique and performance to drive the Service forward			Existing	Chris Bigland

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
HR0017 <i>Delivering our Vision</i> Current Category: Corporate In the event of industrial action there is a risk that services cannot be delivered effectively, which could result in harm to residents.	Karen Grave Interim Head of HR and Organisational Development	Currently no live local disputes at present and the risk is being managed and mitigated. Reviewed On :23/12/2015	Significant 16 Probability Unlikely 2 Impact High 8		Significant 16 Probability Unlikely 2 Impact High 8	Material 8 Probability Unlikely 2 Impact Medium 4
Controls:	Ref		Control Description		Status	Owner
	HR0017/001		Engagement with recognised trade unions and robust co-ordination of response to industrial action		In Progress	Karen Grave
	HR0017/002		Workforce engagement, change management and adherence to statutory requirements for consultation		Existing	Karen Grave
	HR0017/003		BCP plans are in place to maintain a level of service throughout HCC during a period of industrial action		In Progress	Rad Bristow

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
<p>PHD0014 <i>Opportunity to be Healthy and Safe</i> Current Category: Corporate</p> <p>In the event of a Health Protection emergency such as a communicable disease epidemic, radiological, chemical or biological agent exposure, or extreme weather conditions, there is a risk that the authority may be unable to meet its statutory duty to adequately assure multi-agency health protection arrangements and as a result there are high rates of morbidity or mortality of Hertfordshire residents</p>	<p>Joel Bonnet</p> <p>Deputy Director of Public Health</p>	<p>Risk and control measures reviewed and updated accordingly Reviewed On :24/12/2015</p>	<p>Significant 16</p> <p>Probability Rare 1</p> <p>Impact Very High 16</p>	<p>↔</p>	<p>Significant 16</p> <p>Probability Rare 1</p> <p>Impact Very High 16</p>	<p>Significant 16</p> <p>Probability Rare 1</p> <p>Impact Very High 16</p>

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Controls:	<u>Ref</u>	<u>Control Description</u>		<u>Status</u>	<u>Owner</u>	
	PHD0014/001	The Health Protection Committee meets quarterly to discuss issues of health protection and plan health protection arrangements		In Progress	Gill Goodlad	
	PHD0014/002	The Local Health Resilience Partnership (LHRP) meets quarterly		In Progress	Jim McManus	
	PHD0014/003	HCC Multi Agency Emergency Response Plan (Version 3.3 November 2013) – describes Hertfordshire approach to emergency situations		Existing	Rad Bristow	
	PHD0014/004	Structures processes and people in place - allow communication between key partners for review and monitoring of the		In Progress	Jim McManus	
	PHD0014/005	A current pandemic flu plan embedded within the plan for management of infectious outbreaks in accordance with national policy		In Progress	Jim McManus	
PROP0020 <i>Opportunity to Prosper</i> Current Category: Corporate As a result of changes in the UK and Local economic climate, which dictates the sale value of assets for disposal, there is a risk that the sale of assets may not provide the level of capital receipts to meet the target. (Formerly PROP0002)	Angela Bucksey Assistant Director - Property	The portfolio continues to be reviewed on a regular basis to identify opportunities for Capital Receipts. Market Information of Herts Land and Building values are annually reviewed to inform each disposal. Reviewed On :01/02/2016	Significant 16 Probability Unlikely 2 Impact High 8	↔	Significant 16 Probability Unlikely 2 Impact High 8	Material 8 Probability Unlikely 2 Impact Medium 4

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Controls:	<u>Ref</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>
	PROP0020/002	Maintain awareness of market conditions & potential for change for written report and brief Resources & Performance Exec Member			Existing	Angela Bucksey
	PROP0020/003	Continue to determine the latest market value before taking any asset to sale			Existing	Mike Evans
	PROP0020/004	Take advantage of sale opportunities such as unsolicited approaches where possible subject to procurement rules being followed			Existing	Mike Evans
TEC0004 <i>Delivering our Vision</i> Current Category: Corporate In the event of failing to maintain and ensure the use of our security systems, technical protocols and change management processes, there is a risk of a cyber attack (virus, penetration or malicious internal action) on HCC's ICT environments causing significant service disruption and possible data loss	David Mansfield Head of Technology	Control Measure 007 description updated to reflect the relationship to Service Providers of ICT specific services. Risk CSCE0019 being updated to reflect ICT security concerns in relation to the external provision of other services where delivery involves the service providers' ICT arrangements Reviewed On :04/01/2016	Significant 16 Probability Unlikely 2 Impact High 8	↔	Significant 16 Probability Unlikely 2 Impact High 8	Significant 16 Probability Unlikely 2 Impact High 8

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Controls:	<u>Ref</u>	<u>Control Description</u>			<u>Status</u>	<u>Owner</u>
	TEC0004/001	Industry approved security measures (firewalls, desktop AV, email filtering software etc) implemented, monitored and maintained			Existing	David Mansfield
	TEC0004/002	New/updated systems/apps conform to agreed security requirements inc successful network pen testing, before implementation			Existing	David Mansfield
	TEC0004/004	Tech with Info Gov & HR continuously dev & deliver ICT policy/security educ/awareness training for staff, managers, mems			Existing	David Mansfield
	TEC0004/006	Rolling program of testing HCC network infrastructure including penetration testing			Existing	David Mansfield
	TEC0004/007	ICT Service Providers must adhere to our sec & tech stds in providing/implementing/updating systems & ICT infrastructure			Existing	David Mansfield

AUDIT0001 <i>Delivering our Vision</i> Current Category: Corporate There is a risk that the Council experiences significant fraud	Terry Barnett	Internal and external campaigns have been delivered successfully and the data sharing agreement is awaiting sign off. The team are now receiving and investigating allegations of fraud and all activity been recorded on Case management system. Reviewed On :16/12/2015	<div style="background-color: orange; color: white; padding: 5px; text-align: center;"> Significant 12 </div> Probability Possible 3 Impact Medium 4		<div style="background-color: orange; color: white; padding: 5px; text-align: center;"> Significant 12 </div> Probability Possible 3 Impact Medium 4	<div style="background-color: yellow; color: black; padding: 5px; text-align: center;"> Material 8 </div> Probability Unlikely 2 Impact Medium 4
	Group Auditor					

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Controls:	<u>Ref</u>	<u>Control Description</u>		<u>Status</u>	<u>Owner</u>	
	AUDIT0001/001	Risk based programme of internal audit focussing on areas susceptible to fraud		In Progress	Terry Barnett	
	AUDIT0001/006	Fraud reporting facility on Herts Direct and Compass		Complete	Terry Barnett	
	AUDIT0001/007	Oversight of fraud risk at audit committee		Existing	Terry Barnett	
	AUDIT0001/009	Development of business plan for Shared Anti Fraud Service		Complete	Terry Barnett	
	AUDIT0001/010	Planning a public awareness raising campaign in October		Complete	Terry Barnett	

--	--	--	--	--	--	--

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
CSCE0013 <i>Delivering our Vision</i> Current Category: <i>Corporate</i> There is a risk of the loss/inappropriate acquisition/disclosure of sensitive personal or commercial data, including (but not limited to) paper records/post, the electronic storage / transfer of personal data by email, fax or other technical means, and publication of data for Open Data purposes, which could lead to harm to clients, impact on HCC's reputation, incur legal action and have financial consequences (despite applying best practice there is always the possibility of human error)	Stuart Bannerman Campbell Assistant Director - Impr ovement and Technology	Risks and controls reviewed, no changes required. Reviewed On :06/01/2016	<div style="background-color: #f4a460; padding: 5px; text-align: center;"> Significant 12 </div> Probability Possible 3 Impact Medium 4		<div style="background-color: #f4a460; padding: 5px; text-align: center;"> Significant 12 </div> Probability Possible 3 Impact Medium 4	<div style="background-color: #ffff00; padding: 5px; text-align: center;"> Material 8 </div> Probability Unlikely 2 Impact Medium 4

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
Controls:	<u>Ref</u>	<u>Control Description</u>		<u>Status</u>	<u>Owner</u>	
	CSCE0013/001	Policy framework is regularly reviewed and staff made aware of responsibilities		Existing	Martin Aust	
	CSCE0013/003	Mandatory data protection training in place for all staff at induction and repeated annually and monitored for all other staff		In Progress	Elaine Dunncliffe	
	CSCE0013/004	HCC is linked into the Government's secure network to enable secure data exchange with central government services		In Progress	David Mansfield	
	CSCE0013/005	Research and implement additional security features to protect HCC's electronic data		In Progress	David Mansfield	
	CSCE0013/016	Regular additional targeted training delivered to staff groups that handle sensitive personal data		In Progress	Elaine Dunncliffe	
	CSCE0013/021	A common data sharing framework is in place and respective agreements reviewed and updated on a regular basis		In Progress	Elaine Dunncliffe	
	CSCE0013/023	Programme in place to address issues where poor data quality/info handling has been identified as the cause of data breaches		In Progress	Elaine Dunncliffe	
CSCE0013/027	Implement a new and improved network printing service across the organisation		In Progress	Roger Barrett		

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
PROP0016 <i>Opportunity to be Healthy and Safe</i> Current Category: Corporate With Contractors and Consultants providing works and services (statutory and non-statutory) directly, there is a risk that schools (academy & community) may use a supplier without the relevant background checks (insurance, financial, H&S etc)	Chris Hinge Head of Building Management	Project management and statutory maintenance guidelines have been refreshed and published on the Schools Grid. Communication with schools forums are supporting this publication. Training is available for schools to communicate risks and to aid the procurement of works. Reviewed On :22/12/2015	Significant 12 Probability Possible 3 Impact Medium 4		Significant 12 Probability Possible 3 Impact Medium 4	Significant 12 Probability Possible 3 Impact Medium 4
Controls:	Ref	Control Description			Status	Owner
	PROP0016/001	Property frameworks are available to schools - HCC checks & performance manages Contractors and Consultants on			Existing	Chris Hinge
	PROP0016/002	Advice is available to schools on use of contractors/consultant and how to procure works/services.			Existing	Chris Hinge
	PROP0016/003	Raise awareness of risks with schools including working with HfL to do so			Existing	Chris Hinge
	PROP0016/004	Where academies seek to build, we will use landlord's permission to discuss & educate on contracting risks			Existing	Chris Hinge
	PROP0016/005	Revised guidance is to be published in 2015 on the employment of contractors and consultants			In Progress	Chris Hinge

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
PROP0018 <i>Opportunity to be Healthy and Safe</i> Current Category: Corporate There is a risk that land owned by the Council and no longer required for the purpose for which it was bought may not have an active management regime in place. As a result there is a risk of an H&S incident to persons or property which could give rise to H&SE action and a liability claim.	Angela Bucksey Assistant Director - Property	Risk reviewed- no change Reviewed On :21/12/2015	Significant 12 Probability Possible 3 Impact Medium 4		Significant 12 Probability Possible 3 Impact Medium 4	Manageable 4 Probability Unlikely 2 Impact Low 2
Controls:	Ref		Control Description		Status	Owner
	PROP0018/001		Processes to identify land to which this risk applies have been identified and are in use		Existing	Angela Bucksey
	PROP0018/002		Agreement to be reached on what management regimes can be implemented/alternative solutions deployed to resolve potential issues		Existing	Angela Bucksey
	PROP0018/003		Out of use land and property management processes to ensure it is managed appropriately.		Existing	Mike Evans

Recent movement report (incl JT) Corporate Risk Register - for March 2016 Audit Committee

Report Date: 26/02/2016

Date filtered on: 03/11/2015



Notes: References highlighted **Purple** have been added since the 03/11/2015.

Old Category is shown when there has been a change of category.

Previous Risk Score shows rating, profile, probability and impact prior to the Current Risk Score

Risk Ref Risk Description Corporate Priority Category	Risk Owner	Progress Update	Previous Risk Score	Movement Direction	Current Risk Score	Target Risk Score
TEC0012 <i>Delivering our Vision</i> Current Category: <i>Corporate</i> In the event of failing to retain our annual Public Sector Network accreditation HCC will be unable to share data with central Government and other partners through IT systems. This would result in an inability to deliver some business functions particularly in the adult and children's services areas	David Mansfield Head of Technology	Preparatory work underway and will take account of Government's Cyber Essentials Plus assurance framework Reviewed On :30/12/2015	Material 8 Probability Unlikely 2 Impact Medium 4		Material 8 Probability Unlikely 2 Impact Medium 4	Material 8 Probability Unlikely 2 Impact Medium 4
Controls:	<u>Ref</u>		<u>Control Description</u>		<u>Status</u>	<u>Owner</u>
	TEC0012/004	Re-accreditation preparatory work undertaken (e.g. process reviews) to ensure any weaknesses/issues are identified and addressed		In Progress	David Mansfield	

Appendix B Summary Corporate Risk Status report

Risk Ref	Business Unit	Short Description	Current Risk Rating				Target
			06/15	09/15	11/15	02/16	Score
HCS0012	Health and Community Services	Due to national NHS commissioning changes from May 2015 there may be structural changes to NHS commissioning, leading to financial uncertainty for jointly commissioned projects including the Better Care Fund within Hertfordshire County Council.	n/i	48	64	64	16
HFRS0007	CP - Hertfordshire Fire & Rescue	During unplanned incidents, such as terrorist activity, civil disturbance or large scale wide area flooding, or periods of industrial action, there is a risk that HFRS have insufficient resources to cope which may result in an over-reliance on regional or national resources or significantly reduced fire cover.	48	48	48	48	32
CSCE0007	Resources Board	If we fail to retain, attract and recruit the right people and right skills and maintain staff engagement at all levels, there may be a significant impact on service delivery and major cost implications	32	32	32	32	16
CSCE0023	Resources Board	As a result of changes to the way in which development contributions will be collected from new developments through use of Community Infrastructure Levy (CIL) and Section 106 contributions, and the delay in introduction of the new arrangements across all district authorities there is a risk that there may be insufficient money to support infrastructure needs derived from new housing developments etc.	32	32	32	32	12
CSF0055	Children's Services	In the event of inappropriate care or attention there is a risk that a child or young person could die or become seriously injured.	32	32	32	32	32
CSHF0002	Resources Finance	There is a risk that HCC's pension fund level may not improve sufficiently to cover accrued pension costs because of economic conditions, poor investment or ineffective governance	32	32	32	32	32
ENV0104	Environment	In the event of the Residual Waste Treatment Programme being impacted by one or more of the following scenarios: - Delay in the implementation of the Revised Project Plan (RPP) - Unsuitable Revised Project Plan received resulting in the termination of the contract with VES. - Unable to secure suitable alternatives for waste disposal should the contract with VES be terminated. - Implementation of suitable alternatives delayed. It may result in: - Increased costs to HCC	32	32	32	32	16
HCS0010	Health and Community Services	Inability to attract an increased number of careworkers in line with the Health and Community Services Workforce Strategy leading to non-compliance with the Care Act 2014 duties and customer dissatisfaction.	6	16	16	32	4
HCSCP0001	HCS - Commissioning For People	In the event of the quality of care from internal and external HCS care providers becoming inadequate resulting in the death or severe abuse of a client	32	32	32	32	32
HCSMH0002	HCS - Mental Health	As a result of the 2014 Supreme Court ruling around Deprivation of Liberty Safeguards (DOLS) there is a risk that an inability to conduct best interest assessments within legal timeframes could lead to unlawful detention of people and potential legal and compensation challenges to HCC.	32	32	32	32	8
CP0004	Community Protection	As a result of disruptive factors influencing the lives of people in Hertfordshire, there is a risk that residents or staff become radicalised or drawn into terrorism, which could cause harm to themselves or the wider public and reduce community / social cohesion.	n/i	n/i	n/i	24	16
CPRES0009	CP - Resilience	If there is insufficient preparation for increased frequency of extreme weather events resulting from climate change, then there might be negative impacts on service delivery or user access to service provision	24	24	24	24	12

Risk Ref	Business Unit	Short Description	Current Risk Rating				Target
			06/15	09/15	11/15	02/16	Score
CSCE0017	Resources Board	There is a risk that the Authority does not develop sufficient timely proposals to deal with the ongoing reductions in funding/resources which may lead to unplanned reduction of services or the need to draw on reserves.	24	24	24	24	16
CSCE0019	Resources Board	A significant proportion of the Council's expenditure is accounted for by externally commissioned services. In the event of insufficient skills in commissioning / contract management and competencies along with a lack of application of effective monitoring, governance and contract management rigour, there is a risk of poor value, inadequate data security and/or failure of externally delivered services, which could lead to disruption of service delivery.	16	16	24	24	8
CSF0070	Children's Services	In the event of inadequate capital being made available from a number of funding streams, part of the costs of delivering the primary and secondary expansion programme may need to be met from the council's own resources having exhausted all other eventualities	24	24	24	24	8
CSHF0005	Resources Finance	In the event of a reduction in government and external funding there is a risk of a funding gap which may result in the need to identify measures to further reduce service spend leading to deterioration or interruption of front line service delivery	8	8	8	24	4
HCS0011	Health and Community Services	In the event of significant, increasing demand on health and social care services, there is a risk that the Better Care Fund pooled budget may not be sufficient to meet future demand for services	24	24	24	24	8
HCSOPD0006	HCS - Older People And Physical	In the event of commercial or contractual failure of private or independent care providers, this may lead to disruption to care provision and impact on service users and carers. (Previously ACSC0001)	24	24	24	24	24
HR0018	Resources HR & Organisational Development	In the event of a failure to train employees to required standards, there is a risk that staff are not fully competent in their roles, which could lead to the death, serious injury or harm to service users, members of the public or staff themselves e.g. front facing staff like QSWs and staff with access to vulnerable adults and children	n/i	n/i	24	24	16
CPRES0001	CP - Resilience	In the event of a failure of the Local Resilience forum to provide adequate inter-agency plans which correctly identify the capabilities required to deal with a major emergency in Hertfordshire there is a risk that Hertfordshire's multi-agency response may not be fully effective (formerly SERMU0001)	16	16	16	16	16
CPRES0002	CP - Resilience	In the event of a failure to prepare adequate Corporate and departmental generic BCP plans, there is a risk that, should a major incident take place (to building, technology & people), there may be insufficient back up arrangements in place, which could result in a higher level of disruption than anticipated causing increased disruption to key resources. (Formerly SERMU0002)	16	16	16	16	16
CSCE0002	Resources Board	There is a risk of legal challenge to County Council policies or decisions, the consequences of which could result in legal proceedings against the Council and potentially financial loss by way of damages and/or fine and delay, for example as well as bad publicity and/or reputational damage.	16	16	16	16	16
CSCE0009	Resources Board	If we fail to comply with safe staffing legislation and agreed HCC policy and practice there is a risk this could lead to a lack of protection for HCC service users (e.g. children and vulnerable adults)	16	16	16	16	16
ENV0030	Environment	In the event of a failure in road inspection and / or fault reporting procedures, there is a risk that the condition of our roads falls below expected standards, which results in injury to citizens and / or successful claims against HCC.	16	16	16	16	8

Risk Ref	Business Unit	Short Description	Current Risk Rating				Target	
			06/15	09/15	11/15	02/16	Score	
ENV0033	Environment	In the event of under investment there is a risk that road maintenance levels can not be maintained and general deterioration occurs, which may lead to increased number of accidents, loss of reputation and customer dissatisfaction.	16	16	16	16	8	
HFRS0004	CP - Hertfordshire Fire & Rescue	In the event of a failure to meet national training requirements, poor operational performance from personnel who are not fully trained and competent in their role could lead to the death or serious injury of a firefighter.	16	16	16	16	16	
HR0017	Resources HR & Organisational Development	In the event of industrial action there is a risk that services cannot be delivered effectively, which could result in harm to residents.	n/i	n/i	16	16	8	
PHD0014	Public Health	In the event of a Health Protection emergency such as a communicable disease epidemic, radiological, chemical or biological agent exposure, or extreme weather conditions, there is a risk that the authority may be unable to meet its statutory duty to adequately assure multi-agency health protection arrangements and as a result there are high rates of morbidity or mortality of Hertfordshire residents	n/i	16	16	16	16	
PROP0020	Resources Property	As a result of changes in the UK and Local economic climate, which dictates the sale value of assets for disposal, there is a risk that the sale of assets may not provide the level of capital receipts to meet the target. (Formerly PROP0002)	16	16	16	16	8	
TEC0004	Resources Technology	In the event of failing to maintain and ensure the use of our security systems, technical protocols and change management processes, there is a risk of a cyber attack (virus, penetration or malicious internal action) on HCC's ICT environments causing significant service disruption and possible data loss	16	16	16	16	16	
AUDIT0001	Resources Audit	There is a risk that the Council experiences significant fraud	12	12	12	12	8	
CSCE0013	Resources Board	There is a risk of the loss/inappropriate acquisition/disclosure of sensitive personal or commercial data, including (but not limited to) paper records/post, the electronic storage / transfer of personal data by email, fax or other technical means, and publication of data for Open Data purposes, which could lead to harm to clients, impact on HCC's reputation, incur legal action and have financial consequences (despite applying best practice there is always the possibility of human error)	12	12	12	12	8	
PROP0016	Resources Property	With Contractors and Consultants providing works and services (statutory and non-statutory) directly, there is a risk that schools (academy & community) may use a supplier without the relevant background checks (insurance, financial, H&S etc)	12	12	12	12	12	
PROP0018	Resources Property	There is a risk that land owned by the Council and no longer required for the purpose for which it was bought may not have an active management regime in place. As a result there is a risk of an H&S incident to persons or property which could give rise to H&SE action and a liability claim.	12	12	12	12	4	
TEC0012	Resources Technology	In the event of failing to retain our annual Public Sector Network accreditation HCC will be unable to share data with central Government and other partners through IT systems. This would result in an inability to deliver some business functions particularly in the adult and children's services areas	8	8	8	8	8	
			35	622	696	760	816	496

APPENDIX C - Risk focus reports considered by Audit Committee

Risk Ref	Current Risk Rating	Short Description	Risk Owner	Date of Risk Focus Report
HCS0012	64	Due to national NHS commissioning changes from May 2015 there may be structural changes to NHS commissioning, leading to financial uncertainty for jointly commissioned projects including the Better Care Fund within Hertfordshire County Council.	Iain MacBeath	
HFRS0007	48	During unplanned incidents, such as terrorist activity, civil disturbance or large scale wide area flooding, or periods of industrial action, there is a risk that HFRS have insufficient resources to cope which may result in an over-reliance on regional or national resources or significantly reduced fire cover.	Ian Parkhouse	22/11/2012 23/03/2016
CSCE0007	32	If we fail to retain, attract and recruit the right people and right skills and maintain staff engagement at all levels, there may be a significant impact on service delivery and major cost implications	Karen Grave	21/11/2013
CSCE0023	32	As a result of changes to the way in which development contributions will be collected from new developments through use of Community Infrastructure Levy (CIL) and Section 106 contributions, and the delay in introduction of the new arrangements across all district authorities there is a risk that there may be insufficient money to support infrastructure needs derived from new housing developments etc.	Angela Bucksey	20/11/2014
CSF0055	32	In the event of inappropriate care or attention there is a risk that a child or young person could die or become seriously injured.	Jenny Coles	30/06/2011 29/03/2014
CSHF0002	32	There is a risk that HCC's pension fund level may not improve sufficiently to cover accrued pension costs because of economic conditions, poor investment or ineffective governance	Claire Cook	
ENV0104	32	In the event of the Residual Waste Treatment Programme being impacted by one or more of the following scenarios: - Delay in the implementation of the Revised Project Plan (RPP) - Unsuitable Revised Project Plan received resulting in the termination of the contract with VES. - Unable to secure suitable alternatives for waste disposal should the contract with VES be terminated. - Implementation of suitable alternatives delayed. It may result in: - Increased costs to HCC	Simon Aries	
HCS0010	32	Inability to attract an increased number of careworkers in line with the Health and Community Services Workforce Strategy leading to non-compliance with the Care Act 2014 duties and customer dissatisfaction.	Iain MacBeath	
HCSCP0001	32	In the event of the quality of care from internal and external HCS care providers becoming inadequate resulting in the death or severe abuse of a client	Frances Heathcote	29/09/2011 28/03/2013
HCSMH0002	32	As a result of the 2014 Supreme Court ruling around Deprivation of Liberty Safeguards (DOLS) there is a risk that an inability to conduct best interest assessments within legal timeframes could lead to unlawful detention of people and potential legal and compensation challenges to HCC.	Sue Darker	16/06/2014
CP0004	24	in Hertfordshire, there is a risk that residents or staff become radicalised or drawn into terrorism, which could cause harm to themselves or the wider public and reduce community / social cohesion.	Darryl Keen	
CPRES0009	24	If there is insufficient preparation for increased frequency of extreme weather events resulting from climate change, then there might be negative impacts on service delivery or user access to service provision	Ian Parkhouse	
CSCE0017	24	There is a risk that the Authority does not develop sufficient timely proposals to deal with the ongoing reductions in funding/resources which may lead to unplanned reduction of services or the need to draw on reserves.	Claire Cook	
CSCE0019	24	A significant proportion of the Council's expenditure is accounted for by externally commissioned services. In the event of insufficient skills in commissioning / contract management and competencies along with a lack of application of effective monitoring, governance and contract management rigour, there is a risk of poor value, inadequate data security and/or failure of externally delivered services, which could lead to disruption of service delivery.	Stuart Bannerman Campbell	

APPENDIX C - Risk focus reports considered by Audit Committee

Risk Ref	Current Risk Rating	Short Description	Risk Owner	Date of Risk Focus Report
CSF0070	24	In the event of inadequate capital being made available from a number of funding streams, part of the costs of delivering the primary and secondary expansion programme may need to be met from the council's own resources having exhausted all other eventualities	Simon Newland	25/11/2015
CSHF0005	24	In the event of a reduction in government and external funding there is a risk of a funding gap which may result in the need to identify measures to further reduce service spend leading to deterioration or interruption of front line service delivery	Claire Cook	
HCS0011	24	In the event of significant, increasing demand on health and social care services, there is a risk that the Better Care Fund pooled budget may not be sufficient to meet future demand for services	Jamie Sutterby	
HCSOPD0006	24	In the event of commercial or contractual failure of private or independent care providers, this may lead to disruption to care provision and impact on service users and carers. (Previously ACSC0001)	Frances Heathcote	28/03/2013 29/09/2011
HR0018	24	In the event of a failure to train employees to required standards, there is a risk that staff are not fully competent in their roles, which could lead to the death, serious injury or harm to service users, members of the public or staff themselves e.g. front facing staff like QSWs and staff with access to vulnerable adults and children	Karen Grave	
CPRES0001	16	In the event of a failure of the Local Resilience forum to provide adequate inter-agency plans which correctly identify the capabilities required to deal with a major emergency in Hertfordshire there is a risk that Hertfordshire's multi-agency response may not be fully effective (formerly SERMU0001)	Ian Parkhouse	24/11/2011 23/09/2015
CPRES0002	16	In the event of a failure to prepare adequate Corporate and departmental generic BCP plans, there is a risk that, should a major incident take place (to building, technology & people), there may be insufficient back up arrangements in place, which could result in a higher level of disruption than anticipated causing increased disruption to key resources. (Formerly SERMU0002)	Ian Parkhouse	24/11/2011 23/09/2015
CSCE0002	16	There is a risk of legal challenge to County Council policies or decisions, the consequences of which could result in legal proceedings against the Council and potentially financial loss by way of damages and/or fine and delay, for example as well as bad publicity and/or reputational damage.	Kathryn Pettitt	
CSCE0009	16	If we fail to comply with safe staffing legislation and agreed HCC policy and practice there is a risk this could lead to a lack of protection for HCC service users (e.g. children and vulnerable adults)	Karen Grave	
ENV0030	16	In the event of a failure in road inspection and / or fault reporting procedures, there is a risk that the condition of our roads falls below expected standards, which results in injury to citizens and / or successful claims against HCC.	Rob Smith	20/09/2013
ENV0033	16	In the event of under investment there is a risk that road maintenance levels can not be maintained and general deterioration occurs, which may lead to increased number of accidents, loss of reputation and customer dissatisfaction.	Rob Smith	
HFRS0004	16	In the event of a failure to meet national training requirements, poor operational performance from personnel who are not fully trained and competent in their role could lead to the death or serious injury of a firefighter.	Chris Bigland	
HR0017	16	In the event of industrial action there is a risk that services cannot be delivered effectively, which could result in harm to residents.	Karen Grave	
PHD0014	16	communicable disease epidemic, radiological, chemical or biological agent exposure, or extreme weather conditions, there is a risk that the authority may be unable to meet its statutory duty to adequately assure multi-agency health	Joel Bonnet	
PROP0020	16	As a result of changes in the UK and Local economic climate, which dictates the sale value of assets for disposal, there is a risk that the sale of assets may not provide the level of capital receipts to meet the target. (Formerly PROP0002)	Angela Bucksey	

APPENDIX C - Risk focus reports considered by Audit Committee

Risk Ref	Current Risk Rating	Short Description	Risk Owner	Date of Risk Focus Report
TEC0004	16	In the event of failing to maintain and ensure the use of our security systems, technical protocols and change management processes, there is a risk of a cyber attack (virus, penetration or malicious internal action) on HCC's ICT environments causing significant service disruption and possible data loss	David Mansfield	
AUDIT0001	12	There is a risk that the Council experiences significant fraud	Terry Barnett	20/06/2012
CSCE0013	12	There is a risk of the loss/inappropriate acquisition/disclosure of sensitive personal or commercial data, including (but not limited to) paper records/post, the electronic storage / transfer of personal data by email, fax or other technical means, and publication of data for Open Data purposes, which could lead to harm to clients, impact on HCC's reputation, incur legal action and have financial consequences (despite applying best practice there is always the possibility of human error)	Stuart Bannerman Campbell	
PROP0016	12	With Contractors and Consultants providing works and services (statutory and non-statutory) directly, there is a risk that schools (academy & community) may use a supplier without the relevant background checks (insurance, financial, H&S etc)	Chris Hinge	
PROP0018	12	There is a risk that land owned by the Council and no longer required for the purpose for which it was bought may not have an active management regime in place. As a result there is a risk of an H&S incident to persons or property which could give rise to H&SE action and a liability claim.	Angela Bucksey	
TEC0012	8	In the event of failing to retain our annual Public Sector Network accreditation HCC will be unable to share data with central Government and other partners through IT systems. This would result in an inability to deliver some business functions particularly in the adult and children's services areas	David Mansfield	

HERTFORDSHIRE COUNTY COUNCIL

**AUDIT COMMITTEE
WEDNESDAY 23 MARCH 2016**

RISK FOCUS REPORT - COMMUNITY PROTECTION FIRE RESOURCE RISK

Author: Ian Parkhouse, Assistant Chief Officer

Executive Member: Richard Thake (Community Safety and Waste Management)

1. Purpose of Report

- 1.1. To provide further information regarding the Community Protection fire resource risk and controls recorded on the Hertfordshire County Council Corporate Risk Register. This is relating to the potential of insufficient resources being available during an unplanned large scale or significant incident.

2. Summary

- 2.1. The Audit Committee has requested an update on the above related risk; the assessment and rating of these risks; and the controls in place to minimise their impacts or reduce/avoid the likelihood of their occurrence.

3. Recommendation

- 3.1. The Committee is invited to note and comment upon the information provided in this report.

4. Background

- 4.1. Community Protection maintains one entry on the Hertfordshire County Council Corporate Risk Register relating to fire resource provision. HFRS0007 identifies that during unplanned incidents, such as, terrorist activity, civil disturbance, large scale wide area flooding, or periods of industrial action, there is a risk that HFRS have insufficient resources to cope, which may result in an over-reliance on regional or national resources or significantly reduced fire cover.
- 4.2. Currently within Hertfordshire Fire and Rescue Service (HFRS) there are 40 front line fire appliances (20 whole-time & 20 Retained), 2 x Aerial Ladder Platforms, 2 x Incident Support Units , Command Support Unit , Decontamination & Environmental Protection Unit, Water Rescue Unit and Rescue Support Unit. In addition we also have several trained specialist teams to provide a specific operational function (Working at Height, Incident Liaison Officer, Trench Rescue, Fire Investigation, Water Rescue)

- 4.3. Whole-time appliances are crewed on a permanent 24/7 basis with the retained appliances being crewed by on-call personnel. The specialist vehicles are alternately crewed when required by utilising the crew from the whole-time fire appliance
- 4.4. An unplanned incident, such as, terrorist activity, civil disturbance, large scale wide area flooding would require a large number of resources and consequently would be deemed as a Major Incident. Likewise for periods of industrial action where resource availability may be dramatically reduced a smaller scale incident may have the impact of a major incident on the organisation's resources.
- 4.5. The Civil Contingencies Act defines a Major Incident as: "An event or situation which threatens serious damage to human welfare in a place in the UK, the environment of a place in the UK, or terrorism which threatens serious damage to the security of the UK" HFRS has adopted these terms as the definition of a major incident.
- 4.6. In the period 1st April 2010 to 31st March 2015, HFRS had 22 large scale or major incidents where 8 or more appliances were used at a single incident; and in addition 12 occurrences where a minimum of 50% of HFRS's operational resources were committed to incidents concurrently.
- 4.7. In January 2010 it was agreed by the Community Protection Strategic Leadership Group (SLG) that our operational planning assumption was based on the Service's ability to tackle a 15 fire appliance incident with sufficient appliances and officers available in the county to reach a swift and safe conclusion to the incident whilst also providing additional resources to provide ongoing fire cover in the rest of the County. This planning assumption is also contained within the current IRMP as agreed by Members.
- 4.8. The Integrated Risk Management Plan (IRMP) is the locally determined, publicly available document which sets out Hertfordshire Fire Authority's plan to efficiently and effectively tackle both existing and foreseeable risks to communities in Hertfordshire. The plan establishes a number of fire appliance attendance standards which assist in determining the required amount and location of resources within Hertfordshire. The IRMP is next due for formal review during 2018. Due to the significance of the IRMP the formal review will also be subject to a full public consultation process
- 4.9. When the 2014-2018 Integrated Risk Management Plan was produced, one of the foundation assumptions was that the availability of all retained fire crews was 100%. Over recent years, despite considerable effort, the availability of retained pumps has declined most noticeably during working hours (Mon-Fri 9-5) and there are a number of contributing factors why these crewing shortfalls occur such as, the 'dormitory nature' of many Hertfordshire towns and villages and much greater mobility of residents meaning that they do not want to remain within 5 minutes of a fire station for extended periods. This shortfall has had a negative impact on attendance standards and the availability of retained appliances for operational cover during busy periods and at large scale incidents.

- 4.10. The publication of procedures and the robust management of Retained personnel is enforced to maximise both personnel, and therefore appliance availability. Following an independent review of the RDS system several improvements were identified; the implementation and issue of new contracts (April 2016) will provide a greater flexibility in personnel and appliance availability, in addition the introduction of a RDS software system (GARTAN) will facilitate an improved process for personnel to indicate their availability whilst also improving the management and performance auditing process.
- 4.11. Both Whole-time and Retained establishment is reviewed on a regular basis (monthly) to identify current and future deficiencies. Findings and recommendations are reported to the Strategic leadership Group to authorise recruitment requirements to maintain establishment, crewing levels and appliance availability. To support this, a designated department (Crewing Office) is used to manage and maintain crewing levels on a daily basis across the organisation and to ensure appliance availability.
- 4.12. HFRS has recently procured a new specialist Rescue Support Unit (RSU) and supporting operational equipment with appropriate training being provided to applicable staff. The vehicle has been designed to bridge the gap between the original RSU and the current Urban Search and Rescue resources provided under National Resilience, this addition will meet the current risk regarding specialist technical rescue and prevent over reliance on external resources.
- 4.13. For certain types of large scale / major incidents it has been recognised by the Department for Communities and Local Government (DCLG) that it would not be financially viable for a single Fire Authority to fund enough resources to efficiently, effectively and safely manage these types of incident. Therefore under the National Co-ordination Advisory Framework (NCAF). National Resilience resources are hosted locally by FRSs for a potential deployment on a national scale, to deal with major incidents such as wide area flooding, mass casualty decontamination, urban search & rescue and marauding terrorist firearm attacks (MTFA).
- 4.14. HFRS hosts a number of National Resilience resources/assets (High Volume Pump, Enhanced Logistic Support, MTFA & Water Rescue) which are also available for immediate deployment for local and regional use as well as national deployment should they be required.
- 4.15. Under existing arrangements Hertfordshire has the ability to request additional resources for operational incidents directly from neighbouring FRSs (FRS Act 2004, Sections 13 & 16) and also nationally under mutual aid arrangements.
- 4.16. Site specific response plans, operational procedures and contingency arrangements are reviewed regularly to ensure they meet current resourcing, address existing risks and provide an effective, efficient and safe response for HFRS personnel, partners and communities.
- 4.17. To ensure that existing risks, planning assumptions and resourcing requirements are sufficient and correct, HFRS organises and hosts regular large scale/major incident exercises in conjunction with local partners. These exercises are held on a local, county and regional platform to assure current planning assumptions, models, procedures, training and resourcing.

5. Purpose of the Risk on the Corporate Risk Register

- 5.1. HFRS0007 is inwardly focused and considers whether current internal resource provision is sufficient to effectively and safely manage major/large scale incidents whilst also providing enough additional operational cover for business as usual activity without the reliance on resources from other FRSs.
- 5.2. In respect of the above, the attendance standards contained within the IRMP and associated planning assumptions support determination of the provision of fire appliances and specialist resources to meet both the local community and also the County risk(s). However the effectiveness of the resource provision is entirely reliant on the continued availability of appliance's via the maintenance of staff numbers and the continued availability of both whole-time and retained personnel.
- 5.3. Even though the IRMP is a locally determined document for assessing risk and resource requirements, the production of the IRMP is mandated through the Fire and Rescue National Framework for England which sets out the priorities for FRSs regarding risk and resource requirement, collaboration to deliver their service and accountability.
- 5.4. The score against HFRS0007 remains assessed as 'Severe', as even though the mitigating measures appear substantial, should this under resourcing occur for any of the reasons identified it could potentially have a very high impact on the County..
- 5.5. The inclusion within the Corporate Risk Register is therefore deemed important to ensure that HCC continues to monitor the risk effectively and identify, provide and maintain sufficient resources for all foreseeable and unplanned fire related incidents, whilst also continuing the on-going delivery of operational cover during the incident in the rest of the county.

CORPORATE RISK REGISTER

Risk Number	Risk Owner	Department
HFRS0007	Ian Parkhouse	Community Protection
Date risk first included on risk register	Strategy for managing the risk	Executive Member
27/01/2009	Reduce	Richard Thake
<p>Short description of the risk</p> <p><i>During unplanned incidents, such as, terrorist activity, civil disturbance, large scale wide area flooding, or periods of industrial action, there is a risk that HFRS have insufficient resources to cope, which may result in an over-reliance on regional or national resources or significantly reduced fire cover.</i></p> <p>Consequences of the risk</p> <p>Possible damage to reputation, possible legal action or examination at public enquiry, increased risk to communities, additional damage to property and/or environment and increased suffering caused to those affected by the incident.</p>		
<p>Current controls</p> <p>HFRS0007</p> <ul style="list-style-type: none"> • The IRMP is reviewed on a regular basis to assess the current community risk(s) against resource provision. • Both Whole-time and Retained establishment is reviewed on a regular basis (monthly) to identify and take appropriate action for current and future deficiencies. • HFRS provides a designated department (Crewing Office) to manage and maintain crewing levels on a daily basis across the organisation and ensuring appliance availability. • The application of procedures and appropriate management to maximise both personnel and appliance availability. • The procurement and provision of specialist vehicles, equipment and teams to meet the current technical rescue risk within the County and prevent over reliance on external resources. • Site specific response plans, operational procedures and contingency arrangements are reviewed regularly to ensure they meet current resourcing and existing/foreseeable risks. • To ensure that existing risks, planning assumptions and resourcing requirements are sufficient and correct, HFRS organises and hosts regular large scale/major incident exercises in conjunction with local partners on a 		

<p>local, county and regional platform.</p> <ul style="list-style-type: none"> Should under resourcing occur, established arrangements are in place to request additional resources both locally and nationally 		
Current Risk score based on effectiveness of current controls (Q1 2015/16):		
Likelihood score:	Impact score:	Overall score:
Possible (3)	Very High (16)	Severe (48)
Reason for inclusion on Corporate Register		
Risk that current resources provision will not be sufficient to meet the needs of a major/large scale incident(s).		
Direction of travel (overall risk score for previous three quarters)		
Severe (48)	Severe (48)	Severe (48)
Target risk score		
Likelihood score:	Impact score:	Overall score:
Unlikely (2)	Very High (16)	Severe (32)

Reason for changes in risk score.

n/a

HERTFORDSHIRE COUNTY COUNCIL

Agenda Item No:

7

AUDIT COMMITTEE

WEDNESDAY 23 MARCH 2016 AT 10.00 AM

DATA PROTECTION RISK

Report of the Assistant Director – Improvement and Technology

Author: Martin Aust, Head of Intelligence (Tel: 01992 555793)

1. Purpose of the Report

1.1 To provide the Committee with a presentation in response to a question regarding risk around data protection raised at the last meeting of this Committee on 25th November 2015.

2. Summary

2.1 The presentation covers the data protection arrangements operated by the County Council and the changes to be introduced by the forthcoming adoption of the EU General Data Protection Regulation.

2.2 The risk around data protection is covered on the Corporate Risk Register (CSCE0013) and there is a range of corporate measures and targeted programmes in place, including tools and training, to prevent data protection breaches and to mitigate their impact should any occur.

3. Recommendations

3.1 The Committee is invited to note and comment on the presentation.



Hertfordshire County Council
Internal Audit Progress Report
23 March 2016

Recommendation

Members are recommended to:

- Note the Internal Audit Progress Report
- Agree changes to the audit plan
- Agree to the removal of high priority actions now complete

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.7 Schools' Activity
 - 2.14 Proposed Audit Plan Amendments
 - 2.18 Limited Assurance Audits
 - 2.19 High Priority Recommendations
 - 2.24 Medium Priority Recommendations
 - 2.26 Performance Management

Appendices

- A Progress against the 2015/16 Audit Plan

- B Implementation Status of High Priority Recommendations

- C Definitions of Assurance and Recommendation Priorities

1. Introduction and Background

Purpose of Report

- 1.1 To provide Members with information on the position as at 21 February 2016, relating to:
 - a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the HCC Internal Audit Plan for 2015/16
 - b) Proposed amendments to the approved 2015/16 Audit Plan
 - c) 'Limited Assurance' audits issued since the last meeting of this Committee, of which there are none in this cycle for HCC and two for schools
 - d) Implementation status of previously agreed:
 - high priority audit recommendations and agreement to remove completed actions; and
 - medium priority recommendations
 - e) An update on performance management information.

Background

- 1.2 The 2015/16 HCC Audit Plan was approved by the Audit Committee on 26 March 2015.
- 1.3 The Audit Committee receives periodic progress updates against the Internal Audit Plan, the most recent of which was brought to the meeting of 25 November 2015.
- 1.4 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 21 February 2016, 86% of the 2015/16 Internal Audit Plan days had been delivered (calculation excludes unused contingency days). Appendix A provides a status update on each individual deliverable within the audit plan.

2.2 The following reports have been issued and assignments undertaken in the period since 25 November 2015:

Audit Title	Assurance Level	Number of Recommendations
Resources		
eProcurement	Substantial	4 Medium 5 Merits Attention
ICT Asset Management	Moderate	4 Medium
General Ledger	Full	No recommendations made
Tree Strategy	Moderate	6 Medium 1 Merits Attention
HBS Business Practice and Process	Substantial	3 Medium 1 Merits Attention
Health and Community Services		
Better Care Fund – Complex Care Premium	Full	No recommendations made
Contract Payments	Moderate	2 Medium 3 Merits Attention
Children’s Services		
Contract Payments	Full	No recommendations made
Child Protection Conferences	Substantial	1 Medium
Children’s Centres – Contract Delivery	Full	No recommendations made
Environment Services		
Contract Payments	Full	No recommendations made
Public Health		
Statutory Returns	Substantial	5 Medium

Audit Title	Assurance Level	Number of Recommendations
		4 Merits Attention
Council-wide Reviews		
Serco checks over finance and payroll transactions	Substantial	2 Merits Attention
Other Completed Projects		
Sure Care	Unqualified Opinion	Audit of Accounts
Public Sector Internal Audit Standards – Self Assessment	Not applicable	Not applicable
Hertfordshire Education Foundation	Unqualified opinion	Audit of Accounts
Thriving Families	Not applicable	review of processes

2.3 In addition to the above, the following draft reports have been issued to management for comment and response:

- Pensions Administration
- Employment Status Checks

2.4 Progress with other audits within the plan is currently on target, with all remaining audits at least at terms of reference stage.

Schools' Audit Activity

2.5 The schools' audit plan for 2015/16 identified three streams of activity:

- Theme 1** - Assessment of the effectiveness of internal control in relation to the requirements of the Schools Financial Value Standard (SFVS) – 27 schools (revised upwards to include visits to two schools about which there were concerns)
- Theme 2** - Budget Management (including nursery schools and schools operating children's centres) – 17 schools (revised downwards by one to accommodate increase in schools audited in Theme 1)
- Theme 3** - Income – 15 schools (revised down by two to accommodate additional school visit under theme 1 and additional follow-up school visit)

- 2.6 Final reports have been issued for 26 of the 27 schools visited as part of Theme 1 (SFVS). The following assurance opinions have been given: two full assurance, twenty substantial assurance, three moderate assurance and one limited assurance. A draft report was issued to the remaining school in mid-February and a final report will be issued by the end of the financial year.
- 2.7 A summary report of key learning points from Theme 1 has been produced and shared with all Hertfordshire schools.
- 2.8 Fieldwork in relation to Theme 2 (Budget Management) is complete. Fourteen final reports and three draft reports have been issued. The following assurance opinions have been given: three full assurance, nine substantial assurance, one moderate assurance and one limited assurance.
- 2.9 Thirteen of the fifteen schools selected for a visit as part of work in Theme 3 (Income) have been visited and nine draft reports issued. Arrangements are in place to ensure that all schools are visited and a draft report issued by the end of the financial year.
- 2.10 A follow up visit has been made to one school where SIAS did not receive a response to its request for evidence that agreed recommendations had been implemented. A draft report has been issued for this work.
- 2.11 We continue to receive enquiries from schools regarding a range of financial matters and update the Frequently Asked Questions within the Internal Audit page on the Grid accordingly.

Proposed Audit Plan Amendments

- 2.8 Proposed amendments to the 2015/16 Internal Audit Plan and the reasons for these are set out below:

Employment Status Checks

- 2.9 The audit of Employment Status Checks was added to the approved plan at the request of management to review the level of compliance by officers with the HCC Consultants' Policy, which requires checks to be performed on the employment status of self-employed individuals prior to their engagement by the Council.
- 2.10 As a result of the above 12 days have been taken from the Council's audit contingency allocation.
- 2.11 Other changes of a minor nature have been made to accommodate non-planned activities, such as the emergence during the course of a review of additional assurance requirements.

Limited Assurance Audits

2.18 No limited assurance opinions have been provided in respect of audits detailed on the HCC agreed annual plan 15-16. In respect of the two schools given limited assurance, the governing bodies of these schools have been informed of the outcomes of the audit visit and as those charged with governance, will be monitoring the implementation of the agreed recommendations. SIAS will be seeking assurance that the agreed recommendations have been implemented within six months of the issue of the final report in line with SIAS' schools' follow-up procedure.

High Priority Recommendations

2.19 Members will be aware that a final audit report is issued when it has been agreed by management; this includes an agreement to implement the recommendations made. It is Internal Audit's responsibility to advise Members of progress on implementation of high priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date.

2.20 An update on progress with implementing high priority recommendations is shown at Appendix B. Progress is summarised in the table below:

HIGH PRIORITY RECOMMENDATIONS				Not implemented by Due Date	
Total Number of Outstanding Recommendations at the start of this Follow Up Period	Implemented	Not Yet Due	No Longer Applicable	Partially Implemented – Revised Date Agreed	No Update Provided by Action Owner
9	5	0	0	4	0
%	56%	0%	0%	44%	0%

2.21 High priority recommendations relating to schools are excluded from this listing based upon both the volume of schools within the County and the relative risk of any single recommendation to the Authority as a whole

2.22 Further details on the implementation status of the above management actions are provided within Appendix B of this progress report.

2.23 No new high priority recommendations have been made since our previous progress report to the Committee.

Medium Priority Recommendations

- 2.24 The Committee's role in respect of medium priority recommendations is to be satisfied that there is a monitoring process in place and that, in general, agreed recommendations are being implemented.
- 2.25 The table below details the implementation status of medium priority recommendations that were due for implementation in the period since the last progress report.

MEDIUM PRIORITY RECOMMENDATIONS			Not implemented by Due Date	
Total Number of Recommendations Followed Up in this Period	Implemented	Original agreed action under review by Management	Partially Implemented – Revised Date Agreed	No Update Provided by Action Owner
41	22	1	16	2
%	54%	2%	39%	5%

Performance Management

- 2.26 Annual performance indicators and associated targets were approved by the SIAS Board in March 2015.
- 2.27 The actual performance for HCC against the targets that can be monitored in year is set out in the table below.

Performance Indicator	Performance Target for 31 March 2016	Profiled performance at February 2016	Actual to 21 February 2016
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	85%	86%
2. Planned Projects * – percentage of actual completed projects to draft report stage against planned completed projects	95%	85%	77%
3. Client Satisfaction – percentage of client satisfaction questionnaires	100%	100%	97%**

Performance Indicator	Performance Target for 31 March 2016	Profiled performance at February 2016	Actual to 21 February 2016
returned at 'satisfactory' level			
4. Number of High Priority Audit Recommendations agreed as %	95%	95%	100%

* Based on audit plan 'deliverables' at draft, final and audit closed stage including schools audits and items carried forward from 2014/15 that were not at draft report stage by 31 March 2015.

** 33 completed customer satisfaction surveys have been received during 2015/16.

2.28 In addition, the performance targets listed below are annual in nature; members will be updated on the performance against these targets within the separate Head of Assurance's Annual Report:

- **5. External Auditors' Satisfaction** – the Annual Audit Letter should indicate that external audit has drawn assurance from the work of internal audit on relevant matters
- **6. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting then the plan should be prepared for the first meeting of the financial year.
- **7. Head of Assurance's Annual Report** – presented at the June meeting of the Audit Committee.

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

SIAS Audit Plan 2015/16

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Corporate								
Annual Governance Statement 2014-15	N/A				8	SIAS	8	Complete
Annual Governance Statement 2015/16	N/A				5	SIAS	5	Complete
Head of Assurance Annual Opinion and Annual Report	N/A				5	SIAS	5	Complete
HCC Lead Officer Welwyn Hatfield	N/A				2	SIAS	2	Through Year
Whistleblowing - named contact and quarterly review	N/A				10	SIAS	10	Through Year
Resources: Finance								
Pensions - Administration					30	SIAS	29.5	Draft Report Issued
Payroll					25	BDO	23	Quality Review
Debtors					25	BDO	23	Quality Review
Creditors					25	BDO	23	In Fieldwork

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
General Ledger	Full	0	0	0	20	BDO	20	Final Report Issued
Treasury Management					10	BDO	9	Quality Review
Officer Expenses	Moderate	1	2	2	19	SIAS	19	Final Report Issued
Business Rates Pooling / Collection					10	BDO	9	Quality Review
Resources: Procurement and Performance								
e-Procurement	Substantial	0	4	5	20	SIAS	20	Final Report Issued
EU Procurement Rules					15	SIAS	13	Quality Review
Resources: Property								
Land Sales	Full	0	0	0	15	SIAS	15	Final Report Issued
Carbon Reduction Credits Return	Not Assessed	0	0	0	15	SIAS	15	Final Report Issued
Tree Strategy	Moderate	0	6	1	20	SIAS	20	Final Report Issued

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Section 106 Payments - follow-up					5		5	Complete
Resources: Technology								
Mobile Technology - security of new arrangements					15	BDO	13	Quality Review
ICT Asset Management	Moderate	0	4	0	15	SIAS	15	Final Report Issued
Website Development	Not Assessed	0	0	0	8	SIAS	8	Final Report Issued
Resources: Human Resources								
Training Records					2	SIAS	2	Audit Cancelled
Employment Status Checks					12	SIAS	11	Quality Review
Resources: Legal, Democratic & Statutory Services								
Registration and Citizenship Service	Substantial	0	3	2	16	SIAS	16	Final Report Issued

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Resources Queries <3hrs Activities	N/A				5	N/A	5	Through Year
HBS								
HBS Business Practice and Process	Substantial	0	3	1	20	SIAS	20	Final Report Issued
Cross-Cutting Reviews								
Contract Payments – Resources					20	SIAS	4.5	In Fieldwork
Contract Payments - Environment	Full	0	0	0	20	SIAS	20	Final Report Issued
Contract Payments – Health and Community Services	Moderate	0	2	3	20	SIAS	20	Final Report Issued
Contract Payments – Children’s Services	Full	0	0	0	20	SIAS	20	Final Report Issued
Serco checks over finance and payroll transactions	Substantial	0	0	2	18	BDO	18	Final Report Issued
Budget Management - strategic overview by Boards	Substantial	0	1	4	25	SIAS	25	Final Report Issued

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Health & Community Services								
Better Care Fund - Performance and Financial Monitoring					25	SIAS	1	Fieldwork Underway
Client Finances - visits to establishments					50	SIAS	3	ToR issued
Deferred Payments and Debt Management	Substantial	0	0	4	20	BDO	20	Final Report Issued
Better Care Fund - Complex Care Premium	Full	0	0	0	15	SIAS	15	Final Report Issued
Continuing Health Care - Panel Process					15	BDO	4	Fieldwork Underway
Hertfordshire Adult and Family Learning Service	Substantial	0	1	2	15	SIAS	15	Final Report Issued
Support at Home					15	SIAS	9	Quality Review
Investigations	N/a	0	0	0	51	N/A	51	Final Report Issued
H & CS Queries < 3hrs Activities					10	N/A	10	Through Year

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Environment Services								
Highways Contract - Governance, Performance, Contract Management					20	SIAS	19	In Fieldwork
Highways Operating Procedures					15	SIAS	6.5	In Fieldwork
Transport, Access and Safety - Taxi Procurement - Anti Bribery Controls					15	SIAS		Allocated
Transport, Access and Safety - Financial Management & Inter Service Relationships	Moderate	0	5	1	15	SIAS	15	Final Report Issued
Household Waste Recycling Centres Contract	Full	0	0	0	15	SIAS	15	Final Report Issued
Croxley Rail Link					5	SIAS	4	Through Year
Local Enterprise Partnership - compliance with the assurance framework					10	SIAS	8.5	Quality Review
Local Enterprise Partnership - assurance framework	Substantial	0	0	0	10	SIAS	10	Final Report Issued
Community Infrastructure Levy					0.5		0.5	Audit Cancelled

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
ECS Queries <3hrs activities	N/A				5	N/A	5	Through Year
Children's Services								
Special Educational Needs and Disability - meeting statutory requirements					15	SIAS	2	ToR issued
Thriving Families – Stage 1	Not Assessed	0	0	0	5	SIAS	5	Complete
Thriving Families – Stage 2	Not Assessed				5	SIAS	5	Complete
Child Protection Conferences	Substantial	0	1	0	20	SIAS	20	Final Report Issued
Local Authority Designated Officers - Record Keeping					1	SIAS	1	Audit Cancelled
Children's Services Action Plans					0.5	SIAS	0.5	Audit Cancelled
Children's Centres - Contract Delivery	Full	0	0	0	15	SIAS	15	Final Report Issued
Non Attendance at School					15	BDO	0.5	In Planning
Licensed Deficits					10	SIAS	9.5	Draft Report Issued
Herts for Learning					10	SIAS	9	In Fieldwork

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Music Service					10	SIAS	9	Quality Review
CS Queries <3hrs Activities	N/A				5	N/A	5	Through Year
Public Health								
Statutory Returns - Public Health	Substantial	0	5	4	10	SIAS	10	Final Report Issued
Community Protection								
Health and Safety - Community Protection					15	SIAS	0.5	In Planning
Peer Review Challenge - Community Protection	Substantial	0	0	1	5	SIAS	5	Final Report Issued
Shared Learning								
Shared Learning Newsletters and Summary Themed Reports	N/A				5	SIAS	5	Complete

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Audit Committee Workshop	N/A				1	SIAS	1	Complete
Joint Review – Risk Management Benchmarking Workshop	N/A				5	SIAS	5	Final report issued
Shared Anti-Fraud Service (SAFS) - Handover								
Fraud Handover	N/A				10	SIAS	10	Complete
NFI	N/A				20	SIAS	20	Complete
Contingencies								
HCC Contingency	N/A				2.5	N/A		
Grant Claims								
HCFO's accounts	Not Assessed	0	0	0	1	SIAS	1	Final Report Issued

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Herts Education Foundation	Not Assessed	0	0	0	2	SIAS	2	Final Report Issued
Herts Charity for Deprived Children	Not Assessed	0	0	0	1	SIAS	1	Final Report Issued
Bus Subsidy Grant	Not Assessed	0	0	0	3	SIAS	3	Final Report Issued
Pothole Grant	Not Assessed	0	0	0	5	SIAS	5	Final Report Issued
Autism Grant	Not Assessed	0	0	0	1.5	SIAS	1.5	Final Report Issued
Local Sustainable Transport Fund					2	SIAS		In Planning
Local Transport Capital Block Funding Grant	Not Assessed	0	0	0	4	SIAS	4	Final Report Issued
Transforming Care Grant	Not Assessed	0	0	0	1.5	SIAS	1.5	Final Report Issued
Community Capacity (Capital) Grant	Not Assessed	0	0	0	3.5	SIAS	3.5	Final Report Issued
Other Chargeable								
Monitoring 15/16 Plan	N/A				30	SIAS	30	Complete
Recommendations Follow-Up - Q1	N/A				10	SIAS	10	Complete

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Recommendations Follow-Up - Q2	N/A				5	SIAS	5	Complete
Recommendations Follow-Up - Q3	N/A				5	SIAS	5	Complete
Recommendations Follow-Up - Q4	N/A				5	SIAS	5	Complete
Client Liaison	N/A				20	SIAS	20	Complete
Audit Committee Matters & Attendance	N/A				25	SIAS	25	Complete
Audit Planning - 16/17	N/A				40	SIAS	40	Complete
Performance Data	N/A				5	SIAS	5	Complete
External Audit Liaison	N/A				2	SIAS	2	Complete
Peer Review	N/A				10	SIAS	10	Complete
Service Plan Activity	N/A				40	SIAS	40	Complete
SIAS Board Meetings and Preparation	N/A				15	SIAS	15	Complete
Management of Scrutiny	N/A				10	SIAS	10	Complete
Management of Health & Safety	N/A				10	SIAS	10	Complete

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Visiting Community Protection - R&P Liaison	N/A				2	SIAS	2	Complete
Public Sector Internal Audit - Self Assessment 14-15	N/A				2	SIAS	2	Complete
Public Sector Internal Audit - Self Assessment 15-16	N/A				10	SIAS	5	Complete
Insurance and Risk Management Review	N/A				15	SIAS	15	Complete
14-15 Projects requiring completion					16	SIAS	16	Complete
Children's Commissioning - Safe Practice	Moderate	1	2	4	10	SIAS	10	Final Report Issued
Training Commissioning	Moderate	0	0	2	5	SIAS	5	Final Report Issued
Responding to the Family Justice Review	Substantial	0	3	0	4	SIAS	4	Final Report Issued
Pensions - Investments	Substantial	0	0	2		PWC		Final Report Issued
Payroll	Substantial	0	2	3		PWC		Final Report Issued
Capital Projects Accounting and	Substantial	0	2	1		PWC		Final Report Issued

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Budgetary Control								
Serco Contract Payments and Management	Moderate	0	2	1		PWC	Final Report Issued	
IT Change Management Process	Moderate	0	1	1		PWC	Final Report Issued	
IT Security - Process operated by SERCO	Moderate	0	2	1		PWC	Final Report Issued	
Better Care Fund - Risk Management Arrangements	Not Assessed	0	0	4		PWC	Final Report Issued	
HCS Commissioning - Safe Staffing	Moderate	1	6	1		PWC	Final Report Issued	
Working in Partnership with Schools	Moderate	0	4	4		PWC	Final Report Issued	
Members Expenses	Moderate	0	3	5		SIAS	Final Report Issued	
Carbon Reduction Credits	Substantial	0	1	2		SIAS	Final Report Issued	
Data Sharing	Substantial	0	0	3		SIAS	Final Report Issued	
Direct Payments and Personal Budgets	Moderate	1	5	2		SIAS	Final Report Issued	
Highways Contract - Joint Planning	Substantial	0	0	2		SIAS	Final Report Issued	

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Public Health Strategy	Substantial	0	0	1		SIAS		Final Report Issued
Health Protection System	Substantial	0	0	2		SIAS		Final Report Issued
Joint Protective Services	Substantial	0	2	1		SIAS		Final Report Issued
CLA Financial Admin	Not Assessed	0	0	0		SIAS		Final Report Issued
Schools								
Advice, queries and guidance for schools	N/A				30	N/A	22	Through Year
Liaison, awareness raising, training	N/A				25	SIAS	24.5	Through Year
Theme 1 - Schools Financial Value Standard (SFVS) - 25 schools	N/A				92	SIAS	92	School Visits Complete
Theme 2 - Budget Management (including Nursery Schools and schools operating children's centres) - 17 Schools	N/A				76.5	SIAS	74	School visits complete
Theme 3 - Income - 15 schools	N/A				61	SIAS	51	In fieldwork
Schools reporting / SFVS returns process	N/A				28	SIAS	18	In Fieldwork

APPENDIX A PROGRESS AGAINST THE 2015-16 AUDIT PLAN AS AT 21 FEBRUARY 2016

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	MA				
Reporting 2014/15 themes - Pay and Performance	N/A				2	SIAS	2	Final Report Issued
Reporting 2014/15 themes - Gifts and Hospitality	N/A				5		4.5	Draft Report Issued
Follow up of high priority recommendations and schools with moderate assurance	N/A				16	SIAS	15	In Fieldwork
Schools' contingency	N/A				9.5	N/A		
Total		4	72	74	1677		1437	

Key

H = High Priority
M = Medium Priority
MA = Merits Attention
RECS = Recommendation
BDO = new audit partner, replacing PWC from 1 April 2015
N/A = not applicable

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Original Management Response	Responsible Officer	Implementation Due Date	Management Comment as at 21 February 2016 (previous commentary added where appropriate)	Status of Progress
1	CLA Financial Administration (Final Report Issued June 2014)	There should be annual review of a child's financial position in order to ensure that all opportunities relating to maximisation of funds have been pursued, and to demonstrate that a child has had all funds to which they are entitled.	First review to consider whether child is in care due to abuse and whether social workers should be applying for criminal injuries compensation. Guidance to be produced to assist social workers.	Marion Ingram, Operations Director Specialist Services	January 2015	<p>Draft guidance has been produced in respect of applying for awards. Further detail is required in respect of:</p> <ul style="list-style-type: none"> • Applying for a CICA and the process to be followed. • Links to the Trust Panel • Links to guidance relating to supporting a young person manage / access an award. <p>The Brokerage Team will provide a yearly statement on the child's finances. If the level of the child's allowances goes above £6K, a financial arrangements meeting will be triggered.</p>	Partially implemented Revised target date – June 2016
2	Highways Contract (Final Report Issued April 2014)	The Council cannot currently verify that defined costs are accurately apportioned across the different categories of works since Ringway does not provide this	Management advise that it is reviewing the quality of Ringway's cost information to ensure the expected degree of transparency is	Steve Johnson, Business Manager – Contracts and Networks	April 2014	<p>Ringway is providing details of:</p> <ul style="list-style-type: none"> • Its defined costs for 15/16 and the Council is undertaking a series of 'open book audits' to ensure costs are being appropriately aligned to 	Implemented

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Original Management Response	Responsible Officer	Implementation Due Date	Management Comment as at 21 February 2016 (previous commentary added where appropriate)	Status of Progress
		information. This means that the contractor may be miscoding expenditure to minimise its share of additional costs ('pain') at the year-end.	achieved.			<p>the work areas</p> <ul style="list-style-type: none"> • Predicted outturn information for 15/16. <p>The above information should facilitate a robust accrual and closedown process for the 15/16 accounts, which is being closely monitored by senior managers in both Highways and Finance.</p>	
3	<p>HCC Service User Managed Monies</p> <p>(Final Report Issued February 2015)</p>	Existing policies and procedures should be reviewed and combined to create one formal policy for the management of all aspects of service user finances. This should include guidance which allows staff to distinguish between supporting service users to manage their financial affairs and managing them on their behalf (where an appointeeship or deputyship should be	<p>Responsibility for leading the project will rest with Ann Norway, Acting Head of Business Improvement (HCS).</p> <p>It has been agreed that the project, led by the Business Improvement Team, will commence in April 2015 and will seek to involve all relevant stakeholders with a view to completing the policies and</p>	Sue Darker, Operations Director LD&MH	30 September 2015	<p>A New Service User Finance Policy plus Appendices and a Toolkit have been developed.</p> <p>The Supported Living Operational Handbook has been revised and is now called Employee Handbook for Staff in Residential Services. Sections.</p>	Implemented

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Original Management Response	Responsible Officer	Implementation Due Date	Management Comment as at 21 February 2016 (previous commentary added where appropriate)	Status of Progress
		<p>considered).</p> <p>As part of this review unit managers and relevant CLDT and Finance staff should be consulted to identify any existing requirements that are considered unworkable in practice.</p> <p>It is recommended that the HCS or HCC Business Improvement Team (BIT) is used to facilitate the review, including process mapping, the formal documentation of the identified risks, mitigation and areas to be tolerated.</p> <p>Upon completion, the updated policy should be subject to at least an annual review, or more frequent where required.</p>	<p>process review by the end of September.</p>				

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Original Management Response	Responsible Officer	Implementation Due Date	Management Comment as at 21 February 2016 (previous commentary added where appropriate)	Status of Progress
4	<p>HCC Service User Managed Monies</p> <p>(Final Report Issued February 2015)</p>	<ul style="list-style-type: none"> All existing service users that are not currently managed under Appointeeship or Deputyship should be reviewed to ensure that HCC have the appropriate level of authority based on the level of support being provided. For instances where significant levels of support are provided, appointeeships or deputyships should be used in all cases. If there are subsequent anomalies, these should be fully documented, approved by Senior Management and recorded on the Service User's file. 	<p>The review of the area of appointeeships and deputyships will form a specific workstream of this project.</p> <p>A key area of review will be determining the responsibilities of HCC within this area from both a legal and regulatory basis. If it is confirmed that appointeeships and deputyships should be used more widely a full review of existing service users will be undertaken.</p> <p>The project will also review how the existing scheme of delegation for approving expenditure for service users</p>	<p>Sue Darker, Operations Director LD&MH. / Ann Norway, Acting Head of Business Improvement (HCS)</p>	<p>30 September 2015</p>	<p>The review has raised issues with regards to Appointeeships and resources if more service users need assessments and an Appointee. Options are being pursued with the HCS Appointeeship team which include exploratory discussions with an external provider.</p> <p>The project group has clarified the responsibilities of in house care/support staff and the CLDT/SW teams. The assessment tool has been agreed and is being used to assess all tenants. It is anticipated that all clients will have been assessed by the end of April 2016.</p> <p>Work continues on the spend approval process and proposals re: change to the delegation for approvals for expenditure for service users with the CLDT. Options for this are</p>	<p>Partially implemented</p> <p>Revised target date – April 2016</p>

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Original Management Response	Responsible Officer	Implementation Due Date	Management Comment as at 21 February 2016 (previous commentary added where appropriate)	Status of Progress
			ensures that decision making is appropriate to the service user's needs, i.e. decision making is undertaken by those individuals that know the client best.			an agreed yearly budget plan and the possibility of staff having individual purchasing cards.	
5	HCC Service User Managed Monies (Final Report Issued February 2015)	Where appropriate a capacity assessment should: Be completed for all Service Users (SU's) where there is currently no evidence held of such a review being previously undertaken. Provide a clear statement of how the level of capacity impacts on a service user's ability to manage their financial affairs, and therefore the arrangements that	It is not a requirement that all service users have a capacity assessment completed. Instead, it only relates to instances where there is evidence to suggest the service user does not have capacity. However, the audit finding is acknowledged and the service will ensure that all service users who receive assistance	Sue Darker, Operations Director LD&MH. / Ann Norway, Acting Head of Business Improvement (HCS)	30 September 2015	This has been included in the new draft policy and procedure which has been signed off and rolled out.	Implemented

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Original Management Response	Responsible Officer	Implementation Due Date	Management Comment as at 21 February 2016 (previous commentary added where appropriate)	Status of Progress
		are required to be in place (e.g. appointeeship, deputyship, completion of risk assessments etc.).	with their financial affairs have a completed capacity assessment on file.				
6	HCC Service User Managed Monies (Final Report Issued February 2015)	In the future: Capacity assessments should be undertaken as part of the assessment and placement process, thereby ensuring that they are available to staff upon the Service User's arrival at the unit. Capacity assessments should be cross referenced to annual reviews, and where a Service User's abilities change e.g. due to dementia, another capacity assessment should be undertaken. All	These recommendations will be considered as part of the project during the review of current procedures.	Sue Darker, Operations Director LD&MH. / Ann Norway, Acting Head of Business Improvement (HCS)	30 September 2015	This has been included in the new draft policy and procedure which has been signed off and rolled out.	Implemented

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Original Management Response	Responsible Officer	Implementation Due Date	Management Comment as at 21 February 2016 (previous commentary added where appropriate)	Status of Progress
		<p>capacity assessments should be fully reviewed at least annually.</p> <p>Senior Management at Board Level should obtain assurance from Area Managers that Capacity Assessments have been completed and appropriately actioned for all Service Users. Relevant records summarising this should be maintained centrally to support any future challenges against the service provided by HCC.</p>					
7	<p>HCC Service User Managed Monies</p> <p>(Final Report Issued February 2015)</p>	<p>Where service users have insufficient capacity to remember PIN numbers the following actions must be taken:</p>	<p>The ability to undertake cash withdrawals “over the counter” is now more difficult as banks are moving away from over the counter</p>	<p>Sue Darker, Operations Director LD&MH. / Ann Norway, Acting Head of Business Improvement (HCS)</p>	<p>30 September 2015</p>	<p>This has been included in the new draft policy and procedure which has been signed off and rolled out.</p>	<p>Implemented</p>

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Original Management Response	Responsible Officer	Implementation Due Date	Management Comment as at 21 February 2016 (previous commentary added where appropriate)	Status of Progress
		<ul style="list-style-type: none"> Alternative methods for withdrawing monies should be considered, e.g. over the counter at the branch An Appointeeship / Deputyship should be considered. 	<p>transactions.</p> <p>However it is accepted that the use of PIN's for Service User bank accounts is not good practice and alternative solutions for making withdrawals in a controlled manner will be developed as part of the improvement project. Further discussions with Finance will be held, given the potential development opportunities available under the Council's banking contract with Barclays.</p>				
8	Children's Services Commissioning – Contract Monitoring (Safeguarding)	CS develop systems to provide senior management with assurance that all providers are being appropriately	Improving Outcomes team to expand risk log to include all commissioned providers across	Head of Improving Outcomes and Steve Marshman, Deputy Head - CS Joint Commissioning	November 2015	Delays in Children's Services Commissioning Restructure have impacted on implementing this recommendation. A launch event is planned for	Partially implemented Revised target date – April 2016

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Original Management Response	Responsible Officer	Implementation Due Date	Management Comment as at 21 February 2016 (previous commentary added where appropriate)	Status of Progress
	(Final Report Issued July 2015)	monitored in respect of the delivery of their safeguarding obligations.	<p>the Children's Service.</p> <p>Newly formed Strategic Commissioning Groups/Performance and Planning Groups to hold oversight of this risk log, and to review it as a standing item at all meetings.</p> <p>Summary of Risk Log following SCG/PPG review to go as standing item at an agreed interval to CS Core Board. (Operations Director Specialist Services)</p>		<p>From November 2015</p> <p>From January 2016</p>	<p>February 25th 2016 for the Performance and Planning Groups.</p> <p>Terms of reference have been drafted, and these make the expectations around monitoring risk registers clear. These terms are due to be discussed and ratified at the first PPG meetings, from March 2016 onwards. The onward process for being considered by CS Core Board will follow.</p> <p>A draft paper on monitoring will be considered by Heads of Service in Commissioning in February 2016. This proposes to expand the risk log to include out of county Special School Placements.</p>	
9	Officer Expenses (Final Report Issued	The level of in-built preventative controls within ESS to avoid instances of missing receipts should be	Assess system capability and resource to implement a change to not allow	Actions relating to systems & payroll processes - Rachel Wilson, HR Manager - HR	December 2015	Communication was completed in October 2015 with articles in Teamtalk and Managers Teamtalk. Further communication is	Partially Implemented Revised target date –

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Original Management Response	Responsible Officer	Implementation Due Date	Management Comment as at 21 February 2016 (previous commentary added where appropriate)	Status of Progress
	October 2015)	<p>reviewed. Where system capability allows, ESS should automatically reject mileage or expenses claims where receipts are not attached to the electronic claim.</p> <p>In the meantime the following recommendations should be implemented:-</p> <ul style="list-style-type: none"> • The audit findings should be highlighted in a corporate communication to both Officers and Managers, reminding both of their responsibilities under the scheme. • The existing arrangements for retaining hard copy receipts to support claims are 	<p>submission of a claim without an attachment or explanation of journey.</p> <p>HR Services and Serco Payroll & HR Transactions to review existing arrangements for storing hardcopy receipts and set up sample reviews.</p>	<p>Services</p> <p>Actions relating to Communications - Emily Austin, HR Manager - Pay & Reward</p>	<p>December 2015</p> <p>Note: If action 1 is feasible and introduced this process will no longer be required.</p>	<p>planned for February / March 2016</p>	<p>March 2016</p>

APPENDIX B IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

No.	Report Title / Date of Issue	Recommendation	Original Management Response	Responsible Officer	Implementation Due Date	Management Comment as at 21 February 2016 (previous commentary added where appropriate)	Status of Progress
		<p>reviewed to ensure that receipts can be more easily located.</p> <p>Payroll should undertake periodic sample reviews of officer and manager compliance. Feedback should be provided to HR for the purpose of identifying further actions or training required to embed expected practice.</p>					

APPENDIX C – DEFINITIONS OF ASSURANCE AND RECOMMENDATION PRIORITIES

Levels of assurance	
Full Assurance	There is a sound system of control designed to achieve the system objectives and manage the risks to achieving those objectives. No weaknesses have been identified.
Substantial Assurance	Whilst there is a largely sound system of control, there are some minor weaknesses, which may put a limited number of the system objectives at risk.
Moderate Assurance	Whilst there is basically a sound system of control, there are some areas of weakness, which may put some of the system objectives at risk.
Limited Assurance	There are significant weaknesses in key control areas, which put the system objectives at risk.
No Assurance	Control is weak, leaving the system open to material error or abuse.

Priority of recommendations	
High	There is a fundamental weakness, which presents material risk to the objectives and requires urgent attention by management.
Medium	There is a significant weakness, whose impact or frequency presents a risk which needs to be addressed by management.
Merits Attention	There is no significant weakness, but the finding merits attention by management.



Agenda Item

No:

9

Hertfordshire County Council
Audit Committee

2016/17 Internal Audit Plan Report

23rd March 2016

Recommendation

Members are recommended to approve the
proposed Hertfordshire County Council
Internal Audit Plan for 2016/17

Contents

1. Introduction and Background

- 1.1 Purpose
- 1.2 Background

2. Audit Planning Process

- 2.1 Planning Principles
- 2.2 Approach to Planning
- 2.5 Planning Context
- 2.8 Internal Audit Plan 2016/17

3. Performance Management

- 3.1 Update Reporting
- 3.3 Performance Indicators

Appendices

A Proposed Hertfordshire County Council
2016/17 Audit Plan

B HCC Audit Plan 2016/17 – Reserve List

C Items for Potential Inclusion HCC Audit Plan
2017/18

1. Introduction and Background

Purpose of Report

- 1.1 To provide Members with the proposed HCC 2016/17 Internal Audit Plan.

Background

- 1.2 The Internal Audit Plan sets out the programme of internal audit work for the year ahead and forms part of the Council's wider assurance framework. It supports the requirement to produce an audit opinion on the overall internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements contained in the Head of Internal Audit annual report.
- 1.3 The Shared Internal Audit Service (SIAS) Audit Charter which was presented to the June 2015 meeting of this Committee, shows how the Council and SIAS work together to provide a modern and effective internal audit service. This approach complies with the requirements of the United Kingdom Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013. An updated version of the SIAS Audit Charter will be brought to the first meeting of the Audit Committee on 21st June 2016.
- 1.4 The PSIAS require that the audit plan incorporates or is linked to a strategic or high-level statement which:
- Outlines how the service will be developed in accordance with the internal audit charter
 - Details how the internal audit plan will be delivered
 - Evidences how the service links to organisational objectives and priorities
- 1.5 Section 2 of this report details how SIAS complies with this requirement.

2. Audit Planning Process

Planning Principles

- 2.1 SIAS audit planning is underpinned by the following principles:
- a) Focus of assurance effort on the Council's key issues, obligations, outcomes and objectives, critical business processes and projects and principal risks. This approach ensures coverage of both strategic and key operational issues.
 - b) Maintenance of an up-to-date awareness of the impact of the external and internal environment on the Council's control arrangements.
 - c) Use of a risk assessment methodology to determine priorities for audit coverage based, as far as possible, on management's view of risk.
 - d) Dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs. This approach includes recognition that in a resource constrained environment, all needs cannot be met.
 - e) Identification of responsibilities where services are delivered in partnership.

- f) In-built flexibility to ensure that new risks and issues are accommodated as they emerge.
- g) Capacity to deliver key commitments including work undertaken on behalf of External Audit and governance work.
- h) Capacity to respond to management requests for assistance with special investigations, consultancy and other forms of advice.

Approach to Planning

- 2.2 In order to comply with the requirements of the PSIAS, SIAS adopts a standard approach and methodology across all SIAS partners. This methodology contains the following elements:

Local and National Horizon Scanning

SIAS reviews, on an ongoing basis:

- key committee reports at each client and identifies emerging risks and issues
- the professional and national press for risks and issues emerging at national level

Consideration of risk management arrangements

SIAS assesses the risk maturity of the Council and based on this assessment, determines the extent to which information contained within the Council's risk register informs the identification of potential audit areas.

Confirmation of the Council's objectives and priorities

SIAS confirms the current objectives and priorities of the Council and uses this information to confirm that identified auditable areas will provide assurance on areas directly linked to the achievement of the Council's objectives and priorities.

- 2.3 The approach to audit planning for 2016/17 has been characterised by:

- a) Detailed discussions with senior managers and other key officers within the Council to confirm auditable areas and elicit high level detail of the scope of audits. This process incorporates the following four steps to assist in the later prioritisation of projects:

Risk Assessment

Managers and SIAS agree the level of risk associated with an identified auditable area.

Other sources of Assurance

Managers confirm if assurance in the auditable area is obtained from other assurance providers e.g. External Audit or the Health and Safety Executive. This approach ensures that provision of assurance is not duplicated.

Significance

Managers assess how significant the auditable area is in terms of the achievement of corporate or service objectives and priorities.

Timings

Managers identify when an audit should be undertaken to add most value.

- b) Proposed plans are based on the information obtained from the planning meetings. A contingency allocation is determined to allow flexibility to respond to in-year changes in organisational risk and priorities. Details of audits that have not been included in the proposed draft plan as a result of resource limitations are reported to senior management and the audit committee.
 - c) The proposed 2016/17 plans for all SIAS partner councils are then scrutinised and cross-partner audits highlighted.
 - d) Proposed draft plans are presented to Directorate Boards or Deputy Directors for discussion and agreement.
 - e) The plan is shared with the External Auditor.
- 2.4 This approach ensures that our work gives assurance on what is important and those areas of highest risk and thus assists the Council in achieving its objectives.

The Planning Context

- 2.5 The context within which local authorities provide their services remains challenging:
- Austere public finances will last well into the next parliament, meaning that previous expenditure levels are not sustainable and public leaders expect serious financial difficulty ahead.
 - Demand continues to rise, driven by complex needs, an ageing population and higher service expectations from citizens.
 - Technology ranging from use of mobile devices and applications to predictive analytics is developing rapidly and offers opportunities along with significant risks.
 - Major, national programmes in areas like welfare reform and business rate reform, and previous structural changes such as the introduction of Police and Crime Commissioners, Clinical Commissioning Groups and Local Enterprise Partnerships mean the environment has been relatively unstable.
- 2.6 The resultant efficiency and transformation programmes that councils are in the process of implementing and developing are profoundly altering each organisation's nature. Such developments are accompanied by potentially significant governance, risk management and internal control change.
- 2.7 The challenge of giving value in this context, means that Internal Audit needs to:
- Meet its core responsibilities, which are to provide appropriate assurance to Members and senior management on the effectiveness of governance, risk management and control arrangements in delivering the achievement of Council objectives.

- Identify and focus its effort on areas of significance and risk, assisting the organisation in managing change effectively, and ensuring that core controls remain effective.
- Give assurance which covers the control environment in relation to new developments, using leading edge audit approaches such as 'control risk self assessments' or 'continuous assurance' where appropriate.
- Retain flexibility in the audit plan and ensure the plan remains current and relevant as the financial year progresses.

Internal Audit Plan 2016/17

- 2.8 The draft plan for 2016/17 is included at Appendix A and contains a high level proposed outline scope for each audit and a suggested month for delivery.
- 2.9 The table below shows the estimated allocation of the total annual number of purchased audit days for the year.

Purchased audit days	2016-17	2016-17 %
Key Financial Systems	160	9.8
Operational audits		
Resources	180	11.0
Health and Community Services	160	9.8
Environment	150	9.2
Children's Services	120	7.3
Public Health	15	0.9
Community Protection	25	1.5
Cross-Service	50	3.1
Carry forward work 14/15	47	2.9
Grants	30	1.8
Joint Reviews	5	0.3
Shared Learning	5	0.3
Governance	21	1.3
IT Audits	40	2.4
Strategic Support*	199	12.1
Contingency	85	5.2
Schools	345	21.1
Total allocated days	1637	100%

* This covers supporting the Audit Committee, managing the delivery of the audit plan, planning for 2016/17, service development, supporting the SIAS Board and External Audit liaison.

- 2.10 The number of plan days remains the same as the approved coverage for 2015/16.
- 2.11 Actual start dates will be confirmed with management for all audits by the end of April 2016. This will help smooth delivery of the plan across the year, give regular assurance to the Committee, and raise awareness of the timing of the reviews to support partnership working between the Council and SIAS. Also included is a reserve list detailing audits which may feature in the event that an audit in the main plan cannot be conducted. Plan changes are brought before this Committee for approval.

- 2.12 Members will note the inclusion within Appendix A of a provision for the completion of projects that relate to 2015/16. The structure of Internal Audit's programme of work is such that full completion of every aspect of the work in an annual plan is not always possible; especially given the high dependence on client officers during a period where there are competing draws on their time e.g. year end closure procedures.
- 2.13 The nature of assurance work is such that enough activity must have been completed in the financial year for the Head of Assurance to give an overall opinion on the Authority's internal control environment. In general, the tasks associated with the total completion of the plan, which includes the finalisation of all reports and negotiation of the appropriate level of agreed mitigations, is not something that adversely affects delivery of the overall opinion. The impact of any outstanding work is monitored closely during the final quarter by SIAS in conjunction with the Section 151 Officer.
- 2.14 In order to achieve an appropriate balance of assurance needs within the audit resources available, the audits shown at Appendix B were excluded from the 2016/17 proposed audit plan based on an assessment of risk by senior management and SIAS. These audits will be revisited throughout 2016/17 should audit resources become available or the risk profile of an audit change which requires it to be substituted into the 2016/17 plan. This committee will be notified of such changes through the update report process. Those audits that remain undelivered at the year-end will be reassessed for inclusion in the 2017/18 audit plan.

Internal Audit Plan 2017/18

- 2.15 During audit planning discussions with senior managers, areas were also identified as potential audits for 2017/18 and these will be formally risk assessed for inclusion in the 2017/18 audit plan as part of the planning process for that year. Details of these audits are included in Appendix C.

3. Performance Management

Update Reporting

- 3.1 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan. Progress against the agreed plan for 2016/17 and any proposed changes will be reported to this Committee four times in the 2016/17 civic year.
- 3.2 The implementation of agreed high priority recommendations will be monitored by Internal Audit and progress will be reported as part of the update reporting process.

Performance Indicators

- 3.3 Annual performance indicators were originally approved at the SIAS Board which continues to review them annually. Details of the targets set for 2016/17 are shown in the table below. Actual performance against target will be included in the update reports to this Committee.

Performance Indicator	Performance Target
1. Planned Days percentage of actual billable days against planned chargeable days completed	95%
2. Planned Projects percentage of actual completed projects to draft report stage against planned completed projects	95%
3. Client Satisfaction percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%
4. Number of High Priority Audit Recommendations agreed	95%
5. External Auditor Satisfaction	Annual Audit Letter formally records that the External Auditors are able to rely upon the range and quality of SIAS' work
6. Annual Plan	Presented to the March meeting of each Audit Committee. Or if there is no March meeting then presented to the first meeting of the new financial year
7. Head of Assurance's Annual Report	Presented to the first meeting of each Audit Committee in the new financial year.

Proposed HCC Audit Plan 2016/17

APPENDIX A

Name of Audit in HCC Plan	Plan Days	Target Quarter	High level scope
CORPORATE			
Annual Governance Statement 2015-16	8	Q1	Review the Council's governance arrangements and support the development of the 2015/16 AGS
Annual Governance Statement 2016-17	3	Q4	Preparation for the development of the 2016/17 AGS
Head of Assurance Annual Opinion and Annual Report	5	Q1	Provide the annual report and deliver the opinion on the Council's control environment
HCC Lead Officer Welwyn Hatfield	1	Through Year	Act as the named HCC contact for interactions with Welwyn Hatfield Borough Council
Whistleblowing - named contact and quarterly review	4	Through Year	Act as a named contact for whistleblowing matters; attend quarterly case review meetings
RESOURCES			
Resources Queries < 3hrs Activities	5	Through Year	Advice and support as required throughout year.
HBS			
Stock Control	15	Q2 / Q3	To provide assurance that adequate systems are in place and followed in practice in relation to stock control.
Fuel Cards	10	Q1	To provide assurance over the adequacy of systems to control the issue, use of fuel cards and subsequent systems for checking and paying for fuel invoiced by the provider company.
Finance			
Pensions - Administration	30	Q3	Annual Key Financial Systems Audit
Payroll	25	Q3	Annual Key Financial Systems Audit

Name of Audit in HCC Plan	Plan Days	Target Quarter	High level scope
Debtors	25	Q3	Annual Key Financial Systems Audit
Creditors	25	Q3	Annual Key Financial Systems Audit
General Ledger	20	Q3	Annual Key Financial Systems Audit
Treasury Management	15	Q3 / Q4	Annual Key Financial Systems Audit - to include a focus on the strategy, management, monitoring and reporting for Council borrowing.
eIncome (suppliers' payments)	10	Q3 / Q4	To provide assurance over the robustness of the internal control environment in relation to the on-line supplier portal.
Feeder Systems	10	Q2	To provide assurance over the robustness of the internal control environment for a selection of the Council's feeder systems. This work will be used to provide the Council's External Auditors with assurance over the adequacy of feeder systems.
Procurement and Performance			
Framework Contracts	15	Q2	To provide assurance over compliance with contract regulations and good practice in relation to a selection of framework contracts.
Property			
Asbestos Management	15	Q4	To provide assurance over the systems for the maintenance of the asbestos database, manual asbestos records, provision of advice and guidance, development of and compliance with corporate policies and procedures.
Carbon Reduction Commitment	15	Q1	Annual assurance review on the Council's CRC return (prior to submission) to meet Environment Agency requirements.

Name of Audit in HCC Plan	Plan Days	Target Quarter	High level scope
Leasehold Income	15	Q3	To provide assurance that income due to HCC through Rural Estates is invoiced in accordance with legislation / tenancy agreements and appropriate recovery action is taken for arrears.
Management of Empty Properties	15	Q1	To provide assurance that empty properties are effectively managed to protect value, marketability and to ensure that the risk of health and safety incidents to persons or property is effectively managed.
Technology			
Social Media	15	Q3	To provide assurance that the Council has appropriate policies and processes in place to manage the use of social media and that this is applied in practice by individual services.
IT			
ICT Support Process and Helpdesk	15	Q1 / Q2	To provide assurance that there are appropriate systems and processes in place to take a project into service and provide helpdesk with sufficient information to support the system going forward.
Systems rationalisation	10	Q3	To provide assurance that system rationalisation projects deliver key expected outcomes, whilst maintaining operational effectiveness.
Intranet	15	Q4	To provide assurance that appropriate controls are in place to manage content on the new intranet, that key business information continues to remain available following upgrade and that services are following agreed business rules in terms of managing and updating content.
Business Intelligence			

Name of Audit in HCC Plan	Plan Days	Target Quarter	High level scope
Data Retention	20	Q3	To provide assurance that services are following the newly revised corporate policies for data retention.
Human Resources			
Training Records	15	Q2	To provide assurance that training records are accurately maintained so as to provide a basis for satisfying statutory requirements for CS and HCS.
Employment Status Checks	10	Q4	A follow up review to provide assurance over any changes to existing systems and officer compliance with these, following the 15/16 Internal Audit Review and HMRC inspection.
Legal, Democratic & Statutory Services			
Coroner's Service	15	Q2	To provide assurance over income and expenses controls.
COUNCIL-WIDE REVIEWS			
Contract Management	25	Q3	A review of the effectiveness of contract management arrangements, focusing on compliance with the Council's contract regulations and national good practice. The audit sample for compliance testing will be selected from a range of service areas.
Business Cases and Benefits Realisation	25	Q2	A review of the effectiveness of arrangements for the creation, scrutiny and approval of business cases and the subsequent monitoring and transparency of benefits realised from the resulting projects. The audit sample for compliance testing will be selected from a range of service areas.
HEALTH & COMMUNITY SERVICES			
Residential Invoicing	15	Q4	To provide assurance that the process of transferring the collection of client contributions from providers to the Council is effectively

Name of Audit in HCC Plan	Plan Days	Target Quarter	High level scope
			managed, subject to approval of this change in approach.
Financial Assessments	15	Q1	To provide assurance that existing systems for Financial Assessments operate effectively, thereby providing an opportunity to identify any areas for improvement prior to the review of systems to accommodate the changes required under the Care Act.
Statutory Returns	15	Q3	Assurance over the robustness of processes and systems related to the submission of returns.
Homecare	15	Q2	To provide assurance that mitigating actions in relation to the outcomes of the risk assessment into provider capacity across Hertfordshire have been applied.
Carers Direct Payments	15	Q1	To provide assurance over the robustness of systems for calculation, approval and monitoring of Carers Direct Payments, including appropriate application of the eligibility criteria.
Better Care Fund	15	Q4	Approach and scope to be confirmed in consultation with CCG's.
Pre-Paid Cards	10	Q2	To provide assurance that a robust control environment is in place to govern the issue, use and monitoring of pre-paid cards.
Voluntary Sector Contracts / Grants	10	Q4	To provide assurance that a robust control framework is in place to govern the award of contracts or grants to the voluntary sector, focusing on those below £100,000 where award may be based on quotes as opposed to formal tenders – or in the case of grants where award is based on the strength of applications.
Client Finances - Establishment Visits	30	Q3 / Q4	Ongoing assurance work – the 16/17 audit will focus on assessing the application of revised operational procedures by establishments / units.
Learning Disability - Panel Processes	10	Q2	To provide assurance that the LD panel process follows agreed procedures, decisions are transparent and that the eligibility criteria

Name of Audit in HCC Plan	Plan Days	Target Quarter	High level scope
			is appropriately applied, given the need to manage expenditure within this service.
H & CS Queries < 3hrs Activities	10	Through Year	Advice and Support throughout year.
ENVIRONMENT SERVICES			
Transport			
Home to School and Social Care transport (Safeguarding)	20	Q1	To provide assurance that appropriate arrangements are in place to confirm internal or external providers of transport comply with Council, DfE and CQC Safeguarding requirements.
Highways			
Ringway Contract – Sector Specific Improvements	20	Q2	A review assessing further improvement opportunities in respect of aspects of the Ringway Contract e.g. street lighting and drainage. The audit approach will be to establish the performance baseline against which improvement will be judged and the ways in which this will be recorded and proven.
Category One - 'Triage' Approach	15	Q2	A review looking at the achievement of the benefits to be derived from the introduction of this new approach that will see a team of qualified inspectors (as opposed to a full works gang) initially attending the reported fault.
Redesign of the Highways Service	20	Q1 & Q4	SIAS to conduct a two-stage review, initially providing advice and support on implementation of the business case for change (in Q1) and then later on (in Q4) evaluation of the operating environment against the intended changes made to the service.
Customer Enquiries and Complaints	15	Q1	To provide assurance that systems in place to facilitate and progress customer enquiries and complaints operate effectively. The review will include cross-cutting systems and processes that

Name of Audit in HCC Plan	Plan Days	Target Quarter	High level scope
			involve both HCC and external providers / contractors (Serco and Ringway).
Use of Confirm - the Highways Service Management Software	15	Q2	To provide assurance that the Confirm system is being maintained and used appropriately to ensure that it supports the Council in managing the asset portfolio.
Programme management	20	Q1 & Q4	To provide assurance over the effectiveness of the programme management environment to ensure that it operates effectively and minimises blockages in the progression of projects. The review would be carried out in two stages, in Q1 and Q4. Initial work in Q1 would focus on programme set up and the work in Q4 would evaluate delivery of programmes against intended benefits.
Business Continuity	20	Q3	To conduct a review of the continuity arrangements in place for the key ICT systems used by both staff and customers. Whilst it is recognised that work is carried out corporately on business continuity and disaster recovery, senior management expressed concern about the impact to the service in relation to the loss of County Hall and ICT downtime.
ECS Queries <3hrs activities	5	Through Year	Advice and Support throughout year.
CHILDREN'S SERVICES			
Data Quality	15	Q3/Q4	To provide assurance over the adequacy and quality of standing data held on clients within the key systems in CS, specifically focusing on its, currency, consistency and accuracy across systems, thereby ensuring that data remains fit for purpose in relation to supporting service delivery, safeguarding and joint working enabled by data sharing and data integration.
Ofsted Action plan progress	10	Q4	To provide assurance that CS has appropriate governance arrangements and action plans in place to take forward recommendations made within the recently completed Ofsted

Name of Audit in HCC Plan	Plan Days	Target Quarter	High level scope
			inspection.
Foster Carer Recruitment and Retention	15	Q2	To provide assurance over whether this is being effectively applied, focusing on key areas such as the delivery of recruitment strategies and that the monitoring and support offered to existing foster carers is sufficient to build retention levels.
Controcc – Foster Carer Payments	10	Q3	To provide assurance that an effective internal control environment is maintained within this significant expenditure area.
Unaccompanied Minors and no Recourse to Public Funds	15	Q1	To provide assurance that the budget is being properly monitored and controlled and pressures reported are fairly represented.
Extended Entitlement to Free Childcare	15	Q2	To provide assurance that robust systems are in place for confirming the eligibility of entitlement and the monitoring the effectiveness of service delivery.
Children’s services establishments	20	Q1 / Q2	Establishment audits – looked after children residential care to focus on financial management / control.
Section 17 Payments	10	Q1	A review to confirm that payments are made in line with guidance by reviewing a sample of decisions made, review of overall spend and testing of a sample of payments.
CS Queries <3hrs Activities	10	Through Year	Advice and Support throughout year.
PUBLIC HEALTH			
Budget Setting and Budgetary Control	15	Q3	To provide assurance that effective budget setting and budgetary control systems are in place to assist the service in planning for significant budget reductions and monitoring performance against approved budgets in year.
COMMUNITY PROTECTION			

Name of Audit in HCC Plan	Plan Days	Target Quarter	High level scope
Resilience	15	Q1	To provide assurance that the corporate resilience function continues to operate effectively following recent restructures. The audit will include confirming that arrangements are in place to ensure that operations can continue in the event of issues within CPD and HCC.
Volunteering	10	Q2	To provide assurance over the effectiveness of the use of Volunteers by the service to support the delivery of the directorate strategy.
SHARED LEARNING			
Shared Learning Newsletters and Summary Themed Reports	5	Through Year	
Joint Review – Topic to be determined by SIAS Board	5	TBC	
GRANT CLAIMS			
Herts Chief Finance Officers Society	1	Q2	Audit of accounts
Hertfordshire Education Foundation	2	Q4	Audit of accounts
Hertfordshire Charity for Deprived Children	1	Q1	Audit of accounts
Surecare	3	Q3	Audit of accounts
Bus Subsidy Grant	3	Q2	Grant Certification
Autism Grant	2	Q1	Grant Certification
Social Care Capital Grant	3	TBC	Grant Certification
Local Reform and Community Voices Grant	2	TBC	Grant Certification

Name of Audit in HCC Plan	Plan Days	Target Quarter	High level scope
Public Health Grant	3	TBC	Grant Certification
Grants Contingency	10		Time required to cover additional grant certification activities notified in-year
OTHER CHARGEABLE			
HCC Contingency	87	Through Year	Time required to cover unanticipated audit requirements
Monitoring 15/16 Plan	30	Through Year	Time required to manage delivery of the HCC audit plan
Recommendations Follow-Up - Q1	5	Q1	Follow-up of all HCC high and medium priority recommendations
Recommendations Follow-Up - Q2	5	Q2	
Recommendations Follow-Up - Q3	5	Q3	
Recommendations Follow-Up - Q4	5	Q4	
Client Liaison	10	Through Year	Time required developing and maintaining effective relationships with HCC managers.
Audit Committee Matters & Attendance	20	Through Year	Time required to support the HCC Audit Committee
Audit Planning – 17/18	30	Q3 / Q4	Undertake planning meetings in respect of the development of the 17/18 HCC audit plan
Performance Data	3	Through Year	Preparation of regular monitoring information required by HCC
External Audit Liaison	2	Through Year	Update meetings with Ernst and Young
Service Plan Activity	40	Through Year	Time required to implement actions in the SIAS Business Plan
SIAS Board Meetings and Preparation	10	Through Year	Time required to support the SIAS Board

Name of Audit in HCC Plan	Plan Days	Target Quarter	High level scope
Management of Scrutiny	5	Through Year	Time spent by Head of Assurance to manage Scrutiny function
Management of Health & Safety	5	Through Year	Time spent by Head of Assurance to manage the Health & Safety function
Management of Shared Anti-Fraud Service	5	Through Year	Time spent by Head of Assurance to manage the Shared Anti-Fraud Service
Management of Risk Management and Insurance	5	Through Year	Time spent by Head of Assurance to manage the Risk Management and Insurance function
Public Sector Internal Audit - Self Assessment 15-16	2	Q1	Exercise to measure SIAS compliance with the requirements of the PSIAS
Public Sector Internal Audit - Self Assessment 16-17	10	Q4	
2015/16 PROJECTS REQUIRING COMPLETION			
Highways Operating Procedures	8	Q1	Completion of audit activity started in 15/16
SEND	9	Q1	Completion of audit activity started in 15/16
Non-Attendance at School	13	Q1	Completion of audit activity started in 15/16
Health and Safety - Community Protection	2	Q1	Completion of audit activity started in 15/16
Miscellaneous	15	Q1	Completion of audit activity started in 15/16
SCHOOLS			
Advice, queries and guidance for schools	30	Through Year	Time to respond to queries received from schools
Liaison, awareness raising and training	25	Through Year	Time to attend meetings, provide training and produce information for dissemination to schools and governors

Name of Audit in HCC Plan	Plan Days	Target Quarter	High level scope
Theme 1 – Schools Financial Value Standard (SFVS)	94	Q1	Sample of 25 schools to be visited to test effectiveness of controls in respect of the SFVS assurance areas
Theme 2 – Safe Recruitment	70	Q2	Sample of 18 schools to be visited to test compliance with safe recruitment regulations and good practice.
Theme 3 – Financial Planning	68	Q3 or Q4	Sample of 17 schools to be visited to review effectiveness of financial planning - this review will include the area of early years.
SFVS returns process	13	Q1 & Q4	Collation and interpretation of schools' SFVS returns
Reporting 2015/16 themes	10	Q1	Produce reports summarising activity undertaken in 2014/15 in relation to Budget Setting, Monitoring & Control and Income.
Follow up of high priority recommendations and schools with moderate assurance	15	Through Year	Reviewing progress in areas where improvement in control is required
Schools' contingency	20		To be used as required
TOTAL HCC AUDIT DAYS 2016/17	1637		

Directorate	Audit title	Audit Scope
Resources		
Procurement	Contracts Register	To provide assurance that robust systems are in place to ensure the completeness and accuracy of the Council's Contracts Register and that these are followed by commissioning officers.
Procurement	Consultants	To provide assurance that consultants are commissioned in accordance with corporate policies and procedures.
Property	Service related spending on property	To provide assurance that effective controls are in place to budget for, monitor and undertake appropriate checks on payments for property related costs where these are managed at service rather than corporate level.
Property	Hertfordshire Development Centre	To provide assurance that all income due to the service is identified and recharged and that charges are sufficient to cover required contributions to the operating costs.
HR	HR Restructure	Considered too early to build in key themes. Discussions to be held in year with management to identify any assurance requests, these being accommodated through contingency.
Technology	Segregation of Duties / Access Controls	To be considered as part of relevant audits of key information systems within service audit plans and within KFS reviews
HCS		
	Carers Strategy	Agreed with HCS board that the priority focus on assurance activity for this area for 16/17 will be on Carers payments (included in the plan).
Children's Services		
	Tree Management	To provide assurance that robust systems are in place to risk assess the condition of trees on school sites and undertake appropriate action

Directorate	Audit title	Audit Scope
	(Schools)	based on the outcome of such assessments.
Environment		
	None	
Community Protection		
	Control of Evidence	To provide assurance that appropriate systems and methods are in place to record and, at the appropriate time, dispose of the evidence obtained as part of investigations into counterfeit and faulty goods.
Schools & HBS		
	None	

Items for Potential Inclusion HCC Audit Plan 2017/18 – APPENDIX C

Audit Title	Audit Scope
Resources	
eCommerce (income collection)	To provide assurance that the new e-income solution provides a sufficiently robust control environment, achieves business case objectives and is appropriately used by officers.
Section 106 / Community Infrastructure Levy	Deferred for re-consideration in 17/18 due to varying degrees of implementation of CIL at this point by Districts.
Property Joint Ventures	Assurance to be provided on the adequacy of governance arrangements and delivery of agreed outcomes for these new arrangements, if introduced.
Financial Reporting	Dependent on the implementation status, a review of any revised financial reporting solutions / tools to provide assurance that they meet business needs and provide accurate financial information.
Charging for Services	To provide assurance that HCC are recovering all relevant charges / fees.
Financial Advice / Support for decision making	To provide assurance that appropriate advice, and in the right medium (e.g. compass), is being provided by Finance and HR. To evaluate what difference such advice makes in practice.
HCS	
Management of Provider Suspensions	To be considered for 17/18, although sufficient assurance may be provided through the HCS samples included within the Contract Management Council Wide review.
Service User Transition from CS to HCS	To provide assurance over the systems and processes in place (including panel processes) to manage the transition from Children's Services to HCS whilst ensuring appropriate levels of care are provided and value for money is secured.
Care Act – Information and Advice	To provide assurance that the Council's approach to providing information and advice for Social Care meets the provisions for the Care Act.

Audit Title	Audit Scope
Deputyship / Appointee ships	To provide assurance that systems continue to be maintained following the change in structure of the team (merger of appointeeship and deputyship teams).
Asset Based Community Development	To provide assurance that asset based community based support activities are being developed and are being considered as an option to meet social care needs as part of assessment process.
Hertfordshire Workforce Strategy (Adult Social Care)	To provide assurance over the effectiveness of governance arrangements for the delivery of the Hertfordshire Workforce Strategy, including an assessment of the adequacy of evidence to demonstrate completion of key deliverables.
Accommodation for Independence Programme (LD)	To provide assurance over the effectiveness of the project / programme management arrangements, as well as the delivery of projected savings.
Children's Services	
School admissions – fair access and Deferred School Starts	To provide assurance that the admissions process is fair and equitable, appropriate evidence based decisions are made and appeals processes operate in accordance with statutory requirements.
Home to school / college transport	To provide assurance that effective arrangements are in place for the financial and operation management of home to school / college transport services including VFM.
HBS	
New Financial System	System not due to be introduced until late next financial year, therefore considered too early to assess this new system in 2016/17.



Hertfordshire County Council
Shared Anti-Fraud Service
Progress Report
23 March 2016

Recommendation

Members are asked to
Note the progress of the Shared Anti-Fraud Service to date;
Note progress made against the SAFS Business Plan for 2015/2016;
Agree the SAFS/HCC Anti-Fraud Action Plan 2016/2017;
Note the content of the TEICCAF Fraud Briefing;
Review and comment on the introduction of a new Fraud Sanction/ Prosecution Policy for use from April 2016.

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

- 2 SAFS Update
 - 2.1 Staffing
 - 2.6 SAFS/Fraud Awareness
 - 2.11 High Profile Cases
 - 2.12 Pilot Projects

- 3 Anti-Fraud Documents
 - 3.1 Performance against SAFS Business Plan 15/16
 - 3.4 Proposed SAFS/HCC Anti-Fraud Action Plan 16/17
 - 3.6 SAFS Reports for 2016/2017

- 4 TEICCAF Fraud Briefing
 - 4.1 'The European Institute for Combatting Corruption and Fraud'- Briefing for Hertfordshire County Council

- 5 New 'Fraud Sanction & Prosecution Policy'
 - 5.1 Draft Policy for adoption by Hertfordshire County Council

Appendices.

1. SAFS Business Plan 2015/2016 & 1A Progress against objectives
2. Draft SAFS/HCC Anti-Fraud Business Plan 2016/2017
3. TEICCAF Presentation
4. Draft HCC Fraud Sanction/Prosecution Policy

1 Introduction and Background

Purpose of Report

1.1 To provide Members with:

- An update on progress made by the Shared Anti-Fraud Service (SAFS) since its launch on 1st April 2015 including an update on the county-wide fraud awareness campaign
- A review of some of the Pilot Projects that SAFS have been involved with.
- Progress against the SAFS Business Plan 2015/2016 and the Objectives set within this
- Details of a proposed SAFS/HCC Anti-Fraud Action Plan for 2016/2017
- A comparison, from 'The European Institute for Combatting Corruption and Fraud', of HCC anti-fraud arrangements and activities in 2014/2015 against other Councils
- An update on a new Fraud Sanction & Prosecution Policy for use where fraud is identified clearly stating how the Council will deal with such occurrences.

Background

1.2 In its 2010 Welfare Reform Act the Government announced its intention to create a single body to deal with welfare fraud across local and central government. The formation of a Single Fraud Investigation Service (SFIS), covering all welfare benefit fraud was announced by the Chancellor of the Exchequer on 5 December 2013.

1.3 The implementation of SFIS commenced in October 2014 and went through to March 2016. The creation of this new service, led by the Department of Work and Pensions potentially exposed District Councils to a heightened risk of fraud as all of their counter fraud staff and resources would move to a central organisation that was focused only on welfare fraud.

1.4 Between 2012 and 2014 reports produced by central and local government identified that non-welfare fraud in local government, including County Councils, was a growing area of financial risk.

1.5 In 2014, as a response to these combined risks, the Department for Communities and Local Government (DCLG) announced that it would provide challenge funding to local authorities that developed anti-fraud arrangements of their own and, in addition, would favour those activities that created shared services.

1.6 In response to this, Hertfordshire County Council became the sponsoring authority for the Hertfordshire SAFS Project. One of the key reasons for the County's lead was that the Shared Internal Audit Service in Hertfordshire (part of HCC Assurance Services) had also identified an increased risk of fraud risk to its district council clients.

- 1.7 The SAFS Business Case concluded that the district councils in Hertfordshire, were at significant risk of fraud once staff and the associated funding transferred to the DWP leaving the districts particularly exposed. Areas at risk of fraud included Procurement, Payroll, Council Tax, Business Rates and Housing. The Business Case recommended that a shared anti-fraud service across Hertfordshire's Councils could deliver effective anti-fraud arrangements for all partners.
- 1.8 In late 2014 a joint bid was submitted to DCLG for £366k to part fund the development and creation of a shared anti-fraud service in Hertfordshire. In December 2014 the DCLG agreed to fund the Hertfordshire Bid in full from 2015 to 2017.
- 1.9 In April 2015 Broxbourne Council, East Herts Council, North Herts Council, Hertfordshire County Council, Hertsmere Council and Stevenage Borough Council signed an agreement to pilot a Shared Anti-Fraud Service based at the County Council's offices in Stevenage to work alongside the existing Shared Internal Audit Service and wider Assurance Services.
- 1.10 The total contribution by the partner councils to the SAFS Service is £60k in 2015/2016 rising to £105k in 2016/2017.

2 SAFS Update

Staffing

- 2.1 The SAFS team is comprised of nine FTE staff structured as follows:

Role	Abbreviation	No. of Posts
Counter Fraud Manager	CFM	1
Counter Fraud Assistant Manager	CFAM	1
Counter Fraud Officers	CFO	5
Counter Fraud Assistants	CFA	2

The Team also receives support from the Head of Assurance (SIAS Lead), a Business Manager and a Data Analyst.

- 2.2 Recruitment commenced in December 2014 with the Counter Fraud Manager being appointed in March 2015 and was fully completed in June 2015.
- 2.4 It was the intention that each SAFS Partner receive dedicated support and response from the team in a transparent way. The most effective way to do this was to allocate a Counter Fraud Officer (CFO) to each Partner. The CFO is the first point of contact for that partner's services with responsibility for building relationships at a service level, delivering training, and working on local pilot projects.

- 2.5 A Board comprised of each Partner Authority’s Chief Financial Officer, and the Head of SIAS & the SAFS Counter Fraud Manager determines the roles and priorities for the service.

Fraud/SAFS Awareness

- 2.6 One measure of SAFS having successfully heightened awareness is that fraud can be easily reported by both staff and the public. All SAFS member authorities have been asked to update their internal and external fraud reporting procedures. Work is ongoing with HCC to develop reporting lines and relationships with services including Children’s Services / Education, Social Care, Legal, Human Resources, Procurement, and Customer Services.
- 2.7 SAFS has its own webpage – www.hertsdirect.org/reportfraud which utilises an online reporting tool. A fraud reporting ‘hotline’ has been operational since 1st April 2015 (0300 123 4033) and a shared secure email account has been created for reporting fraud – fraud.team@hertscg.gov.uk.
- 2.8 In June 2015 SAFS was officially launched at an event in Stevenage attended by Senior Officers and Members from all SAFS partners (including HCC) and representatives from both the Chartered Institute of Public Finance and Accounts (CIPFA) and The European Institute for Combatting Corruption and Fraud (TEICAFF).
- 2.9 A media campaign, supported by the HCC Communications Team and Partner portfolio holders, was rolled out across the County in October/November 2015. The **‘Spot the Cheat in your Street’** campaign was very well received with hits on the SAFS webpage rising from 50 per week to over 800 at its height. The Team received 60 allegations of fraud in that period and since then the number of referrals from the public has remained high.
- 2.10 Since April SAFS has received reports on allegations of fraud for each partner from various sources as detailed in the table below.

SAFS Partner	Public	Partner	Other
HCC	33	63	18
Stevenage	30	39	N/A
Hertsmere	18	39	N/A
East Herts	40	10	6
North Herts	40	52	7
Broxbourne	16	94	20
Other Agencies	47	N/A	N/A
Total	224	297	51

The breakdown of the differing types of alleged fraud being reported at District partners is as follows:

SAFS Partner	Council Tax Fraud	Tenancy Fraud	Other	Total
Stevenage	31	32	6	69
Hertsmere	41	14	2	57
East Herts	42	10	4	56
North Herts	88	8	3	99
Broxbourne	120	6	4	130
Total	322	70	19	411

Other Includes Staff fraud, insurance fraud, grants fraud, & payment fraud.

At Hertfordshire County Council the alleged fraud types are broken down as follows:

Blue Badge	Staff	Schools	Payment & Procurement	Other
60	18	9	11	16

Other fraud includes pension fraud, social care fraud, and complex fraud

High Profile Work at HCC

2.11 SAFS have undertaken significant work at HCC which has included:

- Reports to all Senior Management Boards
- Delivery of an HCC wide internal fraud awareness campaign
- Training events for service delivery teams, school governors, SIAS and others totalling more than 500 staff/governors (with more planned for 2016).

Cases investigated at HCC have so far identified fraud in excess of £3m and future savings of £300k. These have included a number of internal disciplinary cases, cases of alleged procurement or contract fraud, fraud involving schools services and payment frauds. More than 30 Blue Badges that were being misused by third parties have been seized or cancelled.

Pilot Projects

2.12 SAFS is currently working closely with the Council's Blue Badge Service and our District partners' Parking Enforcement Teams to target fraudulent misuse of Blue Badges across the County.

2.13 SAFS and two of our District partners, East Herts and North Herts, were selected as pilot sites for joint working with the Department for Work and Pensions from November 2015. There are only six sites across England and Wales for this project. This work has progressed well with staff from SAFS and DWP working together and sharing information to assist in fraud investigations where there is a joint interest.

- 2.14 SAFS have worked with the housing benefit teams in the District Councils across Hertfordshire as well as the County Council's care commissioning teams to deal with a highlighted risk of fraud, wherein housing benefit is paid to vulnerable tenants in 'supported accommodation'. This exercise culminated in a SAFS hosted training event held at East Hertfordshire District Council in January 2016, which was attended by 40 delegates from Districts and the County Council.
- 2.15 SAFS are hosting a cyber-crime training and awareness session for all the IT Managers and their staff in March 2016. This event is free for SAFS Partners to attend.
- 2.16 SAFS are leading on the development and procurement of a county-wide data matching exercise to identify fraud in Council Tax, particularly around fraudulent discounts and exemptions, as well as business rates, empty homes, and council tax support schemes. This will be introduced in the summer of 2016 for all Districts, and will be funded by HCC and all participating Districts.

3 Anti-Fraud Documents

Performance against SAFS Business Plan 2015/2016

- 3.1 The Council has in place an Anti-Fraud and Corruption Policy and this is currently under review to reflect recent changes and the partnership approach of SAFS.
- 3.2 A copy of the SAFS Business Plan 2015/2016 can be found at Appendix 1. Activity against the plan includes key dates for delivery.
- 3.3 All of the objectives set in the Business Plan 2015/2016 have been achieved, or are well on the way to delivery with the exception of a Peer Review that has been deferred to later in the project. Progress against each objective in the business plan can be seen at Appendix 1A.

Proposed SAFS/HCC Anti-Fraud Action Plan 2016/2017

- 3.4 Due to the success of the format and delivery of the SAFS Business Plan 2015/2016 the SAFS/HCC Anti-Fraud Action Plan 2016/2017 uses a similar format with some slight changes to roles or delivery dates. The plan is shown at Appendix 2.
- 3.5 Adherence to the proposed Anti-Fraud Action Plan 2016/2017 will ensure compliance with the Council's own Strategy, best practice issued by central government, the National Audit Office, and CIPFA and deliver the best outcomes for the Council.

SAFS Reports 2016/2017

- 3.6 SAFS will provide a full report to this Committee in June 2016 on the Council's anti-fraud performance and SAFS activities in 2015/2016. This will include the number of, and types of, cases investigated with outcomes and the financial savings identified from all anti-fraud activity. In March 2017 SAFS will provide a revised HCC Anti-Fraud Action Plan for 2017/2018

4 Fraud Briefing presented by TEICCAF

- 4.1 The European Institute for Combatting Fraud and Corruption (TEICCAF) was established in 2015 following the disbanding of the Audit Commission. TEICCAF provide support and assistance to local government across the UK, including an annual survey of fraud to which HCC subscribed in 2015.
- 4.2 The survey conducted in 2015 has been used by TEICCAF to provide fraud briefings to those councils that submitted data, to help them benchmark against other councils and highlight areas of emerging fraud.
- 4.3 The fraud briefing is attached at Appendix 3 is for HCC's sole use; it is not published and all the data regarding other agencies is anonymised to prevent its use by potential fraudsters.

5 Fraud Sanction & Prosecution Policy

- 5.1 Due to the varied types of fraud being investigated across services provided by the Council and our District partners it has been necessary to create a new policy that states how offenders will be dealt with where fraud is identified.
- 5.2 The draft policy as Appendix 4 includes various options for disposal, using the appropriate legislation for each and outlining how the decision making process will be followed.
- 5.3 The Committee are asked to review and comment on this new policy for use from April 2016.



Hertfordshire Shared Anti-Fraud Service Business Plan 2015/2016

It is important that the activities and aims of the Hertfordshire Shared Anti-Fraud Service (SAFS) deliver a service which is cost effective, efficient, targeted and that sees SAFS focusing effort on awareness, prevention and deterrence as much as investigation, prosecution and recovery.

The Strategic Aims of the SAFS Project Board in 2014 were laid out as follows:

- Ensure ongoing effectiveness and resilience of anti-fraud arrangements when the impact of the Single Fraud Investigation Service (SFIS) takes effect
- Deliver financial benefits in terms of cost savings or increased revenue
- Create a data hub for Hertfordshire
- Improve the reach into the areas of non-benefit and corporate fraud within the county
- Develop services which can be marketed to external bodies
- Create a recognised centre of excellence that is able to disseminate alerts and share best practice nationally

This Business Plan sets targets, objectives and work areas for SAFS in 2015/2016 and will ensure that the SAFS Partners have in place a robust counter fraud provision following the transfer of benefit investigation staff and welfare fraud work to the DWP in 2015. It will begin work towards the long term Strategic Aims and ensure that these become the Business as Usual standards for SAFS.



NORTH HERTFORDSHIRE
DISTRICT COUNCIL





Contents

The National Context.....	3
SAFS Objectives/Activities 2015/2016.....	5
SAFS Resources & SAFS Team Structure.....	9
SAFS KPIs 2015/2016.....	11
SAFS Standards of Service.....	12



The National Context.

The Audit Commission's 2014 report '*Protecting the Public Purse*' included a summary of statements from its findings.

- The scale of fraud against local government is large, but difficult to quantify with precision. In 2013, the National Fraud Authority estimated that fraud cost local government £2.1 billion, but this is probably an underestimate.
- In total, local government bodies detected fewer cases of fraud in 2013/14 compared with the previous year. However, the value of fraud increased to over £188 million.
- In the past 5 years, councils have shifted their focus from benefit fraud to non-benefit fraud. From 2016, they will no longer deal with benefit fraud. Councils will need to focus on the non-benefit frauds that present the highest risk of losses, including those that arise from the unintended consequences of national policies.
- Local government bodies have a duty to protect the public purse. A corporate approach to tackling fraud helps them to be effective stewards of scarce public resources and involves a number of core components.

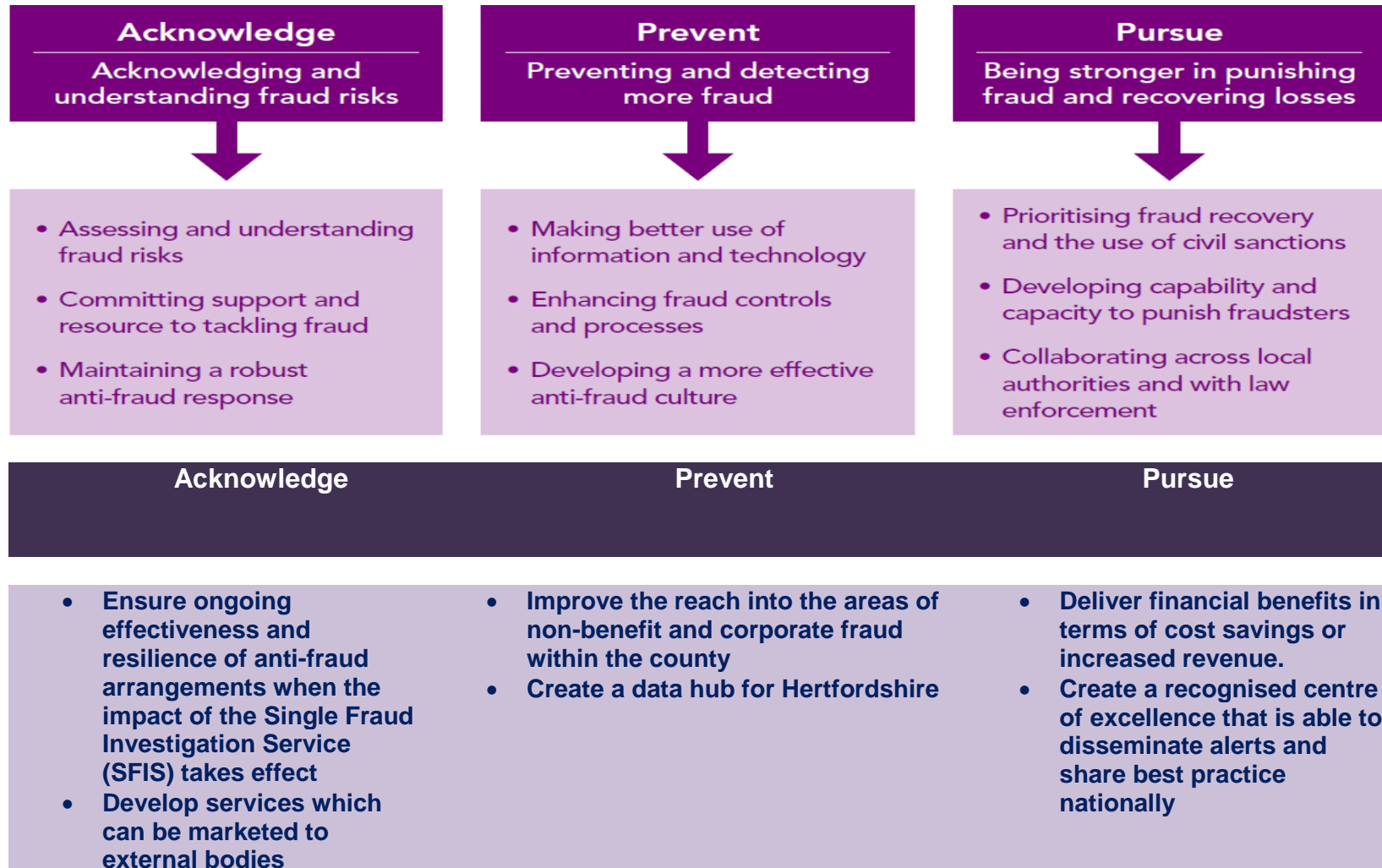
The Chartered Institute for Public Finance and Accountancy (CIPFA) in its 2015 publication '*Code of practice on managing the risk of fraud and corruption*' highlights five principles outlining public bodies' responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management

The five key principles of the code are to:

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy
- Take action in response to fraud and corruption.



The Fighting Fraud Locally Strategy (2012 and 2015) highlights the three keys areas for councils to consider when dealing with fraud- **Acknowledge**, **Prevent** and **Pursue**, the Strategic Aims of SAFS and this Business Plan reflect these fully.





SAFS Objectives/Activities for 2015/2016

The objectives set for SAFS in 2015/2016 reflect the requirement to build a new service, set up new processes and systems, to develop key working relationships and partnerships and to move towards achieving the aspirations of the SAFS Business Case.

The objectives clearly reflect the guidance and advice from the Audit Commission, CIPFA and the Fighting Fraud Locally Board. It also includes the needs of the SAFS Partners as identified at the SAFS launch in June 2015.

SAFS Team objectives	Activity	Target Date/Value/Measure	Status	Fighting Fraud Locally Measure
<p>Ensure ongoing effectiveness and resilience of anti-fraud arrangements when the impact of the Single Fraud Investigation Service (SFIS) takes effect</p>	<ol style="list-style-type: none"> 1. Recruit and induct SAFS Team. 2. Develop and deliver a new publicity campaign to launch the SAFS Team and its role to, Partners, staff and public. Publicity to include new: Webpages/intranet/hotline/posters/press. 3. Review cost of service to SAFS Partners and structure for future funding to ensure that Partners recognise the value of a fraud function through a set agreed principles. 4. Update and launch a Hertfordshire Counter Fraud Strategy, Counter Fraud Policy, Fraud Prosecution Policy and Money Laundering Policies. 5. Deliver targeted fraud awareness, prevention training and workshops to Schools, Housing, Finance, Council Tax Support, Social Fund, Direct Payment, Procurement and Human Resources staff. 6. Ensure that all SAFS staff are fully trained for the roles they are undertaking. This may differ, dependant on task, but should be flexible to allow 	<ol style="list-style-type: none"> 1. By September 2015. 2. By October 2015 3. By March 2016 4. By March 2016 5. Each Partner to have 5 sessions across services by March 2016 6. All staff recruited to be trained or working towards completion of 	<p>For position as at 29 February 2016 please see Appendix 1(A)</p>	<p>Acknowledge</p>



SAFS Team objectives	Activity	Target Date/Value/Measure	Status	Fighting Fraud Locally Measure
	<p>staff to develop and provide generic investigation options for the Partners. This will provide the Partners with a team able to deploy resilient anti-fraud skills across all services.</p> <p>7. To work in a supportive role within the HCC Assurance Service in particular with SIAS to assist in delivery of improved Audit Plans to Partners.</p>	<p>training by March 2016</p> <p>7. Working with SIAS Audit teams in both proactive and reactive exercises.</p>		
<p>Deliver financial benefits in terms of cost savings or increased revenue</p>	<ol style="list-style-type: none"> 1. Deliver Case Management System that records all financial information for Partners. 2. Recover social housing stock that is being sub-let or used in some other way in contravention of the tenancy or unlawfully. 3. Identify financial savings to ensure that the costs of the team are met in full from its activities and investigations. Record full value of all fraud identified to an agreed, auditable and recognised standard. 4. Maximise civil recovery cases working closely with Partners Legal/Recovery Services to utilise civil recovery and other forms of legal sanction to recover properties and unlawful subletting profits and for other cases where the use of POCA may not be appropriate. 5. Work closely with Revenues Teams to administer and recover penalties as an alternative to prosecution for offences relating to the Council Tax Reduction Scheme. 	<ol style="list-style-type: none"> 1. INCASE operational by September 2015 2. 6 properties recovered by March 2016. 3. INCASE to be set up to record and report on financial costs of cases. September 2015 4. Establish and maintain relationships with all Partner's Legal Teams and POCA experts across HCC and externally. 5. Have in place process, guidance and forms for penalties to be issued by September 2015 	<p>For position as at 29 February 2016 please see Appendix 1(A)</p>	<p>Pursue</p>



SAFS Team objectives	Activity	Target Date/Value/Measure	Status	Fighting Fraud Locally Measure
	6. Provide access to services such as National Anti-Fraud Service (NAFN), Local Authority Investigation Officers Group (LAIOG) and others to reduce the need an costs for each Partner to join separately.	6. SAFS have joined NAFN and LAIOG (May 2015) and SAFS Partners can now end their own local subscription.		
Create a data hub for Hertfordshire	1. Implement a Data Warehouse at HCC to receive and match data from across Partner Services. 2. Create Information Sharing Procedures including PIA/EIA to allow for lawful exchange of data across Partners. 3. Develop further proactive anti-fraud exercises by implementing data matching and data mining tools to interrogate Partner data. 4. Oversee and assist the delivery of the National Fraud Initiative 2015 across all Partners.	1. Procure and have in place IDIS by October 2015. 2. Sign off ISA with Partners by November 2015. 3. NFI ID-checker. November 2015 4. Review HCC NFI Matches September 2015. Put in place process of future NFI across all Partners March 2016	For position as at 29 February 2016 please see Appendix 1(A)	Prevent
Improve the reach into the areas of non-benefit and corporate fraud within the county.	1. Develop relationships with the police to allow reciprocal exchange of information including Council access to PNC/ VODS/ Local Intel. 2. Develop relationships with DWP, where legislation permits, to conduct joint investigations where national benefits are being claimed fraudulently alongside Partner services/awards/payments.	1. Have in Place access to PNC Bureau. And arrangements to work positively with police 2. Liaise with local FES and DWP National Information Centre. By	For position as at 29 February 2016 please see Appendix 1(A)	Prevent



SAFS Team objectives	Activity	Target Date/Value/Measure	Status	Fighting Fraud Locally Measure
	<ol style="list-style-type: none"> 3. Develop relationships with Registered Housing Providers across the County to provide assistance with tenancy fraud. Such activity to benefit the Partners either through payment for services or access to accommodation. Put in place clear processes and communication channels for referring and tackling fraud with priority fraud risk areas. 4. Work with the Partners and HCC Customer Service Team to develop a 24 hour fraud referral hotline (separating out HB and national benefit matter and referring these to the DWP/HMRC). 5. Develop relationships with HCC's Trading Standards Team to utilise their knowledge and skills in POCA. 6. Develop relationships with the Partners Community Safety Teams to increase access to information about potential fraud and raise awareness of fraud risks. 	<p>July2015.</p> <ol style="list-style-type: none"> 3. Arrange meetings with Housing Providers to raise awareness of SAFS and encourage membership. 4. By July 2015 5. By July 2015 6. By October 2015 		
<p>Develop services which can be marketed to external bodies</p>	<ol style="list-style-type: none"> 1. Work with Housing Providers to offer Tenancy Fraud Function either at a daily rate or with an annual subscription 2. Work with non-SAFS Councils in Hertfordshire whether offering services, expertise or knowledge. 3. Positively promote SAFS to local government and other potential customers within and outside Hertfordshire. 	<ol style="list-style-type: none"> 1. By March 2016 2. By October 2016 3. By March 2016 	<p>For position as at 29 February 2016 please see Appendix 1(A)</p>	<p>Acknowledge</p>



SAFS Team objectives	Activity	Target Date/Value/Measure	Status	Fighting Fraud Locally Measure
<p>Create a recognised centre of excellence that is able to disseminate alerts and share best practice nationally.</p>	<ol style="list-style-type: none"> 1. Publicise prosecutions, sanctions, recovery. 2. Promote and publicise the costs of fraud to local residents and encourage all to report fraud across the Partners. 3. Produce Fraud Risk Assessments for SAFS Partners. 4. Undertake national peer reviews. 5. Offer advice and training to other organisations. 6. Offer to work in partnership across government and with the private and voluntary sectors. 7. Subscribe national organisations and events to raise the profile of SAFS. 	<ol style="list-style-type: none"> 1. Press Release. By March 2016 2. Cheetah/Cheater Campaign. October 2015 3. March 2016 4. TBC 5. March 2016? 6. March 2016- with DWP 7. NAFN, CIPFA, LAIOG membership and events. 	<p>For position as at 29 February 2016 please see Appendix 1(A)</p>	<p>Acknowledge</p>



SAFS Resources

Budget

For 2015/2016 SAFS has the advantage for funding from CLG (£366,000) to meet many of its set up costs including project management, case management, IT hardware and licenses. The agreed funding from the SAFS partners was originally agreed at £60,000 per partner as a fixed fee with further £20,000 per partner as a flexible fee delivering an annual income to SAFS of £480,000. However, this contributory figure is under review as the budgeted cost (SAFS Business Case 2014) for the service was £602,000 in 2015/2016 rising to £631,000 per annum thereafter. Actual budget based on salaries of staff now in post is anticipated to be in the region of £565,000 and this still leaves a deficit of £85,000 to be met once CLG funding ends in 2015/2016.

The review of budgets and charging will include a set of agreed principles for SAFS Partners to adopt. It is also likely during 2015/2016 that additional income streams to SAFS can be identified as well as potential new partners and this may help to alleviate future shortfalls in SAFS income against budgeted costs.

Staffing

The full complement of SAFS posts have now been filled with 9 FTE's in post; 1 Manager, 1 Assistant Manager, 5 Investigators and 2 Intelligence Officers. All the investigators are fully trained and accredited but both Intelligence Officers require training and accreditation and this is ongoing and will be met from the CLG funding.

The SAFS Team is also supported by 1 FTE Data-Analyst and ½ FTE Business Support. Both these posts (£49,000) are funded through the SAFS Budget.



SAFS

KPI and Team Targets 2015/2016

SAFS target for 2015/2016 reflect that it is a new service. Future years will focus more on the service provision to individual Partners.

KPI	Measure	2015/2016 Target	Quarterly Target	Notes
1	Create an Investigation Service	Recruit Team, put in place reporting/recording methods, policies and procedures	By Sep 2015	Ensure ongoing effectiveness and resilience of anti-fraud arrangements when the impact of the Single Fraud Investigation Service (SFIS) takes effect.
2	Identified Value of Fraud. (from Business Case)	£601k	£150k	Deliver financial benefits in terms of cost savings or increased revenue.
3	Allegations of fraud Received	400 non-HB referrals	100	Improve the reach into the areas of non-benefit and corporate fraud within the county.
4	Success rates on outcomes	50%	50%	Create a recognised centre of excellence able to disseminate alerts and share best practice nationally.
5	Create Data-Hub and Conduct Data-Matching	Hub built with ISA and data populating it	By March 2016	Create a data hub for Hertfordshire.
6	Identify new areas of business	Add one new funding Partner to SAFS	By March 2016	Develop services which can be marketed to external bodies



SAFS - Standards of Service.

SAFS will provide all partners with the following fraud prevention and investigation services as part of the contracted anti-fraud function.

1. Access to a managed fraud hotline and webpage for public reporting.
2. Process and document for SAFS Partner staff to report suspected fraud to SAFS.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, and ID Fraud Prevention.
4. Assistance in the design of Partners policies processes and documents to deter/prevent fraud.
5. SAFS will design shared/common anti-fraud strategies and policies or templates to be adopted by Partners.
6. SAFS will provide a proactive data-matching solution (data-warehouse) to identify fraud and prevent fraud occurring.
 - The data-warehouse will be funded by SAFS and located in accordance with DPA requirements.
 - The data-warehouse will be secure and accessible only by named SAFS Staff. Data will be collected and loaded in a secure manner.
 - SAFS will design and maintain a data-sharing protocol for SAFS Partners to review and agree to as they choose. The protocol will clearly outline security provisions and include a PIA.
 - SAFS will work with nominated officers in the SAFS Partners to access data-sets to load to load into the data-warehouse and determine the frequency of these.
 - SAFS will work with Partners to determine the most appropriate data-matching for each of them and the frequency of such data-matching.
7. All SAFS Staff will be qualified, fully trained and/or accredited to undertake their duties lawfully, or be working towards such qualifications.
8. All SAFS investigations will comply with legislation including DPA, PACE, CPIA, HRA, RIPA* and all policies of the SAFS Partner.
9. Reactive fraud investigations.
 - All reported fraud will be actioned by SAFS within 5 days.
 - Partners will be informed of all reported fraud and how SAFS are going to deal with this.
 - SAFS will allocate an officer to each investigation.
 - SAFS officers will liaise with nominated officers in each Partner to access data/systems/accommodation required to undertake their investigations.



- SAFS Officers will provide updates on cases and a report with summary of facts and supporting evidence on conclusion of the investigation for the Partner to review and make any decisions.
 - Where a decision indicates an offence SAFS Officers will draft a report for the nominated officers of the Partner to make a decision on any further sanctions/prosecutions.
10. Where sanctions, penalties or prosecutions are sought SAFS will work with each Partner to determine the appropriate disposal based on the Code for Crown Prosecutors and that Partners published policies. Decisions on imposition of any sanction will lay with the Partner but the issue of any penalty will be resolved locally on a case by case basis.
 11. SAFS will provide reports through the SAFS Board on progress and the SAFS Partners Audit Committees on individual activity in that Partner. Additional reports can be provided on request.
 12. SAFS will provide Alerts to Partners of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.

**Data Protection Act, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act.*

SAFS Team objectives	Activity	Target Date/Value/Measure	Status As at 29.2.2016	Fighting Fraud Locally Measure
<p>Ensure ongoing effectiveness and resilience of anti-fraud arrangements when the impact of the Single Fraud Investigation Service (SFIS) takes effect</p>	<p>1. Recruit and induct SAFS Team.</p>	<p>By September 2015.</p>	<p>Complete</p>	<p>Acknowledge</p>
	<p>2. Develop and deliver a new publicity campaign to launch the SAFS Team and its role to, Partners, staff and public. Publicity to include new: Webpages/intranet/hotline/posters/press.</p>	<p>By October 2015</p>	<p>Complete</p>	
	<p>3. Review cost of service to SAFS Partners and structure for future funding to ensure that Partners recognise the value of a fraud function through a set agreed principles.</p>	<p>By March 2016</p>	<p>Complete</p>	
	<p>4. Update and launch a Hertfordshire Counter Fraud Strategy, Counter Fraud Policy, Fraud Prosecution Policy and Money Laundering Policies.</p>	<p>By March 2016</p>	<p>In Progress</p>	
	<p>5. Deliver targeted fraud awareness, prevention training and workshops to Schools, Housing, Finance, Council Tax Support, Social Fund, Direct Payment, Procurement and Human Resources staff.</p>	<p>Each Partner had 5 sessions across services by March 2016</p>	<p>Complete</p>	
	<p>6. Ensure that all SAFS staff are fully trained for the roles they are undertaking. This may differ, dependant on task, but should be flexible to allow staff to develop and provide generic investigation options for the Partners. This will provide the Partners with a team able to deploy resilient anti-fraud skills across all services.</p>	<p>All staff recruited to be trained or working towards completion of training by March 2016</p>	<p>Complete</p>	
	<p>7. To work in a supportive role within the HCC Assurance Service in particular with SIAS to assist in delivery of improved Audit Plans to Partners.</p>	<p>Working with SIAS Audit teams in both proactive and reactive exercises.</p>	<p>In Progress</p>	

<p>Deliver financial benefits in terms of cost savings or increased revenue</p>	<ol style="list-style-type: none"> 1. Deliver Case Management System that records all financial information for Partners. 2. Recover social housing stock that is being sub-let or used in some other way in contravention of the tenancy or unlawfully. 3. Identify financial savings to ensure that the costs of the team are met in full from its activities and investigations. Record full value of all fraud identified to an agreed, auditable and recognised standard. 4. Maximise civil recovery cases working closely with Partners Legal/Recovery Services to utilise civil recovery and other forms of legal sanction to recover properties and unlawful subletting profits and for other cases where the use of POCA may not be appropriate. 5. Work closely with Revenues Teams to administer and recover penalties as an alternative to prosecution for offences relating to the Council Tax Reduction Scheme. 6. Provide access to services such as National Anti-Fraud Service (NAFN), Local Authority Investigation Officers Group (LAIIOG) and others to reduce the need an costs for each Partner to join separately. 	<p>INCASE operational by September 2015</p> <p>Recover SIX social properties by March 2016.</p> <p>INCASE to be set up to record and report on financial costs of cases. September 2015</p> <p>Establish and maintain relationships with all Partners Legal Teams and POCA experts across HCC and externally.</p> <p>Have in place process, guidance and forms for penalties to be issued. September 2015</p> <p>SAFS have joined NAFN and LAIOG (May 2015) and SAFS Partners can now end their own local subscription.</p>	<p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p>	<p>Pursue</p>
<p>Create a data hub for Hertfordshire</p>	<ol style="list-style-type: none"> 1. Implement a Data Warehouse at HCC to receive and match data from across Partner Services. 2. Create Information Sharing Procedures including PIA/EIA to allow for lawful exchange of data across Partners. 3. Develop further proactive anti-fraud exercises by implementing data matching and data mining tools to interrogate Partner data. 	<p>Procure and have in place IDIS October 2015.</p> <p>Sign off ISA with Partners. March 2016</p> <p>NFI ID-checker. November 2015</p>	<p>Complete</p> <p>In Progress</p> <p>Complete</p>	<p>Prevent</p>

	4. Oversee and assist the delivery of the National Fraud Initiative 2015 across all Partners.	Review HCC NFI Matches September 2015. Put in place process of future NFI across all Partners March 2016	In Progress	
Improve the reach into the areas of non-benefit and corporate fraud within the county.	<ol style="list-style-type: none"> 1. Develop relationships with the police to allow reciprocal exchange of information including Council access to PNC/ VODS/ Local Intel. 2. Develop relationships with DWP, where legislation permits, to conduct joint investigations where national benefits are being claimed fraudulently alongside Partner services/awards/payments. 3. Develop relationships with Registered Housing Providers across the County to provide assistance with tenancy fraud. Such activity to benefit the Partners either through payment for services or access to accommodation. Put in place clear processes and communication channels for referring and tackling fraud with priority fraud risk areas. 4. Work with the Partners and HCC Customer Service Team to develop a 24 hour fraud referral hotline (separating out HB and national benefit matter and referring these to the DWP/HMRC). 5. Develop relationships with HCC's Trading Standards Team to utilise their knowledge and skills in POCA. 6. Develop relationships with the Partners Community Safety Teams to increase access to information about potential fraud and raise awareness of fraud risks. 	<p>Have in Place access to PNC Bureau. And arrangements to work positively with police</p> <p>Liaise with local FES and DWP National Information Centre. By July 2015.</p> <p>Arrange meetings with Housing Providers to raise awareness of SAFS and encourage membership.</p> <p>By July 2015</p> <p>By July 2015</p> <p>By October 2015</p>	<p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p>	Prevent
Develop services which can be marketed to external bodies	<ol style="list-style-type: none"> 1. Work with Housing Providers to offer Tenancy Fraud Function either at a daily rate or with an annual subscription 2. Work with non-SAFS Councils in Hertfordshire whether offering services, expertise or knowledge. 	<p>By March 2016</p> <p>By October 2016</p>	<p>In Progress</p> <p>In Progress</p>	Acknowledge

	<p>3. Positively promote SAFS to local government and other potential customers within and outside Hertfordshire.</p>	<p>By March 2016</p>	<p>Complete</p>	
<p>Create a recognised centre of excellence that is able to disseminate alerts and share best practice nationally.</p>	<p>1. Publicise prosecutions, sanctions, recovery.</p> <p>2. Promote and publicise the costs of fraud to local residents and encourage all to report fraud across the Partners.</p> <p>3. Produce Fraud Risk Assessments for SAFS Partners.</p> <p>4. Undertake national peer reviews.</p> <p>5. Offer advice and training to other organisations.</p> <p>6. Offer to work in partnership across government and with the private and voluntary sectors.</p> <p>7. Subscribe national organisations and events to raise the profile of SAFS.</p>	<p>First Press Release. By March 2016</p> <p>Cheetah/Cheater Campaign. October 2015</p> <p>By March 2016</p> <p>?</p> <p>By March 2016</p> <p>By March 2016- with DWP</p> <p>NAFN, CIPFA, LAIOG membership</p>	<p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Delayed to post 2017</p> <p>Complete</p> <p>Complete</p> <p>Complete</p>	<p>Acknowledge</p>

**Hertfordshire County Council
Anti-Fraud Plan
in partnership with
Hertfordshire Shared Anti-Fraud Service
2016/2017**

Contents

Introduction.....	3
The National Context	4
Action Plan 2016/2017.....	5

Appendix A- SAFS Resources for HCC 2016/2017

Appendix B- SAFS KPI for HCC 2016/2017

Appendix C- SAFS Standards of Service for HCC

Introduction

This plan supports the Councils Anti-Fraud and Corruption Strategy by ensuring that the Council, working in partnership with the Hertfordshire Shared Anti-Fraud Service, has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Councils Anti-Fraud and Corruption Strategy states:

*The Primary aim of this Strategy is to make it absolutely clear to the Citizens and stakeholders of Hertfordshire County Council that, as an organisation and individuals, we are committed to honesty, openness, and propriety, in all of our dealings. Simply put, **fraud and corruption will not be tolerated.***

We will do our utmost to foster a culture in which fraud and corruption can find no foothold, and any attempt to conduct illegal activity, either internal or external, against the Council will be met with a united and resolute front.

This plan includes objectives and key performance indicators to measure the Councils effectiveness against its Strategy and meet the best practice guidance/directives from central government department such as Department for Communities and Local Government and other bodies such as National Audit Office, the Chartered Institute for Public Finance and Accountancy and The European Institute for Combatting Corruption and Fraud.

The National Context.

The Audit Commissions 2014 report '*Protecting the Public Purse*' included a summary of statements from its findings.

- The scale of fraud against local government is large, but difficult to quantify with precision. In 2013, the National Fraud Authority estimated that fraud cost local government £2.1 billion, but this is probably an underestimate.
- In total, local government bodies detected fewer cases of fraud in 2013/14 compared with the previous year. However, the value of fraud increased to over £188 million.
- In the past 5 years, councils have shifted their focus from benefit fraud to non-benefit fraud. From 2016, they will no longer deal with benefit fraud. Councils will need to focus on the non-benefit frauds that present the highest risk of losses, including those that arise from the unintended consequences of national policies.
- Local government bodies have a duty to protect the public purse (s.151 LGFA1992). A corporate approach to tackling fraud helps them to be effective stewards of scarce public resources and involves a number of core components.

The Chartered Institute for Public Finance and Accountancy (CIPFA) in its 2015 publication '*Code of practice on managing the risk of fraud and corruption*' highlights five principles outlining public bodies responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management

The five key principles of the code are to:

- Acknowledge the responsibility of the governing body for countering fraud and corruption
- Identify the fraud and corruption risks
- Develop an appropriate counter fraud and corruption strategy
- Provide resources to implement the strategy
- Take action in response to fraud and corruption.

The Fighting Fraud Locally Strategy (2012 and 2015) highlights the three keys areas for councils to consider when dealing with fraud- **Acknowledge, Prevent and Pursue**, the Aims of this Local Anti-Fraud Plan reflect these fully as does the Councils Anti-Fraud and Corruption Strategy.

HCC Anti-Fraud Action Plan 2016/2017

Fighting Fraud Locally Theme	Activity	Lead Officer/s	Target Date/Value/Measure
Acknowledge and understand fraud risks	Review the Councils existing Anti-Fraud and Corruption Policy, Fraud Response Plan and, Whistleblowing Policy, Money Laundering Policy implement a new Fraud Prosecution Policy.	SAFS Manager and HCC Head of Assurance.	October 2016
	Ensure that the Council retains its Board and Partner role in SAFS and funding for that service.	HCC Head of Assurance and S.151 Officer	Ongoing
	Annual reports to the Audit Committee on anti-fraud activities across HCC.	SAFS Manager and HCC Head of Assurance	July Annual report for previous year. March Plan for following year.
	Identify key fraud risks faced by the Council. Add to Risk Register as appropriate.	SAFS Manager and HCC Risk Manager	Ongoing
	Promote and publicise the costs of fraud to staff, Members and local residents including the impact this had on Council Services.	SAFS Manager	Ongoing. Through press releases and use of Compass and targeted public campaigns
	Subscribe to organisations and events that demonstrate the Councils zero tolerance to fraud. Such as Fraud Error and Debt Task Force, CIPFA, Local Authority Investigation Officers Group.	SAFS Manager	Ongoing

	Have in place and review/maintain E-learning anti-fraud training packages for HCC Staff	SAFS Manager	Review current package by October 2016
	Have in place and review/maintain E-learning Money Laundering training for appropriate staff	HCC Head of Assurance	Review current package by December 2016
	Provide Fraud Awareness training to Elected Members	SAFS Manager	May 2016. Planned event
Fighting Fraud Locally Theme	Activity	Lead Officer/s	Target Date/Value/Measure
Prevent and deter fraud	Maintain a strong internal control framework as assessed by SIAS Internal Audit Annual Report	Head of Assurance Service	Ongoing
	Create and maintain Data Sharing Procedures including Information Sharing Protocol (ISP), PIA/EIA to allow for lawful exchange of data between SAFS and HCC.	SAFS Manager with Head of Information Security and Data Protection and Head of Legal	March 2017
	Deliver fraud awareness, prevention training and workshops to Council Services at risk of fraud	SAFS Manager	5 Local Events at HCC delivered by SAFS

	Have in place one SAFS Counter Fraud Officer FTE for HCC exclusive use. Access to SAFS Intel/Admin to support for this role. Access to SAFS Manager for Senior Mgt Meetings.	SAFS Manager	Ongoing
	Issue Fraud Alerts to appropriate staff and managers as when new fraud threats arise and publish a Fraud & Corruption Newsletter for staff.	SAFS Manager	Ongoing
	Have in place fraud reporting tools to allow staff and public alike to report fraud.	SAFS Manager	Webpage/ Compass Link. Hotlines and email reporting. Ongoing
	Permit SAFS to oversee and assist the delivery of the National Fraud Initiative 2016 as the NFI Single Point of Contact for HCC.	HCC Head of Assurance Services	May 2016
	Provide access to services such as National Anti-Fraud Service (NAFN), CIPFA, Local Authority Investigation Officers Group (LAIOG) to benefit both HCC and SAFS.	SAFS Manager	From April 2016
Fighting Fraud Locally Theme	Activity	Lead Officer/s	Target Date/Value/Measure
Be stronger in pursuing fraud and recovering losses	Record identified financial savings from anti-fraud activity. Record value of all fraud identified to an agreed, auditable and recognised standard.	SAFS Manager	Ongoing

	Maximise civil recovery and utilise civil recovery methods to seek redress where fraud is identified.	SAFS Manager in partnership with relevant Service and Debt Managers	Ongoing
	HCC will Publicise prosecutions, sanctions, recovery to demonstrate a zero tolerance to fraud and act as a deterrent to others.	SAFS Manager and HCC Comms Team	Ongoing
	To work in a partnership role with SAFS and ensure that SAFS delivers value for money and a return on investment to HCC, be this in new revenue or future savings.	S.151 Officer and Head of Assurance	Ongoing
	HCC to support County-wide CTAX SPD review that will benefit the Council, and any other opportunities to conduct anti-fraud projects with SAFS as required.	S.151 Officer and Head of Finance.	October 2016 for procurement and ongoing for contract management

Appendix B

SAFS Resources 2016/2017

Budget

In 2015/2016 SAFS had funding from CLG (£366,000) to meet many of its set up costs including project management, case management, IT hardware and licenses. The Partner fee in 2015/2016 was agreed at £80,000 split between a fixed and flexible elements. A small surplus was delivered in 2015/2016 that allowed the fee for 2016/2017 to be reduced.

The agreed annual funding for each SAFS partner has been set at £75,000 per partner as a fixed fee payable in quarterly instalments. Because of its size, compared to District Partners and additional need of services from SAFS HCC will contribute a further £30,000. It has been agreed that SAFS will be allowed to build up a small operating reserve but should this be exhausted all Partners agree to meet any shortfall in Budgets equally.

Staffing

The full complement of SAFS posts have now been filled with 9 FTE's in post; 1 Manager, 1 Assistant Manager, 5 Investigators and 2 Intelligence Officers. All the investigators are fully trained and accredited but both Intelligence Officers require training and accreditation and this is ongoing and will be met from the CLG funding.

The SAFS Team is also supported by 1 FTE Data-Analyst and ½ FTE Business Support. Both these posts are funded through the SAFS Budget.

For staffing, HCC will have exclusive access to one FTE Senior Investigator and, access to intelligence functions of the service, all data-matching services being offered through the local data-warehouse and call on the Counter Fraud Manager for quarterly liaison meetings, senior managers meetings and two Audit Committees per annum.

Appendix C

SAFS
KPIs for HCC 2016/2017

KPI	Measure	2015/2016 Target	Quarterly Target	SAFS Project Aims
1	Provide an Investigation Service	1 FTE on call at HCC	100%	Ensure ongoing effectiveness and resilience of anti-fraud arrangements when the impact of the Single Fraud Investigation Service (SFIS) takes effect.
2	Identified Value of Fraud prevented/detected. Based on the Methodology agreed by SAFS Board	£300k	£75k	Deliver financial benefits in terms of cost savings or increased revenue.
3	Allegations of fraud Received. From all sources.	100 Fraud referrals	25	Improve the reach into the areas of non-benefit and corporate fraud within the County.
4	Success rates for cases investigated. This will ensure that quality investigations are undertaken.	50%	50%	Create a recognised centre of excellence able to disseminate alerts and share best practice nationally.
5	Conduct Data-Matching using the local data-hub, NFI and other data-matching/mining.	Data-Hub, Access to NFI and County SPD Exercise	100%	Create a data hub for Hertfordshire.

Appendix D

SAFS - Standards of Service.

SAFS will provide HCC with the following fraud prevention and investigation services as part of the contracted anti-fraud function.

1. Access to a managed fraud hotline and webpage for public reporting.
2. Process and documents for SAFS Partner staff to report suspected fraud to SAFS.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, ID Fraud Prevention.
4. Assistance in the design of Council policies processes and documents to deter/prevent fraud.
5. SAFS will design shared/common anti-fraud strategies and policies or templates to be adopted by the Council.
6. SAFS will provide a proactive data-matching solution (data-warehouse) to identify fraud and prevent fraud occurring.
 - The data-warehouse will be funded by SAFS and located in accordance with DPA requirements.
 - The data-warehouse will be secure and accessible only by named SAFS Staff. Data will be collected and loaded in a secure manner.
 - SAFS will design and maintain a data-sharing protocol for SAFS Partners to review and agree to as they choose. The protocol will clearly outline security provisions and include a PIA.
 - SAFS will work with nominated officers in the SAFS Partners to access data-sets to load to load into the data-warehouse and determine the frequency of these.
 - SAFS will work with Partners to determine the most appropriate data-matching for each of them and the frequency of such data-matching.
7. All SAFS Staff will be qualified, fully trained and/or accredited to undertake their duties lawfully, or be working towards such qualifications.
8. All SAFS investigations will comply with legislation including DPA, PACE, CPIA, HRA, RIPA* and all relevant policies of the Council.
9. Reactive fraud investigations.
 - All reported fraud will be acted upon by SAFS within 10 days.
 - The Council will be informed of all reported fraud and how SAFS are going to deal with this.
 - SAFS will allocate an officer to each investigation.

- SAFS officers will liaise with nominated officers at the Council to access data/systems/accommodation required to undertake their investigations.
 - SAFS Officers will provide updates on cases and a report with summary of facts and supporting evidence on conclusion of the investigation for the Council to review and make any decisions.
 - Where a decision indicates an offence SAFS Officers will draft a report for the nominated officers of the Council to make a decision on any further sanctions/prosecutions.
10. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal based on the Code for Crown Prosecutors and the Councils published policies. Decisions on imposition of any sanction will lay with the Council but the issue of any penalty will be resolved locally on a case-by-case basis.
 11. SAFS will provide reports through the SAFS Board on progress and to the Councils Audit Committee.
 12. SAFS will provide Alerts to all Partners, including HCC, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.

**Data Protection Act, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act.*

Protecting the English Public Purse Fraud Briefing 2015

Hertfordshire County Council

Sponsored by



Purpose of Fraud Briefing

1. Provide an information source to support councillors in considering their council's fraud detection activities
2. Extend an opportunity for councillors to consider fraud detection performance, compared to similar local authorities
3. Give focus to discussing local and national fraud risks, reflect on local priorities and the proportionate responses needed
4. Be a catalyst for reviewing the council's current strategy, resources and capability for tackling fraud

Sponsored by

About TEICCAF

The European Institute for Combatting Corruption And Fraud

Not for profit charity seeking to provide counter fraud and corruption strategic vision and thought leadership for public sector and charity organisations

Staffed by the former Audit Commission Counter Fraud Team

Continuation of expertise on the fraud risks facing councils

Continuation of the award winning '*Protecting the Public Purse*' reports

Working collaboratively with public sector bodies, charities and private companies across the UK, Europe and around the World

Sponsored by



Understanding the bar charts

All data are drawn from council submissions for the TEICCAF annual fraud and corruption survey for 2014/15

Your council is compared with the other county councils taking part in the voluntary survey

County councils submission rate: 66.7%

English councils surveyed submission rate: 59.5%

(County councils, district councils, metropolitan districts & unitary authorities and London boroughs)

Your council for detected cases is shown in **Yellow**

Your council for detected value is shown in **Red**

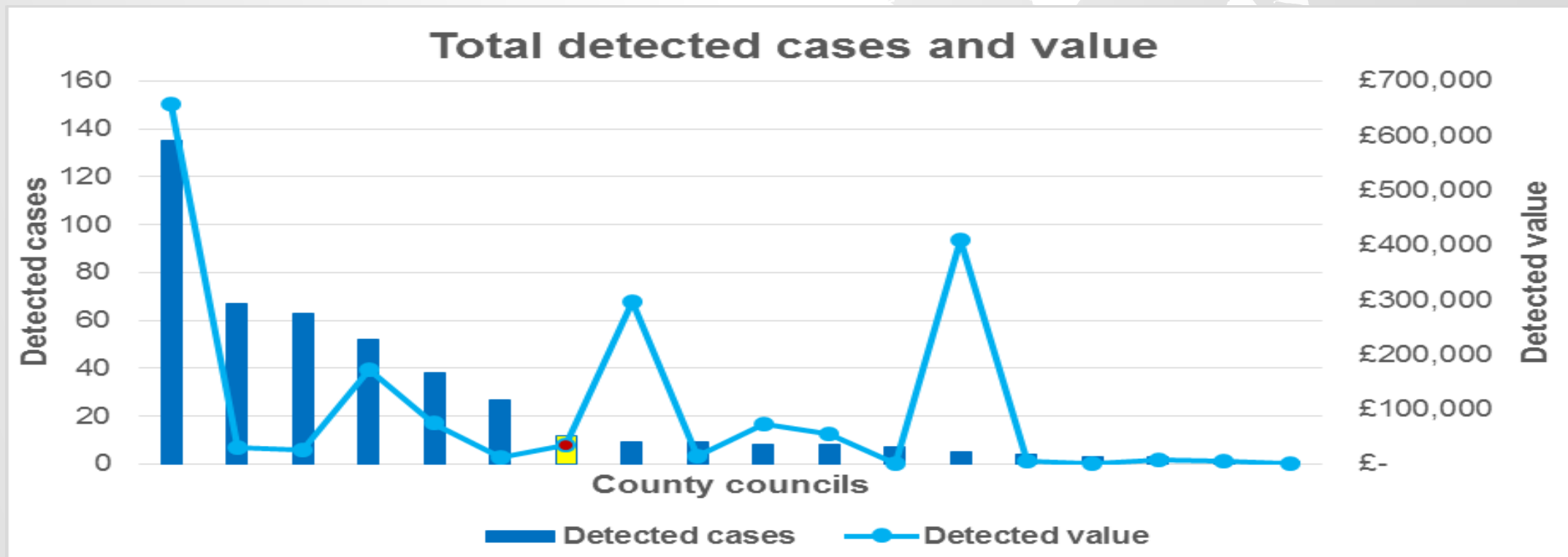
All averages are 'mean' averages

In some cases, council report they have detected fraud and do not report the number of cases and/or the value - for the purposes of this fraud briefing these '*Not Recorded*' records are shown as Nil

NB it is always best practice to ensure counter fraud activity is accurately and comprehensively recorded, particularly for assessing fraud risk

Sponsored by

Total detected cases and value

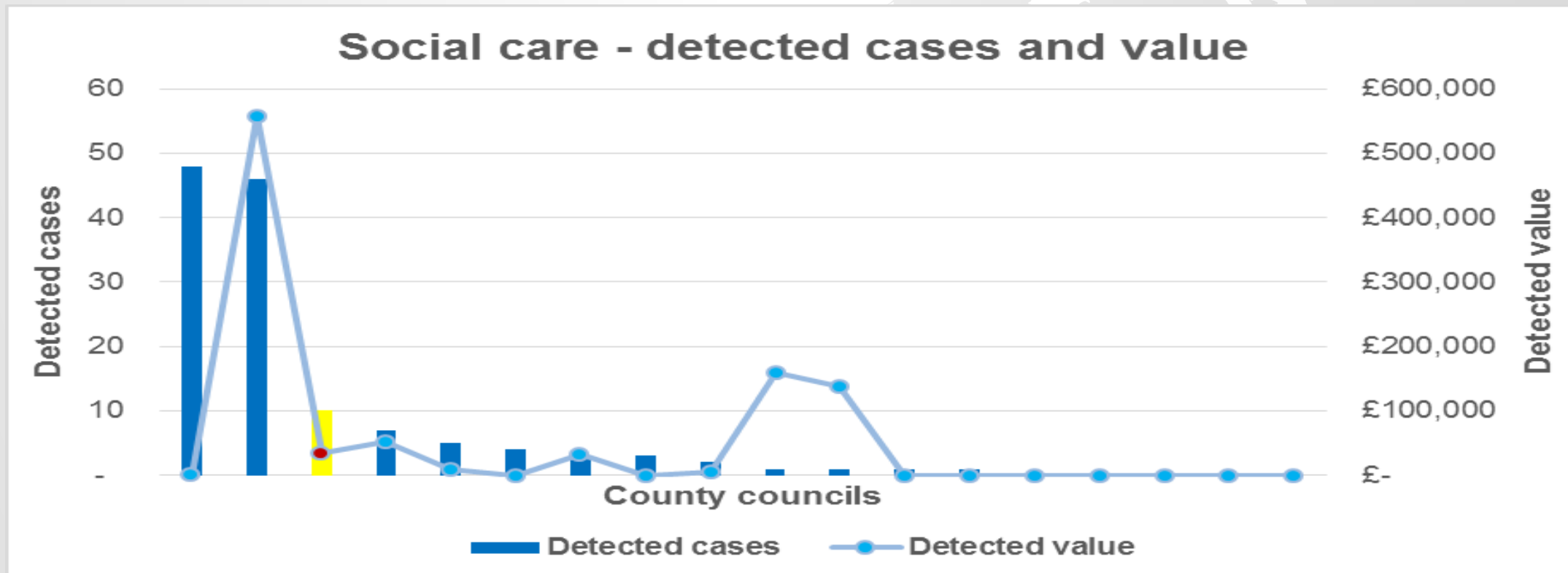


Your council - Total number of detected cases: 38. Total detected value: £33,638.

County council average per council – Detected cases: 25. Detected value: £104,039.

Sponsored by

Social care fraud

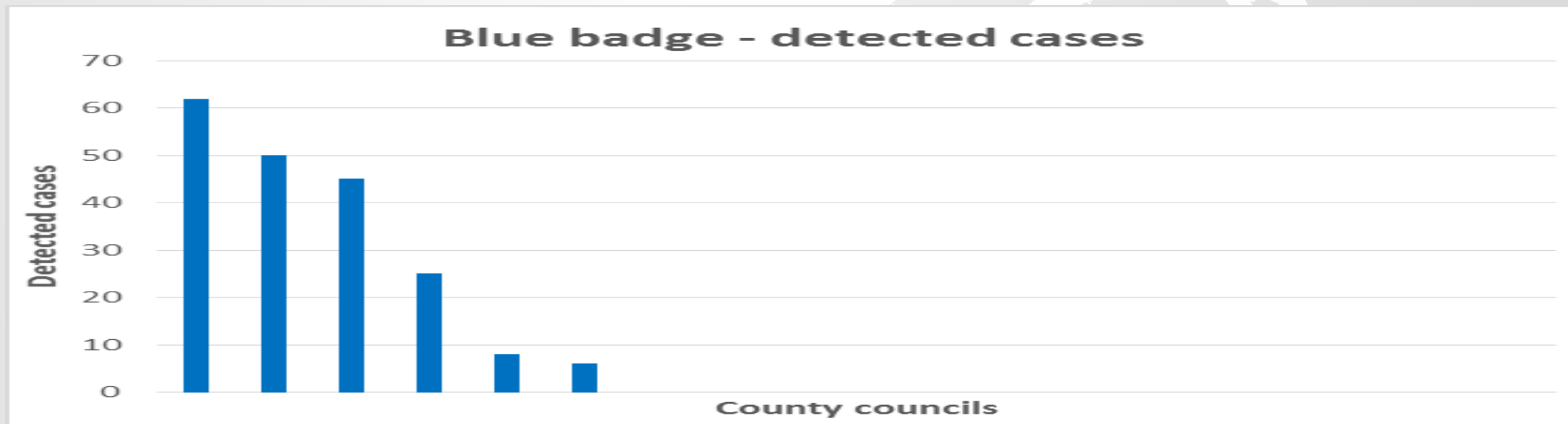


Your council - Total number of detected cases: 10. Total detected value: £33,638.

County council average per council – Detected cases: 25. Detected value: £54,812.

Sponsored by

Disabled parking (Blue Badge) fraud



Your council - Total number of detected cases: nil.

County council average per council – Detected cases: 11.

NB It is difficult to calculate the value of Blue Badge fraud. However, fraud causes social, as well as financial, harm – particularly the undermining of public confidence in public services

Sponsored by

Council tax (CTAX) discount fraud

In 2014/15 over 55% of district councils did not record a single detected CTAX discount fraud

The overwhelming bulk of CTAX collected by district councils goes to county councils

Are the district councils in your county doing enough to stop fraud losses to your county council income?

Is your council doing enough to support district councils in the prevention and detection of CTAX fraud?

Sponsored by

Other frauds

Procurement fraud

Your council - Total number of detected cases: 2. Total detected value: no value recorded.

County council average per council – Detected cases: 1. Detected value: £9,656.

Insurance fraud

Your council - Total number of detected cases: nil.

County council average per council – Detected cases: 1. Detected value: £929.

Economic and third sector fraud

Your council - Total number of detected cases: nil.

County council average per council – Detected cases: 1. Detected value: £764.

Internal fraud

Your council - Total number of detected cases: nil.

County council average per council – Detected cases: 4. Detected value: £30,161.

Sponsored by

Further information and support

The 'Protecting the English Public Purse 2015' (PEPP) report and the 'Protecting the London Public Purse 2015' (PLPP) report are available at www.teiccaf.com

These reports also contain a counter fraud checklist for councils to use – questions you may wish to ask:

- Are local priorities reflected in our approach to countering fraud?
- Have we considered counter-fraud partnership working?
- Are we satisfied that we will have access to comparative information and data to inform our counter-fraud decision making in the future?

If you have any questions concerning:

- this fraud briefing;
- TEICCAF; or
- how TEICCAF can support you in counter fraud, counter corruption and anti-money laundering?

Please contact Duncan Warmington, Secretary to the Board at duncanw@teiccaf.com

TEICCAF, and our sponsor, 'INTEC for business', hope you found this fraud briefing useful and encourage your council to participate in the 2015/16 TEICCAF annual fraud and corruption survey

Sponsored by



HERTFORDSHIRE COUNTY COUNCIL
FRAUD
SANCTION & PROSECUTION
POLICY



Policy Statement

The Council will use the full range of sanctions available to it, including criminal prosecution, civil recovery, internal disciplinary and referral to professional bodies in order to deter fraud, corruption, bribery and associated offences.

The Council will utilise in-house legal services or agent solicitors to conduct prosecutions, as well as the Crown Prosecution Service, where appropriate.

The Council will refer matters to other law enforcement agencies or regulators where appropriate and support those agencies in bringing proceedings.

This policy only relates to investigations undertaken by the Shared Anti-Fraud Service (SAFS) on behalf of the Council and complies fully with the Councils existing 'Anti-Fraud and Corruption Strategy'.

Introduction

The Councils Anti-Fraud and Corruption Strategy sets out our aims and objectives with regard to both deterring and tackling fraud and associated offences. The Anti-Fraud and Corruption Strategy states that the Council will seek the appropriate sanctions against any individual or organisation that defraud, or seek to defraud, it. The use of sanctions will be governed by this policy and the principles of this policy shall apply equally to any fraud against the Council or against funds for which the Council has responsibility.

The objectives of this policy are:

- **To ensure that the Council can apply a full range of sanctions in a just and consistent manner.**
- **To ensure that sanctions are applied in an effective, proportionate and cost effective manner.**
- **To ensure that the sanction decision making process is stringent, robust, transparent and properly considers the public interest.**
- To make it clear that the Council will not tolerate fraud and will take appropriate action to punish those who to seek to defraud public funds.

This policy is designed to provide a framework to ensure the most appropriate resolution to a case is reached. The sanction decision will have regard at all times to the objectives of the Anti-Fraud and Corruption Policy, the individual circumstances of the persons concerned, and the overall impact of the punishment to both the individual and the community.



A range of sanctions are available to the Council in relation to identified fraud and corruption. These include disciplinary action, civil proceedings, criminal proceedings and civil/financial penalties. Where appropriate, the Council may take more than one form of action. For example, where staff commit fraud or corruption disciplinary, prosecution and civil recovery action may all be appropriate.

One sanction available to the Council is criminal prosecution. We recognise that this is a serious step to take and the decision to refer cases for prosecution will not be taken lightly. The ultimate decision on prosecution will be taken by the prosecuting body. In some cases this will be the Council, through a designated officer, in others the Crown Prosecution Service.

Other than where the Crown Prosecution Service is the most appropriate prosecuting authority, the Council will utilise internal legal services or approved high street solicitors to undertake criminal prosecutions.

The decision to refer cases for prosecution to legal services will be taken by the SAFS Counter Fraud Manager in conjunction with that Council Lead Officer. The decision to recommend the issue of civil/financial penalties as alternatives to prosecution, where permitted by certain legislation, will lie with the designated officer in the Council.

Alternatively, SAFS or the Council may refer cases to the police for investigation who may then refer matters to the Crown Prosecution Service or other prosecutor. This may occur in cases of staff fraud or where the fraud is complex and/or of a very serious nature or linked to Safeguarding issues.

This policy outlines various penalties/sanctions or criminal proceedings that may be considered by the Council, as permitted by legislation, where offending contrary to any of the following has occurred, although this list is not exclusive.

- Theft Acts 1968/ 1978
- Forgery and Counterfeiting Act 1987 (FCA)
- Computer Misuse Use Act 1990
- Data Protection Act 1998 (DPA)
- Identity Card Act 2006
- Fraud Act 2006
- The Bribery Act 2010
- Disabled Persons' Parking Badge Act 2013



The decision to prosecute

The Council will apply the Director for Public Prosecutors Guidance on Charging to ensure that decisions to charge criminal offences and other prosecution decisions are fair and consistent and fully comply with PACE, the PACE Codes of Practice and the Code for Crown Prosecutors.

When considering a case for prosecution the Council will apply the most recent edition of the Code for Crown Prosecutors and ensure that all cases accepted for prosecution meet the Full Code Test; namely, that there is sufficient evidence to have a realistic prospect of a conviction and that it is in the public interest to prosecute.

The two stages of the Full code test will be considered as follows:-

(1) The Evidential Stage

Prosecutors must be satisfied that there is sufficient evidence to provide a realistic prospect of conviction against each suspect on each charge. They must consider what the defence case may be, and how it is likely to affect the prospects of conviction. A case which does not pass the evidential stage must not proceed, no matter how serious or sensitive it may be.

If the case passes the evidential stage it will then be considered under the Public Interest Stage.

(2) Public interest test

A prosecution will usually take place unless:

- the prosecutor is sure that there are public interest factors tending against prosecution which outweigh those tending in favour
- the prosecutor is satisfied that the public interest may be properly served, in the first instance, by offering the offender the opportunity to have the matter dealt with by an out of court disposal.

The more serious the offence, or the offender's record of criminal behaviour, the more likely it is that a prosecution will be required to meet the public interest.

Aggravating and mitigating factors will be taken into consideration when deciding on the appropriate sanction as set out in the Code for Crown Prosecutors.

Members / Staff / Support Staff

In all cases of:

- fraud, and / or
- theft, and / or
- financial misconduct, and / or
- serious and intentional breach of financial regulations, and /or
- corruption

committed by employees of the Council we will seek disciplinary action. For Members this will be reported to the HCC Monitoring Officer and potentially the HCC Standards Board.

Where a financial loss has been identified we will always seek to recover this loss either through the civil or criminal process. In addition, where staff are members of professional bodies or are subject to national codes of conduct such as teaching and social services staff, we will refer cases to the relevant professional body.

Where appropriate under this policy we will refer cases to the relevant prosecuting authority for criminal prosecution.

'Welfare' Fraud

This includes any local or national benefit/allowance administered on behalf of the Council or central government, for example, housing benefit, council tax support, social fund, direct payments, some council tax discounts/exemptions and any national benefits which the council is empowered to investigate.

Under amendments to the Local Government and Social Security legislation there are often options to consider financial penalties as an alternative to prosecution and these should always be considered. However, in serious cases of fraud or where repeat offending occurs, the option to prosecute offenders will be kept under review.

Other Fraud



This includes areas such as Grants, or other applications for financial assistance, Procurement/Tendering Process, Contract Management or Payments fraud.

In cases where the Council suffers a financial loss, or risk of loss, we will always seek recovery. Where an organisation is involved in the fraud, the Council will also make referrals to the relevant governing body as and when appropriate, i.e. Charities Commission, Registrar of Companies, SIAS.

The Council will also consider criminal prosecution. The factors that will affect our decision to prosecute will be based on the evidential and the public interest test. This will include cases of attempted fraud i.e. applications for renovation grants where the financial estimates are deliberately misstated; false applications for direct care payments.

Proceeds of Crime

The Council in partnership with SAFS will use the Proceeds of Crime Act 2002, Criminal Justice Act 1988 and the provisions of PoSHFA 2013 to obtain Confiscation Orders to include Compensation Orders as well as recovery of the full criminal benefit figure where possible.

The Council may use its own accredited Financial Investigators or those attached to other law enforcement agencies in order to conduct investigation, obtain orders and present evidence.

Recording Penalties Sanctions and Prosecutions

For an effective regime of sanctions to be successful it is a requirement that accurate records of all convictions, penalties and cautions are maintained. This will enable the correct decisions to be made taking full account of the defendant's background. Therefore, it is important that a record of each is maintained.

All sanctions must be recorded by both SAFS and the Council, and copies of all documents used to consider and issue the sanction should be retained, in accordance with the relevant retention policies. Relevant paperwork must also be sent to the National Anti-Fraud Network to be retained on its central data-base. In the case of prosecution, all cases that result in successful convictions will be reported to Hertfordshire Constabulary for recording on the Police National Computer (PNC) central databases.

Publicity



It is the Council's intention to positively promote this policy as well as the outcome of any prosecutions, which will deter others from fraudulent activity.

Reporting and Review

Summary information on cases and action taken will be reported to the Council's Communications Team, and SAFS Board. An annual report will be produced for the Chief Executive, Senior Management Team and Audit Committees of the Council of all cases where sanctions or prosecutions have resulted from investigations conducted by SAFS Officers.

This policy will be reviewed annually or (when changes in legislation require it) by the Council's Head of Legal Services, and the SAFS Counter Fraud Manager. Any minor or consequential changes will be made with the agreement of the Head of Legal.

Further reading and guidance that supports this policy

1. HCC Anti-Fraud and Corruption Strategy.
2. All decision making. 'Standards of Service' for SAFS and Partner services contained in the SAFS Annual Business Plan 2016/2017.
3. Blue Badge Abuse, Disabled Persons' Parking Badge Act 2013. Road Traffic Acts. Fraud Act 2006
4. Staff/Members- Disciplinary Process/Standards Board
5. Prosecution for Application Fraud against other Council services. Theft Act 1968 and Fraud Act 2006.