

Agenda

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Dorset County Council



Meeting: Audit and Governance Committee
Time: 10.00 am
Date: 8 June 2016
Venue: Committee Room 2, County Hall, Colliton Park, Dorchester, Dorset, DT1 1XJ

Trevor Jones (Chairman)	Kate Wheller (Vice-Chairman)	Pauline Batstone
Andrew Cattaway	Hilary Cox	Lesley Dedman
Janet Dover	David Harris	Peter Richardson
Peter Wharf		

Notes:

- The reports with this agenda are available at www.dorsetforyou.com/countycommittees then click on the link "minutes, agendas and reports". Reports are normally available on this website within two working days of the agenda being sent out.
- We can provide this agenda and the reports as audio tape, CD, large print, Braille, or alternative languages on request.

- **Public Participation**

Guidance on public participation at County Council meetings is available on request or at <http://www.dorsetforyou.com/374629>.

- (a) **Public Speaking**

Members of the public can ask questions and make statements at the meeting. The closing date for us to receive questions is 10.00am on 3 June 2016, and statements by midday the day before the meeting.

- (b) **Petitions**

The Committee will consider petitions submitted in accordance with the County Council's Petition Scheme.

Debbie Ward
Chief Executive

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Date of Publication:
Tuesday, 31 May 2016

1. Apologies for Absence

To receive any apologies for absence.

2. Code of Conduct

Councillors are required to comply with the requirements of the Localism Act 2011 regarding disclosable pecuniary interests.

- Check if there is an item of business on this agenda in which the member or

- other relevant person has a disclosable pecuniary interest.
- Check that the interest has been notified to the Monitoring Officer (in writing) and entered in the Register (if not this must be done on the form available from the clerk within 28 days).
- Disclose the interest at the meeting (in accordance with the County Council's Code of Conduct) and in the absence of a dispensation to speak and/or vote, withdraw from any consideration of the item.

The Register of Interests is available on Dorsetforyou.com and the list of disclosable pecuniary interests is set out on the reverse of the form.

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To consider a report by the Chief Executive (attached).	
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Terms of Reference

Delivering good outcomes for the residents and communities we serve through a constructive, proactive and objective consideration of the Council's;

- i) Financial, risk, governance and internal control framework
- ii) Ethical principles and standards

The Committee also has the sole responsibility and ability to use specific constitutional powers through;

The '**CALL TO ACCOUNT**' process to:-

- i) Scrutinise and review decisions made or actions taken in connection with the discharge of any of the Executive functions of the Council.
- ii) Consider petitions made in accordance with the County Council's Petitions Scheme requiring senior Officers to be called to account at a public meeting of the Council.

The '**CALL IN**' process to consider;

- i) Executive decisions
- ii) Matters referred through the **Councillor Call for Action**.
- iii) (At the request of a petition organiser) to review the adequacy of steps taken by the County Council in response to a qualifying petition.

AUDIT (Assurance)

1. To provide the Council with independent assurance in relation to:
 - i) internal and external audit and organisation-wide external inspection reports
 - ii) financial controls, data quality, risk management and other internal control systems
 - iii) the integrity of the financial reporting and annual governance processes
 - iv) financial irregularities and losses
2. To consider procedural issues relating to the Account and Audit Regulations.
3. To scrutinise and authorise the County Council's Statement of Accounts, including the Statement of Internal Control.
4. To review any Auditor's reports under the Statement of Auditing Standards (SAS 610), consider the officer recommendations and make proposals to the County Council regarding the formal response to be given to the Auditor.
5. Supporting the Chief Financial Officer in his/her statutory role.

GOVERNANCE

1. Overseeing and reporting to the County Council on proposed changes to the Council's Constitution (save for the Scheme of Members' Allowances which will be subject to consideration and recommendation direct to the County Council by the Independent Remuneration Panel).
2. To receive the Council's Annual Governance Statement and Local Code of Corporate Governance compliance assessment to evaluate the Council's governance arrangements.
3. Consider any findings of maladministration by the Local Government Ombudsman.
4. Advise the County Council on the adoption or revision of the Members' Code of Conduct and monitoring its operation to ensure adherence to high standards across the Council.
5. Providing advice and/or training on matters relating to the Members' Code of Conduct.
6. Making representations to the Government, Local Government Association and other external bodies on matters relating to the General Principles of Conduct for members or employees of the County Council.

7. Advising members, co-opted members and church and parent governor representatives as to the rules for disclosure of interests and for granting dispensations.
8. Overseeing the Council's Protocol for Member/Officer Relations and the Whistleblowing, Anti-Fraud, Bribery and Corruption Strategy and other probity related documents.
9. Overseeing the development and implementation of a Code of Practice for elected members representing the County Council on the boards of voluntary organisations and other independent bodies.
10. Supporting the Monitoring Officer in his/her statutory role.

Audit and Governance Committee

Dorset County Council



Date of Meeting	8 June 2016
Officer	Chief Executive / Chief Financial Officer
Subject of Report	Internal Audit Annual Report - 2015/16
Executive Summary	<p>This report summarises the work of the Internal Audit Service for 2015/16 and provides;</p> <ul style="list-style-type: none"> i) An overall positive assurance opinion on the Council's framework of risk management, governance and internal control based upon the internal audit work undertaken during the year (<i>see Section 5, paragraph 5.1</i>). ii) A summary report from the South West Audit Partnership (SWAP) and list of audit assignments undertaken by them during 2015/16, including the respective assurance ratings, ranking of any recommendations made and details of partial opinions during the last quarter (<i>Appendix A, B & C</i>). iii) Evidence in support of the "review of the effectiveness of the system of internal control" (regulation 3), as required by the Accounts and Audit Regulations 2015.
Impact Assessment:	<p><i>Equalities Impact Assessment:</i> The Internal Audit Plan and service delivery arrangements have been assessed. These are subject to review, in accordance with the Council's Equality Impact Assessment process, to ensure appropriate arrangements are in place and that the values that underpin these continue to be promoted.</p>

	<p><i>Use of Evidence:</i> The annual internal audit report provides a summary of the outcomes of internal audit assignments carried out by SWAP during the year on behalf of the County Council.</p> <hr/> <p><i>Budget:</i> No Cost Implications</p> <hr/> <p><i>Risk Assessment:</i> The report contains details of the outcomes from internal audit work where it has been judged that weaknesses represent a significant risk to the Council's control environment. Management responses have been provided detailing how responsible officers intend to remedy these.</p> <p>Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as:</p> <p>Current Risk: LOW Residual Risk LOW</p> <hr/> <p><i>Other Implications:</i> None</p>
<p>Recommendation</p>	<p>That the Committee receives the report and;</p> <ul style="list-style-type: none"> i) Notes the Head of Internal Audit's overall positive assurance opinion on the Council's risk management, governance and internal control environment for 2015/16 (see Section 5). ii) Considers the assurance opinion given in respect of the "review of the effectiveness of internal audit", as required by the Accounts and Audit Regulations 2015 (see Section 7, paragraph 7.3).
<p>Reason for Recommendation</p>	<p>To contribute to the Council's aim to 'Provide innovative and value for money services' through;</p> <ul style="list-style-type: none"> i) The Head of Internal Audit's opinion on the Council's risk management, governance and internal control environment for 2015/16. ii) The Chief Financial Officer's opinion on the "review of the effectiveness of internal audit and system of internal control" for 2015/16.
<p>Appendices</p>	<p><u>Appendix A</u> – SWAP Annual Report - 2015/16</p>

Background Papers	Regular Quarterly Reports to the Audit and Scrutiny Committee
Report Originator and Contact	<p>Name: Rupert Bamberger SWAP – Assistant Director Tel: 07720312464 Email: rupert.bamberger@southwestaudit.co.uk</p> <p>Name: Mark Taylor Group Manager – Governance & Assurance Tel: (01305) 224982 Email: m.taylor@dorsetcc.gov.uk</p>

1. Introduction

- 1.1 The Accounts and Audit Regulations 2015 place a statutory duty on local authorities to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control.
- 1.2 The guidance accompanying the Regulations recognises the 'Public Sector Internal Audit Standards' as representing 'proper internal audit practices'. These define the way in which the internal audit service should be established and undertakes its functions.
- 1.3 The Regulations also require the Authority, at least once in each year, to conduct a "review of the effectiveness of its system of internal control". The Regulations also state that this should be undertaken by a committee of the Authority (or by members of the Authority meeting as a whole) prior to approving the Annual Governance Statement.
- 1.4 One of the key requirements is that Internal Audit should prepare a formal annual report and, in addition, should make arrangements for interim reporting during the course of the year to provide the Committee with an awareness of significant issues that are emerging from internal audit work.
- 1.5 These two reporting requirements are achieved through this report and the presentation of regular quarterly reports of internal audit's work and details of any significant risks that have been identified through this work throughout the year. Both reports include a full list of completed audits, together with their corresponding "assurance" rating and ranking of any recommendations that have been made.
- 1.6 The Standard also requires that an opinion is given on the overall adequacy and effectiveness of the internal control environment from the work undertaken by the Service.
- 1.7 It also places a further specific requirement that the report must draw attention to any issues judged relevant for consideration in the preparation of the Council's Annual Governance Statement.

2. Scope of Internal Audit Work

- 2.1 Internal audit work is programmed in accordance with the Audit Plan for the year which, following a wide ranging consultation process is reported to and approved by this Committee. This constitutes the operational work programme which is commissioned from, and undertaken by, the South West Audit Partnership (SWAP) on behalf of the County Council.
- 2.2 The Annual Internal Audit Plan is compiled in accordance with the requirements of the Standard using a risk-based approach. This has regard to the full spectrum of the Council's operations and activities, not simply financial matters.
- 2.3 In addition to the specific audit assignments included in the Audit Plan, allocations are also included for other work demands that are made of the Service. Examples of these may include the provision of advice on varied subject matters, such as Forward Together, or direct representation on Corporate Groups. This constitutes important support and development work for the Council. It helps to influence the establishment of robust controls within our policies, strategies and service activities and early engagement can help to ensure that this is achieved from the outset.

- 2.4 Reactive work assignments also strongly feature in the work delivered by the Service. These can occur for a variety of reasons and each looks to consider and address emerging issues that are either identified during audit review work, or which are brought to us by senior management and/or reported to the Council from external sources (e.g. Financial Irregularities, Whistleblowing referrals, Special Projects etc.). Dependant upon the specific circumstances these can lead to extremely time consuming pieces of work. However, these assignments represent an extremely important aspect of our support work for the Council in ensuring that the integrity and reputation of the Authority is upheld and that the control environment remains robust to support the effective stewardship of the public purse.

3. Review of the Effectiveness of Internal Audit

- 3.1 The Accounts and Audit Regulations require that the Authority undertakes, at least once in each year, a "review of the effectiveness of internal audit". They also require that the findings of this review inform the Council's consideration of its "system of internal control" leading to the compilation of the Council's Annual Governance Statement.

- 3.2 Guidance suggests that where there is an Audit Committee, this is the appropriate group to receive and consider the results of the review as this committee already has oversight of internal audit. However, the guidance does not cover the form that the review should take.

- 3.3 In previous years this requirement has been met by the Committee considering the evidence presented from a number of sources. These are set out in the paragraphs below.

3.4 Internal Auditing Standards

- 3.4.1 As explained earlier, for the 2015/16 year of audit, the Public Sector Internal Audit Standards were recognised as the proper practice for the internal audit function in local authorities.

- 3.4.2 Following the decision by the Council to join the South West Audit Partnership with effect from April 2010, compliance with the requirements of these Standards are contained in the 'Internal Audit Charter', which is presented for consideration and approval to this Committee annually, alongside the Audit Plan.

3.5 External Audit's Assessment of the Internal Audit

- 3.5.1 The External Auditor reviews the work carried out by Internal Audit and, wherever possible, places reliance on this work to help them discharge their duties more efficiently and effectively in reaching their own independent assurance opinion. This is generally referred to as the 'managed audit approach' through which the Authority's key controls are examined.

- 3.5.2 In seeking to place reliance on the work of internal audit, the External Auditor also looks to satisfy themselves in respect of the respective competence of the Service. Their review considers performance against the following key elements of the Standard, with assessment awarded against each element (i.e. either 'Non-Compliant'; 'Minor Deficiencies'; or 'Fully Compliant' with the Standard). Their conclusions were as follows;

<u>Standard</u>	<u>Assessment of Internal Audit</u>
Scope of internal audit	Fully Compliant
Independence	Fully Compliant
Ethics for internal audit	Fully Compliant
Audit Committee	Fully Compliant
Relationships with management, other auditors and other review bodies	Fully Compliant
Staffing, training and development	Fully Compliant
Audit strategy and planning	Fully Compliant
Undertaking audit work	Fully Compliant
Due professional care	Fully Compliant
Reporting	Fully Compliant
Performance, quality and effectiveness	Fully Compliant

3.5.3 This independent judgement from the External Auditor on SWAP's operational work is extremely pleasing and reassuring.

3.5.4 The Council's external auditor, KPMG, are scheduled to present their 'Interim Audit Report' to this Committee later in the year which will provide their view on the performance of the Council's internal audit arrangements for 2015/16.

3.6 Service Improvement Plan - SWAP

3.6.1 The Council's Internal Audit Service is fully committed to a process of continuous improvement. Membership of SWAP provides an opportunity to work collaboratively with other councils; secure access to a much wider pool of staff; benefit from increased levels of knowledge and expertise; provide improved development and career opportunities for auditors; and, at the same time, deliver cost efficiencies.

3.6.2 SWAP has also benefited from a structured review involving a self-assessment and external validation process. This has sought to map its current service arrangements against the internationally recognised standards of the Institute of Internal Auditors (IIA). The review provided a positive outcome judging the Partnership to be acting in accordance with recognised practice. This review also ensures that SWAP complies with the new requirement of the Public Sector Internal Audit Standards that a periodic independent review takes place, at least every 5 years.

3.6.3 In late 2014 Local Partnerships, an organisation which is jointly owned by the HM Treasury and the LGA, undertook an independent review of SWAP. Their report reflected the significant achievements that SWAP has delivered as a partnership and as a result of its subsequent transition to a Company Limited by Guarantee. It helpfully made recommendations as to SWAP's future development and identified potential opportunities in the public and commercial sectors which continue to receive specific focus and attention to help the company to grow.

3.7 Annual and Quarterly Reporting

Annual and quarterly reporting of Internal Audit activity to this Committee is well established. The reports detail any significant weaknesses identified during internal audit reviews and assist Committee in monitoring the timely rectification of them.

This provides one of the key strands of evidence for the Council’s Annual Governance Statement.

3.8 Performance Measures

3.8.1 In addition to other independent external judgements and measures referred to above, the Internal Audit Service has also established a number of key performance targets to measure service delivery and its quality. *(NB- The previous years’ results for SWAP are shown in brackets for comparison purposes.)*

Performance Target	Average Performance
<p style="text-align: center;"><u>Audit Plan</u></p> <p style="text-align: center;">Percentage Completion – 90% or more</p>	98% (93%)
<p style="text-align: center;"><u>Draft Reports</u></p> <p style="text-align: center;">Reports Issued within 5 days</p> <p style="text-align: center;">Reports Issued within 10 days</p>	69% (52%) 75% (73%)
<p style="text-align: center;"><u>Final Reports</u></p> <p style="text-align: center;">Reports Issued within 10 days of discussion of draft report</p>	63% (52%)
<p style="text-align: center;"><u>Quality of Audit Work</u></p> <p style="text-align: center;">Individual Audit Assignment Feedback</p> <p style="text-align: center;">‘Customer Satisfaction Questionnaires’</p>	78% (81%)

4. **Audit Committee**

4.1 The “System of Internal Control” goes beyond the work of the Internal Audit Section. As the body that has oversight of Internal Audit this Committee, in practice, also forms an important part of the “system”. The “review of effectiveness” should therefore encompass this Committee’s effectiveness, in so far as it relates to the ‘System of Internal Control’.

4.2 Following a previous review of the Audit and Scrutiny Committee reported last year, In February 2016 the County Council considered a report from a Member Task and Finish Group recommending proposals for a new committee structure for the Authority. These proposals included a specific recommendation to separate the ‘audit’ and ‘scrutiny’ roles of the council’s committees. These were agreed by Full Council who have established an Audit and Governance Committee, together with three new Overview & Scrutiny Committees, covering Safeguarding, Economic Growth and People & Communities. The existing Dorset Health Scrutiny Committee will also remain. These changes are intended to ensure specific focus and timely scrutiny is targeted to those outcomes that are detailed in the Corporate Plan.

5. **Audit Opinion**

5.1 The conclusion of the council’s Head of Internal Audit from the reviews undertaken and completed in 2015/16 is that adequate controls have been established and are operating satisfactorily in the majority of areas. Where significant risks and/or weaknesses have been identified specific audit follow-up work has been undertaken by SWAP to revisit these issues. The outcome from this follow-up work has demonstrated that appropriate and proactive action is being taken by management to

rectify identified areas of concern.

“Overall I consider that Dorset County Council continues to maintain a sound risk management, governance and control environment.”

6. Annual Governance Statement

- 6.1 Internal Audit work is one of a number of assurance streams that inform the Annual Governance Statement. Therefore in compiling the Annual Governance Statement consideration should be given to any items that remain unresolved and, in accordance with the Council’s ranking criteria, should be declared.
- 6.2 The routine quarterly reports presented to this Committee throughout the year record any specific issues that have been identified from our work that we believe should be brought to the attention of senior management and members and thus considered for inclusion in the Council’s Annual Governance Statement.
- 6.3 It is therefore pleasing to report that there are no specific issues identified through internal audit work undertaken during the year which require specific declaration in compiling the Annual Governance Statement.

7. Conclusion

- 7.1 This report, when considered in conjunction with the reports presented to the Committee for previous quarters of the financial year, highlights a considerable amount of work undertaken by the Internal Audit Service during 2015/16.
- 7.2 The report includes the Internal Audit overall opinion (*Section 5, paragraph 5.1*) on the Council’s risk, governance and control environment.
- 7.3 It is also my opinion that the Committee can take assurance from the Council’s overall arrangements, as outlined in Section 3, that an “effective internal audit function and system of control” is in place and that this has been evidenced.
- 7.4 It is however important not to be complacent and therefore, in my role as the Council’s Chief Financial Officer alongside the Group Manager (Governance & Assurance), we continue to work closely with colleagues from SWAP to secure further service benefits and improvements for the Council.
- 7.5 I would also welcome any further observations that Members may have on areas for improvement that would strengthen the current arrangements.

Debbie Ward
Chief Executive
June 2016

Richard Bates
Chief Financial Officer

Dorset County Council

Annual Report and Opinion 2015/16

Contents

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Summary

The Assistant Director is required to provide an opinion to support the Annual Governance Statement.



Purpose

The Head of Internal Audit should provide a written annual report to those charged with governance to support the authority's Annual Governance Statement (AGS). This report should include the following:

- an opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment
- disclose any qualifications to that opinion, together with the reasons for the qualification
- present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies
- draw attention to any issues the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement
- compare the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria
- comment on compliance with these standards and communicate the results of the internal audit quality assurance programme.

The purpose of this report is to satisfy this requirement and Members are asked to note its content.



Background

The Internal Audit service for Dorset County Council is provided by the South West Audit Partnership (SWAP). SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The work of the partnership is guided by the Internal Audit Charter which is reviewed annually. Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work of the service is based on the Annual Plan agreed by Senior Management and this Committee. This report summarises the activity of SWAP for the 2015/16 year.

The Assistant Director is required to provide an opinion to support the Annual Governance Statement.



Annual Opinion

Over the year SWAP have found Senior Management of Dorset County Council to be supportive of SWAP findings and responsive to the recommendations made. In addition there is a good relationship with Management whereby they feel they can approach SWAP openly in areas where they perceive potential problems as well as welcome the opportunity to take on board recommendations for improvement. The follow up work confirms the responsive nature of management at Dorset County Council in implementing agreed recommendations to mitigate exposure to areas of significant risk.

In 2015/16 there have been fewer reviews that have presented significant concerns than the previous year. Where priority findings have been identified, on the whole these have been appropriately addressed, confirming the responsive nature of management. Any outstanding weaknesses in the governance, risk and control framework will continue to be followed up by Internal Audit.

I have considered the balance of 2015/16 audit work and outcomes against this environment, and am able to offer **reasonable assurance** in respect of the areas reviewed during the year, as most were found to be adequately controlled. Generally risks are well managed but some areas require the introduction or improvement of internal controls to ensure the achievement of objectives. Whilst I have certain concerns regarding some aspects of the control environment, I do not consider there to be any areas of significant corporate concern.

Summary of Audit Work 2015/16

Our audit activity is split between:

- Operational Audits;
- Key Control Audits;
- Governance, Fraud & Corruption Audits;
- IT Audits;
- Grant Certifications
- Special Reviews; and
- Follow-ups

As part of our 2015/16 work, we also introduced the concept of an Authority-wide 'Healthy Organisation' review.



Internal Audit Work Programme

The schedule provided at Appendix B contains a list of all audits agreed for inclusion in the Annual Audit Plan 2015/16 and the final outturn for the financial year. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed. 2015/16 was a transitional year in terms of traditional audit delivery; with a move towards building up an overall assurance picture of the Authority through the 'Healthy Organisation' work. As a result of this work, this has had an impact on routine audit work and, as such, contingency has been built in to address this in 2016/17.

As highlighted above, a significant element of our 2015/16 work programme related to the 'Healthy Organisation' review. This sought to provide a picture of the relative 'health' of the organisation by reviewing the following eight key themes: Corporate Governance; Financial Management; Risk Management; Performance Management; Commissioning and Procurement; Information Management; Programme & Project Management; and People and Asset Management.

Having reviewed each of these themes a Red, Amber and Green (RAG) rating has been applied. The overall assurance for the eight key themes reviews indicated a 'Medium' Assurance opinion. Areas where we have identified actions and/ or areas for further review have fed into our 2016/17 audit planning process. We aim to carry out a number of audit reviews within 2016/17 to support the continuous improvement of the council's activities. This will enable further areas to move towards a 'High' (Green) level of assurance.

Summary of Audit Work 2015/16

Significant Corporate Risks

Identified Significant Corporate Risks should be brought to the attention of the Audit Committee.



Significant Corporate Risks

We provide a definition of the four Risk Levels applied within audit reports. For those audits which have reached report stage through the year, we have assessed the following risks as 'High' or 'Very High'.

Review/Risks	Auditors Assessment
Archives (2015/16) - The current governance model is inefficient and inappropriate, leading to a disproportionate cost	High

In relation to the above Review/ Risk, we received the following response from the Joint Archive Service:

Dorset County Council - This is a Joint Archives Advisory Board decision for recommendation to the Governing bodies. The information provided in the audit report indicates the disproportionate cost of governance. The County Council would support transition to less time consuming and expensive governance.

Borough of Poole - Agreed – the current arrangements are too cumbersome. The case for moving from partnership to commissioned service requires further consideration.

Responsibility for implementation of the solution to address this risk was allocated to the Joint Archives Advisory Board and Senior Officers from the three Councils.

An audit follow up of the Archives review is currently underway to assess the progress of the above action.

Summary of Audit Work 2015/16

SWAP Performance - Summary of Audit Opinions

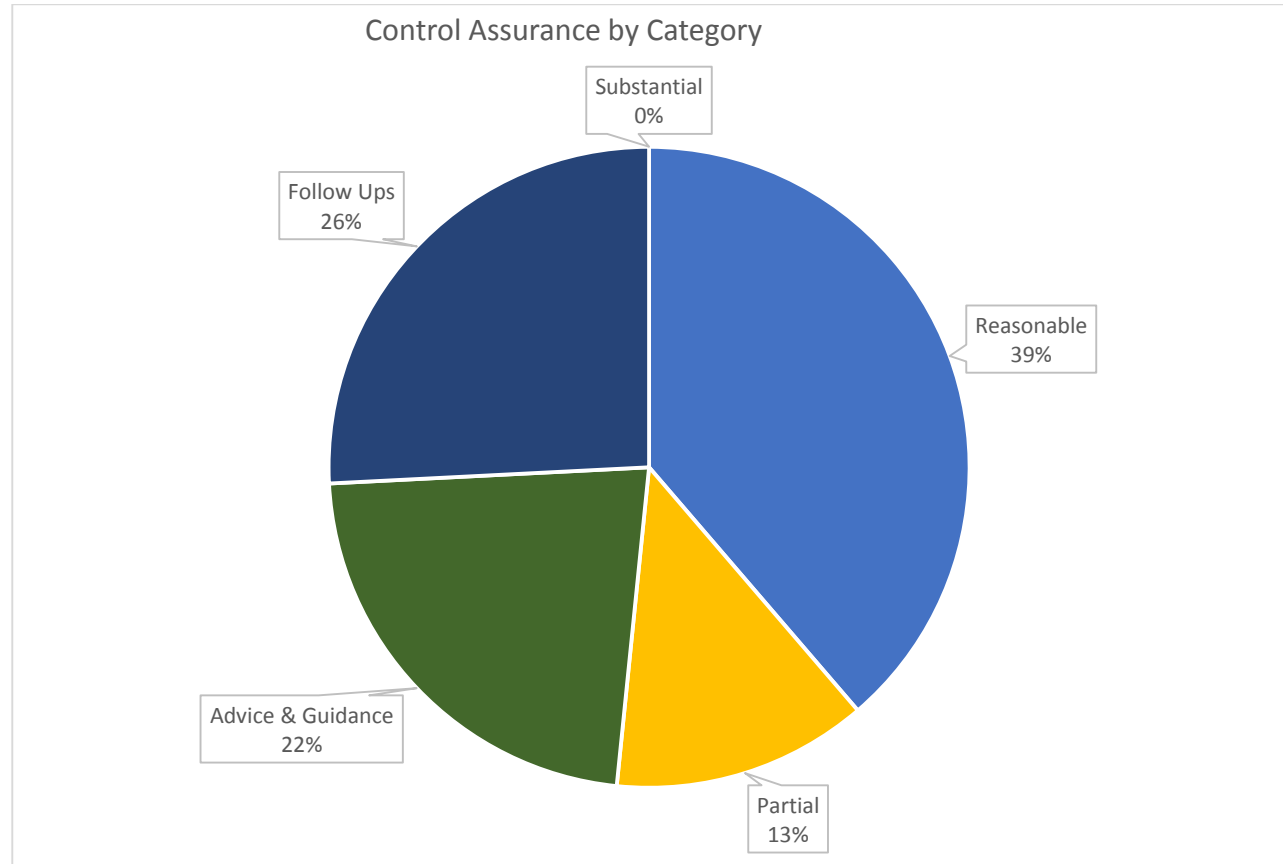
At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- Substantial
- Reasonable
- Partial
- None



Summary of Audit Opinion

Control Assurance by Category



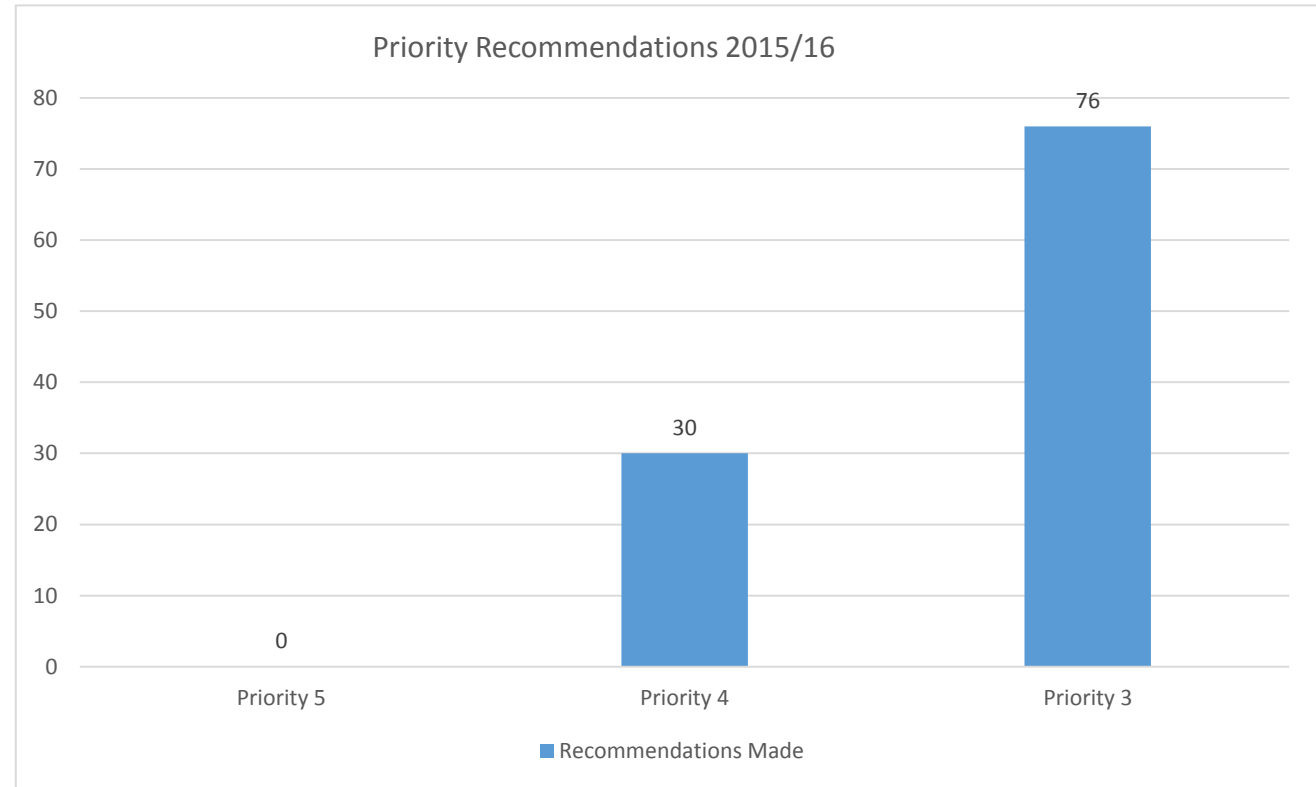
Summary of Audit Work 2015/16

SWAP Performance - Summary of Audit Recommendations by Priority

We rank our recommendations on a scale of 1 to 5, with 1 being minor or administrative concerns to 5 being areas of major concern requiring immediate corrective action



Priority Actions



Value Added

'Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.'



Value Added

Throughout the year, SWAP has strived to add value wherever possible i.e. going beyond the standard expectations and providing something 'more' while adding little or nothing to the cost.

This has included the communication and circulation of industry bulletins and fraud prevention alerts wherever possible. We will also share the outcomes of any benchmarking undertaken across our SWAP Partner base. SWAP also aim to share the results of emerging areas of risk, or the findings from relevant audit reviews undertaken at our Partners, to enable the sharing of best practice and comparison of common findings. For example, we have recently shared:

The results of a Local Enterprise Partnership review at another SWAP Partner – this included findings relating to:

- Declarations of Interest
- Code of Conduct
- Service Level Agreements; and
- Dispute Resolution

Common audit findings from Partner school's audits to all Dorset Schools – this included advice on:

- Recruitment Checks
- Skills Matrix for Governors; and
- Asset Management

Guidance and best practice on Information Asset Registers – this included advice on:

- A step by step guide to constructing an Information Asset Register
- An example Information Asset Register

Advice and Guidance has also been provided in relation to Forward Together and other DCC projects.

The Executive Director for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



SWAP Performance

SWAP now provides the Internal Audit service for 14 Councils and also many subsidiary bodies. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The respective outturn performance results for Dorset County Council for the 2015/16 year (as at May 2016) are as follows;

Performance Target	Average Performance
<p><u>Audit Plan – Percentage Progress</u></p> <p>Final, Draft and Discussion 98%</p> <p>Fieldwork Completed awaiting report 0%</p> <p>In progress 2%</p> <p>Yet to complete 0%</p>	
<p><u>Draft Reports</u></p> <p>Issued within 5 working days 69%</p> <p>Issued within 10 working days 75%</p> <p>(Average Days of 6)</p>	
<p><u>Final Reports</u></p> <p>Issued within 10 working days of discussion of draft report 63%</p> <p>(Average Days of 13)</p>	
<p><u>Quality of Audit Work</u></p> <p>Customer Satisfaction Questionnaire 78%</p>	

The Executive Director of SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



SWAP Performance

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS).

SWAP has been independently assessed and found to be in Conformance with the Standards. An extract from the recent review confirming this has been included at Appendix C for information.

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- Substantial
- Reasonable
- Partial
- None



Audit Framework Definitions

Control Assurance Definitions

Substantial	▲ ★ ★ ★	I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.
Reasonable	▲ ★ ★ ☆	I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	▲ ★ ☆ ☆	I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
None	▲ ☆ ☆ ☆	I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.



Audit Framework Definitions

- Priority 5: Findings that are fundamental to the integrity of the unit’s business processes and require the immediate attention of management.
- Priority 4: Important findings that need to be resolved by management.
- Priority 3: The accuracy of records is at risk and requires attention.
- Priority 2: Minor control issues have been identified which nevertheless need to be addressed.
- Priority 1: Administrative errors identified that should be corrected. Simple, no-cost measures would serve to enhance an existing control.

Definitions of Risk

Risk	Reporting Implications
Low	Issues of a minor nature or best practice where some improvement can be made.
Medium	Issues which should be addressed by management in their areas of responsibility.
High	Issues that we consider need to be brought to the attention of senior management.
Very High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
Operational	County Parks	Q1	Final	Partial	22			18	4	
Follow Up	Durlston Castle	Q1	Final	Follow Up	0					
Operational	Project Plan Review	Q1	Final	Advice & Guidance	6			6		
Governance	Tricuro Governance Review	Q2	Final	Advice & Guidance	4				4	
Follow Up	Oh Crumbs	Q1	Final	Follow Up	6			5	1	
Operational	Childcare Assessments	Q3	Deferred (Now in Progress)	-	-					
Governance	Troubled Families	Q1	Final	Advice & Guidance	0					
Follow Up	Dorset Local Enterprise Partnership	Q1	Final	Follow Up	2			1	1	
Follow Up	Manor Park School	Q2	Final	Follow Up	0					
Follow Up	Budmouth College	Q2	Final	Follow Up	0					
Operational	Budget Management	Q2	Final	Advice & Guidance	0					
Key Control	Key Financial Controls: Capital Asset Management; Debtors; General Ledger and Main Accounting; Non Pay Expenditure & Creditors; Payroll and Pensions; Pension Fund; Schools Information Management System; and Treasury Management	Q3	Final	Reasonable	10			10		

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
Follow Up	Council Tax	Q2	Final	Follow Up	0					
Operational	Healthy Organisation: Corporate Governance; Financial Management; Risk Management; Performance Management; Commissioning and Procurement; Information Management; Programme & Project Management; and People and Asset Management	Q1-4	Final	Medium (Reasonable)	N/A					
IT	Back Up & Recovery	Q4	Final	Partial	6			2	4	
Operational	Adults and Children’s Social Care Case Management System	Q3	Final	Advice & Guidance	0					
IT	ICT Key Controls	Q3	Final	Partial	10			5	5	
IT	Change Management	Q4	Final	Reasonable	3			2	1	
IT	Wireless and VPN Connections	Q1	Final	Advice & Guidance	0					
Operational	Archives	Q1	Final	Partial	7			6	1	
Follow Up	Mapping Transport in Use across DCC	Q4	Final	Follow Up	11			10	1	
Follow Up	Waste Disposal (DWP)	Q1	Final	Follow Up	3				3	
Operational	DWP Project Management	Q3	Final	Reasonable	4			4		
Follow Up	Ethical Governance	Q4	Final	Follow Up	12			7	5	

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Minor ↔ 5 = Major				
						Recommendation				
						1	2	3	4	5
Client Support	National Fraud Initiative	Q1-4	Final	N/A	0					
Client Support	DCC Corporate Advice	Q1-4	Final	N/A	0					
Client Support	DWP Client Advice	Q1-4	Final	N/A	0					
Client Support	Grant Certifications	Q1-4	Final	N/A	0					
Client Support	External Audit Liaison	Q1-4	Final							
Client Support	Committee Reporting & Attendance	Q1-4	Final							
Client Support	Assurance Mapping	Q1-4	Final							
IT	Incident & Problem Management	16/17	Deferred							
IT	Mobile & Remote Working	16/17	Deferred							

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The below is the key summary from the recent External Quality Assessment of SWAP Internal Audit Activity, carried out by the Devon Audit Partnership:

As requested by Gerry Cox, Chief Executive of SWAP, Devon Audit Partnership conducted an external quality assessment of the internal audit activity of the South West Audit Partnership (SWAP). The principal objectives of the quality assessment were to assess the internal audit activity's conformance to The Institute of Internal Auditors' (IIA's) International Standards for the Professional Practice of Internal Auditing (Standards), evaluate the internal audit activity's effectiveness in carrying out its mission (as set forth in its charter to its partners), and identify opportunities to enhance its management and work processes.

It is our overall opinion that the internal audit activity generally conforms with the Standards and Code of Ethics. For a detailed list of conformance with individual Standards, please see Attachment A. We have identified some opportunities for further improvement, details of which are provided in this report, but none of these issues represent a failure to meet with the Standards.

The IIA's Quality Assessment Manual suggests a scale of three ratings, "Generally Conforms," "Partially Conforms," and "Does Not Conform." "Generally Conforms" means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards. "Partially Conforms" means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner. "Does Not Conform" means deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

SWAP is a well established provider of professional internal audit services to a number of public sector organisations. The internal audit activity meets the Standards and SWAP management regularly look to ways to improve the service they provide (e.g. by developing the "healthy organisation" approach) and add value to all of their partners and clients. A well developed Quality Assurance Improvement Plan is in place that captures areas for development and provides a good record of progress against targets. Consequently, our comments and recommendations are intended to build on an already efficient and effective internal audit provider.

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Audit and Governance Committee

Dorset County Council



Date of Meeting	8 June 2016
Officer	Chief Executive / Chief Financial Officer
Subject of Report	Internal Audit Plan - 2016/17
Executive Summary	<p>This report presents the Internal Audit Plan for 2016/17, together with an explanation of the various factors, processes and drivers that have been taken into account during its compilation.</p> <p>The report also incorporates an 'Internal Audit Charter' which sets out the operational relationship between the County Council and the South West Audit Partnership (SWAP). This governs and guides the operational work of the internal audit service in delivering against the audit plan.</p>
Impact Assessment:	<p><i>Equalities Impact Assessment:</i> The Internal Audit Plan and service delivery arrangements have been assessed. These are subject to regular reviews, in accordance with the Council's Equality Impact Assessment process, to ensure appropriate arrangements are in place and that the values that underpin these continue to be promoted.</p>
	<p><i>Use of Evidence:</i> Compilation of the internal audit plan follows a risk-based approach, which considers guidance and feedback received from a consultation exercise with directors, senior officers and the Council's external auditor.</p>

	<p><i>Budget:</i> The Council has identified and delivered a significant annual reduction in its basic internal audit budget since April 2010. This has been achieved through service restructuring (including the transfer of service delivery to SWAP) and a reduction in audit plan days which has contributed to the Council's financial saving requirements.</p>
	<p><i>Risk Assessment:</i> Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as:</p> <p>Current Risk: LOW Residual Risk LOW (i.e. reflecting the recommendations in this report and mitigating actions proposed).</p>
	<p><i>Other Implications:</i> None</p>
Recommendation	That the Committee scrutinise the Internal Audit Plan for 2016/17 and the Internal Audit Charter.
Reason for Recommendation	To enable an annual independent assurance opinion to be given on the Council's risk, governance and internal control environment.
Appendices	<p><u>Appendix A</u> SWAP Internal Audit Annual Plan Report 2016/17</p> <p><u>Appendix B</u> Internal Audit Charter</p>
Background Papers	None
Report Originator and Contact	<p>Name: Rupert Bamberger SWAP – Assistant Director Tel: 07720312464 Email: rupert.bamberger@southwestaudit.co.uk</p> <p>Name: Mark Taylor Group Manager – Governance & Assurance Tel: (01305) 224982 Email: m.taylor@dorsetcc.gov.uk</p>



Dorset County Council

Internal Audit Plan 2016/17

Content

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Our audit activity is split between:

- Corporate Risk Areas
- Operational Reviews (following Healthy Organisation Assessment)
- Key Control Audits
- Governance, Fraud & Advisory Work
- ICT Audits
- Reviews aligned with the objectives of the three 'Forward Together' Boards, and Directorate Forward Together Programmes

Role of Internal Audit and Audit Work

The Internal Audit service for Dorset County Council is provided by South West Audit Partnership (SWAP). SWAP is a Local Authority controlled company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The Partnership is also guided by the Internal Audit Charter.

Internal Audit provides an independent and objective opinion on the Authority's governance, risk and control environment by evaluating its effectiveness. In order to achieve this, the audit activity is split across the review categories listed to the left.

Background

It is recommended by the Public Sector Internal Audit Standards that organisations nominate a 'Board' to oversee (monitor and scrutinise) the work of Internal Audit. As such, in addition to senior management oversight, this Council has determined that, the Audit Committee will undertake this function. The plan is presented on pages 6-12 of this report and represents the internal audit activity for the 2016/17 financial year.

It should be noted that plan days are only indicative for planning our resources. At the start of each audit an initial meeting is held to agree the terms of reference for the audit which includes the objective and scope for the review. Any changes to individual plan items, in terms of days, are managed within the annual payment made by the Council. The plan is pulled together with a view to providing assurance to both officers and Members that current and imminent risks faced by the Authority are adequately controlled and managed. As with previous years the plan will have to remain flexible as new and emerging risks are identified. Any changes to the agreed plan will only be made through a formal process involving the Head of Internal Audit and Chief Financial Officer (Section 151).

The Annual Plan

History of Annual Audit Planning

In recent years the annual plan has been arrived at by a risk assessment of the audit universe, discussions with management about their service risks and key financial control audits to support the opinion of the External Auditor.

Whilst this approach has worked in the past, the environment for both local authorities and an internal audit service that adds value has changed. Austerity measures have led to an unprecedented transformational change agenda that has picked up pace and as a result services are changing rapidly. This in turn means that organisational risks, as well as being identified, have to be managed within an increasing risk appetite so that decisions on effective service delivery are based on informed risk management.

Approach to Annual Audit Planning 2016/17

Due to the rapid pace of change, the approach to planning requires fundamental change. Discussions with Senior Management have led us to agree that audit planning should take consideration of the three lines of defence model. This concept is introduced in more detail below, but working with this model we intend to identify all streams of assurance whether internal or external that contribute to the Council’s overall risk, governance and control framework. Internal Audit resource can then be directed at the areas of highest risk; not only known risks but risks that were previously unknown and subsequently identified.

As part of our 2016/17 planning process, we have sought to align a significant proportion of our plan with the work of the three ‘Forward Together’ Boards. Meetings have been held with the three Chairs of these Boards to ensure that internal audit activity supports the achievement of key Council priorities and objectives. Internal Audit will also continue to work closely with the Risk Management team to ensure that their work is complimentary and that there is no duplication.

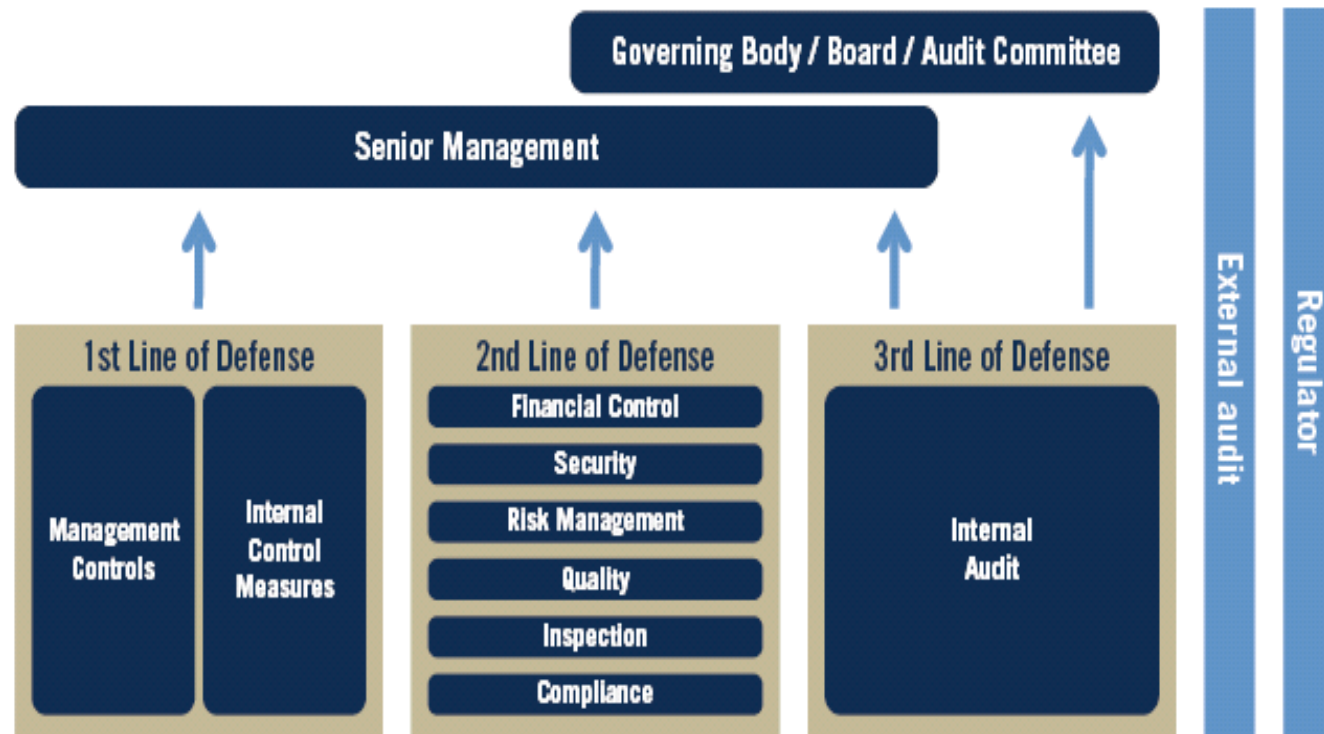
Ultimately the work undertaken by the Internal Audit Service is to enable it to provide an independent opinion on the governance, risk and control framework of the Council.

The Annual Plan

Three Lines of Defence

This model operates within most organisations and shows the 3 lines of defence that should be operating:

- 1. 1st Line of Defence – Functions that own and manage risks
- 2. 2nd Line of Defence – Functions that oversee risk
- 3. 3rd Line of Defence – Functions that provide independent assurance



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Healthy Organisation

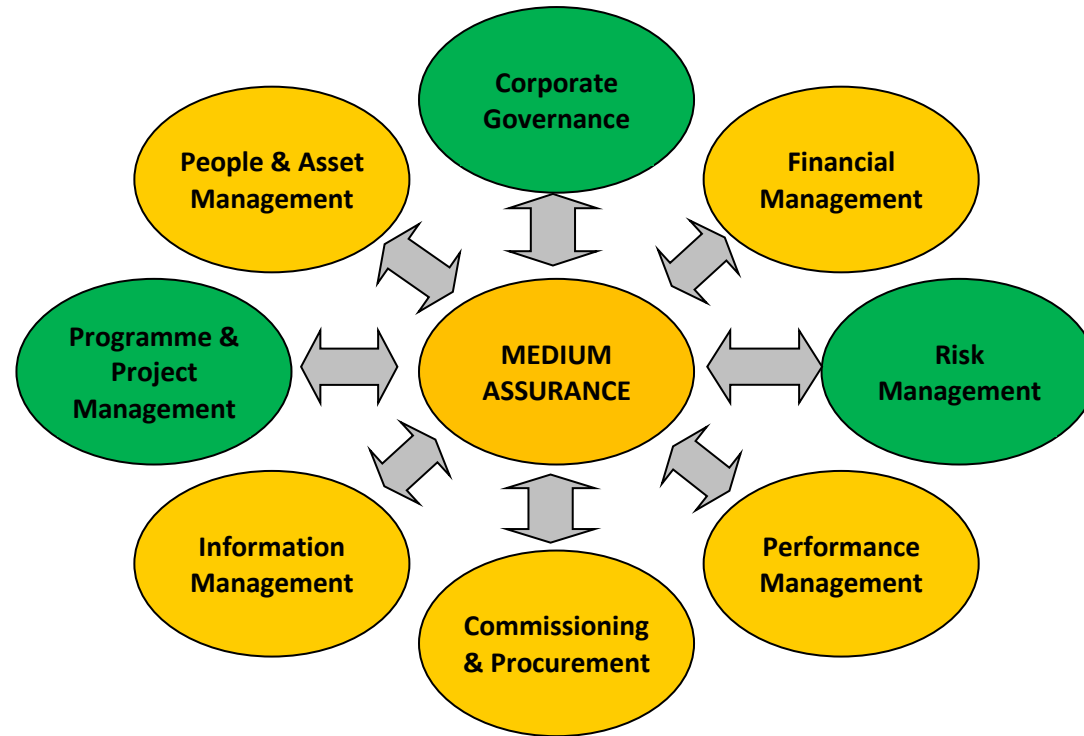
The overall assurance for the eight key themes reviews indicated a 'Medium' Assurance opinion.

The Committee can take assurance from the review that the organisation has received a 'Medium' level of assurance with a number of areas identified as 'High' assurance, or 'Green'.

Areas where we have identified actions and/or areas for further review have fed into our 2016/17 audit plan below.

Healthy Organisation – Outcomes from 2015/16 work

We have recently concluded our Healthy Organisation work for 2015/16. This sought to provide a picture of the relative 'health' of the organisation by reviewing the following eight key themes: Corporate Governance; Financial Management; Risk Management; Performance Management; Commissioning and Procurement; Information Management; Programme & Project Management; and People and Asset Management. Each of these themes was reviewed and a Red, Amber and Green (RAG) rating has been applied.



R/A/G Rating Key:
RED - (Low Assurance / High Risk)
AMBER - (Medium Assurance / Medium Risk)
GREEN - (High Assurance / Low Risk)

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Other Key Areas in Compiling the Plan

Other Key Factors

Internal Audit has a clear desire to support the Council’s focus and achievement of the outcomes included in the 2015-18 Corporate Plan (Healthy, Safe, Independent, Prosperous). Wherever possible, we will align our work with these outcomes. Other key factors within the 2016/17 annual planning process include:

Healthy Organisation (outcomes from 2015/16 work outlined on page above)

Following our 2015/16 work across the eight key themes of assurance contained in the “Healthy Organisation Model”, we have built up an objective assessment of the relative ‘health’ of the organisation. Areas where we have identified actions and/ or areas for further review have fed into our 2016/17 audit planning process. We aim to carry out a number of audit reviews within 2016/17 to support the continuous improvement of the council’s activities. This will enable further areas to move towards a ‘High’ (Green) level of assurance.

Risk Assessment of Audit Universe

A complete risk assessment of the audit universe has been undertaken using the Local Government Classification scheme. Emerging risk areas throughout 2016/17 are likely to include Local Government Reform and Reorganisation, Devolution, and ongoing developments towards a Combined Authority.

Key Financial Control Work

Whilst the External Auditors do not direct the work undertaken by Internal Audit, they do place reliance on the work that has been undertaken. Internal Audit undertake a risk assessment of what work is to be carried out and considering any changes to the control environment e.g. changes to systems or key personnel.

Follow up work

Internal Audit are required to follow up “partial” opinion audits to ensure that agreed management actions are implemented. Regular reports are brought to the Audit Committee to update members on progress.

Area of Audit	Areas of Coverage/Outcomes	Total Days 2016/17	Total Days 2015/16
Key Financial Controls	Review of Financial Key Controls to provide assurance for the statement of accounts: <ul style="list-style-type: none"> • Accounts Receivable • Accounts Payable • Banking • Budgetary Control • Capital • General Ledger • Payroll • Pensions • Treasury Management 	90	120
ICT	Review and coverage of high risk ICT areas throughout the year, to include: <ul style="list-style-type: none"> • ICT Key Controls • Adult’s and Children’s Services Case Management System • Information Management • Feeder System Reconciliations • Asset Management Hardware • Physical and Environmental Controls 	100	90
Assurance Mapping	Updating the Assurance Map of the Authority in line with Service Areas and Risk Registers to identify Assurance Gaps and Risk Exposures	20	30

Area of Audit	Areas of Coverage/Outcomes	Total Days 2016/17	Total Days 2015/16
<p>Commercialisation Board Reviews</p> <p><i>Key Aims of Board:</i></p> <ul style="list-style-type: none"> - Maximising existing income sources - Maximising recovery of income - Identifying new income and trading opportunities - Developing commercial approaches to managing income sources 	<p><i>Areas of audit coverage:</i></p> <ul style="list-style-type: none"> • Debt Management – ensuring that the recovery of expenditure is maximised, payment terms of business are clear and consistent, bad debts are effectively and efficiently written off, and fees & charges appropriately levied/ collected • Commercial Contract Management - ensuring that best value for money is secured for both new and existing contracts, through routine review of offer and price • Income generation/ collection benchmarking exercise – review of income generation and collection initiatives/ best practice at other local authorities to feed into current DCC ideas and the innovation hub 	<p>60</p>	<p>Previously 200 days included for transformational change</p>

Area of Audit	Areas of Coverage/Outcomes	Total Days 2016/17	Total Days 2015/16
<p>Commissioning & Procurement Board Reviews</p> <p><i>Key Aims of Board:</i></p> <ul style="list-style-type: none"> - Establishing a commissioning and procurement framework - Ensuring it is consistently applied - Increased knowledge and skills in the workforce to apply commissioning principles - Better outcomes for people and the places where they live, learn and work 	<p><i>Areas of audit coverage:</i></p> <ul style="list-style-type: none"> • Commissioning of Smarter Computing – a review of the Smarter Computing project, including the procurement, contract management and implementation • Purchase to Pay Review – a review to provide risk and control advice in relation to the planned changes to the Authority’s Purchase to Pay framework. To also provide assurance over the benefit realisation of this project post implementation • Creditors/Payments: Compliance with Contract Procedure Rules; Fraud Testing; Review payments back to agreed Contract Schedule of Rates; Review of payment timescales (incl. consideration of issues resulting in blocked and parked invoices). • Best Practice Contract Reviews - Review of Best Practice Contract Reviews to provide independent assurance e.g. review of Platinum Contracts. • Commensura Contract - Specific Review into the Commensura Contract • Supplier Relationship Management - review of contract risk assessment (incl. risk of supplier failure); monitoring the continued financial and delivery viability of large contracts and reporting of contracts in excess of £500,000 • Social Value Policy - Independent Review work to assess the level of adherence to the Social Value Policy 	<p>115</p>	<p>Previously 200 days included for transformational change</p>

Area of Audit	Areas of Coverage/Outcomes	Total Days 2016/17	Total Days 2015/16
<p>The Way we Work Board Reviews</p> <p><i>Key Aims of Board:</i></p> <ul style="list-style-type: none"> - Maximising and modernising the use of our workspaces - Enabling staff to work more flexibly and efficiently - Introducing new technology and adopting different business practices - Reducing the number of buildings we own or rent 	<p><i>Areas of audit coverage:</i></p> <ul style="list-style-type: none"> • Outcomes Based Accountability - a review of the progress in implementing Outcomes Based Accountability across the authority • Accommodation Project - a review of the accommodation project including an assessment of whether the plan and investment is achieving the intended goals and sufficient benefits are being realised 	<p>60</p>	<p>Previously 200 days included for transformational change</p>

Area of Audit	Areas of Coverage/Outcomes	Total Days 2016/17	Total Days 2015/16
<p>Operational Reviews following 2015/16 Healthy Organisation Assessment</p> <p><i>(extract finding from Healthy Organisation report included)</i></p>	<p>Reviews resulting from outcomes of 2015/16 Healthy Organisation work:</p> <ul style="list-style-type: none"> • Benefits Realisation Assessment - <i>Benefits Realisation arrangements should be reviewed to ensure that anticipated efficiencies arising from significant expenditure are closely monitored and corrective action is taken as necessary.</i> • Risk Tolerance/ Appetite - <i>Risk tolerance has been identified by the Council as an area where officer training is required. Given the proposed shift in the authority's risk appetite, further assurance work in this area would be beneficial.</i> • Project Risk Management - <i>Although risks are captured, mitigated and escalated for general and capital projects across the Authority, further work is required to ensure this is carried out consistently.</i> • Cost of Council Services - <i>More work needs to be done to confirm the extent to which the Council can accurately identify the cost of its services.</i> • Budget Management - <i>Whilst there is an established budgeting structure in place, restructures have led to changes in the structure and management of accounts.</i> • Reporting of Spend Over £500 - <i>Dependent on how payments using procurement cards are coded on SAP, there may be a risk that the information on SAP does not fully feed through to the suppliers report over £500.</i> <p><i>Further reviews appearing in the plan as a result of the Healthy Organisation work include:</i></p> <p>Outcomes Based Accountability, Feeder Systems Reconciliations, Supplier Relationship Management, Information Management, Smarter Computing, and Asset Benefit Realisation.</p>	<p>130</p>	<p>100</p>

Area of Audit	Areas of Coverage/Outcomes	Total Days 2016/17	Total Days 2015/16
Corporate Risk Areas	<p>Areas identified as high risk reviews determined following risk assessment of audit universe, or requested audit reviews:</p> <ul style="list-style-type: none"> • Governance/ Due Diligence work of: <ul style="list-style-type: none"> - <i>Devolution Bids, Local Government Reorganisation, Combined Authority</i> • Better Care Fund • Direct Payments – Children’s and Adults • Safer Recruitment • Use of Consultants • Contract Management • Health & Safety • Children in Care • Section 17 Payments • Special Educational Needs (SEN) Decision-Making • SEN/Children who are Disabled - Transition from Children’s to Adult Services • Partnering and Voluntary Organisations (Community Capacity Build) • Equality Impact Assessments • Use and Control of Credit Notes • Troubled Families • Adults Demand Management • Pensions Admin • Energy Procurement Audit • Authority-wide Grant Certifications (as required) • Directorate Forward Together Change Programmes/ Projects (as required) 	292	342

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Area of Audit	Areas of Coverage/Outcomes	Total Days 2016/17	Total Days 2015/16
Partnerships Review	Various e.g. Dorset Waste Partnership, Local Enterprise Partnerships, Local Authority Traded Companies	115	95
Schools	Individual and Themed School Reviews, including; <ul style="list-style-type: none"> - <i>Council Oversight of Schools</i> - <i>Good School Governance: Key Checks</i> 	50	40
Fraud audits	Provision for Investigatory Work	20	20
Advice	Audit Advice, Contingency and Committee reporting	90	100
Follow Up Reviews	Follow Up of Partial Assurance Reports	25	30
		1167	1167

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Performance:

The Director of Planning for SWAP reports performance on a regular basis to the SWAP Management and SWAP Boards.

Other Key Factors

SWAP now provides the Internal Audit service for 14 Councils and also many subsidiary bodies. SWAP performance is subject to regular monitoring review by both the Board and the Member Meetings. The performance standards for 2016/17 which are to be reported each quarter are as follows;

Performance Target	Performance
<p><u>Audit Plan – Percentage Progress</u> Audit plan completion to draft report stage at year end</p>	95%
<p><u>Draft Reports</u> Issued within 5 working days Issued within 10 working days</p>	95% 100%
<p><u>Final Reports</u> Issued within 10 working days of discussion of draft report.</p>	95%
<p><u>Quality of Audit Work</u> Customer Satisfaction Questionnaire</p>	85%

Internal Audit Charter

Purpose

The purpose of this Charter is to set out the nature, role, responsibility, status and authority of internal auditing within Dorset County Council, and to outline the scope of internal audit work.

Approval

This Charter was last approved by the Audit & Scrutiny Committee on 12th May 2015.

Provision of Internal Audit Services

The internal audit service is provided by the South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled company. This charter should be read in conjunction with the Service Agreement, which forms part of the legal agreement between the SWAP partners.

The budget for the provision of the internal audit service is determined by the Council, in conjunction with the Members Meeting. The general financial provisions are laid down in the legal agreement, including the level of financial contribution by the Council, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment that was carried out when determining the Council's level of contribution to SWAP. This is reviewed each year by the Head of Internal Audit, Chief Financial Officer (as s151 Officer) in consultation with the Chief Executive of SWAP.

Role of Internal Audit

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

Responsibilities of Management and of Internal Audit

Management¹

Management is responsible for determining the scope, except where specified by statute, of internal audit work and for deciding the action to be taken on the outcome of, or findings from, their work. Management is responsible for ensuring SWAP has:

- the support of management and the Council; and
- direct access and freedom to report to senior management, including the Council's Chief Executive and the Audit & Governance Committee.

Management is responsible for maintaining internal controls, including proper accounting records and other management information suitable for running the Authority. Management is also responsible for the appropriate and effective management of risk.

Internal Audit

Internal audit is responsible for operating under the policies established by management in line with best practice.

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS); SWAP has been independently assessed and found to be in Conformance with the Standards.

Internal audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation or control of any procedures. Members of SWAP who have transferred in to the department from other areas Dorset County Council will not be asked to review any aspects of their previous department's work until one year has passed since they left that area.

¹ In this instance Management refers to the Corporate Leadership Team.

Relationship with the External Auditors/Other Regulatory Bodies

Internal Audit will co-ordinate its work with others wherever this is beneficial to the organisation.

Status of Internal Audit in the Organisation

The Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. The Chief Executive of SWAP and the Assistant Director also report to the Head of Internal Audit, Chief Financial Officer (as s151 Officer), and reports to the Audit Committee as set out below.

Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

Scope and authority of Internal Audit work

There are no restrictions placed upon the scope of internal audit's work. SWAP staff engaged on internal audit work is entitled to receive and have access to whatever information or explanations they consider necessary to fulfil their responsibilities to senior management. In this regard, internal audit may have access to any records, personnel or physical property of Dorset County Council.

Internal audit work will normally include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management of risks;
- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;
- assist management and Members to identify risks and controls with regard to the objectives of the Council and its services;

- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether Dorset County Council is in compliance;

- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;

- appraising the economy, efficiency and effectiveness with which resources are employed;

- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned.

- reviewing the operations of the council in support of the Council's anti-fraud and corruption policy.

- at the specific request of management, internal audit may provide consultancy services provided:
 - the internal auditors independence is not compromised
 - the internal audit service has the necessary skills to carry out the assignment, or can obtain such skills without undue cost or delay
 - the scope of the consultancy assignment is clearly defined and management have made proper provision for resources within the annual audit plan
 - management understand that the work being undertaken is not internal audit work.

Planning and Reporting

SWAP will submit to the Audit Committee, for approval, an annual internal audit plan, setting out the recommended scope of their work in the period.

The annual plan will be developed with reference to the risks the organisation will be facing in the forthcoming year, whilst providing a balance of current and on-going risks, reviewed on a cyclical basis. The plan will be reviewed on a quarterly basis to ensure it remains adequately resourced, current and addresses new and emerging risks.

SWAP will carry out the work as agreed, report the outcome and findings, and will make recommendations on the action to be taken as a result to the appropriate manager and Corporate Director. SWAP will report at least four times a year to the Audit Committee. SWAP will also report a summary of their findings, including any persistent and outstanding issues, to the Audit Committee on a regular basis.

Internal audit reports will normally be by means of a brief presentation to the relevant manager accompanied by a detailed report in writing. The detailed report will be copied to the relevant line management, who will already have been made fully aware of the detail and whose co-operation in preparing the summary report will have been sought. The detailed report will also be copied to the Head of Internal Audit, Chief Financial Officer (as s151 Officer) and to other relevant line management.

The Chief Executive of SWAP will submit an annual report to the Audit Committee providing an overall opinion of the status of risk and internal control within the council, based on the internal audit work conducted during the previous year.

In addition to the reporting lines outlined above, the Chief Executive of SWAP and the Assistant Director have the unreserved right to report directly to the Leader of the Council, the Chairman of the Audit Committee, the Council's Chief Executive Officer or the External Audit Manager.

Revised January 2016



External Audit Plan 2015/16

Dorset County Council

8 June 2016

Financial Statement Audit



There are no significant changes to the Code of Practice on Local Authority Accounting in 2015/16, which provides stability in terms of the accounting standards the Authority need to comply with.

Materiality

Materiality for planning purposes has set at **£5.875 million** for the Authority and **£24 million** for the Pension Fund.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance and this has been set at **£293,500** for the Authority and **£1.2 million** for the Pension Fund.

Significant risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error have been identified as:

- Property Valuation

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding have been identified as:

- Preparation of Group Accounting

See pages 3 to 5 for more details.

Value for Money Arrangements work



The National Audit Office has issued new guidance for the VFM audit which applies from the 2015/16 audit year. The approach is broadly similar in concept to the previous VFM audit regime, but there are some notable changes:

- There is a new overall criterion on which the auditor's VFM conclusion is based; and
- This overall criterion is supported by three new sub-criteria.

Our risk assessment is ongoing and we will report VFM significant risks during our audit.

See pages 6 to 8 for more details.

Logistics

Our team is:

- Harry Mears – Associate Partner
- John Oldroyd – Senior Manager
- David Parson – Manager
- Duncan Laird – Manager – Pension Fund Audit
- Alex Nash – Audit In-charge

More details are on pages 11 and 12.

Our work will be completed in four phases from January to September and our key deliverables are this Audit Plan and a Report to those charged with Governance as outlined on page 10

Our fee for the audit is £74,022 (£98,696 2014/15) for the Authority and £25,146 (£25,146 2014/15) for the Pension Fund see page 9.



Background and Statutory responsibilities

This document supplements our Audit Fee Letter 2015/16 presented to you in April 2015, which also sets out details of our appointment by Public Sector Audit Appointments Ltd (PSAA).

Our statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014 and the National Audit Office's Code of Audit Practice.

Our audit has two key objectives, requiring us to audit/review and report on your:

- *Financial statements (including the Annual Governance Statement):* Providing an opinion on your accounts; and
- *Use of resources:* Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

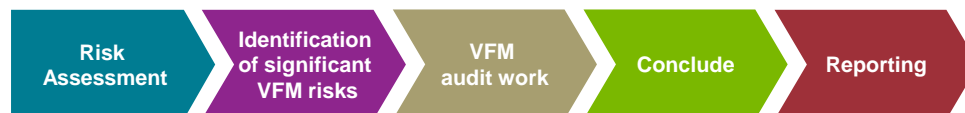
Financial Statements Audit

Our financial statements audit work follows a four stage audit process which is identified below. Appendix 1 provides more detail on the activities that this includes. This report concentrates on the Financial Statements Audit Planning stage of the Financial Statements Audit.



Value for Money Arrangements Work

Our Value for Money (VFM) Arrangements Work follows a five stage process which is identified below. Page 6 provides more detail on the activities that this includes. This report concentrates on explaining the VFM approach for the 2015/16 [and the findings of our VFM risk assessment].



Financial Statements Audit Planning

Our planning work takes place during January to June 2016. This involves the following key aspects:

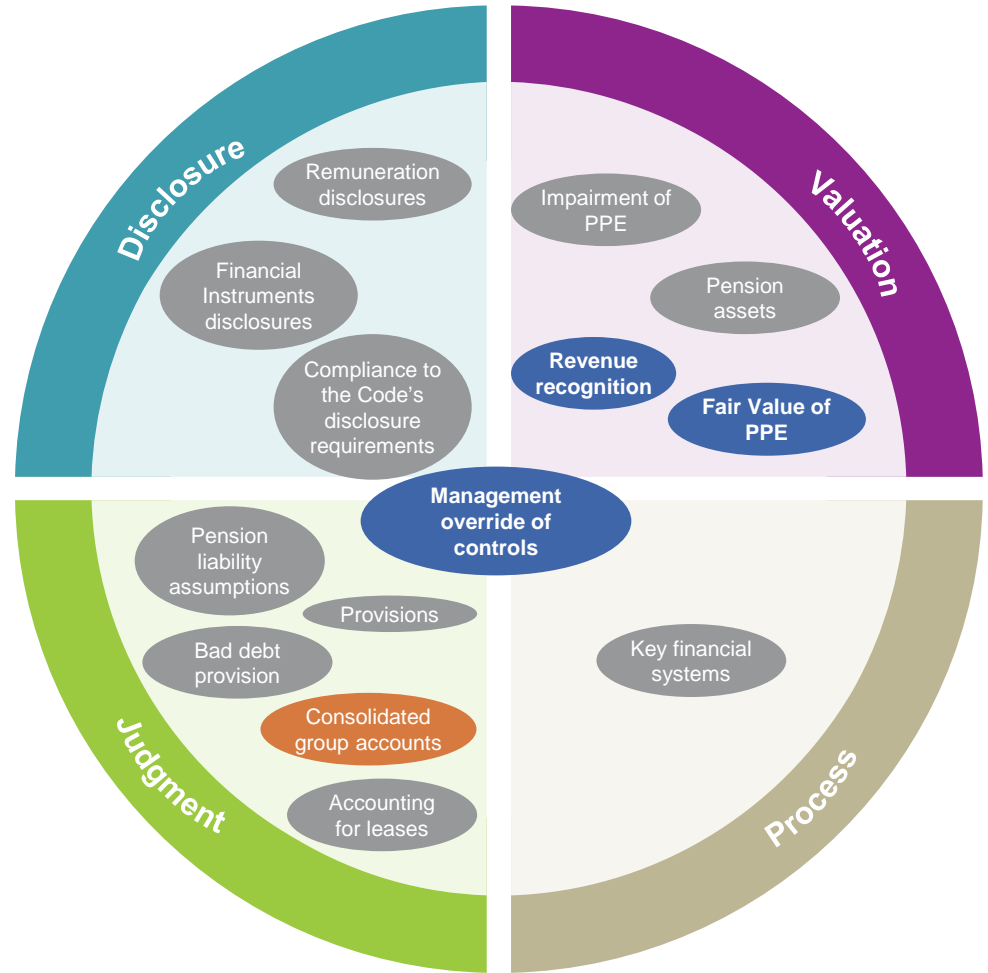
- Risk assessment;
- Determining our materiality level; and
- Issuing this audit plan to communicate our audit strategy.

Risk assessment

Professional standards require us to consider two standard risks for all organisations. We are not elaborating on these standard risks in this plan but consider them as a matter of course in our audit and will include any findings arising from our work in our ISA 260 Report.

- Management override of controls – Management is typically in a powerful position to perpetrate fraud owing to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we carry out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.
- Fraudulent revenue recognition – We do not consider this to be a significant risk for local authorities as there are limited incentives and opportunities to manipulate the way income is recognised. We therefore rebut this risk and do not incorporate specific work into our audit plan in this area over and above our standard fraud procedures.

The diagram opposite identifies, significant risks and other areas of audit focus, which we expand on overleaf. The diagram also identifies a range of other areas considered by our audit approach.



Keys: ● Significant risk ● Other area of audit focus ● Example other areas considered by our approach



Significant Audit Risks

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error.

Significant Risk 1 – Valuation of Property

■ Risk

The CIPFA Code of Practice on Local Authority Accounting requires that property is re-valued with sufficient frequency to ensure that there is not a material difference between the fair value of the assets and their carrying value, and in any case at a frequency of at least every five years.

Historically, Dorset County Council has performed annual revaluations on a representative sample of a tranche of 20% of the property assets per year. Taking these valuation movements into account, a desktop valuation was applied to the other 80% of property assets. The valuation was performed as at the start of each financial year.

There is a risk therefore that movements in property values during the year could result in a misstatement in the value of Dorset County Council's property portfolio.

■ Approach

As part of our audit work, we will ensure that we are satisfied that the process for valuations is robust and that valuations are reasonable. This will include determining whether the Authority has considered indicators of property value movements between the date of property valuation and the balance sheet date.

We will as a matter of course evaluate the expertise of the preparer of these reports to ensure that they are sufficiently skilled and appropriately qualified such that we can rely on them for the provision of audit evidence.

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

Other area of audit focus 1 – Preparation of Group Accounting

■ Issue

During the year, Dorset County Council formed a Local Authority Trading Company (LATC) along with Bournemouth Borough Council and Borough of Poole Council to which it transferred its supplier-side Adults' Services. This LATC, Tricuro Support Ltd (TSL), is owned by the controlling authorities, and owns 100% of Tricuro Ltd (TL). Tricuro started trading on 1 July 2015, following the TUPE transfer of all staff involved in delivering the service from the controlling authorities.

From an accounting perspective, Dorset County Council has determined this LATC to be a joint venture in the form of a jointly controlled entity. As Dorset County Council's investment in the joint venture is considered to be material, Dorset County Council will therefore be required under IFRS and the CIPFA Code to prepare group accounts to account for this under the accounting standards.

■ Approach

We have been liaising with Dorset County Council's finance team since the early planning stages of this audit around the classification of Tricuro within Dorset County Council's accounts.

We will review the accounting justification working papers that the finance team has drafted to support the proposed accounting treatment, and will focus our audit work to consider the appropriateness of the presentation and disclosure of Tricuro in Dorset County Council's group and parent accounts.



Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

For the Authority, materiality for planning purposes has been set at £5.875 million, which equates to 1 percent of gross expenditure.

For the Pension Fund, materiality for planning purposes has been set at £24 million.

We design our procedures to detect errors in specific accounts at a lower level of precision.

Reporting to the Audit and Governance Committee

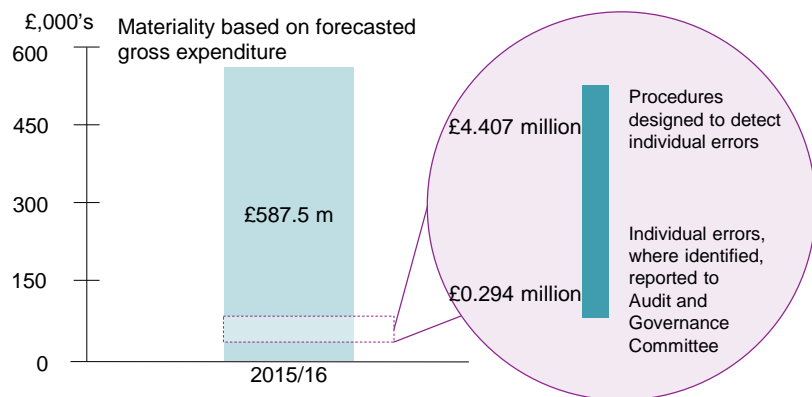
Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260(UK&I) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK&I) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £293,500.

In the context of the Pension Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £1.2 million.

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.

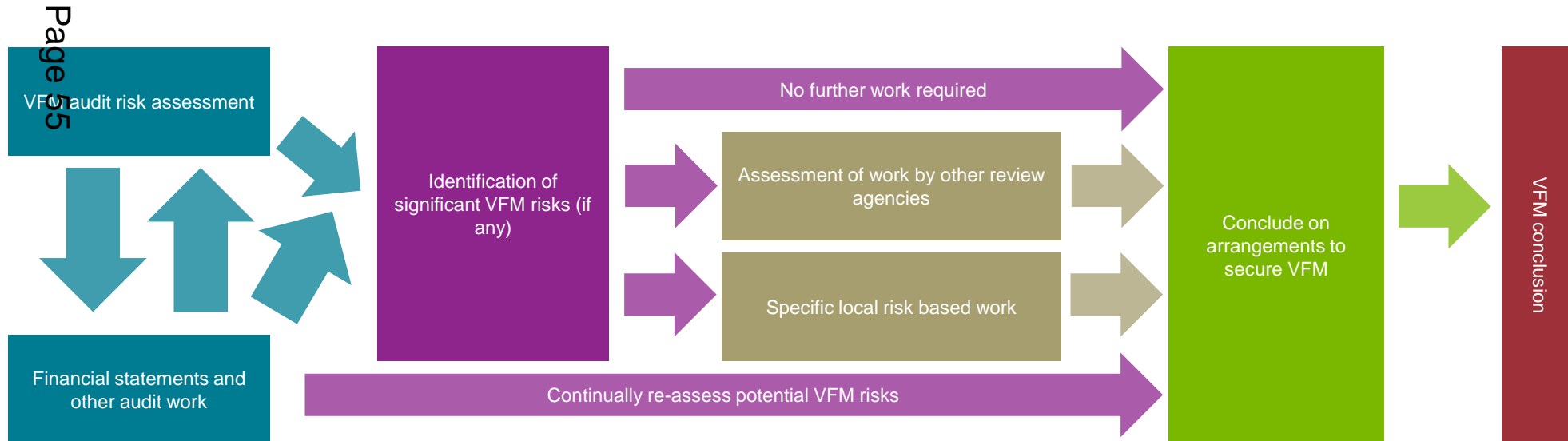
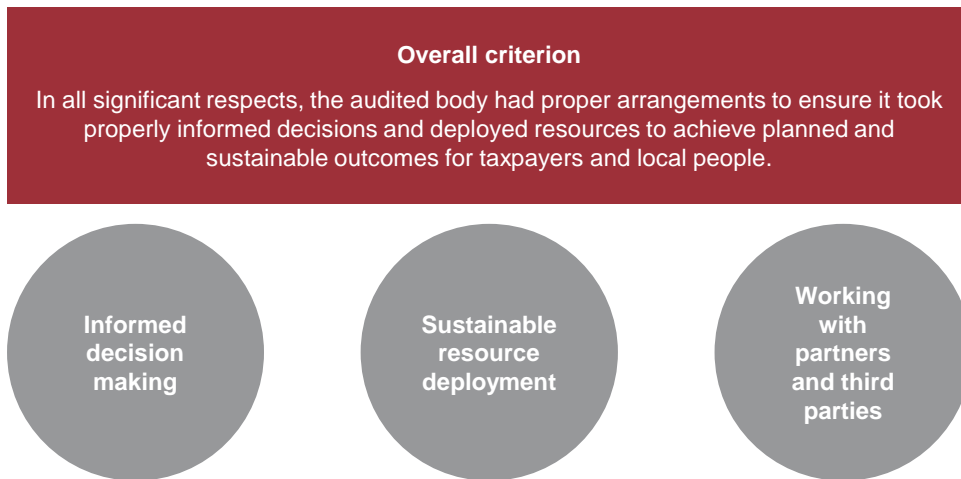


Background to approach to VFM work

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

The VFM approach is fundamentally unchanged from that adopted in 2014/15 and the process is shown in the diagram below. However, the previous two specified reporting criteria (financial resilience and economy, efficiency and effectiveness) have been replaced with a single criteria supported by three sub-criteria. These sub-criteria provide a focus to our VFM work at the Authority. The diagram to the right shows the details of this criteria.





VFM audit stage	Audit approach
<p>VFM audit risk assessment</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 56</p>	<p>We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the <i>Code of Audit Practice</i>.</p> <p>In doing so we consider:</p> <ul style="list-style-type: none"> ■ The Authority's own assessment of the risks it faces, and its arrangements to manage and address its risks; ■ Information from the Public Sector Auditor Appointments Limited VFM profile tool; ■ Evidence gained from previous audit work, including the response to that work; and ■ The work of other inspectorates and review agencies.
<p>Linkages with financial statements and other audit work</p>	<p>There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.</p> <p>We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.</p>
<p>Identification of significant risks</p>	<p>The Code identifies a matter as significant '<i>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. Significance has both qualitative and quantitative aspects.</i>'</p> <p>If we identify significant VFM risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:</p> <ul style="list-style-type: none"> ■ Considering the results of work by the Authority, inspectorates and other review agencies; and ■ Carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.



VFM audit stage	Audit approach
<p>Assessment of work by other review agencies</p> <p>and</p> <p>Delivery of local risk based work</p>	<p>Depending on the nature of the significant VFM risk identified, we may be able to draw on the work of other inspectorates, review agencies and other relevant bodies to provide us with the necessary evidence to reach our conclusion on the risk.</p> <p>If such evidence is not available, we will instead need to consider what additional work we will be required to undertake to satisfy ourselves that we have reasonable evidence to support the conclusion that we will draw. Such work may include:</p> <ul style="list-style-type: none"> ■ Meeting with senior managers across the Authority; ■ Review of minutes and internal reports; ■ Examination of financial models for reasonableness, using our own experience and benchmarking data from within and without the sector.
<p>Concluding on VFM arrangements</p>	<p>At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.</p> <p>If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.</p>
<p>Reporting</p>	<p>We have completed our initial VFM risk assessment and have not identified any significant VFM risks. We will update our assessment throughout the year should any issues present themselves and report against these in our ISA260.</p> <p>We will report on the results of the VFM audit through our ISA 260 Report. This will summarise any specific matters arising, and the basis for our overall conclusion.</p> <p>The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.</p>

Whole of government accounts (WGA)

We are required to review your WGA consolidation and undertake the work specified under the approach that is agreed with HM Treasury and the National Audit Office. Deadlines for production of the pack and the specified approach for 2015/16 have not yet been confirmed.

Elector challenge

The Local Audit and Accountability Act 2014 gives electors certain rights. These are:

- The right to inspect the accounts;
- The right to ask the auditor questions about the accounts; and
- The right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.

The costs incurred in responding to specific questions or objections raised by electors is not part of the fee. This work will be charged in accordance with the PSAA's fee scales.

Our audit team

Our audit team will be led by Harry Mears and managed by John Oldroyd, David Parson and Duncan Laird (Pension Fund Audit) providing continuity on the audit. Appendix 2 provides more details on specific roles and contact details of the team.

Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team. Our communication outputs are included in Appendix 1.

Independence and Objectivity

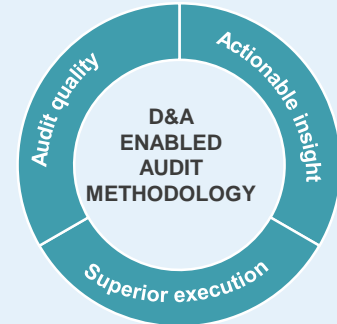
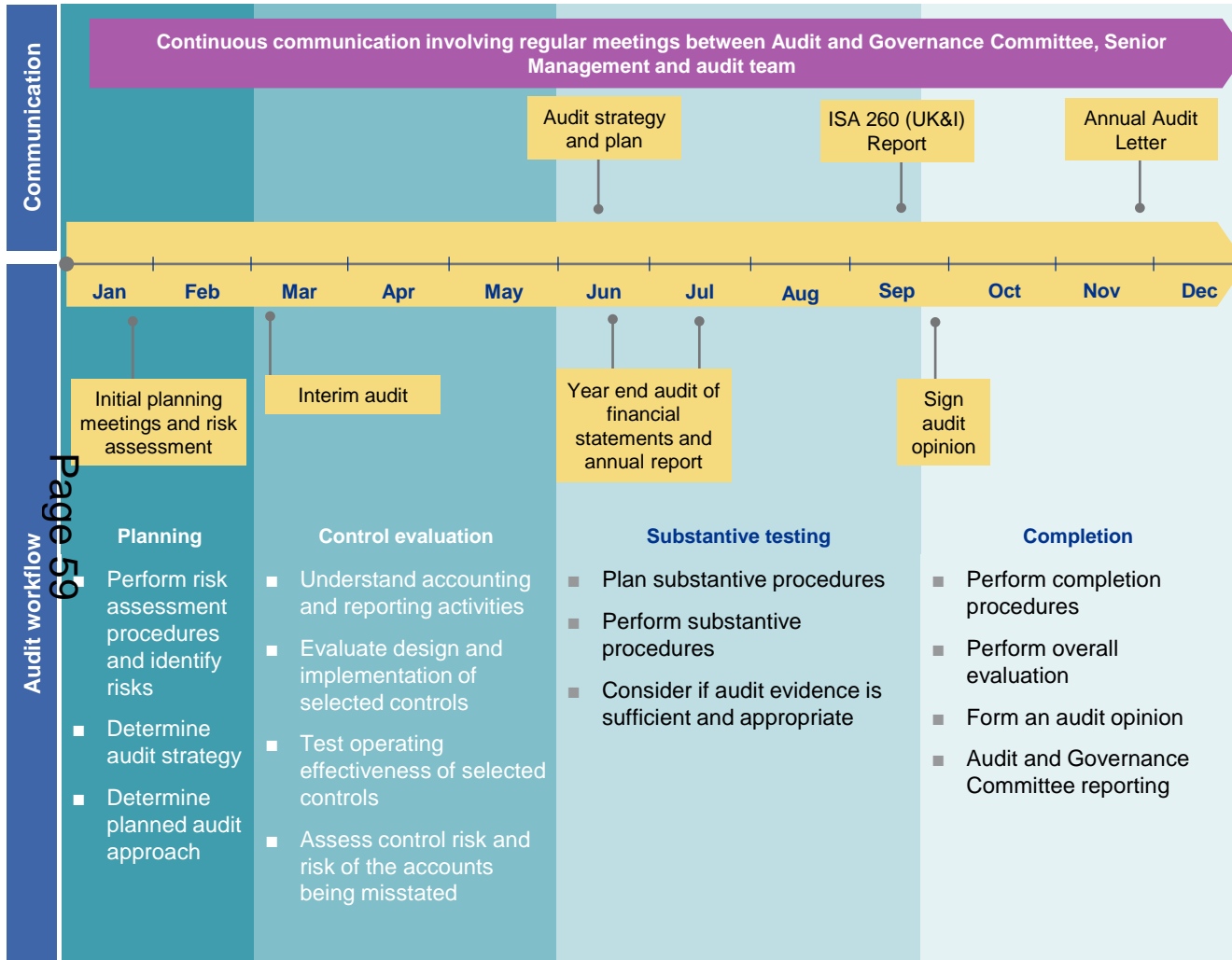
Auditors are also required to be independent and objective. Appendix 3 provides more details of our confirmation of independence and objectivity.

Audit fee

Our Audit Fee Letter 2015/16 presented to you in April 2015 first set out our fees for the 2015/16 audit. This letter also sets out our assumptions.

The planned audit fee for 2015/16 is £74,022 for the Authority. This is a reduction in audit fee, compared to 2014/15, of £98,696 (25%). The planned audit fee for 2015/16 is £25,146 for the Pension Fund. (2014/15 £25,146).

The planned audit fees outlined in the table above for 2015/16 are provided on the basis of a like-for-like audit service being provided. It is noted that from discussions with the County Council, additional audit work may be required from 2015/16 onwards in relation to the audit of Group and Parent Accounts. Fees for such additional work will be discussed and agreed with the County Council when further clarity is provided in relation to these activities.



Driving more value from the audit through data and analytics

Technology is embedded throughout our audit approach to deliver a high quality audit opinion. Use of Data and Analytics (D&A) to analyse large populations of transactions in order to identify key areas for our audit focus is just one element. We strive to deliver new quality insight into your operations that enhances our and your preparedness and improves your collective 'business intelligence.' Data and Analytics allows us to:

- Obtain greater understanding of your processes, to automatically extract control configurations and to obtain higher levels assurance.
- Focus manual procedures on key areas of risk and on transactional exceptions.
- Identify data patterns and the root cause of issues to increase forward-looking insight.

We anticipate using data and analytics in our work around key areas such as accounts payable and journals. We also expect to provide insights from our analysis of these tranches of data in our reporting to add further value from our audit.



Your audit team has been drawn from our specialist public sector assurance department. Our audit team is substantially the same as prior year with the only change being the introduction of Alex Nash as the in-charge for the current year audit, replacing Luc Mathew.



Harry Mears
Associate Partner
023 8020 2093
harry.mears@kpmg.co.uk

Name	Harry Mears
Position	Associate Partner
	<p>'My role is to lead our team and ensure the delivery of a high quality, valued added external audit opinion.</p> <p>I will be the main point of contact for the Audit and Governance Committee, Chief Executive, Chief Financial Officer and other Executive Directors.'</p>



John Oldroyd
Senior Manager
023 8020 2055
john.oldroyd@kpmg.co.uk

Name	John Oldroyd
Position	Senior Manager
	<p>'I provide quality assurance for the audit work and specifically any technical accounting and risk areas.</p> <p>I will work closely with Harry to ensure we add value.</p> <p>I will liaise with the Chief Financial Officer and other Executive Directors.'</p>



David Parson
Manager
023 8020 2054
david.parson@kpmg.co.uk

Name	David Parson
Position	Manager
	<p>'I am responsible for the management, review and delivery of the audit of the County Council.</p> <p>I will liaise with the Chief Accountant and other Executive Directors.'</p>



Duncan Laird
Manager
011 7905 4253
duncan.laird@kpmg.co.uk

Name	Duncan Laird
Position	Manager
	<p>'I am responsible for the management, review and delivery of the audit of the Pension Fund.</p> <p>I will liaise with the Pension Fund Accountants.'</p>



Your audit team has been drawn from our specialist public sector assurance department. Our audit team is substantially the same as prior year with the only change being the introduction of Alex Nash as the in-charge for the current year audit, replacing Luc Mathew.



Name	Alex Nash
Position	Audit In-Charge
	'I will be responsible for the on-site delivery of our work and will supervise the work of our audit assistants.'

Alex Nash

Assistant Manager

023 8020 6039

alex.nash@kpmg.co.uk

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Independence and objectivity

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case this is the Audit and Scrutiny Committee.

KPMG LLP is committed to being and being seen to be independent. APB Ethical Standard 1 Integrity, Objectivity and Independence requires us to communicate to you in writing all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Engagement Lead and the audit team.

Further to this auditors are required by the National Audit Office's Code of Audit Practice to:

- Carry out their work with integrity, independence and objectivity;
- Be transparent and report publicly as required;
- Be professional and proportional in conducting work;
- Be mindful of the activities of inspectorates to prevent duplication;
- Take a constructive and positive approach to their work;
- Comply with data statutory and other relevant requirements relating to the security, transfer, holding, disclosure and disposal of information.

PSAA's Terms of Appointment includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- Auditors and senior members of their staff who are directly involved in the management, supervision or delivery of PSAA audit work should not take part in political activity.

- No member or employee of the firm should accept or hold an appointment as a member of an audited body whose auditor is, or is proposed to be, from the same firm. In addition, no member or employee of the firm should accept or hold such appointments at related bodies, such as those linked to the audited body through a strategic partnership.
- Audit staff are expected not to accept appointments as Governors at certain types of schools within the local authority.
- Auditors and their staff should not be employed in any capacity (whether paid or unpaid) by an audited body or other organisation providing services to an audited body whilst being employed by the firm.
- Auditors appointed by the PSAA should not accept engagements which involve commenting on the performance of other PSAA auditors on PSAA work without first consulting PSAA.
- Auditors are expected to comply with the Terms of Appointment policy for the Engagement Lead to be changed on a periodic basis.
- Audit suppliers are required to obtain the PSAA's written approval prior to changing any Engagement Lead in respect of each audited body.
- Certain other staff changes or appointments require positive action to be taken by Firms as set out in the Terms of Appointment.

Confirmation statement

We confirm that as of the 8 June 2016 in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Lead and audit team is not impaired.



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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. We draw your attention to the Statement of Responsibilities of auditors and audited bodies, which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Harry Mears, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers, by email to Andrew.Sayers@kpmg.co.uk. After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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Audit and Governance Committee

Dorset County Council



Date of Meeting	8 June 2016
Officer	Chief Executive
Subject of Report	Draft Annual Governance Statement 2015/16
Executive Summary	<p>The Accounts and Audit (England) Regulations 2015 require a body such as the County Council to “approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.”</p> <p>The attached draft Annual Governance Statement for 2015/16 sets out key features of the governance framework in place in the Authority and provides a review of its effectiveness. It has been prepared in line with the recommendations published by CIPFA and SOLACE.</p> <p>Section 5 of the statement reports on the Council’s Local Code of Corporate Governance Compliance Assessment 2015/16, and in particular the six elements on which the Council is considered to be only partially compliant.</p> <p>The statement also discusses those risks that are contained in the Councils Corporate Risk Register which are classified as ‘high’ and, as such, represent significant governance issues the Council is currently facing.</p> <p>Members of the Committee can view both the full Compliance Assessment and Corporate Risk Register from the Intranet links noted in the Evidence section of this report.</p> <p>Under the 2015 regulations, the accounts are not approved by the</p>

	<p>Council (or the Committee to which the responsibility is delegated) until after the external audit has been carried out. However, Members are still asked to consider the draft Annual Governance Statement, so that the auditors can review a document that has been subject to member scrutiny.</p> <p>Final adoption of the Annual Governance Statement will take place, alongside the accounts, at the Audit and Governance Committee later in the year. As the statement has to reflect any significant issues that arise until its final approval, if necessary, subsequent amendments will be made and reported to this Committee.</p>
<p>Impact Assessment:</p>	<p>Equalities Impact Assessment:</p> <p>Giving appropriate consideration to equalities issues is a key aspect of good governance, but there are no equalities issues arising directly from this report.</p> <hr/> <p>Use of Evidence:</p> <p>Evidence to inform the governance compliance assessment and then to complete the Annual Governance Statement has been provided by senior officers across the organisation. It includes policies and procedures of the County Council, the Constitution, and reports and minutes of Committees.</p> <p>Members can view both the Local Code of Corporate Governance Compliance Assessment 2015/16 and the full Corporate Risk Register from the Council's internal Intranet.</p> <hr/> <p>Budget:</p> <p>There are no budget requirements arising directly from this report. The overall financial position of the County Council is one of the significant issues covered in the Annual Governance Statement. Addressing other issues identified in the compliance assessment or the Annual Governance Statement may have budgetary implications, which will be considered in the relevant action plans.</p> <hr/> <p>Risk Assessment:</p> <p>Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as: Current Risk: HIGH Residual Risk: HIGH</p> <p>The Annual Governance Statement refers to risks on the Council's corporate risk register which have been assessed as being 'High'.</p>

	<p>Other Implications:</p> <p>Section 5 of the draft Annual Governance Statement explains the significant governance issues facing the Council.</p>
Recommendation	<p>The Cabinet / Committee is asked to:</p> <p>i) Consider and comment on the draft Annual Governance Statement for 2015/16 at appendix A</p>
Reason for Recommendation	<p>Approval and publication of an Annual Governance Statement by the County Council is a statutory requirement and provides evidence that the County Council maintains high standards of governance and addresses significant shortcomings and risks.</p>
Appendices	<p>Appendix A: Draft Annual Governance Statement 2015/16</p>
Background Papers	<p>CIPFA / SOLACE publication: Delivering good governance in local government – framework</p>
Report Originator and Contact	<p>Name: Mark Taylor, Group Manager (Governance and Assurance) Tel: 01305 224982 Email: m.taylor@dorsetcc.gov.uk</p> <p>Name: Marc Eyre, Senior Assurance manager (Governance, Risk and Special Projects) Tel: 01305 224358 Email: m.eyre@dorsetcc.gov.uk</p>

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Annual Governance Statement 2015/16

1. Scope of responsibility

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

1.2 In discharging this overall responsibility Dorset County Council is responsible for putting in place suitable arrangements for the governance of its affairs, which facilitate the effective exercise of its functions and include arrangements for the management of risk.

1.3 Dorset County Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government* framework. These include the additional requirements as recommended by CIPFA in March 2010. A report on the code and the latest assessment of compliance with it was published with the Audit and Governance Committee papers for 8 June 2016 or can be obtained from the County Council Offices, County Hall, Colliton Park, Dorchester, Dorset, DT1 1XJ. This statement explains how Dorset County Council has complied with the code. It also meets the requirements of the Accounts and Audit Regulations (England) 2015 in relation to consideration of the findings of a review of the system of internal control and approval and publication of an annual governance statement.

2. The purpose of the governance framework

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

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to meet the targets in our policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Dorset County Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 The governance framework has been in place at Dorset County Council for the year ended 31 March 2016 and up to the date of approval of the annual statement of accounts.

3. The governance framework

3.1 Some of the key features of the governance framework are set out in the following paragraphs.

3.2 The corporate plan sets out the contribution we will make to enabling communities in working together for a successful Dorset.

3.3 Delivery of the County Council's corporate plan is supported by service plans, team plans and individual performance development reviews. These all include targets and, where appropriate, service standards against which service quality and improvement can be judged.

Appendix A

3.4 The Constitution of Dorset County Council establishes the roles and responsibilities for members of the executive (the Cabinet), Overview, Scrutiny, Regulatory and Standards Committees, together with officer functions. It includes details of delegation arrangements, codes of conduct and protocols for member/officer relations. The Constitution is kept under review to ensure that it continues to be fit for purpose. Proposed changes to the Constitution are overseen by the Standards and Governance Committee (and under the revised arrangements from 2016 will pass to the Audit and Governance Committee). Its views on the suitability of any changes are reported when they are presented to the full County Council for approval.

3.5 The Constitution also contains procedure rules, standing orders and financial regulations that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Monitoring Officer and Chief Financial Officer are described together with their contributions to provide robust assurance on governance and that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by the post-holders' membership of or attendance at the Corporate Leadership Team.

3.6 The primary counterbalance to the Cabinet is the Audit and Scrutiny Committee (and under the revised arrangements from 2016 will pass to the Audit and Governance Committee). The Committee provides a robust challenge to the Executive. The Committee did not identify a need to exercise its 'call in' or call to account powers during 2015/16.

3.7 The County Council has reviewed the placement of its scrutiny function and has approved changes to its Committee structures, including separating out of 'audit' and 'scrutiny' functions. The future committee structure will be based on the outcomes defined in the Corporate Plan with Overview and Scrutiny Committees for Economic Growth, People and Communities and Safeguarding, with each of them having responsibility for monitoring a number of specified objectives within it. The Dorset Health Scrutiny Committee also continues in its role.

3.8 A complaints procedure and a whistle-blowing policy and procedure are maintained and kept under review, providing the opportunity for members of the public and staff to raise issues when they believe that appropriate standards have not been met. An annual report analysing complaints received and their resolution is presented to the Audit and Scrutiny Committee and the Standards and Governance Committee. The Standards and Governance Committee has responsibility for overseeing the investigation of complaints against members.

3.9 The County Council has a strong risk management function. The risk management policy and strategy are reviewed annually. The Risk Management Group draws together lead officers from across the authority to ensure that issues and concerns are shared and that a consistent approach is adopted throughout the organisation. Those risks contained in the councils Corporate Risk Register which have been assessed as high have informed the list of significant governance issues later in this statement.

3.10 Appraisal and review processes are the general means of identifying the training needs of members and officers. Appropriate training is made available to staff to ensure that individuals are able to undertake their present role effectively and that they have the opportunity to develop to meet their and the County Council's needs. An extensive member induction programme is put in place after the County Council elections to ensure that newly elected members can quickly make an effective contribution to the work of the authority. Focussed training will support the new committee arrangements in 2016.

3.11 The County Council is committed to partnership working. The Dorset Compact sets out a framework for voluntary and public sector relationships in Dorset. Guidance on best practice in partnership governance, together with the development of an alternative service delivery model governance and due diligence checklist that has been adopted to ensure that partnership arrangements are as productive and secure as possible.

4. Review of effectiveness

4.1 Dorset County Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by the findings and reports issued by the external auditors and other review agencies and inspectorates.

4.2 The Chief Executive has responsibility for:

- overseeing the implementation and monitoring the operation of the Code of Corporate Governance;
- maintaining and updating the Code in the light of latest guidance on best practice;
- reporting annually to the Corporate Leadership Team and to Members on compliance with the Code and any changes that may be necessary to maintain it and ensure its effectiveness in practice.

4.3 The Chief Financial Officer has responsibility for the proper administration of the County Council's financial affairs. This includes responsibility for maintaining and reviewing Financial Regulations to ensure they remain fit for purpose, and submitting any additions or changes necessary to the full Council for approval. The Chief Financial Officer is also responsible for reporting, where appropriate, breaches of the Regulations to the Cabinet and/or the County Council.

4.4 The statutory role of Monitoring Officer is held by the Head of Legal and Democratic Services. The Monitoring Officer is responsible for ensuring that the Council acts within and through the law. Parallel to the responsibilities of the Chief Financial Officer the Monitoring Officer has a duty to report to the Cabinet where it appears to him that any action or intended action by the Council is unlawful or amounts to maladministration. The Monitoring Officer also has responsibilities in relation to the Council's constitution and in relation to councillor conduct.

4.5 Dorset County Council's Internal Audit Service, via a specific responsibility assigned to the Head of Internal Audit (the Group Manager, Governance and Assurance), is required to provide an annual independent and objective opinion to the Authority on its risk management, governance and control environment. Since April 2010, internal audit work has been carried out under contract by the South West Audit Partnership (SWAP).

4.6 The review of compliance with the governance framework has involved:

- review of the latest position on the core principles by lead officers, including cross-challenge by other leads;
- an assessment of the draft compliance assessment and significant governance issues by Corporate Leadership Team;
- review of the draft compliance assessment and Annual Governance Statement by the Audit and Governance Committee and the Cabinet;

4.7 Plans to address weaknesses and ensure continuous improvement of the system are recorded in the annual compliance assessment.

5. Significant governance issues

5.1 Governance issues can be put into two groups:

- (i) elements of the governance framework for which the compliance assessment has identified that some improvement is necessary to provide full assurance;

- (ii) issues that the governance framework has identified and which require action to mitigate the exposure of the County Council.

5.2 In the first group, there were no elements of the framework for which the judgement is that the County Council is non-compliant. There are however six areas where a judgement of partial compliance has been identified and where improvement is considered necessary.

5.3 Actions needed to achieve full compliance are largely covered by existing improvement plans. The issues and actions can be summarised as follows:

(NB: - Further detail is provided against the respective core principles in the compliance assessment. References have been provided at the start of each area for ease of reference):

<p>1g. Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively.</p> <p><u>Agreed Action:-</u> A new performance management framework using Outcomes Based Accountability is currently being developed to underpin and monitor the Corporate Plan. This will be used for quarterly performance monitoring and will be regularly reviewed by Cabinet, Audit and Governance Committee and the Overview and Scrutiny Committees.</p> <p>The pilot work undertaken within Childrens Services should be rolled out more fully across the Authority.</p> <p>Value for money assessment will feature as a strand of internal audit reports.</p>
<p>2j. Ensure that effective mechanisms exist to monitor service delivery.</p> <p><u>Agreed Action:-</u> A new approach to performance monitoring of the Corporate Plan is being developed. This will enable more effective monitoring of service delivery outcomes, including widening out the obsessions tracker for monitoring effective service delivery that is being piloted within Childrens Services.</p> <p>The new Committee Structure will become operative early 2016. The Audit and Scrutiny functions are separated and the future committee structure should be based on the Corporate Plan with Overview and Scrutiny Committees for Economic Growth, People and Communities and Safeguarding, with each of them having responsibility for monitoring a number of specified corporate outcomes. The changes are to be reviewed for effectiveness. Risks identified during implementation will be regularly reviewed and responded to.</p>
<p>5d. Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.</p> <p><u>Agreed Action:-</u> The review of overview and scrutiny arrangements in the council has identified the need for very specific training and skills development as part of implementing new arrangements. The people plan sets out how we will be working differently to help achieve our vision of 'working together for a strong and successful Dorset'</p>
<p>7b. Ensure that the authority maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary</p>

<p><u>Agreed Action:-</u> Rollout of outcomes based accountability will improve accountability of budget managers. However this will need to be supported by executive functions exercising "call to account" to challenge any areas of overspend</p>
<p>7i. Ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under regular review.</p> <p><u>Agreed Action:-</u> Enable more effective engagement for DES and other systems development with the business through the proposed new Corporate Working Group structure. Consider rolling out model adopted by Environment & Economy wider across Council services.</p>
<p>7o. Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the authority.</p> <p><u>Agreed Action:-</u> Further work is to be undertaken to engage with the business as to whether the reports provided meet all of their needs. Consider rolling out model adopted by Environment & Economy wider across Council services.</p>

5.4 The second group are issues that represent a significant risk to the County Council and, as such, are assessed as high risks on the Corporate Risk Register in accordance with the councils approved risk criteria.

5.5 A prime purpose of the governance framework is to minimise the occurrence of such risks and ensure that any which do arise are highlighted so that appropriate mitigating action can be taken. These issues are largely substantial challenges to be managed over the long term. A summary of these 'significant' issues are outlined below, together with the council's response and actions to deal with these issues:

Corporate Risk	Causes	Council Response
01) Inadequate finance to meet legislative, political and public expectations	Overspend to the Adult & Community Services Directorate Budget and meet the structural deficit	Pathways to Independence Programme includes a transformation of the whole Directorate which will increase independence and reduce the need for long term Adult Social Care; this includes review of the whole system, and a focus on early help and prevention while meeting the requirements of the Care Act
	Failure to achieve Better Care targets across the Dorset public / community sector	There is a significant risk that the agreed plans do not achieve the savings in line with local government funding reductions. Performance on admissions and delayed transfer of care continues to be challenging, which will impact on performance related funding. Performance indicators are largely based on health performance and therefore whilst the local authority can influence this risk, it cannot control it.
	Failure to ensure that learning disability services are sustainable and cost-effective	Ongoing management focus on this area of overspend. Work commenced in 2015/16 to look at transition planning between children and adults. Further work is also under way on developing new models of care for supported living for people with disability.



Corporate Risk	Causes	Council Response
	General balances are depleted to a level below operating range	The current year's anticipated overspend will reduce the general balances to a level just above the lower end of the operating range. Should we fall below the lower end (£10m) it would be raised as a matter for concern by our auditors, KPMG.
	Ineffective and / or non-compliant financial management	Accountants are integrating better into services to enable early identification and effective escalation. A successful series of budget management training sessions have been delivered to services to raise awareness. DES training is also being widely rolled-out and we are currently consulting on our restructure project following a budget holder survey.
	Additional savings cannot be identified to bridge the unfunded gap	The largest risk to the programme currently is that even with the identified major transformation programmes there remains a need to deliver a substantial savings target from the years 2016/17 onwards. This will be responded to via the 2020 masterplan.
	Failure to have in place an equal and legally compliant pay & grading structure	A paper was taken to the Staffing Committee in July 2015 to determine the options associated with undertaking an equal pay audit and the associated resource implications. It was agreed by the committee that the review would be postponed until April 2017 at the earliest.
02) Failure to protect the vulnerable children and young people from abuse or neglect in situations that could have been predicted and prevented	Failure to manage the demands led budget for children in care	The Children's Services Leadership Team continue to monitor performance and impact of budget reductions. South West Audit Partnership undertook a review of high cost areas of provision, including monitoring the pathways of individual cases. A task and finish "Prevention & Partnership Strategy Group" has been established to respond to the action plan from this review. Consultation on restructuring commenced early 2016, including a renewed focus on prevention within the Care and Support Team.
04) Failure to ensure the health and wellbeing of staff, service users and the public	Health and safety risks associated with occupation of premises	The majority of sites now have a nominated Premises Responsible Person. However, restructuring of services has reduced the understanding of the Directorate Duty Holder Strategy. The strategy will be ratified.

Corporate Risk	Causes	Council Response
05) Inability of the Council or a key partner to effectively respond to an incident or event	Loss of ICT service or data through a cyber attack	Other national incidents identify local authorities as a target. The Council has a ICT Continuity Management Group that maintains and manages a specific risk register.
07) Failure to sustain effective relationships across key partnerships	Failure to sustain an effective relationship across the Dorset Waste Partnership	<p>Internal Interim Director appointed.</p> <p>Action Plan largely complete and the final three (of 37 items) are being progressed as separate projects.</p> <p>Progress continues to be reported to Joint Committee at each meeting and SWAP (South West Audit Partnership) are reviewing relevant actions as part of their annual Audit Plan.</p>
09) Inadequate infrastructure to meet Council priorities	Inability to maintain the highways infrastructure to an acceptable standard in the face of changing circumstances (eg budget reductions; climate change)	The highway maintenance block allocation increased by 15 % from 2015/16. Further annual business cases will be produced for additional capital investment in highway maintenance.
	Unable to provide sufficient school places (Basic Need)	<p>Programme of delivery of Basic Need Schools in accordance with agreed timescales/costs is being monitored through relevant groups.</p> <p>Whilst the framework has been agreed, we are developing a clear strategy around sufficient school places, which will need to be signed up to by members and partners.</p>
10) Failure to deliver service transformation and necessary savings through the Forward Together programme	Projects do not take a consistent business-like approach to calculating benefits leading to inconsistent assessments, unrealistic savings targets and the need to find additional savings	The masterplan and commissioning model will respond to concerns raised over benefits realisation and adequate baseline measures as part of the business case. Guidance and tools are incorporated within the supporting project management toolkit.

Corporate Risk	Causes	Council Response
	Capacity of staff to deliver transformation programme as well as maintain focus on day to day business (including across support services)	The Chief Executives Department was restructured during 2015 and included addressing capacity to support projects. A prioritisation tool has been developed by the programme office. Savings targets are being rebased, which may result in a readjustment of programme priorities.
	Failure to address cultural issues that may impact on the success of the transformation programme	Work is ongoing to communicate the Forward Together message. A further staff survey is planned June/July.
	Unable to achieve service transformation and savings across DCC support services	The key risks which are driving this assessment are the financial and reputational risks. The main risks are non-delivery of financial savings and service improvements (both in the support services and in other parts of the Council) due to insufficient capacity and skills shortages in the support services. The reputational risk is that if savings are made without addressing the fundamental issues identified in the strategic outline case, the service delivery will be impacted which will have an impact on customers both internal and external
12) Failure to develop services based on evidence and need	Inadequate assessment of the long term impacts/risks (threats/opportunities) of proposals	Modelling of future demand to clearly highlight pressure points.
13) Inadequate ICT infrastructure to meet corporate service priorities	Current technology within DCC is insufficient and / or inflexible to meet the anticipated needs of the transformation programme (on a technical or contractual basis)	<p>The Smarter Computing programme has been re-planned, to reflect the issues encountered with the performance of the underlying platform, issues encountered with key business software such as RAISE (Children's social care system) and the supply of Surface Pro 3 tablet devices. Smarter Computing is now deployed across most service areas with a plan to complete desktop deployment in July 2016 and Surface Pro 4 mobile device deployment planned to be complete in September.</p> <p>We are changing the way we deliver core services (WAN, telephony, email, calendar, document sharing and collaboration) which will introduce greater flexibility to collaborate, share and access information with colleagues and partners and improving our service continuity capabilities.</p>

Corporate Risk	Causes	Council Response
14) Failure to develop, recruit or retain suitably competent/qualified staff compromises service Delivery	Inability to attract and retain suitably qualified specialist safeguarding staff within Childrens Services	Work is underway with Bournemouth University to deliver a programme for social work/children's services
17) Failure to implement a local government structure to deliver the best possible outcomes for Dorset residents	Lack of agreement across partner organisations	Discussions are ongoing at Leader/Chief Executive meetings. A full risk register is in development.

5.6 We are satisfied that this statement provides a substantial level of assurance that good governance is in place in Dorset County Council and that appropriate arrangements are in place to address improvements identified in our review of compliance. Progress on these improvements and on addressing and mitigating the risks set out in section 5.5 will be monitored through the year by senior officers and the Audit and Governance Committee.

	
Debbie Ward Chief Executive	Robert Gould Leader
June 2016	June 2016

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Audit and Governance

Dorset County Council



Date of Meeting	8 June 2016
Officer	Policy and Performance Officer, VCSE and External Funding
Subject of Report	Bidding Procedure to Manage External Funding Activity
Executive Summary	<p>At the Audit and Scrutiny Committee of 21 November 2015 members considered a report by the Chief Executive that provided details of the bidding procedure, cost benefit analysis, reasons why bids failed and an explanation of criteria used to manage bidding activity. The report had been provided at the request of the Committee on 21 July 2015.</p> <p>The Committee noted that although the level of bidding had reduced, the Council had been successful in 72% of its bids, resulting in funding of £99.3M being obtained over the last three years. Currently bids are signed off by Heads of Service, or above, following scrutiny of a business case that includes information about the resulting benefits. The committee felt that there was a need to ensure that this practice was being followed and it was highlighted that there was a question about the availability of resources to support future bids. Members thought that any future bids should support the council's priorities and be outcomes focused. They supported the development of a strategy for external bidding activity and that this should also take into account the possibility that bids may be undertaken by voluntary or other organisations in future.</p> <p>This report highlights improvements to the strategy by which bidding activity is managed to ensure that it supports corporate priorities.</p>
Impact Assessment:	Equalities Impact Assessment: Not applicable
	Use of Evidence: Not applicable

Bidding Procedure to Manage External Funding Activity

<i>Please refer to the protocol for writing reports.</i>	Budget: Not applicable
	Risk Assessment: Not applicable
	Other Implications: None
Recommendation	To approve the update to the External Funding Policy highlight in red text in Appendix A to this report.
Reason for Recommendation	It is necessary to ensure that the cost-benefit external funding bidding activity contributes to the delivery of corporate aims.
Appendices	Appendix A: External Funding Policy: Corporate External Funding Bidding Template
Background Papers	External Funding Policy available on Sharepoint here: https://sharepoint.dorsetcc.gov.uk/iwantto/Pages/External-Funding.aspx
Officer Contact	Name: Christopher Scally, Policy and Performance Officer, VCSE and External Funding Tel: 01305 228624 Email: c.scally@dorsetcc.gov.uk

1 Background

1.1 The County Council's External Funding policy aims to establish a guiding framework under which external funding activity can take place across the authority. The policy highlights the key procedures to be followed for all bidding activity in order to:

- Maximise the impact of bidding activity
- Manage risks
- Manage activity
- Prioritise the use of resources
- Produce effective management information

1.2 The policy relates to the receipt of external funding where the activity funded is:

- Led by Dorset County Council and/or where the County Council is acting as the accountable body

or

- Where Dorset County Council is a formal partner to a bid and is bound by a partnership agreement, memorandum of understanding or other formal document

or

- Where the bid is by a third party organisation where the council is an informal partner in the project or service funded but shares some risk in the project or service

Bidding Procedure to Manage External Funding Activity

2 Strategy

- 2.1 There is currently no overarching external funding strategy in the authority other than the guidance provided in the External Funding Policy. This is because most bidding activity takes place in response to funding streams being announced with bidding activity taking place over a relatively short period of time. Hence it has not been practical to develop a detailed strategy, or plan. There is however an emerging plan being developed in response to EU funding programmes.
- 2.2 As well as the ad-hoc and unplanned nature of bidding activity it is becoming more common for the county council to act as a partner or facilitator in bidding. This is because of the nature of external funding criteria focussing on 'communities' and the increasing prevalence of partnership working with third sector bodies and/or public sector bodies. Recent examples of this activity include the Transformation Challenge Award funding and the Technical Assistance programme in support of EU Social Investment Funding.

3 Recommendation

- 3.1 Given the varied and ad-hoc nature of external funding programmes, and the lack of a dedicated external funding resource within the council, it is practical to provide a light touch approach to strategy. The onus is therefore on the bidding officer to gain approval to bid through the scheme of delegation at either Head of Service level or Cabinet.
- 3.2 However, to ensure that more emphasis is placed on ensuring activity is focussed on recognised priorities and that bidding in partnership is appropriately managed, it is recommended to update the External Funding Policy as shown in red in Appendix A.

Debbie Ward
Chief Executive
May 2016

Bidding Procedure to Manage External Funding Activity

Appendix A: External Funding Policy - Corporate External Funding Bidding Template

The purpose of this form is to:

- capture key information in order to update the corporate register of bids
- provide a checklist for bidding officers to help them gain approval to bid
- ensure bidding activity is in support of corporate priorities

Section 1: Project Information							
Lead Service				Lead Officer			
Project Name				Project Description			
Estimated Project Dates	Initial Idea		Start Date		End Date		
Sources of Funding Include funding from grants, DCC and partners	Source				£ Confirmed	£ Unconfirmed	
Estimated Total Project Costs							
Accountable Body (e.g. DCC)	(see appendix B)						
Formal Project Partners							
How does the bid support the delivery of corporate aims	OUTCOME	OUTCOME STATEMENT	POPULATION INDICATOR	MEASURE			
	SAFE						
	HEALTHY						
	INDEPENDENT						
	PROSPEROUS						
Section 2: Advice Checklist							
Specialist advice DCC officers can provide advice to help inform your project and your bid. This list is a prompt for areas to consider.	Service	Advice / Support				Your Notes	
	Financial	You must consult your directorate accountant in all cases to discuss financial processes, budgets & VAT implications etc					
	Legal Services	You must consult legal services where the bid requires a partnership agreement. Legal services can also advise on contracts and corporate governance.					
	Chief Executive's Office	Case history of bids, funder information, assistance with match funding and bid development costs, good practice, sign posting, partnering, voluntary sector liaison, statutory sector liaison					
	Procurement	Compliance with EU Procurement Legislation and DCC Contract Procedure Rules					
	HR	Recruitment process and timescales					
	Communications	D4U Website, promotion, publicity, Your Dorset,					
	ICT	Hardware & software costs, compatibility					
Bear in mind that adhering to corporate governance procedures, procurement legislation and HR processes can significantly increase your project timescale – get advice early on.							
Section 3: Approval to bid							
Approval to Bid Before bidding, financial regulations stipulate that approval must be obtained at an appropriate level	Q: Is the County Council Contribution less than £500,000?						
	Q: Is the County Council Contribution from an approved budget?						
	Q: Can you confirm that the bidding does NOT require a change in Council Policy?						
	<ul style="list-style-type: none"> ▪ If you have answered NO to <u>any</u> of the 3 questions above then approval to bid is required through the KEY DECISION process. See http://staffnet/index.jsp?articleid=267689 ▪ If you have answered YES to <u>all</u> three questions then approval to bid can be sought through the SCHEME of DELEGATION. See section 7 of the External Funding Policy 						
Please indicate if approval to bid has been obtained.	Through 'Scheme of Delegation'		Officer giving approval:				
	Through the 'Key Decision'		Date at cabinet:				
What Next ?	Submit this form, via email or in hardcopy, to c.scally@dorsetcc.gov.uk You can submit this form once section 1 is completed.						
Help and queries?	☎ Chris Scally: 01305 22 8624 ☎ Laura Cornette: 01305 22 4306						

Audit and Governance Committee

Dorset County Council



Date of Meeting	8 June 2016																																																
Officer	Chief Financial Officer																																																
Subject of Report	Draft 2015/16 Budget Outturn and Financial Management Report																																																
Executive Summary	<p>This report provides the Audit and Governance Committee with outturn information for the 2015/16 financial year. This information is still subject to external audit verification, which will begin on 6th June.</p> <p>The report also provides an early indication of the outlook for the 2016/17 financial year based on the latest available information from the Directorates.</p> <p>Finally, the Committee is being informed of the early work being undertaken in order that we can set a legal, balanced budget for the 2017/18 financial year.</p> <p>The outturn for the County Council for 2015/16 on services was £254.99m, against a final budget of £251.15m – an overspend of just over £3.8m. However, centrally controlled budgets underspent by £3.1m reducing the overspend to £0.688m.</p> <table border="1"> <thead> <tr> <th>Directorate</th> <th>Budget £000</th> <th>Outturn £000</th> <th>Variance £000</th> <th>% Var</th> </tr> </thead> <tbody> <tr> <td>Children's Services</td> <td>59,534</td> <td>64,362</td> <td>(4,828)</td> <td>-8%</td> </tr> <tr> <td>Adult & Community Services</td> <td>120,713</td> <td>121,373</td> <td>(660)</td> <td>-1%</td> </tr> <tr> <td>Environment and the Economy</td> <td>31,298</td> <td>30,433</td> <td>865</td> <td>3%</td> </tr> <tr> <td>Chief Executives</td> <td>20,473</td> <td>20,025</td> <td>448</td> <td>2%</td> </tr> <tr> <td>Partnerships</td> <td>19,135</td> <td>18,798</td> <td>337</td> <td>2%</td> </tr> <tr> <td>Service Total</td> <td>251,153</td> <td>254,991</td> <td>(3,838)</td> <td>-2%</td> </tr> <tr> <td>Central budgets</td> <td>(247,031)</td> <td>(250,181)</td> <td>3,150</td> <td>1%</td> </tr> <tr> <td>Total</td> <td>4,122</td> <td>4,810</td> <td>(688)</td> <td>-16%</td> </tr> </tbody> </table>				Directorate	Budget £000	Outturn £000	Variance £000	% Var	Children's Services	59,534	64,362	(4,828)	-8%	Adult & Community Services	120,713	121,373	(660)	-1%	Environment and the Economy	31,298	30,433	865	3%	Chief Executives	20,473	20,025	448	2%	Partnerships	19,135	18,798	337	2%	Service Total	251,153	254,991	(3,838)	-2%	Central budgets	(247,031)	(250,181)	3,150	1%	Total	4,122	4,810	(688)	-16%
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	<p>The key pressures facing the County Council were, and continue to be, in relation to the costs of social care in Adult and Community Services and particularly in Children's Services.</p> <p>During the year, Cabinet also approved a change to the way in which the Authority calculates its Minimum Revenue Provision (MRP). MRP is the amount the County Council must prudently set aside for the repayment of borrowing used to fund the capital programme. Our assessment of MRP during the year showed that in the past, our provision has been overly prudent, meaning that some of this can now be released back into general reserves. This means that despite the overspend, our general balances have increased since 1 April 2015 by a net £2.7m to £14.6m.</p> <p>An early assessment of the 2016/17 projected outturn has been completed based on known changes since the budget was approved in February 2016 and early spend indicators. This projection is showing an overspend against services of £6.77m.</p> <table border="1" data-bbox="528 748 1406 1245"> <thead> <tr> <th>Directorate</th> <th>Budget £000</th> <th>Forecast Outturn £000</th> <th>Forecast Variance £000</th> <th>Forecast Variance %</th> </tr> </thead> <tbody> <tr> <td>Children's Services</td> <td>56,924</td> <td>64,624</td> <td>(7,700)</td> <td>-14%</td> </tr> <tr> <td>Adult & Community Services</td> <td>120,833</td> <td>121,934</td> <td>(1,101)</td> <td>-1%</td> </tr> <tr> <td>Environment and the Economy</td> <td>29,926</td> <td>31,712</td> <td>(1,786)</td> <td>-6%</td> </tr> <tr> <td>Chief Executives</td> <td>18,668</td> <td>19,202</td> <td>(534)</td> <td>-3%</td> </tr> <tr> <td>Partnerships</td> <td>22,000</td> <td>21,649</td> <td>351</td> <td>2%</td> </tr> <tr> <td>Service Total</td> <td>248,351</td> <td>259,121</td> <td>(10,770)</td> <td>-4%</td> </tr> <tr> <td>Children's Services Contingency</td> <td>0</td> <td>(4,000)</td> <td>4,000</td> <td>-</td> </tr> <tr> <td>Dorset County Council Total</td> <td>248,351</td> <td>255,121</td> <td>(6,770)</td> <td>-3%</td> </tr> </tbody> </table> <p>It shows that the pressures remain in Adult and Community Services, increasing demand within Children's Services alongside new pressures within the Economy and the Environment and Chief Executive's Directorates, as they embed the 2016/17 savings targets. The forecast overspend within Children's Services remains particularly challenging, as £4m of one off funding was allocated to allow time to reduce the numbers of looked after children, which is not being seen at the pace expected, partially effected due to the month long Ofsted inspection, to enable the service to remain within budget.</p> <p>Significant early action is required across all Directorates to reduce this projected overspend if it is not to have an impact on the overall level of reserves and on the savings and efficiencies required in order to balance financial position of the County Council and the 2017/18 budget.</p>	Directorate	Budget £000	Forecast Outturn £000	Forecast Variance £000	Forecast Variance %	Children's Services	56,924	64,624	(7,700)	-14%	Adult & Community Services	120,833	121,934	(1,101)	-1%	Environment and the Economy	29,926	31,712	(1,786)	-6%	Chief Executives	18,668	19,202	(534)	-3%	Partnerships	22,000	21,649	351	2%	Service Total	248,351	259,121	(10,770)	-4%	Children's Services Contingency	0	(4,000)	4,000	-	Dorset County Council Total	248,351	255,121	(6,770)	-3%
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<p>Impact Assessment:</p> <p>Please refer to the protocol for writing reports.</p>	<p>Equalities Impact Assessment:</p> <p>This outturn report and high level update does not involve a change in strategy. As the strategy for managing within the available budget is developed, the impact of specific proposals on equality groups will be considered.</p>																																													

	<p>Use of Evidence: This report draws on information from the Authority's accounting systems and other financial records and relies on reports and allocations from Government for future funding plans.</p> <p>Budget: The report provides information about the Authority's performance against its agreed budget for 2015/16 and a brief update on the budget challenges that lie ahead.</p> <p>Risk Assessment: Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as: Current Risk: MEDIUM for future budget matters Residual Risk MEDIUM</p> <p>Other Implications: None.</p>
<p>Recommendation</p>	<ol style="list-style-type: none"> 1. Members are asked to note the comments of the outturn section of the report. A further report on the outturn, as part of the closing of accounts and audit will come back to the September meeting. 2. Members are also asked to consider and comment on the forecast position for 2016/17 and actions being taken, through the Forward Together 2020 programme and the Budget Strategy Task & Finish Group.
<p>Reason for Recommendation</p>	<ol style="list-style-type: none"> 1. To allow officers to continue work on the accounts closure process and to working positively with the Authority's Auditors, KPMG. We are aiming to have the unaudited accounts certified by the CFO by 31 May. This would be a full month earlier than usual and would ensure compliance with the Accounts and Audit Regulations 2015 two years before earlier certification is mandatory. 2. To understand the anticipated pressures arising so far and to obtain comfort that strategies are in place to address the projected performance during the year.
<p>Appendices</p>	<p>None</p>
<p>Background Papers</p>	<p>Cabinet updates on the MTFP and budget for 2016/17.</p>
<p>Officer Contact</p>	<p>Name: Tom Wilkinson Tel: 01305 224366 Email: Thomas.Wilkinson@dorsetcc.gov.uk</p>

1. Background

- 1.1. The County Council has recently changed its overview and scrutiny committees from a Directorate based structure to one based on the County Council's key outcomes, which cut across the traditional Directorate structures. Traditionally, individual service finance reports were taken to these Directorate-aligned committees. The changes made, now mean that the Audit and Governance Committee will consider a complete view of the outturn position for the County Council and of any further financial implications for the future.
- 1.2. Sound financial management requires that all available financial information is considered to inform the medium term financial plan (MTFP) and financial strategy. This report therefore considers the (unaudited) financial performance for 2015/16 and also takes the opportunity to look forward to the early forecasts of the 2016/17 outturn and implications for the MTFP and in particular the shape of the 2017/18 budget setting process.

2. 2015/16 financial performance

- 2.1. Overall the County Council overspent its budget by £0.688m. Table 1 illustrates the key variances against the Directorate and Central Budgets. The key variances are explained by Directorate.

Table 1 – outturn 2015/16

Directorate	Budget £000	Outturn £000	Variance £000	% Var
Children's Services	59,534	64,362	(4,828)	-8%
Adult & Community Services	120,713	121,373	(660)	-1%
Environment and the Economy	31,298	30,433	865	3%
Chief Executives	20,473	20,025	448	2%
Partnerships	19,135	18,798	337	2%
Service Total	251,153	254,991	(3,838)	-2%
Central budgets	(247,031)	(250,181)	3,150	1%
Total	4,122	4,810	(688)	-16%

Children's Services (outturn £64.362m – overspend of £4.828m)

- 2.2. The budgets within Children's Services are under pressure in three main areas: Children in care; Social worker agency staff and SEN transport.
- 2.3. The number of children in care has continued to increase throughout the year from 393 at the beginning of April 2015 to 486 at the end of March 2016, an increase of 93. Per head of population, the County Council now has more children in care than its comparable neighbours and now also exceeds the national average. In the past the number of looked after children averaged 340, which was deemed to be low leading to a number of cases being reviewed, which has reflected the national picture. As a result of this, since July 2014 the County Council has seen a steady increase to current levels.
- 2.4. The cost pressure from this level of children in care means we have outspent the available budget of £4.2m and includes the direct placement costs, but also the higher legal costs and costs of transport. The marginal average cost of taking a child into care is now in the region of £80k per annum.

- 2.5. Children's Field Social Work overspent by £1.3m, mainly the result of a £2.3m spend on agency staff although this has been partially offset by £0.9m of staffing underspends. There have been difficulties in recruiting experienced social workers who handle the more complex cases, due to a national shortage of qualified social workers; an increase in demand has exacerbated this situation. There is currently a restructure of the service in progress, designed to build resilience, alongside a proactive recruitment campaign which has sought to improve incentives to attract high quality worker, which will negate the impact in future years.
- 2.6. SEN transport has overspent its budget for a number of years and whilst progress has been made in relation to how the County Council enables children with a disability to attend school, the financial position has not improved. This is disappointing as the forecasts had not predicted this during the year and we are currently investigating why this is the case, assisted by colleagues from SWAP.
- 2.7. There have been some compensating underspends, mainly against Business Support, Commissioning and the Director's Office as in-year action to reduce spend on controllable budgets has been taken.

Adult & Community Services (outturn £121.373m – overspend of £0.66m)

- 2.8. The Residential Care for Older People budget was overspent by £2.5m on a £34.9m budget. There were 1,157 placements at the end of March, 63 above budgeted provision. The demand for new placements continued and 593 new placements were made during 2015/16. The origins of these placements were monitored during the year and the Directorate and colleagues from Health worked together to reduce admissions from hospitals. The overspend figure includes of £0.4m for void placement costs on external block bed contracts.
- 2.9. Learning Disability demand led budgets overspent by £0.2m for Direct Payments, £0.5m for Residential Care and Supported Living £1.0m. Demand pressures for homecare across all service areas remained high and the budget overspent by £1.2m. The Directorate undertook targeted reviews of care packages to reduce costs where possible. The service had £2m from reserves to support the £3m structural overspend.
- 2.10. Tricuro, the Local Authority Trading Company (LATC) for Adult and Community Services went live on the 1 July 2015 and is owned by the Bournemouth, Poole and Dorset Local Authorities. The LATC commissioning budget was £26.7m. Savings of £1.5m were delivered in 2015/16 as part of the Pathways to Independence programme. Tricuro returned £0.196m of unused funding to Dorset County Council at the end of March 2016.
- 2.11. The Partnerships and Performance budget was underspent by £1.08m. This included unspent Directorate contingency of £0.250m (set aside for potential winter pressures), a £0.193m underspend on the Trading Standards budget largely due to additional income, a £0.21m underspend on the Directorate's Training budget and an underspend on Community Safety of £0.139m due to vacant posts.
- 2.12. An area of constant scrutiny was the £2.75m increase in S75 funding from Health. £1.8m (67%) of this funding was fully secure with the balance of £0.95m dependent on joint working with the Clinical Commissioning Group to reduce expenditure on Continuing Health Care (CHC). This was successfully achieved and funding released to the County Council. There was a total amount of £10.5m from Health supporting the Adult Social Care Budget in 2015/16.

- 2.13. The Early Help and Community Services budget was underspent by £0.244m at the end of the year. The Registration Service budget exceeded the anticipated income streams leading to an overall net over recovery of £39k.
- 2.14. Public Libraries salaries budgets were underspent due to staff turnover and posts being held vacant pending further restructure of the service. Grants from the Home Office to fund management costs of running libraries in Prisons increased the Libraries underspend from the February prediction by £35k and spending on books was reduced by a further £30k compared to the February position. The School Library Service fell short of its income targets for the year. The under-recovery has been funded from the underspend in the Public Library budget.
- 2.15. Following phase one of the Directorate restructure on 1 May 2015 budgets Early Help budgets have been realigned. Income from Blue Badges contributed towards an overall net underspend of £76k.

Environment and the Economy (outturn £30.433m – underspend of £0.865m)

- 2.16. The Directorate as a whole underspent by £0.865m which was greater than the February forecast of £0.445m.
- 2.17. There were larger underspends in Economy and Enterprise and Transport Planning than previously forecast.
- 2.18. Dorset Passenger Transport underspent by an additional £68k due to expenditure being forecast that wasn't realised in 2015/16.
- 2.19. The majority of the Business Support Unit's underspend was due to the holding of vacant posts, together with the identification of additional unbudgeted income streams.
- 2.20. The Coast and Countryside final outturn equalled the budget for 2015/16. This continued the downward trend for many months since the forecast overspend of £0.404m at the beginning of the year. Changes reflect service restructure, income collection now in hand, vacancy management and restraint exercised across the whole service to reduce spend wherever possible, despite unplanned expenditure in Arboriculture to deal with the effects of late winter storms. The late cold spell checked grass growth enabling us to delay by two weeks on average the start of verge maintenance, even following the exceptionally mild winter.
- 2.21. The Estate and Assets Service budget reflected the restructuring that has taken place and the anticipated income generated by the team. The County Buildings budget has been carrying a structural deficit for the past couple of years due to the under recovery of internal recharges from trading entities. Work is ongoing to rectify this. Furthermore, there have been two unbudgeted invoices in the order of £40k received for repair and maintenance works to Princes House, which is held on an FRI lease.
- 2.22. The Buildings and Construction budget underspend reflects large savings through vacancy management following the restructure, together with some over recovery of income, through work in progress adjustments, due to the timing of project ends.
- 2.23. The outturn for Network Management is a significantly higher underspend than previously forecast. The Data team had a higher underspend due to less expenditure on hardware and Pitney Bowes than forecast. The Traffic team had additional income

in a number of areas and the advertising costs for Temporary Traffic Regulation Orders were much lower than had been forecast.

- 2.24. Network Development previously predicted a surplus of £54k at end of year which versus an actual surplus of £67k on a budget of £1.09m.
- 2.25. Network Operations ended the year with a higher underspend than anticipated. This was mainly due to £0.107m of recharges relating to Network Damage that were only charged in March and so hadn't previously been accounted for in the forecast.
- 2.26. Fleet Services has had a good year with underspends across both pay related and vehicle parts budgets. A service restructure and change in working practices early in 15/16 to deliver a balanced budget exceeded early forecasts. Meeting income targets has been challenging this year, but a very good end of year has exceeded previous forecasts and delivered a modest surplus, contributing to an overall budget underspend of £90k.
- 2.27. The Director's office overspent by £45k after £60k income from TRICS Consortium Ltd, as part of the 2014/15 final consortium settlement, remained in the general DCC contingency budget as this was not needed to help with one-off savings targets for Environment and Economy during 2015/16. TRICS is a private company established by DCC and five other local authorities (trip rate information computer system).

Chief Executives (outturn £20.024m – underspend of £0.448m)

- 2.28. The Chief Executive's Department underspent by £0.448m compared to the underspend of £0.211m predicted in February.
- 2.29. Legal and Democratic services delivered a £0.140m underspend against a prediction of £41k in February, due to earlier realisation of savings in relation to the annual law library, a lower than expected final invoice for the Coroners service and a lower than predicted spend in the Corporate and Democratic Core budget.
- 2.30. Financial Services underspent by £0.155m, an increase of £66k since February's prediction due to a higher than anticipated recharge to the Pension Fund for work carried out within the Pension section.
- 2.31. Human Resources underspent by £0.289m due to budget and vacancy management during the year, reduced training costs and increased income.
- 2.32. The Cabinet budget achieved a year-end underspend of £0.164m. £0.150m of this was due to savings made on the renewal of our insurance policies through taking a different attitude to risk in a number of areas.
- 2.33. The ICT budget overspent by £55k. This was due to some unexpected increases in costs during the year which were managed in part by delaying staff appointments where possible.
- 2.34. Others areas with the Chief Executives Department (Emergency Planning, Commercial Services, Policy & Research, Partnerships and Governance & Assurance) produced small under and overspends which offset each other overall.
- 2.35. The Directorate has an ongoing base budget issue of £0.341m. This has been offset in part by a carry forward reserve of £93k and in part by the overspends detailed in paragraphs 2.30 to 2.33 above

Partnerships (outturn £18.797m – underspend of £0.337m)

- 2.36. The underspend against the budget for services provided in partnership is as a result of The Dorset Waste Partnership underspending in total by £520k (around 1.6%) on a budget of £32.456m. The costs of the Waste Partnership are shared between The County Council and the six District and Borough Councils, with the County Council's share of the year end underspend being £0.337m.
- 2.37. The principle reasons for a final underspend, when February 2016 forecasts were still suggesting a small overspend were due to trade waste income being more buoyant than the previous prediction, recyclate prices also fell, unexpectedly, from around £20 per tonne to around £13 per tonne at the end of the year. Tonnages of waste arising were also lower than expected in February and March and capital financing charges were significantly lower than expected due to further slippage on infrastructure schemes and the delivery of vehicles in early 2016/17, rather than, as previously expected, the final quarter of 2015/16.
- 2.38. Public Health Dorset is now in its fourth year. Despite a funding cut of £1.9m in 2015/16, announced in year, the service has underspent by £0.562m. This has been transferred into the Public Health reserve due to the ring fence currently in place around these funds.

Central budgets

- 2.39. Centrally controlled budgets including interest payable, interest receivable, capital financing costs and the contingency budget underspent by £3.15m. The main areas of underspend were in contingency (£0.436m) – which also showed a swing of £0.467m since the February forecast, mainly due to redundancy costs not arising until 2016/17 – and capital financing costs due to the MRP changes approved by the Cabinet during the year.
- 2.40. Despite the net overspend of £0.688m for the year, the change of method of calculating MRP also enabled the authority to make backdated, cumulative changes during 2015/16, meaning an additional £2.7m was transferred to the general fund. The County Councils balances therefore close the year at £14.6m, comfortably above the lower-end of the operating range of £10m.

3. 2016/17 Projection

- 3.1. Overall this early forecast for 2016/17, based on known changes since the budget was approved in February 2016 and the first months spend, shows a projected overspend against budget of £6.77m. Table 2 illustrates the key variances against the Directorate and Central Budgets. The key variances are explained by Directorate.

Table 2 – 2016/17 Forecast Outturn as at May 2016

Directorate	Budget £000	Forecast Outturn £000	Forecast Variance £000	Forecast Variance %
Children's Services	56,924	60,624	(3,700)	-6%
Adult & Community Services	120,833	121,934	(1,101)	-1%
Environment and the Economy	29,926	31,712	(1,786)	-6%
Chief Executives	18,668	19,202	(534)	-3%
Partnerships	22,000	21,649	351	2%
Dorset County Council Total	248,351	255,121	(6,770)	-3%

Children's Services – Forecast Outturn (£60.624m, overspend of £3.7m)

- 3.2. The pressures from 2015/16 have carried through to 2016/17. As part of the budget process, Children's Services identified savings and efficiencies of £3.7m. However, following analysis prepared as part of the budget setting process the County Council acknowledged that the existing budget for looked after children was insufficient, so it agreed to invest a further £3m a year, meaning that around 400 looked after children could be accommodated. A further one-off allocation of £5m was also provided to acknowledge that it would take time for the numbers in care to reduce from a predicted peak of around 500 to the new base position of 400 children. Of the £5m, £4m was earmarked for 2016/17, with the remaining £1m to be made available in 2017/18.
- 3.3. The current prediction, based on the latest projection of numbers of looked after children, suggests that numbers will peak at around 535 by June 2016 before reducing to around 460 by November 2017. This means that the peak will be higher and earlier than budgeted for, and will not reduce by as much. The additional cost of these extra children will be around £6.6m more than the available budget including additional legal costs associated with increased care proceedings.
- 3.4. Agency social worker staffing will continue to cause cost pressures until at least September when the new Care and Protection service structure is implemented. It is likely that these costs will be around £0.55m more than budgeted.
- 3.5. SEN transport is expected to cause continuing cost pressure, partly as a result of the additional savings brought forward as part of the budget setting process. Better data and understanding should result in a reduction in total spend compared to 2015/16, but it is expected that there will be an overspend against this reduced budget of around £0.5m.
- 3.6. The £4m of contingency, highlighted above will be used to offset these overspends.

Adult & Community Services (£120.833m, overspend of £1.1m)

- 3.7. The underlying overspend in the Adult Care budget will continue due to fee increases and demographic pressures. However, these have been mitigated by additional money received through the Social Care Precept (£3.9m) and other base budget adjustments.
- 3.8. The forecast overspend also reflects the *Forward Together* savings targets where plans are still being developed and further work is required.
- 3.9. The Directorate Management Team continues to work towards achieving a balanced budget for 2016/17.

Environment and the Economy (forecast = £31.712m, overspend of £1.785m)

- 3.10. The projected overspend relates to savings that have yet to be secured, mainly as part of the *Forward Together* savings programme. Work is continuing to ensure that these savings are secured. The main areas where additional work is required to secure savings are in public transport and the way we work property rationalisation.

Chief Executives (forecast = £19.902m, overspend of £0.534m)

- 3.11. The projected overspend for the Chief Executives Department includes the base budget problem of £0.341m mentioned earlier, which remains a budget pressure at the

moment. It has been agreed that this cost pressure will be divided out between the different cost centres in the department and managed by the individual budget holders.

- 3.12. The ICT budget is predicting a £0.141m overspend. This reflects the cost reductions that are at risk due to delaying the execution of their plan to reduce costs within the service.
- 3.13. Communications, Legal Services and Partnerships are also predicting small overspends. These are due to budget pressures already identified.

Partnerships (forecast = £21.649m, underspend of £0.351m)

- 3.14. The projected underspend is due to the Dorset Waste Partnership projecting a favourable variance of £0.546m. The County Council's share of this variance is £0.351m. The projected underspend arises primarily from favourable prices in relation to a major contract that is being renewed in 2016/17.

4. Implications for the 2017/18 Budget

- 4.1. The Budget Strategy Task and Finish Group has met twice already this year. So far Members have received presentations, briefings and reports to clarify the funding position and the budget gap for the three year planning period to 31 March 2020.
- 4.2. At the next meeting, Members will be receiving updates from Directors regarding their *Forward Together 2020* transformation plans as they look to develop a clearer framework for allocating resources to match priorities and move away from a narrow focus on proportionate budget reductions.

Richard Bates
Chief Financial Officer
May 2016

Audit and Governance Committee

Dorset County Council



Date of Meeting	8 June 2016
Officer	Monitoring Officer
Subject of Report	Constitutional Changes
Executive Summary	<p>The Constitution is a living document and is updated from time to time. The Audit and Governance Committee has a specific role in commenting upon proposed changes to the Constitution prior to consideration by the full Council.</p> <p>This report proposes changes which have arisen and will need to be considered by the County Council at its meeting on 21 July 2016.</p>
Impact Assessment:	<p>Equalities Impact Assessment: Not applicable.</p>
	<p>Use of Evidence: Evidence is detailed throughout each section of the report to describe the reasons for suggested changes to the Constitution.</p>
	<p>Budget: There are no consequential budget implications as a result of this report.</p>
	<p>Risk Assessment: Having considered the risks associated with this decision, the level of risk has been identified as: Current Risk: LOW Residual Risk LOW</p>

Constitutional Changes

	<p>Other Implications: There are indirect Corporate Parenting and Safeguarding Children implications as proposed through the changes suggested through the terms of reference of the Corporate Parenting Board. These changes will contribute towards the improvement of monitoring and management of the members' responsibilities in respect of Corporate Parenting and Safeguarding Children.</p>
Recommendation	That the Audit and Governance Committee recommend that the Petitions Scheme be updated as outlined in Appendix 1, and replaced in the Constitution by the County Council.
Reason for Recommendation	To contribute to the corporate aim to 'provide innovative and value for money services'.
Appendices	Appendix 1 – proposed updated Petitions Scheme Appendix 2 – current Petitions Scheme
Background Papers	None
Report Originator and Contact	Name: Lee Gallagher, Democratic Services Manager Tel: (01305) 224191 Email: l.d.gallagher@dorsetcc.gov.uk

- 1.1 The Constitution is a living document and is updated from time to time. The Audit and Governance Committee has a specific role in commenting upon proposed changes to the Constitution prior to consideration by the full Council.
- 1.2 This report proposes three changes which have arisen and will need to be considered by the County Council at its meeting on 21 July 2016. These are set out below:

The County Council's Petition Scheme

- 3.1 The Council's Petition Scheme has been in operation since 2010. Through the Localism Act 2011 the Government relaxed the statutory guidance which prescribed the detail of schemes but left the general obligation in place. The Council still operates a petition scheme as an important link with the public in relation to matters of local concern.
- 3.2 In January 2014 the Committee considered an update to the scheme to amend the number of signatories required to trigger consideration by Committees (50 signatures+), to the Audit and Scrutiny Committee on request (500 signatures+), or to the County Council (1000 signatures+). Further to this, the Council considered a further change to the scheme on 23 July 2015 regarding the requirements when compiling a petition (and some consequential changes to simplify the general content of the scheme), which are:

Constitutional Changes

'Petitions submitted to the council **must** include:

- A clear and concise statement covering the subject of the petition. It should state what action the petitioners wish the council to take.
- All or some of the following details of any person supporting the petition; name, address, postcode, signature, email address.
- The total number of signatures collected.'

3.3 The use of the scheme has become embedded in the committee arrangements for the Council since 2010 with reports being considered by the appropriate committee (50-999 signatures) or to the County Council (+1000 signatures). The Council has received no requests for the Audit and Scrutiny Committee to hold a senior officer to account (+500 signatures)

3.4 With major transformational changes to the way in which the Council operates its overview and scrutiny committees it is necessary to revisit the remit of the petition scheme to bring it up to date and to determine the most appropriate way of considering petitions in the future that is as customer friendly as possible. It is therefore suggested that the requirements relating to petitions to Council (+1000) and those relating to the call to account of a senior officer be retained, and that other petitions (50-999 signatures) be dealt with by a smaller customer focussed panel for each petition so that it can be heard within a shorter timescale than the current scheme and action, if any, can be taken as required.

3.5 It is suggested that the composition of each panel to consider petitions should be:

- The relevant Cabinet Member
- The Local Member
- Three other members to be drawn from the remainder of the Council's membership in order with particular interest or experience (not to be politically proportioned)

2.1 The panel would aim to meet with the petitioner within 6 weeks of the receipt of the petition in order to hear directly from the petitioner and agree to take action depending on what the petition asks for, but may include one or more of the following:

- taking the action requested in the petition
- considering the petition at a council meeting
- holding an inquiry into the matter
- undertaking research into the matter
- holding a public meeting
- holding a consultation
- holding a meeting with petitioners
- referring the petition for consideration by the council's audit and governance committee
- calling a referendum
- writing to the petition organiser setting out the panel's views

3.6 The Petition Scheme, and the suggested amendments are attached for information at Appendix 1, which include textual changes and a revised template for petitions.

Jonathan Mair
Monitoring Officer
June 2016

PROPOSED SCHEME - Dorset County Council Petitions Scheme

If you wish to petition Dorset County Council you can either:

- Send the Council a paper petition signed by those who support your petition. The petition should be sent to: *Democratic Services, Dorset County Council, County Hall, Colliton Park, Dorchester, DT1 1XJ - 01305 225113 - I.a.eaton@dorsetcc.gov.uk*
- Use the e-petitioning facility on Dorset for You to organise your own petition or to support someone else's petition - <https://epetitions.dorsetforyou.com/list-petitions>

What are the guidelines for submitting a petition?

Petitions submitted to the council **must** include:

- A clear and concise statement covering the subject of the petition. It should state what action the petitioners wish the council to take.
- All or some of the following details of any person supporting the petition; name, address, postcode, signature, email address.
- The total number of signatures collected.

Petitions should be accompanied by contact details, including an address, for the petition organiser.

The Council will respond to petitions organised and supported by people who live, work or study in Dorset. Most petitions will be of relevance only to local people. Some petitions will be of relevance to visitors and some will cross local authority boundaries and in such cases those from outside Dorset will be able to participate. In addition, children are welcome to petition the Council about an issue of particular concern to them.

Petitions which are considered to be vexatious, abusive or otherwise inappropriate will not be accepted. In the period immediately before an election or referendum we may need to deal with your petition differently – if this is the case we will explain the reasons and discuss the revised timescale which will apply. If a petition does not follow the guidelines set out above, the council may decide not to do anything further with it. In that case, we will write to you to explain the reasons. Decisions about whether a petition is vexatious, abusive or otherwise inappropriate will be made by the Monitoring Officer.

What will the Council do when it receives my petition?

An acknowledgement will be sent to the petition organiser within 5 working days of receiving the petition. It will let them know what we plan to do with the petition and when they can expect to hear from us again. It will also be published on our website.

- If your petition is supported by 50 or more signatories then it will be considered by a Petitions Panel.
- If your petition is supported by 1,000 or more signatories it will be scheduled for a debate at the next meeting of the full County Council.
- Alternatively a petition can call for a senior officer of the Council to be called to account at a meeting of the Audit and Governance Committee. This requires 500 or more signatures.

If we can do what your petition asks for, the acknowledgement may confirm that we have taken the action requested and the petition will be closed. The acknowledgment will confirm the arrangements for what will happen with the petition this and tell you when and where a meeting will take place. We will aim for your petition to be dealt with within 6 weeks of receipt.

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If the petition applies to a planning or rights of way application, is a statutory petition (for example requesting a referendum on having an elected mayor), or on a matter where there is already an existing right of appeal, other procedures apply.

To ensure that people know what we are doing in response to the petitions they will be published on our website when they are reported to the Council or a committee, except in cases where this would be inappropriate. We will also keep available for inspection at our offices all correspondence relating to the petition (all personal details will be removed). When you sign an e-petition you can elect to receive this information by email. All personal details are kept securely and are not passed to any third party for any purpose.

How will the Council respond to petitions?

Our response to a petition will depend on what a petition asks for and how many people have signed it, but may include one or more of the following:

- taking the action requested in the petition
- considering the petition at a council meeting
- holding an inquiry into the matter
- undertaking research into the matter
- holding a public meeting
- holding a consultation
- holding a meeting with petitioners
- referring the petition for consideration by the council's audit and governance committee
- calling a referendum
- writing to the petition organiser setting out the panel's views

If your petition is about something that a different council or organisation is responsible for we will give consideration to what the best method is for responding to it. This might consist of simply forwarding the petition to the other council, but could involve other steps. In any event we will always notify you of the action we have taken.

Consideration at Full Council, Committees and Panels

If your petition is referred to the Council, the Audit and Governance Committee or a Petitions Panel, we will endeavour to consider the petition as soon as practicable. The petition organiser will be given ten minutes to present the petition at the meeting and the petition will then be discussed by councillors for a maximum of 15 minutes (full Council or committees) or as required (panels). A decision will then be made as to how to respond to the petition at this meeting. Where the Cabinet is required to make a decision, a recommendation will be made to the next available meeting. The petition organiser will receive written confirmation of this decision. This confirmation will also be published on our website.

Officer evidence

Officers will be required to produce background information for any petition submitted. However, if your petition contains at least 500 signatures and requests a senior officer to be held to account, the relevant senior officer (Chief Executive, Directors and Heads of Service) will give evidence at a public meeting of the council's Audit and Governance Committee. You should be aware that it may be more appropriate for another officer to give evidence instead of any officer named in the petition. The Committee may also decide to call a relevant councillor to attend the meeting.

E-petitions

E-petitions must follow the same guidelines as paper petitions. The petition organiser will need to provide us with their name, postal address and email address. You will also need to decide how long you would like your petition to be open for signatures, up to a maximum of

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12 months. When you create an e-petition, it may take 5 days before it is published online. If we feel we cannot publish your petition for some reason, we will contact you within this time to explain. You will be able to change and resubmit your petition if you wish.

When an e-petition has closed for signature, it will automatically be submitted to Democratic Services. You will then receive an acknowledgement within 5 working days.

CURRENT SCHEME - Dorset County Council Petitions Scheme

1. This scheme explains what opportunities there are for you to:
 - Petition the Council
 - Bring about a debate in Council meetings
 - Have senior council officers “called to account”
 - Attend a Council meeting to speak as part of a deputation
2. If you wish to petition Dorset County Council or one of the County Council’s partner organisations (see paragraph 5.2) you can either:
 - Send the Council a paper petition signed by those who support your petition. The petition should be sent to:

The Democratic Services Manager
Dorset County Council
County Hall
Colliton Park
Dorchester
DT1 1XJ

Tel: 01305 224191

Email: l.d.gallagher@dorsetcc.gov.uk

- Use the e-petitioning facility on Dorset for You to organise your own petition or to support someone else’s petition (<https://epetitions.dorsetforyou.com/list-petitions>)

3. What are the guidelines for submitting a petition?

- 3.1 Petitions submitted to the council **must** include:
 - A clear and concise statement covering the subject of the petition. It should state what action the petitioners wish the council to take.
 - All or some of the following details of any person supporting the petition; name, address, postcode, signature, email address.
 - The total number of signatures collected.
- 3.2 Petitions should be accompanied by contact details, including an address, for the petition organiser. This is the person we will contact to explain how we will respond to the petition. The contact details of the petition organiser will not be placed on the website but the Council needs to know that the petition is being organised by someone who lives, works or studies in Dorset.
- 3.3 A suggested template for petitions is detailed at paragraph 10 of this scheme.
- 3.4 The law requires the council to respond to petitions organised and supported by people who live, work or study in Dorset. Most petitions will be of relevance only to local people. The Council recognises though that some petitions will be of relevance to visitors and that some petition issues will cross local authority boundaries and in such cases those from outside Dorset will be able to participate.
- 3.5 The right to organise and to support a petition applies to anyone who lives, works or studies in Dorset irrespective of age. It is therefore open to children to petition the Council about an issue of particular concern to them.

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- 3.6 Petitions which are considered to be vexatious, abusive or otherwise inappropriate will not be accepted. In the period immediately before an election or referendum we may need to deal with your petition differently – if this is the case we will explain the reasons and discuss the revised timescale which will apply. If a petition does not follow the guidelines set out above, the council may decide not to do anything further with it. In that case, we will write to you to explain the reasons. Decisions about whether a petition is vexatious, abusive or otherwise inappropriate will be made by a senior officer of the Council after consulting with the Chairman of the Standards and Governance Committee.

4. What will the Council do when it receives my petition?

- 4.1 An acknowledgement will be sent to the petition organiser within 10 working days of receiving the petition. It will let them know what we plan to do with the petition and when they can expect to hear from us again. It will also be published on our website.
- 4.2 If your petition is supported by 50 or more signatories then it will be reported to the relevant Council committee at the next meeting, although on some occasions this may not be possible and consideration will then take place at the following meeting.
- 4.3 If your petition is supported by 1,000 or more signatories it will be scheduled for a debate at the next meeting of the full County Council and you can also ask to speak to the meeting as a deputation.
- 4.4 Alternatively a petition can call for a senior officer of the Council to be called to account at a meeting of the Audit and Scrutiny Committee (holds the council's decision makers to account). This requires 500 or more signatories in support of the petition.
- 4.5 If we can do what your petition asks for, the acknowledgement may confirm that we have taken the action requested and the petition will be closed. If the petition has enough signatures to trigger a council debate, or a senior officer being called to account, then the acknowledgment will confirm this and tell you when and where the meeting will take place. If the petition needs more investigation, we will tell you the steps we plan to take.
- 4.6 If the petition applies to a planning or rights of way application, is a statutory petition (for example requesting a referendum on having an elected mayor), or on a matter where there is already an existing right of appeal, other procedures apply.
- 4.7 We will not take action on any petition which we consider to be vexatious, abusive or otherwise inappropriate and will explain the reasons for this in our acknowledgement of the petition.
- 4.8 To ensure that people know what we are doing in response to the petitions they will be published on our website when they are reported to the Council or a committee, except in cases where this would be inappropriate. We will also keep available for inspection at our offices all correspondence relating to the petition (all personal details will be removed). When you sign an e-petition you can elect to receive this information by email. All personal details are kept securely and are not passed to any third party for any purpose.

5. How will the Council respond to petitions?

- 5.1 Our response to a petition will depend on what a petition asks for and how many people have signed it, but may include one or more of the following:

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- taking the action requested in the petition
- considering the petition at a council meeting
- holding an inquiry into the matter
- undertaking research into the matter
- holding a public meeting
- holding a consultation
- holding a meeting with petitioners
- referring the petition for consideration by the council's audit and scrutiny committee
- calling a referendum
- writing to the petition organiser setting out our views about the request in the petition

5.2 If your petition is about something over which the council has no direct control (for example the local railway or hospital) we will consider making representations on behalf of the community to the relevant body. The council works with a large number of local partners including District and Borough Councils, Dorset Fire Authority, Dorset Police, NHS Bodies, Probation and the Environment Agency.

5.3 Where possible we will work with these partners to respond to your petition. If we are not able to do this for any reason (for example if what the petition calls for conflicts with council policy), then we will set out the reasons for this to you. You can find more information on the services for which the council is responsible on our website.

5.4 If your petition is about something that a different council is responsible for we will give consideration to what the best method is for responding to it. This might consist of simply forwarding the petition to the other council, but could involve other steps. In any event we will always notify you of the action we have taken.

6. Consideration at Full Council and Committees

6.1 If a petition contains more than 1,000 signatures it will be debated by the full Council unless it is a petition asking for a senior council officer to give evidence at a public meeting of the Audit and Scrutiny Committee. This means that the issue raised in the petition will be discussed at a meeting which all councillors can attend. The Council will endeavour to consider the petition at its next meeting, although on some occasions this may not be possible and consideration will then take place at the following meeting. The petition organiser will be given ten minutes to present the petition as a deputation at the meeting and the petition will then be discussed by councillors for a maximum of 15 minutes. The council will decide how to respond to the petition at this meeting. They may decide to take the action the petition requests, not to take the action requested for reasons put forward in the debate, or to commission further investigation into the matter, for example by a relevant committee. Where the issue is one on which the council executive (the Cabinet) are required to make the final decision, the council will decide whether to make recommendations to inform that decision. The petition organiser will receive written confirmation of this decision. This confirmation will also be published on our website.

6.2 The same rules for representations at full Council meetings will apply to any committee considering a petition.

7. Officer evidence

7.1 Your petition may ask for a senior council officer to give evidence at a public meeting of the Audit and Scrutiny Committee about something for which the officer is responsible as part of their job. For example, your petition may ask a senior council

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officer to explain progress on an issue, or to explain the advice given to elected councillors to enable them to make a particular decision.

- 7.2 If your petition contains at least 500 signatures, the relevant senior officer will give evidence at a public meeting of the council's Audit and Scrutiny Committee. The Council's definition of senior officer includes the Chief Executive, Directors and Heads of Service. You should be aware that the Audit and Scrutiny Committee may decide that it would be more appropriate for another officer to give evidence instead of any officer named in the petition – for instance if the named officer has changed jobs. The Committee may also decide to call the relevant councillor to attend the meeting. Committee members will ask the questions at this meeting, but you will be able to suggest questions to the Chairman of the Committee by contacting Lee Gallagher, Democratic Services Manager up to three working days before the meeting and you can also speak at the beginning of the meeting as a deputation.

8. E-petitions

- 8.1 The Council welcomes e-petitions which can be created and submitted through <https://epetitions.dorsetforyou.com/list>. E-petitions must follow the same guidelines as paper petitions. The petition organiser will need to provide us with their name, postal address and email address. You will also need to decide how long you would like your petition to be open for signatures, up to a maximum of 12 months.
- 8.2 When you create an e-petition, it may take five working days before it is published online. This is because we have to check that the content of your petition is suitable before it is made available for signature.
- 8.3 If we feel we cannot publish your petition for some reason, we will contact you within this time to explain. You will be able to change and resubmit your petition if you wish. If you do not do this within 10 working days, a summary of the petition and the reason why it has not been accepted will be published under the 'rejected petitions' section of the website.
- 8.4 When an e-petition has closed for signature, it will automatically be submitted to the Democratic Services Manager. In the same way as a paper petition, you will receive an acknowledgement within 10 working days.

9. What can I do if I feel my petition has not been dealt with properly?

- 9.1 If you feel that we have not dealt with your petition properly, the petition organiser has the right to request that the Council's Audit and Scrutiny Committee review the steps that the Council has taken in response to your petition. It is helpful to everyone, and can improve the prospects for a review if the petition organiser gives a short explanation of the reasons why the council's response is not considered to be adequate.
- 9.2 The Committee will endeavour to consider your request at its next meeting, although on some occasions this may not be possible and consideration will take place at the following meeting. Should the committee determine we have not dealt with your petition adequately, it may use any of its powers to deal with the matter. These powers include instigating an investigation, making recommendations to the council executive and arranging for the matter to be considered at a meeting of the full council.

Once the appeal has been considered the petition organiser will be informed of the results within 5 working days. The results of the review will also be published on Dorset for You.

10. Suggested template for paper petitions to Dorset County Council

This petition is organised by [*insert name of petition organiser and address. The organiser must live, work or study in Dorset*].

Subject matter of petition

This petition is about [*insert subject matter*] and asks Dorset County Council [*please insert a short statement of what action you would like the County Council to take in response to your petition*].

I support the petition to [*insert petition aims*] and I confirm that I live, work or study in Dorset:

	Full name	Address	Signature
1			
2			
3			
4			
5			

11. Representations

- 11.1 In addition to petitions the County Council often receives representations from individuals and organisations about planning applications and other regulatory decisions to be made by the Planning Committee or the Roads and Rights of Way Committee. Often such representations are made in response to a statutory consultation requiring representations to be made within a prescribed timescale.
- 11.2 Late representations, received after a report to a committee or the Cabinet has been sent out with the agenda papers for the meeting, will be reported orally at the meeting. However, in doing so directors will ensure that undue weight is not given to such representations and they will make it clear to members that late representations should be considered within the context of all of the other representations received on the matter under consideration.
- 11.3 In the case of the Planning Committee, late representations received after a report has been sent out, will be circulated on an "update sheet" sent to members one working day before the Committee meeting. That update sheet will contain a summary of all formal consultee responses received late and the number of other late representation received together with a summary, provided that summary raises new points not already addressed by the report. The update sheet will also bring to members' attention any corrections to the report and any new information that may have a bearing on the decision. Any further late representations received after midday on the working day preceding the Committee will not be included in the update and nor will they be reported verbally to members, other than in exceptional circumstances and with the prior agreement of the Chairman of the Planning Committee. It remains open to those interested in a planning application to make direct comments to the Planning Committee as part of the Committee's public speaking arrangements.

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Audit and Governance Committee Work Programme

Forward Plan

Chairman: Cllr Trevor Jones
Vice Chairman: Cllr Kate Wheller

Agreed Items (yet to be scoped and/or scheduled)

All items that have been agreed for coverage by the Committee have been scheduled in the Forward Plan accordingly.

Date of Meeting		Item	Purpose / Key Lines of Enquiry (KLOE)	Lead Member/Officer
20 September 2016 (10.00am)	1	<u>Statement of Accounts 2015/16</u>	To consider the Statement of Accounts for 2015/16 that has been reviewed by the Authority's external auditor, KPMG.	Jim McManus Chief Accountant
	2	<u>Budget Monitoring Quarterly Report</u>	To consider and comment upon the budget monitoring information including actions taken to address any overspend.	Jim McManus Chief Accountant
	3	<u>Treasury Management Update</u>	To consider the update on treasury management.	Nick Buckland Chief Treasury and Pension Manager
	4	<u>Performance Monitoring Report</u>	To consider and comment upon the performance monitoring report for the quarter and agree any future actions with regard to the performance issues raised.	John Alexander Policy and Performance Manager
	5	<u>Business Continuity</u>	To receive a report on the outcomes of a Business Continuity planning exercise for ICT and identify any lessons learned.	Richard Pascoe Head of ICT and Customer Services
	6	<u>ISA 260 Report</u>	To consider the External Auditor's report to "Those charged with Governance".	John Oldroyd KPMG
	7	<u>Corporate Compliments and Complaints Annual Report 1 April 2015 to 31 March 2016</u>	To consider the Annual Report.	Julie Taylor Senior Assurance Manager (Complaints)
	8	<u>Council Tax Single Person's Discount</u>	To receive an update on the work plan for the next review of Council Tax Single Person's Discount.	Jim McManus Chief Accountant
	9	<u>Internal Audit Quarterly Report</u>	To receive a report on SWAP's independent work and assess the Council's risk, governance and control framework.	Rupert Bamberger Assistant Director South West Audit Partnership (SWAP)

Date of Meeting		Item	Purpose / Key Lines of Enquiry (KLOE)	Lead Member/Officer
	10	<u>Governance and Oversight Lessons in Failing Authorities</u>		Patrick Myers Head of Corporate Development
	11	<u>Constitutional Changes</u> (if required)	To consider any changes to the Constitution which have arisen that will need to be considered by the County Council.	Lee Gallagher Democratic Services Manager
January 2017 (10.00am) <i>Date to be advised</i>	1	<u>Budget Monitoring Quarterly Report</u>	To consider and comment upon the budget monitoring information including actions taken to address any overspend	Jim McManus Chief Accountant
	2	<u>Internal Audit Quarterly Report</u>	To receive a report on SWAP's independent work and assess the Council's risk, governance and control framework.	Rupert Bamberger Assistant Director South West Audit Partnership (SWAP)
	3	<u>Treasury Management Update</u>	To consider the update on treasury management.	Nick Buckland Chief Treasury and Pension Manager
	4	<u>Performance Monitoring Report</u>	To consider and comment upon the performance monitoring report for the quarter and agree any future actions with regard to the performance issues raised.	John Alexander Policy and Performance Manager
	5	<u>Constitutional Changes</u> (if required)	To consider any changes to the Constitution which have arisen that will need to be considered by the County Council.	Lee Gallagher Democratic Services Manager
March 2017 (10.00am) <i>Date to be advised</i>	1	<u>Budget Monitoring Quarterly Report</u>	To consider and comment upon the budget monitoring information including actions taken to address any overspend.	Jim McManus Chief Accountant

Date of Meeting		Item	Purpose / Key Lines of Enquiry (KLOE)	Lead Member/Officer
	2	<u>Internal Audit Quarterly Report</u>	To receive a report on SWAP's independent work and assess the Council's risk, governance and control framework.	Rupert Bamberger Assistant Director South West Audit Partnership (SWAP)
	3	<u>Performance Monitoring Report</u>	To consider and comment upon the performance monitoring report for the quarter and agree any future actions with regard to the performance issues raised.	John Alexander Policy and Performance Manager
	4	<u>Constitutional Changes</u> (if required)	To consider any changes to the Constitution which have arisen that will need to be considered by the County Council.	Lee Gallagher Democratic Services Manager
June 2017 (10.00am) <i>Date to be advised</i>	1	<u>Annual Internal Audit Report 2016/17</u>	To receive the annual report of internal audit activity and to provide an independent opinion on the Council's governance, risk and control framework for 2015/16.	Rupert Bamberger Assistant Director South West Audit Partnership (SWAP)
	2	<u>Internal Audit Plan 2017/18</u>	To consider the Internal Audit Plan for 2016/17.	Rupert Bamberger Assistant Director South West Audit Partnership (SWAP)
	3	<u>External Audit Plan 2016/17</u>	To consider the External Audit Plan for 2015/16.	John Oldroyd KPMG
	4	<u>Draft Annual Governance Statement 2016/17</u>	To consider the Annual Governance Statement which sets out key features of the governance framework in place in the Authority and provides a review of its effectiveness.	Mark Taylor Group Manager (Governance and Assurance)
	5	<u>Draft 2016/17 Budget Outturn and Financial Management Report</u>	To provide an update on the budget for 2016/17 and the Council's overall budget position.	Jim McManus Chief Accountant

Date of Meeting		Item	Purpose / Key Lines of Enquiry (KLOE)	Lead Member/Officer
	6	<u>Performance Monitoring Report</u>	To consider and comment upon the performance monitoring report for the quarter and agree any future actions with regard to the performance issues raised.	John Alexander Policy and Performance Manager
	7	<u>Treasury Management Update</u>	To consider the update on treasury management.	Nick Buckland Chief Treasury and Pension Manager
	8	<u>Constitutional Changes</u> (if required)	To consider any changes to the Constitution which have arisen that will need to be considered by the County Council.	Lee Gallagher Democratic Services Manager
Other draft items / issues identified for potential review				

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