



Meeting: Audit and Governance Committee  
Time: 10.00 am  
Date: 12 March 2018  
Venue: Committee Room 2, County Hall, Colliton Park, Dorchester, Dorset, DT1 1XJ

David Harris (Chairman)  
Cherry Brooks  
Colin Jamieson  
William Trite

Clare Sutton (Vice-Chairman)  
Ray Bryan  
Steven Lugg

Richard Biggs  
Andrew Cattaway  
Andrew Parry

## Notes:

- The reports with this agenda are available at [www.dorsetforyou.com/countycommittees](http://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>.

### 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 7 March 2018, and statements by midday the day before the meeting.

**Debbie Ward**  
Chief Executive

Contact: Denise Hunt, Senior Democratic Services Officer  
County Hall, Dorchester, DT1 1XJ  
01305 224878 - [d.hunt@dorsetcc.gov.uk](mailto:d.hunt@dorsetcc.gov.uk)

Date of Publication:  
Friday, 2 March 2018

## 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.

## 3. **Minutes**

5 - 12

To confirm and sign the minutes of the meeting held on 19 January 2018.

## 4. **Public Participation**

(a) Public Speaking

(b) Petitions

## 5. **Points from the Chairman**

To receive a verbal update from the Chairman of the Committee.

## 6. **Progress on Matters Raised at Previous Meetings**

13 - 18

To consider a report outlining decisions arising from recommendations of the Audit and Governance Committee or any outstanding actions identified at the last meeting.

## 7. **Financial Management Report**

19 - 30

To consider a report by the Chief Financial Officer (attached).

## 8. **Annual Audit Letter 2016-17**

31 - 38

To consider a report by KPMG, the Council's External Auditor (attached).

## 9. **Interim Audit 2017/18**

39 - 48

To consider a report by the Council's external auditors, KPMG (attached).

## 10. **Draft Internal Audit Plan 2018-19**

49 - 60

To consider a report by the South West Audit Partnership (SWAP) (attached).

- |   |           |
|---|-----------|
| <b>11. Report in Internal Audit Activity - Plan Progress 2017/18</b>  | 61 - 74   |
| To consider a report by the South West Audit Partnership (SWAP) (attached).                                     |           |
| <b>12. Draft Annual Governance Statement 2017-18</b>  | 75 - 102  |
| To consider a report by the Chief Executive (attached).   |           |
| <b>13. Monitoring Corporate Plan Outcomes: Update on Overview and Scrutiny Committee Activities, March 2018</b> | 103 - 110 |
| To consider a report by the Chief Executive (attached).   |           |
| <b>14. Work Programme</b>   | 111 - 114 |
| To consider the Committee's current work programme.   |           |
| <b>15. Questions from County Councillors</b>  |           |
| To answer any questions received in writing by the Chief Executive by not later than 10.00am on 7 March 2018.   |           |

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## Audit and Governance Committee

Minutes of the meeting held at County Hall, Colliton Park, Dorchester,  
Dorset, DT1 1XJ on Friday, 19 January 2018

### Present:

David Harris (Chairman)

Clare Sutton, Cherry Brooks, Ray Bryan, Steven Lugg and Andrew Parry.

### Other Members Attending:

Tony Ferrari attended as the Cabinet Member for Community and Resources.

Deborah Croney attended as the Cabinet Member for Economy, Education, Learning and Skills.

Peter Wharf attended as the Cabinet Member for Workforce.

Officers Attending: John Alexander (Senior Assurance Manager - Performance), Rupert Bamberger (Audit Manager - South West Audit Partnership), Darren Gilbert (KPMG), Jim McManus (Chief Accountant), Patrick Myers (Assistant Director - Design and Development), Peter Scarlett (Estate and Assets Manager), Mark Taylor (Group Manager - Governance and Assurance), Carl Wilcox (HR Specialist Services Lead) and Denise Hunt (Senior Democratic Services Officer).

(Notes: These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Committee to be held on **Monday, 12 March 2018.**)

### Apologies for Absence

1 Apologies for absence were received from Richard Biggs, Colin Jamieson and Bill Trite.

### Code of Conduct

2 There were no declarations by members of any disclosable pecuniary interests under the Code of Conduct.

### Minutes

3 The minutes of the meeting held on 20 September 2017 were confirmed and signed.

Arising from the minute 58, it was confirmed that the costs of the "Future Dorset" brochure, discussed as part of the Budget Monitoring Report, would be circulated to the Committee following the meeting.

### Public Participation

#### 4 Public speaking

There were no public questions received at the meeting in accordance with Standing Order 21(1).

There were no public statements received at the meeting in accordance with Standing Order 21(2).

#### Petitions

There were no petitions received in accordance with the County Council's petition scheme at this meeting.

### Update from the Chairman

5 The Chairman updated members on a recent meeting with the Chief Executive to

discuss how the committee could add value in areas of corporate activity such as procurement and billing, ICT and human resources in light of Local Government Reorganisation (LGR). The co-ordination of scrutiny related to the Children's Services Budget was also considered.

Members suggested that the ICT service and Children's Services budget were areas that should be prioritised and a further suggestion was made in relation to staff communications. These would be reported back to the Overview and Scrutiny Management Board (OSMB) in order to co-ordinate activity and avoid duplication across the Overview and Scrutiny Committees.

The Chairman reported that he had received a request for a review of the Cabinet decision in relation to HGV routing on the A350/C13 roads. He had spoken with officers, reviewed the paperwork and actions taken before and during the Cabinet meeting and concluded that the Cabinet had been provided with the correct information and that a review of the decision would not be necessary.

The Chairman advised that he would be arranging an informal meeting with the new Chairman of the Local Enterprise Partnership (LEP) and the Chairman of the Economic Growth Overview and Scrutiny Committee. The aim would be to develop a formal scrutiny process which had been suggested by a Parliamentary Select Committee on Scrutiny in Local Government.

### **Progress on Matters Raised at Previous Meetings**

- 6 The Committee considered a report containing outstanding actions identified at the meeting on 20 September 2017.

#### SEN Transport

The revised Home to School Transport Policy was now much clearer in explaining the criteria with regard to Passenger Assistants (PAs) and the recharge for PAs identified in the high impact card was £1.4m. The majority of applications were based on distance rather than need and the proposal for a school for children with autistic spectrum conditions run by the Delta Education Trust at Bovington would help to reduce the need to transport children longer distances.

#### Scoping Document – scrutiny review of the costs of care of Looked After Children in foster or residential placements

It was confirmed that a meeting would be arranged with Councillor Biggs to review the scoping document that would be considered by the OSMB on 30 January 2018.

#### Resolved

1. That the Educational Health Care Plan (EHCP) High Impact Card is circulated at the next meeting on 12 March 2018; and
2. That the scoping document – scrutiny review of the costs of care of Looked After Children in foster or residential placements is considered by OSMB on 30 January 2018.

### **External Audit Plan 2017/18 and Technical Update**

- 7 The Committee considered a report by KPMG, the Council's external auditor.

Having regard to the recent appointment of an Official Receiver for Carillion Plc, members asked whether external audit looked at local authority contracts with the private sector. The KPMG Director advised that there was a strong focus on governance of partnerships and how large contracts were monitored with outsourced providers as part of the Value for Money audit. Some work would be undertaken to consider the impact of the Carillion insolvency in the short term to identify any immediate actions that were necessary.

Members also drew attention to the merging of pension funds across the county and it was confirmed that this would be reviewed by external auditors in the next audit year.

### **Noted**

#### **Report of Internal Audit Activity - Plan Progress 2017/18**

8 The Committee considered the regular progress report by the South West Audit Partnership (SWAP) that had a revised briefer format.

Progress with transitional work in relation to the new EU General Data Protection Regulations (GDPR) was considered. SWAP had been asked to undertake an audit to inform a programme of work to comply with the regulations which came into force in May 2018. It was confirmed that a new Data Protection Officer had commenced work on 2 January 2018 that would assist with this aim. The need for members to have awareness of the new regulations was also recognised and a series of training sessions would be arranged in future.

Members considered the audits removed from the original 2017/18 audit plan as well as those that had been substituted and were informed that these decisions were taken in liaison with the relevant Directors and, if necessary, escalated to the Chief Executive, prior to being brought to Committee. It was suggested that the rationale for removing and substituting audits was included in the report in future so that members could make an informed judgement about whether the changes were justified.

The Committee discussed the partial progress in implementing outstanding recommendations in relation to the Safer Recruitment audit, noting the previous acceptance of the risk of undertaking DBS checks as part of a management self-service responsibility. An outstanding recommendation to carry out spot checks to ensure that this system was robust was scheduled to commence from February 2018. This issue would also be brought to the attention of the Cabinet Member for Health and Care as it had been reported in the original audit report that, as part of audit testing, an employee (although not directly employed by DCC) had been found to be employed without the appropriate DBS checks having been made.

Members asked whether a formal checking process was in place for the follow up of audit recommendations, for example, if an audit received a 'Reasonable' or 'Substantial' audit opinion, but still included recommendations for improvement.

Members were advised that SWAP focussed its resources using a risk-based approach with formal follow up of audit recommendations for those audits that had received a 'Partial' or 'No' assurance opinion. As part of every audit, managers agreed to an action plan in response to audit recommendations, regardless of the assurance level and there was the expectation that all recommendations would be implemented, even those that were not subject to formal follow by SWAP. However, all audits and recommendations were recorded on the Local Authority dashboard, to provide an oversight of all areas of work to the Corporate Leadership Team.

### **Resolved**

That the Cabinet Member for Health and Care is made aware of the significant audit risk in relation to DBS checks as part of the management self-service facility.

#### **Exempt Business**

9 **Resolved**

That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for minute number 10 because it was likely that if members of the public were present, there would be a disclosure to them of exempt information as defined in the paragraphs 1 and 2 of Part 1 of Schedule 12A and the

public interest in withholding the information outweighed the public interest in disclosing that information.

### **Senior Management Roles and Responsibilities - Interim Arrangements**

10 The Committee considered an exempt report by the Chief Executive outlining some changes to the roles and responsibilities of senior managers that would result in amendments to Article 12 of the County Council's Constitution. The view of the Audit and Governance Committee was therefore required prior to a decision being made by County Council in February 2018.

Cllr Peter Wharf, as the Cabinet Member for Workforce, outlined the key issues in the report including the difficulty in recruiting senior managers for short term contracts due to Local Government Reorganisation, review of additional responsibilities through job evaluation and changes to the Chief Executive's role due to responsibilities arising from the statutory role of Director for Adult Social Services (DASS).

The Committee highlighted the need to ensure that any changes were communicated appropriately to staff and explained in the press in a balanced way.

#### **RECOMMENDED**

That Article 12 of the Council's Constitution be updated to reflect the changes outlined within the Chief Executive's Report.

*Following this item, the meeting was open to the public and press for the remainder of the meeting (minutes 11 to 17).*

### **Financial Management Report**

11 The Committee considered a report by the Chief Financial Officer that included an update on the anticipated outturn for 2017/18 and debt management information.

The Committee noted the more rigorous debt management approach and it was suggested that the increased use of direct debits, particularly in the care sector, might alleviate some of the issues. It was confirmed that debt was managed in different ways according to the customer and the approach used in the non-payment of trade waste would not necessarily be the same as that used in other areas. A request was made for some further detail of the debts of £2.018m listed as "other" in the table showing the debt position by directorate and it was confirmed that this would be circulated to the Committee following the meeting.

Members considered the Children's Services budget overspend and whether to invite the relevant budget holders to attend the next Committee meeting. However, after receiving advice on the work in progress to provide an accurate base budget following 2 years of a similar level of overspend, it was considered appropriate to challenge the Children's Services budget once a baseline budget had been established.

Noting that the Children's Services budget predictions had changed dramatically between March and May 2018 the Chairman stated that it was likely that more funding would be required for the baseline budget in future years. He confirmed that scrutiny in this area would be discussed at the OSMB to ensure that work was co-ordinated appropriately across the Council's Overview and Scrutiny Committees and minimise any impact of workload on officers.

The forthcoming consultation on negative Revenue Support Grant (RSG), the proposal for 75% Business Rates Retention (BRR) and the need to ensure that Dorset received a good outcome from the fair funding review were debated. The Chief Accountant advised that the fair funding review could be the most critical of these because of the potential to more closely align future funding with growth in adult

social care costs.

### **Noted**

#### **Property Asset Management Report**

- 12 The Committee considered a report by the Chief Financial Officer that provided an update on the performance and future use of the Council's property assets and a new procedure for the disposal of surplus properties.

Following introduction of the report, members asked about project management arrangements during refurbishment of assets and how cost and time inefficiencies were being addressed, particularly if projects were delayed. They were informed that project managers were in place to ensure that projects ran smoothly and that assets were not unduly wasted. Issues in relation to inefficiencies at the Ferndown Local Office as a result of delays in the refurbishment programme were conveyed at the meeting.

A request was made to consider special economic factors such as job location when releasing assets and to have regard to areas such as Weymouth & Portland, where there were low levels of pay and social mobility.

Clarity was given on the payment of "optimism bias" for construction contracts which was essentially a contingency fund for projects that ran over time. This money would be returned to the corporate pot as the contract progressed through certain stages and there was reassurance that there would be no overspend.

The impact on the property budget of changing the use of assets rather than disposal was discussed. The Property & Assets Manager was now able to raise these issues directly with the Chief Financial Officer and discuss them at the financial managers team meetings to address the impact of such decisions on the property budget.

The Cabinet Member for Community and Resources acknowledged that the process had not been strong in terms of the critical path from identification of an asset to its final use or disposal. A robust assessment of all of the options could only be made in conjunction with all interested organisations. Only then could a final outcome on what the social use and cost of an asset should be could be achieved, including whether selling the land and buying another asset for that use was appropriate.

Using assets to create low cost key worker housing in Dorset was also discussed and it was confirmed that the property team continued to liaise with housing providers and to provide spare land that had no alternative use.

### **Resolved**

1. That the contents of the report be noted;
2. That the principle of refreshing the current Property Asset Management Plan in 2018, pending the likely creation of a new combined authority in 2019 be supported; and
3. That a link to a list of council assets held on Dorset for You is circulated to the Committee.

#### **Treasury Management Mid Year Update 2017/18**

- 13 The Committee considered a report by the Chief Financial Officer containing the mid year review of actual performance against the Treasury Management Strategy and other updates.

The structure of the report had taken account of feedback by the Committee at its September 2017 meeting as well as meeting the requirements of the CIPFA Code of Practice.

Members heard that Capita had sold its treasury management services to Link Asset Services who would give a presentation on treasury management following the meeting. Separate briefings and a copy of the presentation slides could be provided on request for those members of the committee who were unable to attend.

### **Noted**

#### **Corporate Plan: Outcomes Focussed Monitoring Report**

14 The Committee considered a report by the Chief Executive containing the four outcomes focussed monitoring reports in relation to Safe, Healthy, Independent and Prosperous elements of the Corporate Plan. Each of these areas fell within the remit of one of the three Overview and Scrutiny Committees and had been used as an evidence base to inform further investigation into a range of issues.

The Audit and Governance Committee had been provided with the full set of reports as part of its oversight role of the overview and scrutiny process and in order that members could determine the level of information it wished to receive in future. Officers were currently investigating the way in which improvements as a result of the Council's interventions could be captured which had proved challenging so far.

Whilst the information was very informative, members expressed concern about duplication of committee work and the need to trust that the Overview and Scrutiny Committees were doing this work and would refer matters to the Audit and Governance Committee if necessary.

Following discussion it was agreed that future reports should provide a brief summary of what the Overview and Scrutiny Committees had considered and include information on any worsening trends rather than detailed information. In this way, the Committee could seek assurance that the Overview and Scrutiny Committees were looking at the right areas, particularly with regard to deteriorating corporate risks.

### **Resolved**

That the 4 outcomes focussed monitoring reports are available in the Members' Room and shared with other Dorset authorities.

#### **Constitutional Changes**

15 The Committee considered a report by the Monitoring Officer suggesting 3 changes in relation to the Petition Scheme, Regulatory Committee membership and Pension Fund Committee membership.

The changes to the Petition Scheme were in line with that used by neighbouring county councils and retained the opportunity for the public to submit a petition from a threshold of 50 signatures.

Members discussed the size of the petition panel and it was suggested that a minimum of 3 panel members would be practical if the local member did not wish to attend and in terms of allowing a 2:1 vote on some decisions.

A membership of 10 councillors and 1 trained substitute for each political party on the Regulatory Committee, was supported. Nominations would be sought from Group Leaders in due course.

### **RECOMMENDED**

That County Council approves the following constitutional changes as amended by the Audit and Governance Committee:-

- County Council's Petition Scheme (including Petition Panels comprising a minimum of 3 members - the local member(s) should be given first choice and

- the relevant cabinet member should be expected to be involved).
- Regulatory Committee Membership – 10 members (in accordance with political proportionality) plus one substitute for each political party; and
  - Pension Fund Committee Membership to include a maximum of 2 Cabinet members.

Reason for Recommendation

To contribute to the County Council's Corporate Plan "Working Together for a Strong and Successful Dorset".

**Work Programme**

16 The Committee noted its workplan.

**Questions from County Councillors**

17 No questions were asked by members under Standing Order 20 (2).

Meeting Duration: 10.00 am - 1.10 pm

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# Audit and Governance Committee

**Dorset County Council**



Date of Meeting	12 March 2018
Officers	<u>Lead Cabinet Member</u> Rebecca Knox – Leader <u>Local Members</u> All Members <u>Lead Director</u> Debbie Ward, Chief Executive
<b>Subject of Report</b>	<b>Progress on Matters Raised at Previous Meetings</b>
Executive Summary	This report records:-  (a) Cabinet and County Council decisions arising from recommendations from Audit and Governance Committee meetings; and (b) Outstanding actions identified at the meeting held on 20 September 2017 and 19 January 2018. (c) Updates in relation to items discussed at previous meetings.
Impact Assessment:	Equalities Impact Assessment: N/A
	Use of Evidence: Information used to compile this report is drawn together from the Committee’s recommendations made to the Cabinet, and arising from matters raised at previous meetings. Evidence of other decisions made by the Cabinet which have differed from recommendations will also be included in the report.
	Budget: No VAT or other cost implications have been identified arising directly from this programme.

Progress on Matters Raised at Previous Meetings

	<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: LOW Residual Risk: LOW</p>
	<p>Other Implications: None</p>
Recommendation	<p>That Members consider the matters set out in this report.</p>
Reason for Recommendation	<p>To support the Council's corporate aim to provide innovative and value for money services.</p>
Appendices	<p>Appendix 1 – Outstanding Actions Appendix 2 – Progress Updates</p>
Background Papers	<p>None</p>
Report Originator and Contact	<p>Name: Denise Hunt, Senior Democratic Services Officer Tel: (01305) 224878 Email: <a href="mailto:d.hunt@dorsetcc.gov.uk">d.hunt@dorsetcc.gov.uk</a></p>

Date of Meeting	Note Number and subject reference	Action Required	Responsible Officer	Completed (incl comments)
20 September 17	58 - Budget Monitoring Report	The Costs of the "Future Dorset" Brochure to be circulated to the Committee.	Jim McManus Chief Accountant	An e-mail outlining the cost of the brochure was circulated to the Committee on 29 January 2018.
19 January 2018	6 – Progress on Matters Raised at Previous Meetings - Scrutiny review of the costs of care of Looked After Children in foster or residential placements	The revised scoping document to be considered by Overview & Scrutiny Management Board (OSMB) on 30 January 2018.	Patrick Myers Assistant Director – Design & Development	This was considered by OSMB on 30 January 2018 and an enquiry day proposed for June 2018. Further discussions will take place with Councillor Biggs concerning the date and audience.
	6 – Progress on Matters Raised at Previous Meetings – SEN Transport	That the Educational Health Care Plan (EHCP) High Impact Card is circulated in March 2018.	Patrick Myers Assistant Director – Design & Development	The High Impact Card is attached to this report. It has also been agreed that the next OSMB (25 April 2018) will focus on the four high impact scorecards and the asset plan for Children Services.
	8 - Report of Internal Audit Activity – Plan Progress 2017/18	That the rational for removal and substituted audits are included in future progress reports	Rupert Bamberger Assistant Director SWAP	This has been noted for future reports and was also brought to the attention of the OSMB for consideration by the Overview and Scrutiny Committees.
	8 - Report of Internal Audit Activity – Plan Progress 2017/18	The Cabinet Member for Health and Care to be made aware of the significant audit risk in relation to DBS checks as part of the management self-service facility.	Rupert Bamberger Assistant Director SWAP	An e-mail update was sent to the Cabinet Member on 19 February 2018.

Progress on Matters Raised at Previous Meetings

<b>Date of Meeting</b>	<b>Note Number and subject reference</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Completed (incl comments)</b>
	10 - Senior Management Roles and Responsibilities - Interim Arrangements	That Article 12 of the Council's Constitution be updated to reflect the changes outlined in the report.		The changes necessary to Article 12 of the Council's Constitution was supported by the County Council at its meeting on 15 February 2018.
	11 - Financial Management Report	Further detail to be provided of the debts of £2.018m listed as "other" in the table showing the debt position by directorate.	Jim McManus Chief Accountant	Further detail was e-mailed to the Committee on Tuesday 22 January 2018.
	12 - Property Asset Management Report	To circulate a link to the list of council assets on Dorset for You.	Peter Scarlett Estate & Assets Service Manager	An e-mail containing a link to the relevant page on Dorset for You was circulated to County Councillors on Tuesday 6 February 2018.
	14 - Corporate Plan: Outcomes Focussed Monitoring Report	That the 4 outcomes monitoring reports are available in the Members' Room and shared with other local authorities in Dorset.	John Alexander Senior Assurance Manager	The reports are available in the Members' Room.
	15 - Constitutional Changes	The constitutional changes in relation to the Petitions Scheme		The constitutional changes were adopted by County Council at its meeting on 15 February 2018.

Description/Context	Causes and Forces affecting this issue																																																							
<p>The LA has a statutory duty to provide travel assistance or free transport to children with SEND if eligible between home and school due to their need or the distance involved. Currently the SEN Travel Team within Children's determines eligibility and individual requirements while the Dorset Travel Team coordinates the contracting and operation of the majority of the transport.</p> <p>The amount spent on SEN travel has increased on the 2015/16 figures and expenditure was over budget in 2016/17 by £2.3m. The number of children being transported at the start of the year was recorded as 755*. By the end of the year this has increased to 941, a 25% increase. However, during this period, costs have only increased by £340k (4%). The growth in children being transported is linked to the increase in the number of children with an EHCP (12%) and this is fuelling the transport demand. Although the control actions taken are likely to contain growth, reduction of expenditure to meet budget will require further radical action.</p>	<ul style="list-style-type: none"> <li>• Increasing number of children and young people with EHCPs</li> <li>• Distance of children from home to SEND provision</li> <li>• Need for a Passenger Assistant</li> <li>• Lack of suitable mainstream transport</li> <li>• Availability and sufficiency of suitable SEND provision locally</li> <li>• Unit cost of transport commissioned by Dorset Travel</li> <li>• Willingness of parents/young person to accept Personal Travel Budgets</li> <li>• Robustness of the annual review of the EHCP</li> </ul>																																																							
<p>What do we know about this issue?</p> <p><b>Pre 16 SEN Travellers 2017-18</b> Source: Trapeze and DES</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Multiple travellers - all vehicles</th> <th>PTB (DES Actual)</th> <th>Single traveller - all vehicles</th> <th>PWT</th> </tr> </thead> <tbody> <tr><td>APRIL</td><td>676.4</td><td>103</td><td>100</td><td>3</td></tr> <tr><td>MAY</td><td>665.9</td><td>105</td><td>95</td><td>8</td></tr> <tr><td>JUNE</td><td>661.9</td><td>100</td><td>97</td><td>5</td></tr> <tr><td>JULY</td><td>640.4</td><td>0</td><td>92</td><td>14</td></tr> <tr><td>AUGUST</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>SEPTEMBER</td><td>732.2</td><td>86</td><td>61</td><td>3</td></tr> <tr><td>OCTOBER</td><td>841.3</td><td>86</td><td>84</td><td>10</td></tr> <tr><td>NOVEMBER</td><td>853.9</td><td>87</td><td>80</td><td>7</td></tr> <tr><td>DECEMBER</td><td>863</td><td>92</td><td>82</td><td>4</td></tr> <tr><td>JANUARY</td><td>879.1</td><td>103</td><td>90</td><td>10</td></tr> </tbody> </table> <p><b>All SEN transport actual spend vs profile 2017-18</b> Source: DES</p>	Month	Multiple travellers - all vehicles	PTB (DES Actual)	Single traveller - all vehicles	PWT	APRIL	676.4	103	100	3	MAY	665.9	105	95	8	JUNE	661.9	100	97	5	JULY	640.4	0	92	14	AUGUST	0	0	0	0	SEPTEMBER	732.2	86	61	3	OCTOBER	841.3	86	84	10	NOVEMBER	853.9	87	80	7	DECEMBER	863	92	82	4	JANUARY	879.1	103	90	10	
Month	Multiple travellers - all vehicles	PTB (DES Actual)	Single traveller - all vehicles	PWT																																																				
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JANUARY	879.1	103	90	10																																																				

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Commentary on the graphs: In January, approximately 1096 with SEND were transported (excluding AP and Post 16).

A reconciliation exercise has just started between Trapeze and SEN Travel Team records, particularly around single travellers. For consistency, Trapeze data will continue to be used until this exercise has been completed. This will hopefully provide increased confidence in the figures shown, and the reliability of the operational systems. A future step will be the introduction of other data (for example Post 16), to provide a complete picture of the overall SEN Transport expenditure. In January, the previous Trapeze generated PWT figures have been replaced with DES actuals, a similar process as the reporting of PTB figures. All PWT displayed on the A3 graphic are now from DES. Dorset Travel has completed the April to July reconciliation, and have requested an analysis of SEN, Mainstream and SEN Post 16 spend to identify any potential miscodes. Also provided to Dorset Travel is a list of outstanding customer debt totalling approx. £60k.

The current SEN Transport actual spend is £264k over the profiled budget to date (full year forecast remains at approx. £740k). It is worth noting that there is an historic transmission delay within this area, due to the delay between undertaking the work and the operator submitting their invoice. The Consolidated Bill should reduce this delay, however it will still exist. In addition, the PA recharge to date has only covered the April to November periods, and therefore the timing of the recharge impacts upon the actual spend to date, versus the budget profile.

## Progress on Matters Raised at Previous Meetings

### What are doing to address this issue?

Priority activities								Milestones achieved this month							
<ul style="list-style-type: none"> <li>Senior management oversight of expenditure decisions</li> <li>Review of passenger assistants</li> <li>Eligibility of children to receive a PA by the SEN assessment team to reduce demand</li> <li>Deployment of PA's to ensure they are on the most cost-effective routes, by Dorset Travel to ensure maximum efficiency</li> <li>Ensuring the most efficient routes for each child to reduce cost</li> <li>Review of existing travelers and method of travel, to ensure the most appropriate and cost-effective solution is in place</li> <li>Explore, verify and cost alternative delivery models - for example, all PTBs or school managed transport</li> <li>Review the travel requirements / eligibility of children through the annual review of their EHCP, promoting more independence where appropriate</li> </ul>								<ul style="list-style-type: none"> <li>Parent and staff surveys distributed, and the initial response has been excellent: 105 responses parent survey and 15 parents wanting to be part of the planned focus groups.</li> <li>One workshop held focussing on parental influencers.</li> <li>First of three ideas generation workshops held, looking at how to influence behaviour during the travel application process and the customer experience.</li> </ul>							
How much did we do?								How well did we do it?							
	Sep	Oct	Nov	Dec	Jan	Feb	Mar		Sep	Oct	Nov	Dec	Jan	Feb	Mar
Number of <b>Single</b> travellers	61	84	80	82	90			Average cost per child (ex. PA cost) – <b>Single</b> traveller (Exc. Post 16 & AP)	£16.9k	£15.9k	£15.8k	£16.6k	£17.8k		
Number of <b>Multiple</b> travellers	732	841	853	863	879			Average cost per child (ex. PA cost) - <b>Multiple</b> traveller (Exc. Post 16 & AP)	£5.3k	£4.2k	£4.2k	£4.2k	£4.2k		
PWT (Petrol Wear & Tear)	2	10	7	4	10			Average cost of <b>PTB</b> (Exc. Post 16 & AP)	£3.7k	£4k	£3.6k	£3.8k	£3.7k		
Number of Personal Travel Budgets (PTBs) individual vendors paid in the month (Exc. Post 16 & AP)		86	87	92	103			<b>Passenger Assistants (PAs)</b>							
PTB - 40% target					9%			Proportion of children with EHCPs receiving travel assistance (Exc. Post 16 & AP) - <b>Shared PA</b>	July 45%	52%	52%	52%	53%		
<b>Passenger Assistants (PAs)</b>								Proportion of children with EHCPs receiving travel assistance (Exc. Post 16 & AP)- <b>1:1 PA</b>	1.8%	1.8%		1.7%	1.4%		
Number of children with a <b>shared PA</b>				570	385			<ul style="list-style-type: none"> <li>Estimated full year average cost of PA - 17-18 (based on April-Nov actual) = £2,338 per person on a multiple traveller route, £7,413 for a single traveller (Exc. Post 16 &amp; AP)</li> </ul>							
Number of children with a <b>1:1 PA</b>				18	16										
Is anyone better off?															
<ul style="list-style-type: none"> <li>No of children travelling independently - Costs of transport/reduction in overspend</li> </ul>															
Planned activities for next month															
<ul style="list-style-type: none"> <li>Identification of champions for training.</li> <li>Project plan to be updated to reflect iMPOWER's work plan.</li> </ul>															

# Audit & Governance Committee

## Dorset County Council



Date of Meeting	12 March 2018
<u>Lead Officer</u> Richard Bates – Chief Financial Officer	
<b>Subject of Report</b>	<b>Financial management report</b>
Executive Summary	<p>This report provides members of the Audit &amp; Governance Committee with an update on the anticipated outturn for 2017-18.</p> <p>The information contained in the report is based on the January projections, produced early in February 2018. A verbal update will be provided at the meeting for the February forecast.</p> <p>This report also includes debt management information.</p>
Impact Assessment:	<p>Equalities Impact Assessment: This high-level update does not involve a change in strategy, however, the information produced as a result of the forecasting process may trigger a review of policy and/or strategy for managing within the available budget. If this happens, 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. It also relies on datasets maintained within the County Council's services which are used to predict possible future demand for and costs of services.</p>
	<p>Budget: The report provides an update on the County Council's financial performance and projections for 2017-18. It also considers how this is impacting on the budget for 2018-19 and the following years of the MTFP.</p>

	<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:</p> <p>Current Risk: HIGH</p> <p>Residual Risk HIGH</p>
	<p>Other Implications:</p>
<p>Recommendation</p>	<p>The Committee is asked to consider the contents of this report and:</p> <ul style="list-style-type: none"> <li>(i) note the Directors' latest estimates included in the forecast of outturn and the reasons causing us to forecast an overall overspend;</li> <li>(ii) note the latest projections for savings from the Forward Together programme;</li> <li>(iii) comment on the strategies, policies and tactics set out in this report that are intended to tackle the in-year overspend and establish a firm planning position from which to develop the base budget strategy for 2018-19 and beyond;</li> <li>(iv) put forward any other plans it wishes to be taken into account in addressing the current year's performance;</li> <li>(v) understand the risks and impact of the current forecast on the County Council's general fund and on the development of the MTFP; and</li> <li>(vi) note the continuing challenges - and progress - on the debt position since the last report.</li> </ul>
<p>Reason for Recommendation</p>	<p>It is important for Members to understand the causes underpinning the forecast overspend and consider the adequacy of the responses. Delivery of Forward Together savings is critical to the financial position of the County Council but there are pressures in the current year's forecast which mean additional measures on top of the original programme are being explored.</p> <p>Dealing with the current year's forecast overspend is critical to the understanding of the base position upon which we will be developing the budget strategy for 2018-19 and the MTFP for ensuing years.</p>
<p>Appendices</p>	<ol style="list-style-type: none"> <li>1. CPMI summary January (AP10) 2017-18</li> <li>2. Forward Together programme savings 2017-18</li> </ol>
<p>Background Papers</p>	<p>MFTP reports to Cabinet during 2017-18</p> <p>Previous financial management reports to Audit &amp; Governance Committee</p>



## Financial Management Report

Officer Contact	Name: Jim McManus, Chief Accountant Tel: 01305 221235 Email: j.mcmanus@dorsetcc.gov.uk
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## 1. Background

- 1.1 Audit & Governance Committee is the County Council's principal body for overview and scrutiny of financial arrangements. This paper is coming to the Committee so that Members can review the County Council's performance for the year to date and understand the forecast position and the impact this might have on the budget process for 2018-19 and beyond.
- 1.2 The County Council approved a balanced budget at its meeting on 15<sup>th</sup> February. This was based on a council tax increase of 5.99% for 2018-19; including 3% as the Social Care Precept, taking this to the 6% that can be levied in the three year period to 31 March 2020. Notwithstanding this increase in council tax and 1.26% growth in council tax base, such is demand and cost pressures that there is still a requirement for more than £18m in savings to tackle the budget gap and base budget overspends being carried into 2018-19.
- 1.3 Whilst a robust process of assurance, review and authorisation has surrounded the budget, it is clearly not without risk and early monitoring of the 2018-19 budget will therefore be critical. The Finance Team is well advanced in its plans to deliver this early view. Members will be kept informed of our work.

## 2. Forecast of outturn for 2017-18

- 2.1 The latest forecast of outturn for the Authority, (January, AP10), indicates an overspend of £3.152m. An analysis is shown in the table below.

Directorate	Net Budget	Forecast Outturn	Forecast (Overspend)/ Underspend	Of which	
				Forward Together	Base budget
				£k	£k
Adult & Community Services	133,511	134,316	(804)	(1,775)	971
Children's Services	62,503	69,192	(6,689)	(700)	(5,989)
Environment & Economy	35,968	35,840	129	(498)	626
Partnerships	20,002	18,894	1,108	0	1,108
Chief Executive's Dept	10,804	10,748	57	(297)	354
Total Service Budgets	262,789	268,989	(6,200)	(3,270)	(2,930)
Central/Corporate Budgets	(261,611)	(264,659)	3,048	0	3,048
Whole Authority	1,178	4,331	(3,152)	(3,270)	117

- 2.2 January's is the eleventh forecasting exercise of the year. An excerpt of this year's forecasting results is set out in the table, below. It is pleasing to see action taken in reducing the predicted overspend since its peak in May.

	May	June	July	August	September	October	November	December	January
	£k	£k	£k	£k	£k	£k	£k	£k	£k
Children's Services	(7,080)	(7,356)	(7,850)	(6,393)	(6,407)	(6,139)	(6,745)	(6,804)	(6,689)
Adult & Community	(2,500)	(2,187)	(1,722)	(1,694)	(1,813)	(1,163)	(1,624)	(1,150)	(804)
Environment & Economy	(486)	(134)	(112)	(200)	(368)	172	169	52	129
Dorset Waste partnership	165	435	616	729	866	992	882	954	1,108
Public Health	0	0	0	0	0	0	0	0	0
Chief Executive's	0	(185)	(150)	(89)	(67)	(32)	(89)	(14)	57
Other/corporate	400	247	1,400	1,400	1,728	2,043	2,744	2,844	3,048
	(9,501)	(9,179)	(7,817)	(6,247)	(6,061)	(4,127)	(4,664)	(4,117)	(3,152)

- 2.3 The principal cost pressures continue to be in relation to looked-after children, SEN transport and user-driven adult social care costs. Further information can be also found in the CPPI area of SharePoint which is updated with refreshed forecast information in the first week of every month, following the conclusion of the forecasting process.

- 2.4 The following paragraphs set out the main reasons for variances from budget being predicted along with action being taken in Directorates to manage the financial performance.

Children's Services

- 2.5 When the Children's Services budget was set, the number of children in care had stabilised at 500 and plans were in place to reduce this number to 400 during 2017-18. At the end of January 2018, there were 450 children in care including children with a disability and unaccompanied asylum seekers. This is the second consecutive month when there has been an increase in LAC numbers, rising from 436 in November, to 444 in December and 450 in January.
- 2.6 This latest increase appears to be in relatively lower-cost placements so despite the increase in numbers, there is only a negligible increase in the forecast overspend. Previous analysis has shown this to be due to the unplanned number of high-cost placements causing pressure, causing a £7.8m overspend. Pressure remains on the legal (£0.3m) and agency budgets although due to the ongoing difficulty in recruiting social workers this budget has seen a reduction in forecast overspend from £0.7m to £0.5m. Plans continue to be developed to identify how £0.3m of income generation targets will be met.
- 2.7 Work continues on the new fostering strategy with the aim of recruiting, training and retaining foster carers to increase capacity of the in-house service and reduce the need to purchase high-cost placements from the Independent Sector.

Dedicated Schools Grant

- 2.8 The pressure continues on the DSG budget which is currently projecting a £4.3m overspend, whilst this appears to be close to last month, there has been a £0.37m reduction on some of the central areas, meaning the High Needs budgets still remain under intense pressure. When added to £4.1m overspend brought forward from 2016-17, this is a very serious concern. The schools' forum will be required to develop a deficit recovery plan but any plan is likely to require several years to recover the position.

Adult & Community Services

- 2.9 The Directorate's budget is forecast to be £804k overspent. The reduction in the overspend since the last report is due in large to the application of one-off reserves. The Service User spend continues to be the main source of pressure in the budget and currently stands at £2.3m.
- 2.10 There are £5.6m of savings attributable to the Adult Care Service User budgets. £4.2m relates to reviews of packages of care, the letting of the Dorset Care contract and improving brokerage function, £1m additional income and £400k relating to improved use of technology. There is slippage in the programme savings of £1.7m due to the complexity of some of the cases being reviewed. There is also further risk around the assumed savings from Dorset Care contract, that came into force in December 2017 and how much impact that can have on the cost of care for the remainder of this year.

Environment & Economy

- 2.11 The Directorate as a whole is forecasting an underspend of £129k.
- 2.12 The main budget risk for the Directorate continues to be the increased in contractual transport costs above those anticipated in the budget (£100k). Income mainly in IT Services has improved to increase the forecasted underspend position.

- 2.13 Forward Together programme savings have fallen short by just under £0.5m due to the part-year effect of the savings plans being delivered across the Directorate. These savings will be achieved in full in 2018-19.

#### Partnerships

- 2.14 Dorset Waste Partnership is forecasting an underspend of nearly £1.7m; DCC's share (64.32%) of this being £1.1m. The main causes of the predicted underspend are lower waste arising volumes and significant diversion from landfill (£938k), better than expected recycle results (£516k – though considerable risk remains around the revenue/costs from recycle), savings on the Operations Budget (£60k) and better than expected revenues from commercial and garden waste (£240k).
- 2.15 Public Health – The Public Health grant was reduced by 2.5% for 2017-18 and currently stands at £34.288m across Dorset. The service is predicted to spend to budget in 2017-18.

#### Chief Executive's

- 2.16 The overall position is forecasting an underspend of £57k. Most services are forecasting to underspend, mainly relating to vacancies and/or increased income generation. This is offset by shortfalls in both WWW Property Savings (mainly relating to the decision not to sell Monkton Park and slippages in the disposals programme) and County Buildings (unbudgeted activity and higher costs than expected). These have been addressed as part of the 18-19 budget.

#### Central/Corporate budgets

- 2.17 Central budgets continue to show an underspend due to contingency underspends, net savings on capital financing costs and anticipation of capitalisation of some of our restructuring costs in line with Government-approved, capital receipts flexibilities.

### **3 Forward Together**

- 3.1 The FT programme continues to be monitored by the FT Board and the financial implications of the programme are also reported through CPMI. CPMI includes overspends (and underspends) against the agreed base budget as well as the impact of Forward Together shortfalls and this is analysed in the graphs, below, and in the CPMI summary at Appendix 1.
- 3.2 Of the current overspend being forecast, around £3.3m of this is due to shortfall against Forward Together savings with other measures/savings delivering an offsetting reduction of £117k. The total savings target from the Forward Together programme for 2017-18 is £18.3m. The charts in Appendix 2 set out the latest forecasts around these savings.
- 3.3 Delivering the Forward Together savings is critical to the financial performance for the year and to our future viability. The 2016-17 overspend left the balance on the general fund at £12.3m – above the lower end of our operating range (£10m) but without capacity to absorb an overspend of the magnitude currently being forecast.

### **4 Actions to deal with the overspend**

- 4.1 Efforts continue on measures to reduce in-year spend and tackle base budget issues wherever possible. It is pleasing to see the forecast reducing since its peak in May 2017. Officers continue to review other financial policies, principles and procedures. The organisation has retained much of the tighter discipline it adopted in 2016-17 around areas such as vacancy management.

### **5 Debt information**

- 5.1 The overall debt position at 31<sup>st</sup> January 2018 was just over £7.5m; an increase of £0.6m since the last report. The table, below, shows the age profile of the debt, with

comparator figures. This shows that although total debt has increased, 78% of it is still less than 6 months old. However, it is critical that we keep on top of these debts through the regular, corporate performance review sessions and effective credit control methods. Information on specific debtors is also reviewed and will start to be included in these financial monitoring reports in future.

Financial year	< 30 Days £ 000	30 – 180 Days £000	181 – 365 Days £000	> 1 Year £000	Total £000
2016-17 (as at 31/03/2017)	9,565	1,876	626	1,595	<b>13,662</b>
	70%	14%	4%	12%	
2017-18 (as at 31/12/17)	2,042	3,008	861	1,044	<b>6,955</b>
	29%	43.50%	12.50%	15%	
2017-18 (as at 31/01/18)	4,025	1,800	673	1,024	<b>7,522</b>
	54%	24%	9%	14%	

- 5.2 The next table shows the debt position by directorate. There has been a significant increase in current debt (under 30 days old) particularly in A&C Services and Chief Executives. This is due to £990k invoiced to the Dorset NHS and £800k invoiced to Tricuro for rents. A detailed debt report is generated each month and published on SharePoint for inclusion in the CPMI report. Group Finance Managers and their teams are routinely supporting Budget Holders to manage debt and to encourage and support pre-payment whenever possible.

Directorate	< 30 Days £	30 – 180 Days £	181 – 365 Days £	> 1 Year £	Total (31/12/17) £	Previous Total £ (31/08/17)	Variance (-ve is adverse)	Bad Debt Provision £
Adult & Community Services	1,567	1,004	405	903	<b>3,879</b>	3,657	-222	1,307
Children's Services	212	59	90	16	<b>377</b>	387	10	106
Economy & Environment	386	293	37	41	<b>757</b>	658	-99	79
Chief Executives	831	85	14	3	<b>933</b>	164	-769	17
Partnerships	431	5	0	3	<b>440</b>	71	-369	3
Other	598	353	127	58	<b>1,136</b>	2,018	882	185
<b>Total</b>	<b>4,025</b>	<b>1,799</b>	<b>673</b>	<b>1,024</b>	<b>7,522</b>	<b>6,955</b>	-567	1,697

- 5.3 The bad debt provision is now calculated fully in line with our policy, meaning that as a default position, service budgets are charged with a 100% provision for all debts that are over six months old. The balance of the provision at 31 January 2017 was almost £1.7m.

- 5.4 Up to 31 January 2018, £361k has been written-off, a further £91k since the date of the last report. The majority of which has been historic debt relating to Adult and Community Services. The breakdown is as follows:

<b>Directorate</b>	<b>2016-17 Write Off £ 000</b>	<b>2017-18 Write Off (to 31/01/2018) £ 000</b>	<b>Change from previous report (31/12/17) £ 000</b>
Adult & Community Services	310	282	87
Children's Services	50	22	0
DWP	26	50	3
Environment and the Economy	28	4	0
Chief Executive's Department	57	3	1
<b>Total</b>	<b>471</b>	<b>361</b>	<b>91</b>

- 5.5 A more detailed analysis of debt written-off in the year will be provided in the outturn report. Monthly, formal reviews of debt continue and we have resource dedicated to debt with the ambition of full recovery whenever possible.

- 5.6 Since April 2017, 31 debtors have been pursued through money claims online (MCOL) and have 20 of these debts have now paid or are in the process of being paid, these claims will recover over £52k. The remaining 11 cases are progressing.

## **6 Summary**

- 6.1 It is pleasing to see the forecast overspend for the year continue to reduce. However, there is still risk around some of the savings for this year and pressure on some of our services is especially intense at this time of year.
- 6.2 Officers continue to control costs wherever possible and we have attempted to deal with as many pressures as we can during the 2018-19 budget round. As mentioned earlier, our savings plan for 2018-19 is ambitious - but it is also essential if we are to move into 2019-20 in a sustainable position. The Medium Term Financial Plan shows £16.5m of savings are currently needed to balance the 19-20 budget after one-off funding from council tax surpluses and capital receipts flexibility.
- 6.3 The County Council will be responding to the consultation on the review of fair funding – and there will also be a very welcome opportunity to contribute to the debate around negative Revenue Support Grant (RSG) which will be launched in the Spring.

**Richard Bates**  
**Chief Financial Officer**  
 February 2018

# Financial Management Report

## Appendix 1 – CPMI January – AP10 2017-18

Cost Centre Management Budget Monitoring Summary	Responsible Officer	Year	January					
		2017-18	November	December	January	Forward Together	Other	
		'Above Line' Net Budget Only £000's	Forecast £000's	Projected Under/(Over) Spend £000's	Projected Under/(Over) Spend £000's	Projected Under/(Over) Spend £000's	Projected Under/(Over) Spend £000's	Projected Under/(Over) Spend £000's
<b>Children's Services Directorate</b>								
<b>Children's Service Budget</b>								
Care & Protection	Vanessa Glenn	33,057	41,612	(8,522)	(8,605)	(8,555)	0	(8,555)
Design & Development	Patrick Myers	11,671	11,286	323	304	385	(400)	785
Director's Services	Nick Jarman	2,359	2,469	(104)	(110)	(110)	(150)	40
Prevention & Partnerships (DCC)	Jay Mercer	13,017	13,825	(841)	(792)	(808)	(150)	(658)
Application of Contingency/Control Node	Richard Bates	2,399	0	2,399	2,399	2,399	0	2,399
<b>Total Children's Services Budgets (DCC)</b>		<b>62,503</b>	<b>69,192</b>	<b>(6,745)</b>	<b>(6,804)</b>	<b>(6,689)</b>	<b>(700)</b>	<b>(5,989)</b>
Prevention & Partnerships (DSG)	Jay Mercer	44,854	49,157	(4,325)	(4,404)	(4,303)	0	(4,303)
P&P DSG Funding	Jay Mercer	(44,867)	(44,867)	0	0	0	0	0
Directors Services (DSG)	Nick Jarman	400	400	0	0	0	0	0
Directors Services DSG Services	Nick Jarman	(400)	(400)	0	0	0	0	0
DSG Services	Jay Mercer	(1,165)	(1,165)	0	0	0	0	0
<b>Total Children's Services Budgets (DSG)</b>		<b>(1,178)</b>	<b>3,125</b>	<b>(4,325)</b>	<b>(4,404)</b>	<b>(4,303)</b>	<b>0</b>	<b>(4,303)</b>
DSG Adjustment		0	0	0	0	0	0	0
<b>Children's Services (DCC + DSG) Total</b>		<b>61,325</b>	<b>72,317</b>	<b>(11,070)</b>	<b>(11,208)</b>	<b>(10,992)</b>	<b>(700)</b>	<b>(10,292)</b>
<b>Adult &amp; Community Services Directorate</b>								
Adult Care Service User Related	Harry Capron	74,392	76,727	(2,905)	(2,710)	(2,335)	(1,675)	(660)
Adult Care	Harry Capron	12,304	11,778	474	735	527	0	527
Commissioning and Safeguarding	Diana Balsom/Sally Wernick	34,252	33,651	436	455	602	0	602
Early Help & Communities	Paul Leivers	9,200	8,939	232	194	261	(100)	361
Director's Office	Helen Coombes	3,363	3,222	138	176	141	0	141
<b>Adult &amp; Community Services total</b>		<b>133,511</b>	<b>134,316</b>	<b>(1,624)</b>	<b>(1,150)</b>	<b>(804)</b>	<b>(1,775)</b>	<b>971</b>
<b>Environment and the Economy Directorate</b>								
Economy, Planning & Transport	Maxine Bodell	2,341	2,214	71	108	126	0	126
Dorset Travel	Chris Hook	14,326	14,494	98	(95)	(168)	(190)	22
Business support Unit	Matthew Piles	356	407	(60)	(48)	(51)	(51)	0
Coast & Countryside	Phil Sterling	2,483	2,501	(50)	(59)	(18)	(36)	18
Buildings & Construction	David Roe	131	128	15	(29)	3	0	3
Pooled R&M	David Roe	137	137	0	0	0	0	0
Network Management	Simon Gledhill	1,124	958	166	165	166	0	166
Network Development	Tim Norman	1,040	1,033	4	32	7	0	7
Network Operations	Martin Hill	4,053	4,047	8	8	7	0	7
Fleet Services	Sean Adams	(164)	(214)	1	17	50	0	50
Emergency Planning	Simon Parker	214	213	7	2	1	0	1
Director's Office	Mike Harries	896	893	5	5	3	0	3
Streetlighting PFI	Tim Norman	3,862	3,862	0	0	0	0	0
ICT	Richard Pascoe	5,169	5,167	(95)	(54)	2	(221)	223
<b>Environment and the Economy Directorate Total</b>		<b>35,968</b>	<b>35,840</b>	<b>169</b>	<b>52</b>	<b>129</b>	<b>(498)</b>	<b>626</b>

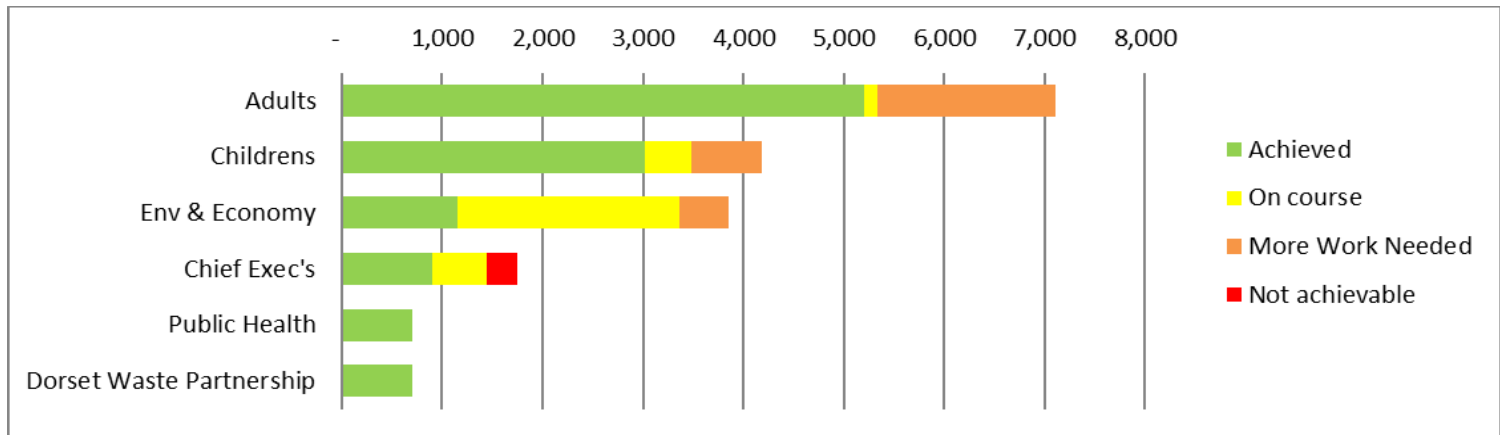
# Financial Management Report

Cost Centre Management Budget Monitoring Summary	Responsible Officer	Year	January					
		2017-18	November	December	January	Forward Together	Other	
		'Above Line' Net Budget Only £000's	Forecast £000's	Projected Under/(Over) Spend £000's	Projected Under/(Over) Spend £000's	Projected Under/(Over) Spend £000's	Projected Under/(Over) Spend £000's	Projected Under/(Over) Spend £000's
<b>Chief Executives</b>								
Chief Executives Office	Debbie Ward	275	278	(4)	(4)	(4)	0	(4)
Partnerships	Karen Andrews	189	181	32	32	9	0	9
Communications	Karen Andrews	247	240	0	0	7	0	7
Policy and Research	Karen Andrews	440	443	1	1	(3)	0	(3)
Commercial Services	Karen Andrews	431	376	(1)	0	55	0	55
Governance and Assurance	Mark Taylor	657	633	0	0	25	0	25
Legal & Democratic Services	Jonathan Mair	2,876	2,826	8	4	50	0	50
Financial Services	Richard Bates	2,893	2,860	30	54	33	0	33
County Buildings	Peter Scarlett	(1,454)	(1,353)	(95)	(100)	(101)	0	(101)
WWW Property Savings	Peter Scarlett	(437)	(139)	(164)	(163)	(297)	(297)	(0)
Human Resources	Sheralyn Towner	1,325	1,068	104	153	257	0	257
Cabinet	Richard Bates	3,362	3,336	(1)	7	26	0	26
<b>Chief Executives Total</b>		<b>10,804</b>	<b>10,748</b>	<b>(89)</b>	<b>(14)</b>	<b>57</b>	<b>(297)</b>	<b>354</b>
<b>Partnerships</b>								
Dorset Waste Partnership	Karyn Punchard	19,702	18,594	882	954	1,108	0	1,108
Public Health	David Phillips	300	300	0	0	0	0	0
<b>Partnerships Total</b>		<b>20,002</b>	<b>18,894</b>	<b>882</b>	<b>954</b>	<b>1,108</b>	<b>0</b>	<b>1,108</b>
<b>Central Finance</b>								
General Funding	Richard Bates	(24,651)	(24,651)	0	0	0	0	0
Capital Financing	Richard Bates	24,648	23,101	1,494	1,594	1,548	0	1,548
R&M	Richard Bates	1,287	1,287	0	0	0	0	0
Contingency	Richard Bates	560	(940)	1,250	1,250	1,500	0	1,500
Precepts/Levy	Richard Bates	677	677	0	0	0	0	0
Central Finance	Richard Bates	(264,132)	(264,132)	0	0	0	0	0
<b>Central Finance Total</b>		<b>(261,611)</b>	<b>(264,659)</b>	<b>2,744</b>	<b>2,844</b>	<b>3,048</b>	<b>0</b>	<b>3,048</b>
<b>Total Above Line Budgets</b>		<b>(0)</b>	<b>7,455</b>	<b>(8,989)</b>	<b>(8,521)</b>	<b>(7,455)</b>	<b>(3,270)</b>	<b>(4,186)</b>
<b>Excluding DSG Budgets</b>		<b>1,178</b>	<b>4,331</b>	<b>(4,664)</b>	<b>(4,117)</b>	<b>(3,152)</b>	<b>(3,270)</b>	<b>117</b>



**Appendix 2 – Forward Together Programme savings 2017-18**

2017/18		Assessment of Savings achievement			
		Achieved	On course	More Work Needed	Not achievable
Savings measure	£000's	£000's	£000's	£000's	£000's
Adults	7,110	5,208	127	1,775	-
Childrens	4,179	3,018	461	700	-
Env & Economy	3,858	1,156	2,204	498	-
Chief Exec's	1,747	897	553	-	297
Public Health	700	700	-	-	-
Dorset Waste Partnership	700	700	-	-	-
<b>Summary - All Savings 2017/18</b>	<b>18,294</b>	<b>11,679</b>	<b>3,345</b>	<b>2,973</b>	<b>297</b>



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# Annual Audit Letter 2016/17

## Dorset County Council

[kpmg.com/uk](http://kpmg.com/uk)

October 2017

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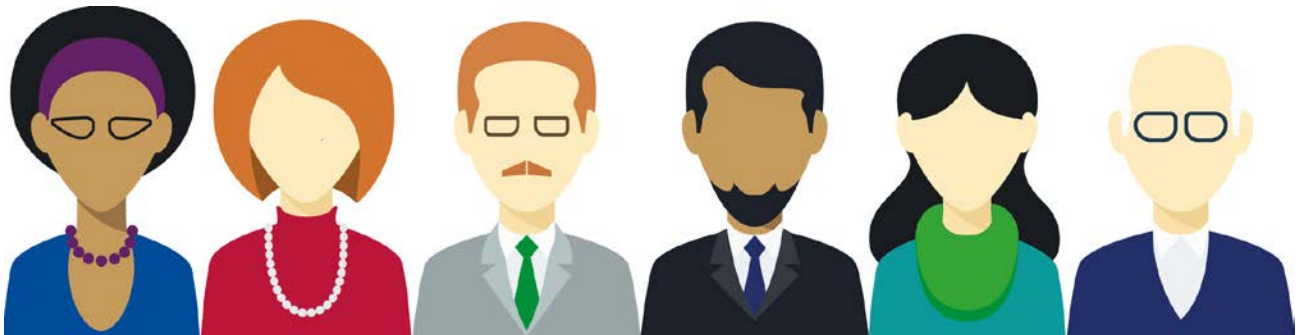
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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website ([www.psaa.co.uk](http://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 Darren Gilbert, 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 ([andrew.sayers@kpmg.co.uk](mailto: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](mailto: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.



## Section one

# Summary

This Annual Audit Letter summarises the outcome from our audit work at Dorset County Council in relation to the 2016/17 audit year. Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.



### VFM conclusion

We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016/17 on 24 July 2017. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.

To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.

### VFM risk areas

We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.

Our work addressed the following significant risk areas as part of the audit:

- Like most of local government, the Authority faces a challenging future driven by funding reductions and an increase in demand for services. Due to these pressures on local authorities, extensive cost cutting measures have been implemented to allow the Authority to operate within its means. Discussions were held with key finance staff in order to develop our understanding of the processes and methods in place for producing budgets going forward and identifying areas of potential efficiency savings. We then reviewed the methods for identification of savings targets and actions plans in place to achieve these targets, as well as the ongoing monitoring of performance at a department and cabinet level. Overall, despite the significant financial challenges facing the Authority, it was concluded that there are appropriate arrangements in place to ensure it takes properly informed decisions in relation to identifying future savings and planning for changes in funding arrangements.
- In the year ended 31 March 2017, there was an overspend of £6.1m in Children Services. Discussions were held with the Children's Services manager over the issues encountered by the department including both the quality aspects and financial issues leading to overspends. Action plans in place to overcome the overspend and to improve quality of service were obtained to confirm that the Authority has recognised these issues and plans are in place for the service to operate within budget and provide a suitable quality of service. The Authority had identified the areas of overspend and had come up with plans to address these areas. Overall, it was concluded that the Authority has reasonable arrangements in place to ensure it takes properly informed decisions over the actions required to deliver on both cost saving measures and quality improvement plans.

### Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 24 July 2017. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the pension fund.

## Section one

### Financial statements audit

We did not identify any material misstatements from the audit, however we identified a small number of presentational and disclosure amendments required to ensure that the accounts are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ('the Code').

One medium priority and one low priority recommendation were identified as part of the audit and communicated to management and those charged with governance. Appropriate action plans have been put in place by the Authority to address the recommendations raised.

### Other information accompanying the financial statements

Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.

### Pension fund audit

There were no significant issues arising from our audit of the pension fund and we issued an unqualified opinion on the pension fund financial statements as part of our audit report.

### Whole of Government Accounts

We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.

### Certificate

We issued our certificate on 24 October 2017. The certificate confirms that we have concluded the audit for 2016/17 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

### Audit fee

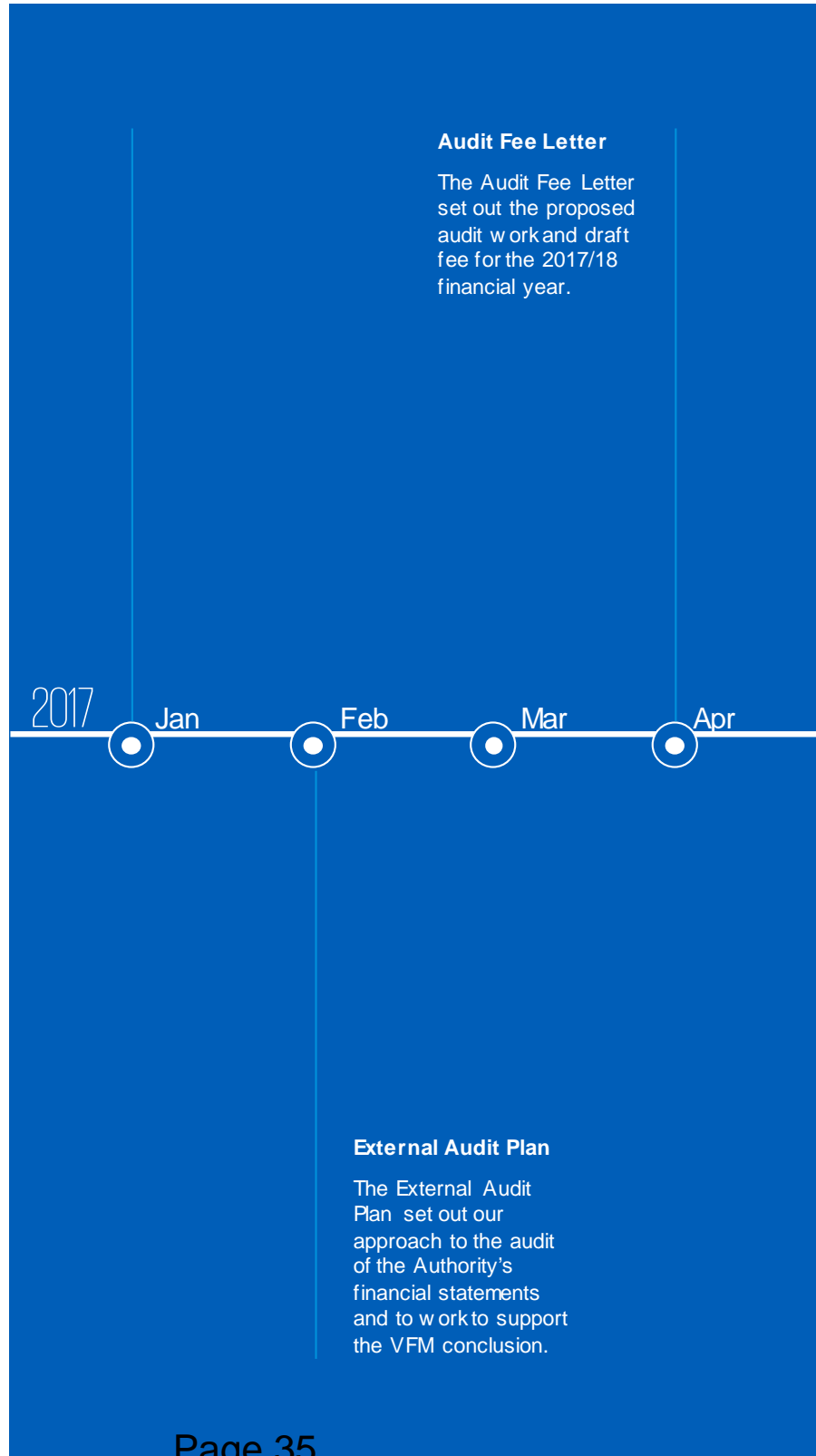
Our fee for 2016/17 for the Authority was £74,022, excluding VAT and for the Pension Fund was £27,373. This compares to a planned fee of £74,022 and £25,146 respectively for the Authority and Pension Fund. The variation from the planned fee for the Pension Fund relates to additional work carried out on behalf of Admitted Bodies within the Pension Fund as part of the audit process. Further detail is contained in Appendix 2.

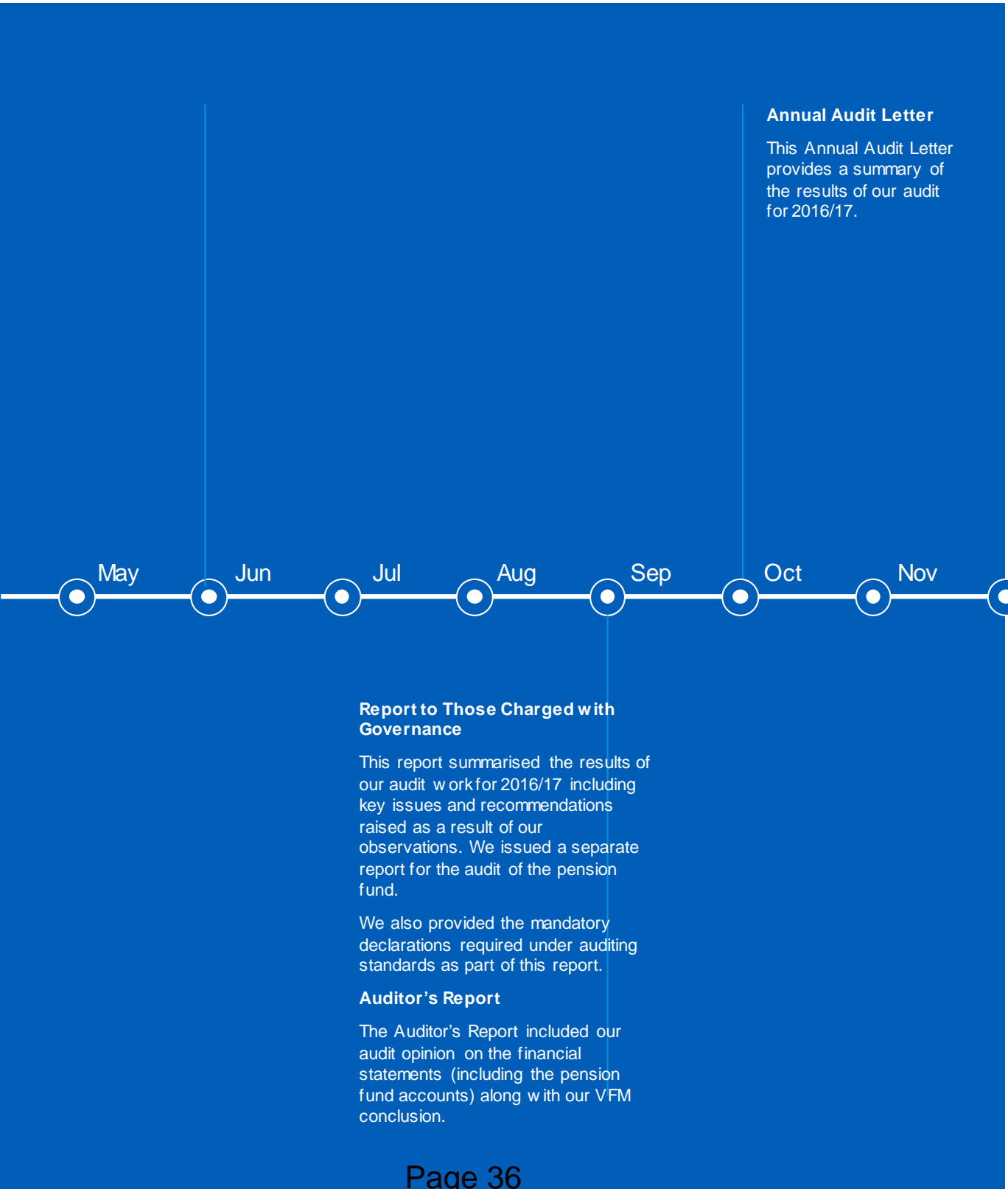
## Appendix 1

# Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.

These reports can be accessed via the Audit and Governance Committee pages on the Authority's website at [www.dorset.moderngov.co.uk](http://www.dorset.moderngov.co.uk).





**Annual Audit Letter**

This Annual Audit Letter provides a summary of the results of our audit for 2016/17.

**Report to Those Charged with Governance**

This report summarised the results of our audit work for 2016/17 including key issues and recommendations raised as a result of our observations. We issued a separate report for the audit of the pension fund.

We also provided the mandatory declarations required under auditing standards as part of this report.

**Auditor's Report**

The Auditor's Report included our audit opinion on the financial statements (including the pension fund accounts) along with our VFM conclusion.



## Appendix 2

# Audit fees

This appendix provides information on our final fees for the 2016/17 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2016/17 planned audit fee.

### External audit

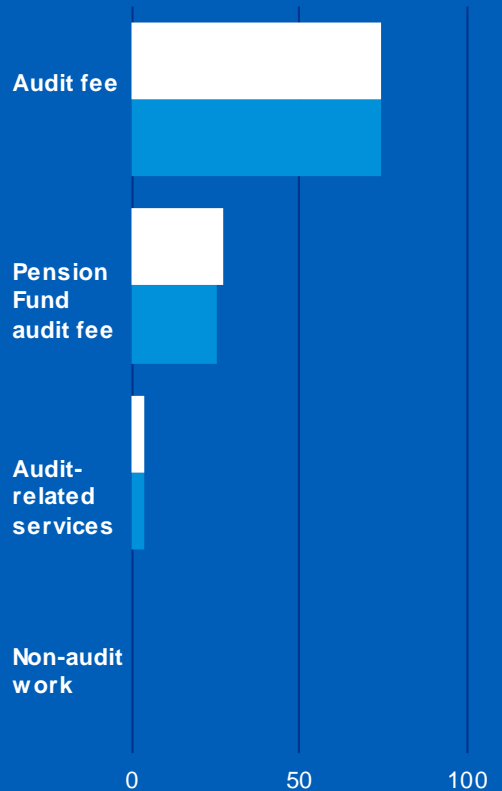
Our final fee for the 2016/17 audit of the Authority was £74,022, which is in line with the planned fee.

Our final fee for the 2016/17 audit of the Pension Fund was £27,373 against a planned fee of £25,146. As in previous years, we have been requested to carry out additional work on the Pension Fund by the auditors of a number of admitted bodies to the scheme. The Pension Fund is able to recharge these costs back to the admitted bodies. Our fee for this additional work is £2,227 and is subject to approval by Public Sector Audit Appointments Ltd.

### Other services

A fee of £3.5k has been budgeted for the year ended 31 March 2017 (£3.5k for the year ended 31 March 2016) in relation to the Teachers Pension Audit for the Authority. This work is due to be completed in November 2017.

External audit fees 2016/17  
(£'000)



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# Interim Audit 2017/18

**Dorset County Council**

—  
1 March 2018



# Summary for Audit and Governance Committee

<b>Organisational and IT control environment</b>	We undertook initial risk assessment procedures over the organisational and IT control environments with no adverse findings from our work. Further IT controls testing is planned for the week commencing 5 <sup>th</sup> March 2018.
<b>Controls over key financial systems</b>	We have performed our initial review of key financial processes and controls to the period ending 31 January 2018. We have not identified any significant weaknesses in processes or non-performance of key financial controls over this period.
<b>Accounts production and specific risk areas for the Authority</b>	We undertook an initial assessment of risks to the financial statements at planning stage and identified two significant risks other than the assumed risk of management override of controls. The identified risks were in relation to the valuation of property, plant and equipment, and the valuation of pension liabilities.
<b>Specific risk areas for the Pension Fund</b>	We identified one significant risk in relation to the Pension Fund relating to the valuation of hard to price investments. We have not yet performed our planning and controls work for the Pension Fund and therefore we will report our findings at a future Audit and Governance Committee meeting.
<b>Value for Money risk areas</b>	Our risk assessment procedures have identified Delivery of Budgets and Children's Services as significant risk factors for our Value for Money Opinion. Our testing over the processes in place to ensure informed decision making, sustainable resource deployment and working with partners and third parties will be concluded as a part of our final audit report.
<b>Acknowledgements</b>	We would like to take this opportunity to thank officers and Members for their continuing help.

# Introduction

## Scope of this report

This report summarises the key findings arising from:

- our interim audit work at Dorset County Council ('the Authority') in relation to the Authority's 2017/18 financial statements; and
- our work to support our 2017/18 value for money (VFM) conclusion up to March 2018.

This report does not cover the Pension Fund's financial statements as work is scheduled to start at a later date.

## Financial Statements Audit

Our *External Audit Plan 2017/18*, presented to you in January 2018, set out the four stages of our financial statements audit process.



During February 2018 we completed our planning and control evaluation work. This covered:

- review of the Authority's general control environment, including gaining an understanding of the Authority's IT systems;
- testing of certain controls over the Authority's key financial systems;
- review of relevant internal audit work in order to inform our risk assessment; and
- review of the Authority's accounts production process and the specific risk areas we have identified for this year.

## Value for Money Arrangements Work

Our *External Audit Plan 2017/18* explained our risk-based approach to VFM work, which is set out in the Code of Audit Practice and supporting guidance published by the NAO. We have completed some early work to support our 2017/18 VFM conclusion. This included:

- assessing the potential VFM risks and identifying the residual audit risks for our VFM conclusion;
- considering the results of any relevant work by the Authority, inspectorates and other review agencies in relation to these risk areas; and
- identifying what additional risk-based work we will need to complete.

We have completed some initial work in response to the risks identified during our interim visit.

# Organisational and IT control environment

Your organisational controls have been deemed effective overall.

We will perform our testing over the IT control environment in the week commencing 5<sup>th</sup> March 2018 and will report our findings as a part of our ISA260 audit report.

## Work completed

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would have implications for our audit. We obtain an understanding of the Authority's overall control environment and determine if appropriate controls have been implemented. We do not complete detailed testing of these controls.

The Authority relies on information technology ("IT") to support both financial reporting and internal control processes. In order to satisfy ourselves that we can rely on the use of IT, we test controls over access to systems and data, system changes, system development and computer operations.

Our testing of the IT system will include the controls around programme change methodology, powerful user access and password access.

## Key findings

We consider that your organisational controls are effective overall.

We will complete our testing over the IT controls in the week commencing 5<sup>th</sup> March 2018.

Aspect of controls	Assessment
Organisational controls:	
Management's philosophy and operating style	Three
Culture of honesty and ethical behaviour	Three
Oversight by those charged with governance	Three
Risk assessment process	Three
Communications	Three
Monitoring of controls	Three
IT controls:	
Programme Change Methodology	TBC
Powerful User Access	TBC
Password Access	TBC

Key	
One	Significant gaps in the control environment.
Two	Deficiencies in respect of individual controls
Three	Generally sound control environment.

# Controls over key financial systems

The controls over all of the key financial systems are sound.

We will perform top up procedures over the controls tested to date as well as any key annual controls as a part of our final audit fieldwork.

## Work completed

Where we have determined that this is the most efficient audit approach to take, we evaluate the design and implementation of the control and then test selected controls that address key risks within these systems. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

Our assessment of a system will not always be in line with your internal auditors' opinion on that system. This is because we are solely interested in whether our audit risks are mitigated through effective controls, i.e. whether the system is likely to produce materially reliable figures for inclusion in the financial statements.

## Key findings

Based on our work we have determined that the controls over all of the key financial systems are sound.

We have not yet assessed the controls over the submission of data to the pension scheme, and the review of the annual revaluation of land and buildings performed by the valuations team. Many of the key controls in respect of this area/these areas are operated during the closedown process and our testing will be supplemented by further work during our final accounts visit.

Aspect of controls	Assessment
Property, Plant and Equipment	To be confirmed
Cash and Cash Equivalents	Three
Pension Assets and Liabilities	To be confirmed
Non pay expenditure	Three
Payroll	Three

## Key

One	Significant gaps in the control environment
Two	Deficiencies in respect of individual controls
Three	Generally sound control environment

# Specific audit areas

The Authority has a good understanding of the key audit risk areas we identified and is making progress in addressing them.

However, these still present significant challenges that require careful management and focus. We will revisit these areas during our final accounts audit.

## Work completed

In our *External Audit Plan 2017/18*, presented to you in January 2018, we identified the key audit risks affecting the Authority's 2017/18 financial statements.

Our audit strategy and plan remain flexible as risks and issues change throughout the year. To date there have been no changes to the risks previously communicated to you.

We have been discussing these risks with Richard Ironside as part of our regular meetings. In addition, we sought to review relevant workings and evidence and agree the accounting treatment as part of our interim work.

## Key findings

The Authority has a clear understanding of the risks and is making progress in addressing them. However, these still present significant challenges that require careful management and focus. We will revisit these areas during our final accounts audit.

The Authority has a clear understanding of the risk of misstatement and utilise experts accordingly to produce well informed and accurate estimates as far as possible.

The tables below provides a summary of the work the Authority has completed to date to address these risks.

We have highlighted those risks and other areas of audit focus which have been identified since we presented our *External Audit Plan 2017/18* in January 2018.

## Significant Audit Risks – Authority

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

<b>Risk:</b>	<b>Valuation of PPE</b> <p>The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle. As a result of this, however, individual assets may not be revalued for four years.</p> <p>This creates a risk that the carrying value of those assets not revalued in year differs materially from the year end fair value. In addition, as the valuation is undertaken as at 1 April, there is a risk that the fair value is different at the year end.</p>
<b>Interim assessment and work undertaken:</b>	<p>The rolling revaluation has been performed by the council and is currently being reviewed by the audit team.</p>



# Specific audit areas (cont.)

## Significant Audit Risks – Authority (cont.)

<b>Risk:</b>	<b>Pension Liabilities</b> <p>The net pension liability represents a material element of the Authority's balance sheet. The Authority is an admitted body of Dorset County Pension Fund, which had its last triennial valuation completed as at 31 March 2016. This forms an integral basis of the valuation as at 31 March 2018.</p> <p>The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Authority's overall valuation.</p> <p>There are financial assumptions and demographic assumptions used in the calculation of the Authority's valuation, such as the discount rate, inflation rates, mortality rates etc. The assumptions should also reflect the profile of the Authority's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in the valuation of the Authority's pension obligation are not reasonable. This could have a material impact to net pension liability accounted for in the financial statements.</p>
<b>Interim assessment and work undertaken:</b>	Due to the nature of the pensions liabilities, testing over this risk area will take place after the year end.

# Specific value for money risk areas

**We have identified a number of specific VFM risks.**

**In all cases we are satisfied that external or internal scrutiny provides sufficient assurance that the Authority's current arrangements in relation to these risk areas are adequate.**

**We will carry out additional risk-based work in the following areas:**

- **Delivery of Budgets; and**
- **Children's Support Services**

**We have undertaken some work to date in response these risks.**

## **Work completed**

In line with the risk-based approach set out in our *External Audit Plan 2017/18*, we have

- Assessed the Authority's key business risks which are relevant to our VFM conclusion;
- Identified the residual audit risks for our VFM conclusion, taking account of work undertaken in previous years or as part of our financial statements audit;
- Considered the results of relevant work by the Authority, other inspectorates and review agencies in relation to these risk areas; and
- Concluded to what extent we need to carry out additional risk-based work.

## **Key findings**

On the following pages we set out our interim assessment in respect of those areas where we have identified a residual audit risk for our VFM conclusion.

We will update our assessment throughout the year should any additional issues present themselves and report against these in our ISA260 alongside our final conclusions on those risk areas identified below and any additional risk areas identified.



# Specific value for money risk areas (cont.)

## Significant VFM Risks already reported

Those risks requiring specific audit attention and procedures to address the likelihood that proper arrangements are not in place to deliver value for money.

We have highlighted those risks which have been identified since we presented our *External Audit Plan 2017/18* in January 2018.

<b>Risk:</b>	<p><b>Delivery of budgets</b></p> <p>The Authority identified the need to make savings of £18.3 million in 2017/18. The current forecast shows that the Authority will deliver an overspend of approximately £3.2 million. The Authority's budget for 2018/19 recognised a need for £18.4 million in savings. The approved budget includes individual proposals to support the delivery of the overall savings requirement. The need for savings will continue to have a significant impact on the Authority's financial resilience.</p>
<b>Interim assessment and work undertaken:</b>	<p>We have discussed the budget setting processes with management as well as budget/ forward together plan (FTP) monitoring processes in place.</p> <p>We will follow up on the final budget setting and cost saving identification processes for 2018/19 as a part of our final audit procedures.</p>

## Significant VFM Risks (additional risks not yet reported)

<b>Risk:</b>	<p><b>Children's Services</b></p> <p>The Children's Services directorate is currently forecasting an overspend of £11m (£6.7m Children's Services and £4.3m dedicated support grant)) and has been an area of budgetary pressure for several years.</p> <p>In the light of budget cuts and cost saving initiatives identified across the council, the performance of this directorate against the budget set given the identified council wide savings requirements was considered to be a significant VFM risk.</p>
<b>Approach:</b>	<p>We will address the identified risk by reviewing the procedures in place over;</p> <ul style="list-style-type: none"> <li>- Identification of drivers of cost and quality</li> <li>- Regular monitoring of performance of key performance indicators</li> <li>- Budget setting and monitoring processes</li> </ul>
<b>VFM Sub-criterion:</b>	<p>This risk is related to the following Value For Money sub-criterion</p> <ul style="list-style-type: none"> <li>— Informed decision making; and</li> <li>— Sustainable resource deployment</li> </ul>
<b>Interim assessment and work undertaken:</b>	<p>Our interim procedures have included discussions with Children's Services staff over the identification of areas requiring improvement, budget overspend drivers, and developing an action plan to create a sustainable service in the future.</p> <p>We have assessed the performance review processes in place as well as plans developed to monitor key performance indicators and cost drivers for the directorate. These will be followed up again as a part of our final audit procedures.</p>

Newly Identified Area of Risk



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# Dorset County Council

## Draft Internal Audit Plan 2018-19

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Agenda Item 10

## Summary

The Internal Audit Plan represents a summary of the planned audit reviews that the internal audit team will deliver throughout the 2018/19 financial year.

For 2018/19, we have structured our draft plan around the Authority's four corporate outcomes as well as the eight themes of a healthy organisation.



### Background and Approach to Audit Planning 2018/19

Internal Audit provides an independent and objective opinion on risk management, governance, and the control environment by evaluating its effectiveness.

Prior to the start of each financial year, SWAP, in conjunction with senior management, put together a proposed plan of audit work to provide assurance over a range of areas encompassing risk management, governance and internal control. This plan of work is constructed following review of DCC risk registers, as well as using SWAP's own risk assessment from our work across other partners. We also look to accommodate specific requests for assurance or advisory work from management. As with previous years the plan will remain flexible to respond to new and emerging risks as and when they are identified.

**For the 2018/19 Internal Audit Plan, we have looked to align our programme of work with the Authority's four corporate outcomes and eight themes of the healthy organisation model. For all of our audit work we will look to incorporate the overarching themes of performance, compliance and value for money.**

The outcomes of each of the audits in our planned programme of work, will provide officers and members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed. It will also allow us to form our overall end-of-year audit opinion.

It should be noted that the audit titles, scopes and plan days are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific terms of reference for the piece of work, which includes the objective and scope for the review.

Alongside our annual audit plan, we have included our Internal Audit Charter (Appendix 1). This includes the role, responsibility and status of internal audit within Dorset County Council.



Link to Corporate Outcome or Healthy Organisation Theme	Areas of Coverage and Brief Rationale	Audit Sponsor	Total Days 18/19
<p><b>Safe</b> Everyone should feel safe, wherever they are</p>	<p><b>Fostering</b> To evaluate the success of the initiative to increase the number of in-house foster carers, imperative to the reduction in the numbers of expensive placements for looked after children</p> <p><b>Children’s Social Care Caseload Management</b> Following the investment of £1M to recruit additional Social Workers with the aim of reducing caseloads and making Dorset an attractive work environment for social care staff - To evaluate the success of this initiative and the mechanisms in place to ensure caseloads remain at manageable levels</p> <p><b>Effectiveness of Social Care Practice</b> A review of the process of case file audits and the measurement of the impact of these on improving social care practice</p> <p><b>Readiness for Ofsted Inspection</b> To provide assurance on the effectiveness of targeted Ofsted preparation work</p> <p><b>Mental Health Act</b> To review the demands on the Out of Hours Service as a result of the Mental Health Act</p> <p><b>Deprivation of Liberty</b> To assess the completion of statutory assessments within the required timescales</p>	<p>Nick Jarman</p> <p>Nick Jarman</p> <p>Nick Jarman</p> <p>Nick Jarman</p> <p>Helen Coombes</p> <p>Helen Coombes</p>	<p><b>105 Days</b></p>
<p><b>Healthy</b> People are healthy and make good lifestyle choices</p>	<p><b>Livewell Dorset transfer</b> To review the processes in place to ensure a smooth transfer for Public Health</p> <p><b>Dorset Waste Partnership</b> An allocation of audit time for the Dorset Waste Partnership, to include reviews of Value for Money, and Enforcement</p> <p><b>Continuing Health Care</b> A review of the pace of progress and success levels of CHC claim with CCG</p>	<p>David Phillips</p> <p>Karyn Punchard</p> <p>Helen Coombes</p>	<p><b>70 Days</b></p>
<p><b>Independent</b> To live independent lives and have a choice over how we live</p>	<p><b>Thematic School Review:</b> A process of visiting a sample of maintained schools to identify potential improvements and best practice to be shared across all Dorset maintained schools</p> <ul style="list-style-type: none"> <li><b>Standards in Dorset Schools</b></li> </ul>	<p>Nick Jarman</p>	

## Dorset County Council Draft Internal Audit Plan 2018/19

	<p><i>A review of the progress students make in Dorset Schools and the work of the DCC advisory team in supporting these improvements</i></p> <p><b>Individual School Audits</b> <i>Tailored school audits undertaken at specific schools, identified through a risk-based approach</i></p> <p><b>Deferred Payments</b> <i>DCC have a duty to offer deferred payment agreements, so people are not forced to sell their home in their lifetime to pay for care. This review will assess the effectiveness of the procedures in place to ensure that the value of the asset is maintained, and debts accrued appropriately accounted for</i></p>	<p>Nick Jarman</p> <p>Helen Coombes</p>	<p><b>50 Days</b></p>
<p><b>Prosperous</b> <i>A thriving local economy provides us all with more opportunities</i></p>	<p><b>Management of Grants</b> <i>Review of the management of grants across the Environment &amp; Economy Directorate with a particular focus on Coast and Countryside grants</i></p> <p><b>Dorset Travel</b> <i>The service is not currently shaped for a smaller budget resulting from a reduction in bus routes and subsequent reduction in concessionary fares. An audit review will aim to assist with this assessment work</i></p> <p><b>Local Enterprise Partnership</b> <i>The scope of specific audit work to be confirmed, but will assist with scrutiny work undertaken by the Audit and Governance Committee</i></p> <p><b>Brexit Member/Officer Sub-Group</b> <i>To provide internal audit expertise to support this group</i></p> <p><b>Grant Certification Work</b> <i>To undertake various grant certification work across the authority, including regular sign off of the Dorset Family Matters Grant claim</i></p>	<p>Mike Harries</p> <p>Mike Harries</p> <p>Richard Bates</p> <p>Mike Harries</p> <p>Various</p>	<p><b>55 Days</b></p>
<p><b>Corporate Governance</b> <i>Corporate Governance refers to the strategic management practices and values and beliefs by which the Council operates</i></p>	<p><b>Targeted Work for Audit &amp; Governance Committee</b> <i>The Audit &amp; Governance Committee have identified a number of key areas for focussed scrutiny work, namely: ICT, HR, Procurement and Billing and oversight of the LEP. SWAP will be able to provide active support to the Committee in their scrutiny work</i></p> <p><b>Scheme of Delegation</b> <i>Work to support the preparation and implementation of a revised Scheme of Delegation for the new authority</i></p> <p><b>Fraud/Whistleblowing</b> <i>A targeted review using data analytics to identify areas of potential fraud</i></p>	<p>David Harris</p> <p>Jonathan Mair</p> <p>Jonathan Mair</p>	<p><b>65 Days</b></p>

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<p><b>Financial Management</b> Effective Financial Management is the bedrock of any successful organisation and is vital to the ongoing ability of local authorities to deliver services that the public wants</p>	<p><b>Achievement of Savings Targets 2018-19</b> <i>A review of the planned savings within the 2018-19 budget and the achievement of these.</i></p> <p><b>Assumptions in Budget Planning 2018-19</b> <i>The budget for 2018-19 is based on a number of assumptions. What was the basis of the assumptions and how accurate are they.</i></p> <p><b>Pension Fund Investments Transfer</b> <i>The pension fund investment management will be transferring to Brunel Investments Partnership meaning that DCC will no long appoint fund managers. An audit review will assess the readiness for the transfer of £2.88B of assets</i></p> <p><b>Integration of A&amp;CS Financial Assessments Team into Financial Services</b> <i>The Financial Assessment Team will be moving under the management of Financial Services. This review will assess how the performance of the team is assessed</i></p> <p><b>Compliance with IR35</b> <i>A further audit to assess ongoing compliance with the IR35 regulations</i></p> <p><b>Reserves</b> <i>A review of the use and movement of reserves across recent years</i></p> <p><b>Medium Term Financial Strategy</b> <i>A review of the effectiveness of the medium term financial strategy</i></p> <p><b>Reactive Fraud Work</b> <i>A provision of time to allow for fraud investigations</i></p>	<p>Richard Bates</p> <p>Richard Bates</p> <p>Richard Bates</p> <p>Richard Bates</p> <p>Richard Bates</p> <p>Richard Bates</p> <p>Richard Bates</p> <p>Richard Bates</p> <p>Richard Bates</p> <p>Various</p>	<p><b>130 Days</b></p>
<p><b>Risk Management</b> Organisations which can demonstrate and operate under a structured and active risk management approach, are far more likely to be able to focus upon their key priorities and outcomes and, in doing so, take informed and robust decisions</p>	<p><b>Risk Management</b> <i>A review of risk management across the authority with particular emphasis on risk management within project management. This review will assess the treatment and proactive responses to risks, rather than the identification of risks</i></p>	<p>Jonathan Mair</p>	<p><b>20 days</b></p>

<p><b>Performance Management</b> Performance management provides a transparent platform upon which the service is accountable to its citizens and service users for the effectiveness of its service provision and delivery of its objectives</p>	<p><b>Staff Performance Management</b> <i>A review of the completion and quality of PDR's along with the assessment of completion of appropriate competencies in the award of competency increments</i></p> <p><b>Data and Performance Team</b> <i>A review to assess whether the team is delivering expected outcomes for the organisation</i></p> <p><b>Data Quality – Mosaic</b> <i>A review to assess the quality of data outputs from the system and whether the data produced is adequate to make timely and informed decisions</i></p> <p><b>Outcomes Tracker</b> <i>A review of the of the outcomes tracker – does it contain clear, accurate and transparent information for staff, Members, and the public</i></p> <p><b>Follow up of previously agreed recommendations</b> <i>Follow up of prior year 'Partial' audits and the implementation status of agreed actions</i></p>	<p>Jonathan Mair</p> <p>Jonathan Mair</p> <p>Helen Coombes/ Nick Jarman</p> <p>Jonathan Mair</p> <p>Various</p>	<p><b>135 Days</b></p>
<p><b>Commissioning &amp; Procurement</b> Assessing Procurement &amp; Commissioning activity of a Local Authority is a critical determinant in establishing its effectiveness in both being able to deliver benefit for its community, but also in showing whether it can maximise value for money for its taxpayers</p>	<p><b>Public Health Contract Compliance</b> <i>A review of the processes to ensure that services delivered under contract are compliant</i></p> <p><b>Dorset Care Framework</b> <i>A review of the effectiveness of the new care framework and readiness to undertake joint commissioning with the CCG</i></p> <p><b>Property Maintenance Framework</b> <i>A review of the new arrangements with a specific review of governance arrangements and the effectiveness in delivering improved services and reduced costs</i></p> <p><b>Supplier Resilience</b> <i>To review the processes in place to mitigate against supplier chain failure and to identify the high-risk contracts in place</i></p>	<p>David Phillips</p> <p>Helen Coombes</p> <p>Richard Bates</p> <p>Richard Bates</p>	<p><b>60 Days</b></p>
<p><b>Information Management</b> Effective Information Management will</p>	<p><b>General Data Protection Regulation</b> <i>An audit to assess the level of ongoing compliance with GDPR</i></p>	<p>Jonathan Mair</p>	

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<p><i>facilitate and support effective working, better decision-making, improved customer service and business transformation</i></p>	<p><b>ICT Key Controls</b> <i>Annual review of the key controls with the ICT environment</i></p> <p><b>Mosaic Post Implementation Review</b> <i>Mosaic went live in November 2017; this review will examine controls such as systems access, workflow and change management, incident and problem management along with availability management</i></p> <p><b>Cyber Security</b> <i>Management of firewall infrastructure</i></p> <p><b>WAN Management</b> <i>Review to ensure maximum availability and resilience of the network</i></p> <p><b>Software Licensing</b> <i>A review of Software Licence management and control, due to the increase of cloud based and hosted services</i></p> <p><b>Local Government Reorganisation – Technology Convergence</b> <i>To examine specific programmes and work streams that will be identified for the technology aspect of LGR</i></p>	<p>Richard Pascoe</p> <p>Helen Coombes/ Nick Jarman</p> <p>Richard Pascoe</p> <p>Richard Pascoe</p> <p>Richard Pascoe</p> <p>Richard Pascoe</p>	<p><b>105 Days</b></p>
<p><b>Programme &amp; Project Management</b> <i>Organisations which can demonstrate and operate under a structured and active approach are far more likely to be able to focus their efforts and successfully achieve the delivery of anticipated outcomes</i></p>	<p><b>Preparations for Local Government Reorganisation</b> <i>An allocation of audit time to review/provide support across the organisation as it approaches the implementation of a new Council.</i></p> <p><i>Audit work will be aligned to appropriate gateway reviews across the LGR programme. Potential areas for audit focus include:</i></p> <ul style="list-style-type: none"> <li>• <i>Process and systems compatibility and convergence</i></li> <li>• <i>Cultural implications/staff morale/communications</i></li> <li>• <i>Member structure</i></li> <li>• <i>Operating Model</i></li> <li>• <i>Disaggregation</i></li> <li>• <i>Due Diligence and Change Management</i></li> <li>• <i>Asset Management (equipment, buildings, vehicles and cash)</i></li> <li>• <i>Convergence of ICT platforms</i></li> <li>• <i>Programme management</i></li> </ul> <p><b>Transformation Work</b> <i>To be undertaken in the event of a postponement of LGR</i></p>	<p>Debbie Ward/ Jonathan Mair</p> <p>Debbie Ward/ Jonathan Mair</p>	<p><b>175 Days</b></p>

# Dorset County Council Draft Internal Audit Plan 2018/19

<p><b>People &amp; Asset Management</b></p> <p><i>Organisations which can demonstrate and operate under a structured and active approach to asset management are far more likely to be able to focus any available investment against key priorities and, as a direct result, deliver improved outcomes</i></p>	<p><b>Role of the Dorset Manager</b></p> <p><i>A review to ensure that there is adequate guidance/ procedural instruction/training for the role of a Dorset Manager, and then an assessment of compliance with this across the authority</i></p>	Jonathan Mair	30 Days
<p><b>Other</b></p>	<p>Ad Hoc Audit Advice Contingency for Emerging Risk Areas Audit Planning and Committee Reporting</p>		67 Days

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## The 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 & Governance Committee on 13<sup>th</sup> March 2017 and is reviewed each year to confirm it remains accurate and up to date.

### 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

The Accounts and Audit (England) Regulations 2015, state that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance."*

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

#### **Management<sup>1</sup>**

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.

<sup>1</sup> In this instance Management refers to the Corporate Leadership Team

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 in 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.

### **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 & Governance 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 are 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 auditor's 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 & Governance 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 & Governance 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 & Governance 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.

**February 2018**



# Dorset County Council

## Report of Internal Audit Activity

### Plan Progress 2017/18 – March 2018

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Agenda Item 11

## Executive Summary

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

As part of our plan progress reports, we will provide an ongoing opinion to support the end of year annual opinion.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating previously identified significant risks by audit.



### Audit Opinion and Summary of Significant Risks

#### **Audit Opinion:**

Audit reviews completed to date, highlight that in the majority of areas, risks are reasonably well managed with the systems of internal control working effectively.

#### **Significant Risks:**

In our update report in January we reported four significant risks identified in our work (progress on these previously identified significant risks can be found in **Appendix A**). Since that report a further significant risk has been identified as follows:

**Commissioning of Learning Disability Services** through the dynamic purchasing system (DPS) is unsuccessful in the majority of cases and the costs of this are not fully understood. As a result, the DPS does not represent a sustainable or cost-effective model for the Authority for the provision of services to Adults with Learning Disabilities.

In addition, the contractual status of packages not awarded through the DPS was found to be unclear and therefore legally binding agreements may not always be in place with providers of support.

#### **Follow Up Work:**

Since our last update we have undertaken some further follow up work in respect of Safer Recruitment and have confirmed that our recommendation to implement spot checking of new employees (excluding Tricuro employees) to ensure that appropriate DBS checks have been undertaken, has now been implemented. It is understood that it is the intention of HR to run the report monthly going forward. In relation to our original recommendation, this satisfies the action that we were expecting.

## Executive Summary

### Summary of Audit Opinions

At the conclusion of each audit assignment, the review is awarded an Assurance Opinion, a summary of the assurance levels is as follows:

- **Substantial – Well controlled and risks well managed**
- **Reasonable – Adequately controlled and risks reasonably well managed**
- **Partial – Systems require control improvements and some key risks are not well managed**
- **None – Inadequately controlled and risks are not well managed.**

All audit reviews that receive a Partial or None assurance opinion, will be subject to a full follow up piece of work by SWAP.



### Audit Opinion and Summary of Significant Risks continued

However, the report that was recently produced by HR identified a number of anomalies in terms of DBS checks or documentation potentially missing, or staff starting the role prior to the necessary checks having been undertaken. The relevant HR business partners have now been tasked with investigating and clarifying these potential anomalies. So, whilst the initial audit action has been satisfied, there is more internal work to complete, in order to provide the necessary assurances that this aspect of recruitment is operating robustly. HR have provided assurances that they are expanding this checking to cover previous years and are working with managers to ensure that 3-year renewal checks are processed where applicable.

We have also followed up our recommendations made to mitigate the significant risk in respect of the governance framework for Tricuro. Our work has demonstrated that whilst some progress has been made, a contract variation to formalise service and financial performance targets has yet to be issued. In addition, it was found that the minutes of the Audit, Governance and Risk Committee are not being provided by Tricuro and so the authority has limited assurances around the operations of this aspect of the company. As a result, we will need to revisit this work to ensure that all recommendations are fully implemented.

We have recently concluded a follow up audit for Section 17 payments that was commenced in August 2017. Section 17 payments are made to safeguard and promote the welfare of children who are classified as 'Children in Need'. The follow up identified that no progress had been made in implementing the recommendations since issue of the original report. We have requested that the service takes a conscious decision as to whether agreed actions will be implemented or whether these risks will be accepted.

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



### Changes to the Audit Plan

Since the approval of the annual internal audit plan there have been certain changes. This had been due to emerging risks that have been deemed higher priority, or where the service has stated that an audit would not add sufficient value at this time due to arrangements being in their infancy. The changes have been summarised below together with an explanation of the reasons for the change:

#### Audits removed from the original 2017/18 audit plan since our report in January

- **Project 30** *(Last year audit carried out a piece of advisory work to assess Accountancy's readiness to close the Accounts within 45 days of the financial year end. This year the plan is to close down within 30 days (hence Project 30). The audit work undertaken last year recognised that good progress had been made and the 45 day closedown was achieved. In view of this, there is a confidence that a 30 day timescale is achievable and the Chief Accountant feels that little value will be added by further audit work this year, a view with which we concur.)*

#### Audits substituted to replace the reviews above and new audits added to plan

- **Further follow up of Tricuro Govanance Framework** *(Our follow up work has demonstrated insufficient progress towards mitigating the risks identified and therefore further follow up will be undertaken)*

#### Audits deferred to 2018/19 since our report in January

- **Commissioning of Domicillary and Residential Care** *(The Dorset Care Framework only went live in December 2017 and it was felt that it was too early to be able to fully assess the effectiveness of the framework. Work in Q1 2018/19 was felt to be more beneficial).*
- **Software Licencing** *(Work is currently being undertaken to develop this area and therefore systems and processes were felt not to be sufficiently mature to benefit from an audit. Work in Q1 of 2018-19 was felt to be more beneficial)*

# Internal Audit Plan Progress 2017/18

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



## SWAP Performance

SWAP now provides the Internal Audit service for 24 public-sector Authorities. 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 2017/18 year (as at 23 February 2018) are as follows:

Performance Target	Performance
<p><b><u>Audit Plan – Percentage Progress</u></b>                      Final, Draft and Discussion Document                      In progress                      Yet to complete</p>	<p>66%                      33%                      1%</p>
<p><b><u>Draft Reports</u></b>                      Issued within 5 working days                      Issued within 10 working days</p>	<p>82%                      93%                      (Average Days of 3)</p>
<p><b><u>Final Reports</u></b>                      Issued within 10 working days of                      discussion of draft report</p>	<p>75%                      (Average Days of 9)</p>
<p><b><u>Quality of Audit Work</u></b>                      Customer Satisfaction Questionnaire</p>	<p>85%</p>

Summary of progress in mitigating previously reported Significant Risks

Audit Tittle	Significant Audit Findings	Dates of Implementing Key Actions Agreed by Service	Progress in Implementing Agreed Actions
Safer Recruitment	<p>There is no effective control to ensure that a DBS check is undertaken in every appropriate instance prior to employment commencing.</p> <p>Without a signed contract being in place prior to service delivery the Authority will not be able to enforce the DBS requirement contained within the contract.</p> <p>Without maintaining a central record of volunteers, the Authority is unable to ensure that a DBS check is undertaken in every appropriate instance prior to volunteer work commencing.</p>	All actions were planned to be completed by the end of April 2017.	<p><b>A further follow up review has recently been completed which identified that one outstanding recommendation regarding spot checking of new employees to ensure that appropriate DBS checks have been undertaken, has now been implemented. In relation to our original recommendation, this satisfies the action that we were expecting.</b></p> <p><b>However, the report has identified for further investigation several instances where data potentially suggests that either DBS clearance had not been received prior to commencement of employment or that HR do not have a record of confirmed DBS clearance. Human Resources have provided assurances that they are expanding checking to cover previous years and working with managers to ensure that 3-year renewal checks are processed where applicable.</b></p> <p><b>A further programme of work around this area has been outlined by Human Resources, to include:</b></p> <ul style="list-style-type: none"> <li><b>▪ A review and cleanse of historical data;</b></li> <li><b>▪ Additional controls surrounding clearance to be incorporated within the PDR process;</b></li> <li><b>▪ Additional reporting and guidance being made available to managers;</b></li> <li><b>▪ A review of current practice by the Service Manager with recommendations to follow.</b></li> </ul>

Audit Tittle	Significant Audit Findings	Dates of Implementing Key Actions Agreed by Service	Progress in Implementing Agreed Actions
Governance Framework for Tricuro	<p>The introduction of an Audit, Governance and Risk Committee is relatively new and has yet to complete a full annual cycle of business. As a result, the council currently has limited assurances around the adequacy of review of operations within Tricuro.</p> <p>Tricuro have not provided regular performance or financial data to the council. Performance data that has been provided indicates poor performance in some areas.</p>	All actions were due to be implemented by 1 October 2017	<p><b>A follow up audit is currently being undertaken which has demonstrated that some progress has been made however a contract variation to formalise service and financial performance targets has yet to be issued. In addition, it was found that the minutes of the Audit, Governance and Risk Committee are not being provided by Tricuro.</b></p> <p><b>Further follow up work will be required to ensure all recommendations are fully implemented.</b></p>
Resilience of ICT infrastructure – Service Continuity Planning	<p>The last large-scale assessment of IT system criticality was undertaken in 2014 and many of the individual service continuity plans do not contain clear step by step instructions.</p> <p>Examination of the Core ICT Service Continuity Plan contained various unresolved clarifications for which Service Control staff should have followed up. The last update to this plan was undertaken on 23rd January 2017, so these unresolved issues have been outstanding since then and have not been updated since the UPS failure or Wannacry incidents.</p> <p>11 out of 18 Critical application-based Service Continuity Plans had not been updated since at least 26th September 2013.</p>	All actions are due to be implemented by 31 March 2018	<p><b>A follow up audit is scheduled to take place during Quarter 1 of next audit plan year. Once this has been completed we will be able to provide more detail on implementation of our recommendations.</b></p>



Audit Tittle	Significant Audit Findings	Dates of Implementing Key Actions Agreed by Service	Progress in Implementing Agreed Actions
EU General Data Protection Regulations (GDPR)	The organisation is not able to fully implement the requirements of the GDPR within the required timescales resulting in non-compliance with the consequence of financial penalties.	All actions are planned to be completed by the implementation of the GDPR which is 25 May 2018.	<b>Audit have committed to provide further resource to support the organisation’s implementation of GDPR. A formal follow up review will take place during April 2018 to assess the progress of implementation of the recommendations and identify whether any key elements of GDPR compliance have not been achieved.</b>
Budget Management within Children’s Services	<p>Robust processes are not in place to set realistic budgets and effective actions are not always being taken in a timely manner to address budget overspends resulting in predicted overspent budgets for the 2017/18 year end.</p> <p>Actions which address budget overspends are not always quantified in terms of the impact on budgets.</p> <p>Savings targets are allocated to budgets without a documented plan being in place for the achievement of these targets.</p> <p>Savings targets are not being accurately categorised as ‘Not Achievable’, even on a temporary basis, when identified as such.</p>	All actions are due to be implemented by 31 March 2018	<b>A follow up audit is planned for Quarter 2 (July 2018) of 2018/19. The reason for the delay in undertaking this work is to enable audit to assess the impact of the actions on the 2018/19 budget which cannot be judged until sufficient time has passed.</b>



Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major Recommendation ← → 1 = Minor				
						5	4	3	2	1
						<b>2016/17 Work</b>				
Governance	Tricuro Governance Arrangements	4	Final	Partial	8	-	5	3	-	-
<b>2017/18 Work at Report Stage</b>										
Follow up	Children in Care	1	Final	N/A		-	-	-	-	-
Operational	Trading Standards	1	Final	Reasonable	6	-	-	6	-	-
Operational	Animal Health & Welfare	1	Final	Reasonable	2	-	-	2	-	-
Operational	Schools IT Controls	1	Final	Reasonable	4	-	2	2	-	-
Follow up	Ethical Governance	1	Final	N/A		-	-	-	-	-
Operational	Mosaic - Data Migration Readiness	1	Final	Advice & Guidance		-	-	-	-	-
Operational	Agency Staff - DWP	1	Final	Reasonable	10	-	1	9	-	-
Grant Certification	Careers and Enterprise Grant	1	Final	Advice & Guidance		-	-	-	-	-
Grant Certification	Dorset Growth Hub	1	Final	Advice & Guidance		-	-	-	-	-
Operational	Planned Use of School Balances	1	Final	Reasonable	4	-	-	3	-	-
IT Audit	Resilience of ICT Infrastructure – Service Continuity Plan Arrangements	1	Final	Partial	16	-	3	13	-	-
Follow Up	Debt Management	1	Final	N/A	-	-	-	-	-	-

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major ← → 1 = Minor				
						Recommendation				
						5	4	3	2	1
Follow Up	Safer Recruitment <i>(one priority 3 recommendation is new resulting from the follow up work and three are recommendations not implemented from the original audit)</i>	1	Final	N/A	4	-	2	2	-	-
IT Audit	ICT Contract Management	1	Final	Partial	10	-	-	10	-	-
Operational	Education of Looked after Children	2	Final	Partial	6	-	4	2	-	-
Follow up	Direct Payments – Children’s	2	Final	N/A						
Follow up	SEN Decision Making	2	Final	N/A						
Follow up	Towards Adulthood project	2	Final	N/A						
Operational	Pimperne School	2	Final	Reasonable	15	-	3	8	4	-
Operational	Deprivation of Assets – Adults and Community Services	2	Final	Partial	5	-	1	4	-	-
Operational	Control of Credit Notes	2	Final	Reasonable	3	-	2	1	-	-
Follow up	Use of Consultants	2	Final	N/A						
Operational	Covert Surveillance of Social Networking Sites	2	Final	Advice & Guidance						
Operational	Business Continuity	2	Final	Reasonable	9	-	-	9	-	-
Follow up	Agency staff	2	Final	N/A						
Governance	Accounts Payable Fraud Investigation	3	Final	Advice & Guidance						

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major ← → 1 = Minor				
						Recommendation				
						5	4	3	2	1
Follow up	Better Care Fund	3	Final	N/A	-	-	-	-	-	-
Operational	Financial Reconciliations	3	Final	Substantial	1	-	-	1	-	-
Follow up	Intermediaries Legislation/IR35	3	Final	N/A						
Operational	VAT	3	Final	Reasonable	6	-	-	6	-	-
Operational	General Data Protection Regulations	3	Final	Partial	34	7	26	1	-	-
Operational	Contract Compliance	3	Final	Advice & Guidance						
Operational	Outcomes Based Accountability	3	Final	Reasonable	13	-	-	13	-	-
Governance	Ethics and Culture SWAP Survey	3	Final	Advice & Guidance						
Operational	Commercial Contract Management	3	Final	Advice & Guidance						
Operational	Management & Control of Flexible working	3	Final	Advice and Guidance						
Follow up	Budget Management	4	Final	N/A						
Operational	Budget Management - Children's	1	Final	Partial	16	4	11	1	-	-
Operational	Budget Management Environment and Economy	3	Final	Substantial	1	-	-	1	-	-
Operational	Payroll – External Customers	3	Final	Substantial	0	-	-	-	-	-
Operational	Learning Disabilities	3	Final	Partial	7	1	6		-	-

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major ← → 1 = Minor				
						Recommendation				
						5	4	3	2	1
Follow up	Tricuro Governance Arrangements	4	Draft	N/A						
Follow up	Safer Recruitment – Further Follow up	4	Draft	N/A						
Follow up	Section 17 Payments	2	Draft	N/A						
Operational	Budget Management Adult and Community	3	Discussion							
Governance	Adult and Communities Change Programme	3	Discussion							
Operational	Alignment of Forward Together and Budget Gap	3	Discussion							
Operational	Review of Corporate Working Groups	3	Discussion							
Governance	Local Enterprise Partnership	3	In progress							
Follow up	Oversight of Schools	3	In progress							
Operational	Technology Strategy (Cloud Computing)	3	In progress							
Operational	Children’s Services Contract Monitoring Arrangements	3	In progress							
Operational	Capital Budget Management	4	In progress							
Operational	Contract Management – Construction and Transport	4	In progress							
Operational	Early Years Funding	4	In progress							
Operational	Family Partnership Zones	4	In progress							
Operational	Use and Management of High Needs Block funding	4	In progress							

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major ← → 1 = Minor				
						Recommendation				
						5	4	3	2	1
Operational	Multi-Agency Safeguarding Hub	4	In progress							
Operational	Review of SEND Travel Project Governance	4	In progress							
Operational	New Youth Service Arrangements	4	In progress							
Operational	Review of New Committee Structure	4	In progress							
Operational	DWP – Vehicle Maintenance	4	In progress							
Operational	Sickness Management	4	In progress							
Operational	Implementation of Our People Plan	4	In progress							
Operational	ICT Key Controls	4	In progress							
Operational	Co-production and Capacity for Community Build	4	In progress							
Follow up	Forward Together	4	In progress							
Operational	Threat and Vulnerability	4	In progress							
Operational	Budget Management – DWP	4	In progress							
Operational	Strategic Alliance for Children and Young People	4	In progress							
Operational	Statutory Timescales for Children’s Assessments	4	In progress							

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A copy of the full audit plan, including details of upcoming planned audit reviews, is available to view [here](#).

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# Audit and Governance Committee

**Dorset County Council**



Date of Meeting	12 March 2018
Officer	Chief Executive and Chief Financial Officer
<b>Subject of Report</b>	<b>Draft Annual Governance Statement 2017/18</b>
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 (AGS) for 2017/18 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, which were revised in 2016. In recognition of the greater flexibility provided by the revised framework, a different approach has been taken this year, with the aim of making the document more accessible, through the use of both evidence bases and brief case studies. The intention is also to include an accompanying ‘public facing’ summary with the final AGS.</p> <p>The “Review of Effectiveness” within the draft AGS is informed by the Council’s Local Code of Corporate Governance Compliance Assessment 2017/18, and in particular the eight elements on which the Council has identified areas for improvement. Similarly to the AGS itself, this has been refocussed to provide a more succinct document improving understanding and accessibility.</p> <p>The AGS also discusses those risks that are contained in the Councils Corporate Risk Register which are classified as ‘high’ and, as such, represent potential significant governance issues</p>

	<p>that the Council is currently facing and actively seeking to address.</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 Council (or the Committee to which the responsibility is delegated) until after the external audit has been carried out. At this stage this draft allows members an early view and an ability to inform the content.</p> <p>Final adoption of the AGS will take place, alongside the accounts, at the Audit and Governance Committee in July 2018. As the AGS has to reflect any significant issues that arise prior to its final approval, if necessary, subsequent amendments will be made to the draft document to reflect them 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 <a href="#">the Local Code of Corporate Governance Compliance Assessment 2017/18</a> and the <a href="#">Corporate Risk Register</a> 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 AGS. Addressing other issues identified in the compliance assessment or the AGS 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:</p>



	<p>Current Risk: HIGH Residual Risk: HIGH</p> <p>The AGS refers to risks on the Council's corporate risk register which have been assessed as being 'High'.</p>
	<p>Other Implications:</p> <p>The "Review of Effectiveness" within the draft AGS explains the significant governance issues facing the Council.</p>
<p>Recommendation</p>	<p>The Committee is asked to:</p> <p>i) Consider and comment on the draft AGS for 2017/18 at appendix A, prior to its consideration by Cabinet.</p>
<p>Reason for Recommendation</p>	<p>Approval and publication of an AGS 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>
<p>Appendices</p>	<p>Appendix A: Draft AGS 2017/18</p>
<p>Background Papers</p>	<p>CIPFA / SOLACE publication: Delivering good governance in local government – framework</p>
<p>Report Originator and Contact</p>	<p>Name: Mark Taylor, Group Manager (Governance and Assurance) Tel: 01305 224982 Email: <a href="mailto:m.taylor@dorsetcc.gov.uk">m.taylor@dorsetcc.gov.uk</a></p> <p>Name: Marc Eyre, Senior Assurance Manager (Governance, Risk and Special Projects) Tel: 01305 224358 Email: <a href="mailto:m.eyre@dorsetcc.gov.uk">m.eyre@dorsetcc.gov.uk</a></p>

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Dorset County Council

# **DRAFT**

## **Annual Governance Statement 2017/18**







# Introduction

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.

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.

Dorset County Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government* framework (2016). 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 12<sup>th</sup> March 2018 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 the consideration of the findings of a review of the system of internal control and approval and publication of an annual governance statement. This Local Code provides the evidence base for the Review of Effectiveness that supports this Governance Statement.

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.

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 desired outcomes, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This Governance Statement is therefore also informed by those risks identified as High in the Corporate Risk Register.

The governance framework has been in place at Dorset County Council for the year ended 31 March 2018 and up to the date of approval of the annual statement of accounts.

# Approval of the Annual Governance Statement 2017/18

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 will be monitored through the year by senior officers and the Audit and Governance Committee.



Signed: .....

Date: .....

**Debbie Ward, Chief Executive**



Signed: .....

Date: .....

**Rebecca Knox, Leader of the Council**



# The Council's Governance Framework "Review of Effectiveness"





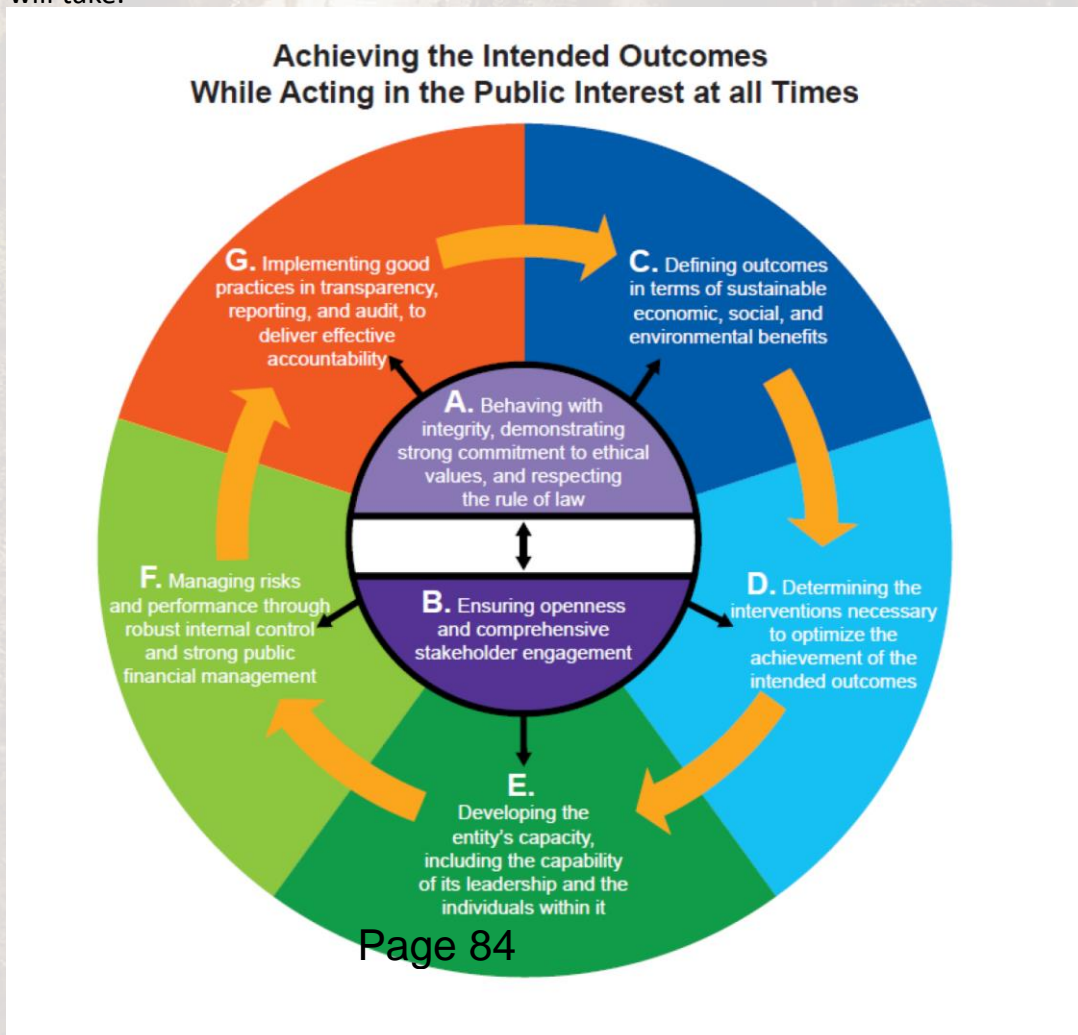
The Council has adopted a local code of corporate governance, as a means of demonstrating that a sound level of governance is operated. This local code acts as a means of assurance, but also a mechanism for achieving continuous improvement. This approach is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government* framework. The Council's Local Code of Corporate Governance forms the main evidence base for this Review of Effectiveness section of the Annual Governance Statement.

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.

During the review, there were no elements of the framework for which the judgement is that the County Council is non-compliant. There are however eight areas where it is recognised that further improvement can be made.

The following pages set out a summary of the key governance controls, mapped against the CIPFA/SOLACE agreed principles (see diagram). It is supported by case studies to help demonstrate where positive improvement action has already been taken, and a note of improvement actions that the Council will take.





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

Our **Constitution** establishes the roles and responsibilities for members of the executive (the Cabinet), Overview and Scrutiny, Audit and Governance and Regulatory 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, with any proposed changes being considered by the Audit and Governance Committee.

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 respective roles and contributions to provide for robust assurance on governance and to ensure 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 and attendance at the Corporate Leadership Team.

The Members' **Code of Conduct** advises an elected member (or voting co-opted member) what conduct is expected of them and whether their conduct constitutes a criminal offence.

A Code of Conduct also exists for staff which sets out the standards of conduct expected of all council employees and prevents employees from being in a situation where they may be vulnerable to an accusation of favouritism or bias or other improper motives, whether this is real or perceived.

We have adopted a **Behaviours Framework** which sets out five behaviours reflecting Dorset County Council's values, and that every member of staff, regardless of their role and grade should be able to demonstrate: Future Focus; Leadership; Integrity; Collaboration; and Responsibility.

### **Example : Gender Pay Gap**

*We believe strongly in equal pay for roles regardless of gender. Our gender pay gap, which shows the difference between the average earnings of men and women, is well below the average for public and private sector organisations.*

*The total overall gender pay level gap is just 1.26 per cent across the Council. The national average is 18.2 per cent.*



The Council operates under an Executive (**Cabinet**) model, which oversees the formulation of all major policies, strategies and plans. The Cabinet also lead on the preparation of the Council's budget.

The primary counterbalance to our Cabinet is through the Overview and Scrutiny Committees and the Audit and Governance Committee. These Committees are in place to provide support and a robust level of challenge to the Executive.

Our **Overview and Scrutiny committee** structure is based on the outcomes defined in the Corporate Plan with Committees for Economic Growth, People and Communities and Safeguarding. Each of them having responsibility for monitoring a number of specified objectives within it.

The workplans for the Overview and Scrutiny committees have included a number of focused scrutiny reviews to assess the Council's effectiveness.

The **Dorset Health Scrutiny Committee** also continues in its previous role, delivering scrutiny of external health partners and agencies.

The **Audit and Governance Committee** provides a constructive, proactive and objective consideration of the Council's financial, risk, governance, internal control framework, ethical principles and standards.

It has a "**Call to Account**" power to scrutinise and review decisions made or actions taken in connection with the discharge of any of the Executive functions of the Council. The Committee did not need to exercise its 'call to account' powers during 2017/18.

It also has a **Call-in process** to consider executive decisions and can also consider matters referred through the **Councillor Call for Action**.

#### **Example : Ironman Event 2017**

*A positive example of the effectiveness of the Call to Account powers relates to the inaugural Ironman Event in Weymouth which took place in 2016. The findings of the scrutiny process focussed in particular on marshalling arrangements and road closures for the 2016 event and established the need for a memorandum of understanding to set out clear roles and responsibilities.*

*Throughout 2017/18 the Committee scrutinised the preparations for the follow-up event, in partnership with officers and organisers, and were reassured over improvements made. The 2017 was assessed to have been a positive success.*

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.

The statutory role of **Monitoring Officer** is held by the Head of Organisational Development. 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 and / or the County Council 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.

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. A Scheme of Financial Management is operated to discharge these responsibilities.

It is confirmed that the Council's financial arrangements comply with the CIPFA statement on the Role of the Chief Financial Officer in Local Government.

We are committed to promoting equality of opportunity, valuing **diversity** and eliminating discrimination.

This principle is supported by an **Equality and Diversity** policy and Joint Equality Scheme. Two corporate working groups oversee our approach. The Inequalities Group is outward focussed, whereas the People and Wellbeing Group oversees internal impacts.

## How can we improve?

A Diversity and Inclusion improvement action plan has been agreed, focussing on improving the Dorset Equality Scheme; our Corporate Working Groups; training and systems/processes.



# Principle B – Ensuring Openness and Comprehensive Stakeholder Engagement

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 Governance Committee. This Committee also has responsibility for overseeing the investigation of complaints against members.

Our **Communications** team provides a wide range of support for the whole council including using social media, internal communications, marketing and promotions advice, media relations

Committee meetings are open to the public, and **agenda papers and minutes** are transparently available on the internet.

**Your Dorset** is the council's newspaper and is one of our main channels for communicating with the people of Dorset about the services we provide. It's delivered to almost every household in the county (more than 207,000 homes), and feedback from residents consistently shows it is widely read and well regarded.

**Public consultation** plays a key part in the decision making process, across the full range of the Councils services.

We are 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, helps to ensure that partnership arrangements are as productive and secure as possible.

## How can we improve?

We are looking to review and centralise our communication, consultations and engagement functions to make us more resilient, flexible and minimise duplication, helping to make our resources stretch further.

# Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

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

Delivery of this 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.

Two corporate working groups have an input and assurance role for delivery of our Outcomes Framework: The **Inequalities Group** and the **Policy, Planning and Performance Group**.

Our **Overview and Scrutiny committee** structure is based on the outcomes defined in the Corporate Plan with Committees for Economic Growth, People and Communities and Safeguarding. Each of them having responsibility for monitoring a number of specified objectives within it.

The workplans for the Overview and Scrutiny committees have included a number of focused scrutiny reviews to assess the Council's effectiveness.

A performance management framework is operated to underpin and monitor the corporate plan, using **Outcomes Based Accountability**.

Committees receive quarterly outcomes focused monitoring reports to assess the performance of the Council and its partners in meeting our outcomes.

## **Example : Superfast Broadband**

The Economic Growth Overview and Scrutiny Committee undertook a focussed scrutiny review of our Superfast Broadband Delivery Programme. It considered and assessed the Council's contribution to transforming Dorset into a digital economy in order to fully realise strategic benefits of economic growth, digital inclusion, transformation of public services and opportunities for individuals and communities.

## **How can we improve?**

We are undertaking a review of our operating model review to improve how we use our collective resources and arrange our operations to deliver outcomes for our residents.



## Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

Each Cabinet member has been assigned as a specific **Portfolio Holder** with roles and responsibility for different themes, such as Health and Care; Safeguarding; Economy, Education, Learning and Skills; Community and Resources; Natural and Built Environment; and Workforce.

The Leader of the Council's portfolio includes Organisational Development, to ensure that the organisation is equipped strategically to provide the best value service. The Leader chairs the **Organisational Transformation Board**

### How can we improve?

We wish to improve how we are sighted early on any short, medium and long-term financial pressures in services. We are seeking to achieve this through improved identification and notification of performance issues that have the potential to increase budgetary pressures. This approach forms part of the remit of the proposed new centralised Data, Intelligence and Performance team.

The Local Audit and Accountability Act 2014 requires External Auditors to be satisfied that proper arrangements have been made for securing economy, efficiency and effectiveness in the use of resources (**Value for Money**).

The 2016/17 report provided a judgement that proper arrangements were in place to ensure informed decisions were made and resources deployed to achieve planned and sustainable outcomes for taxpayers and local people.

### How can we improve?

We will centralise our data, intelligence and performance resources to help us become a more data driven organisation.

There are four **Overview and Scrutiny Committees**, aligned to our Outcomes Framework: Safeguarding; Dorset Health; People and Communities; and Economic Growth.

Officer corporate working groups provide both a challenge and assurance role, with their remit mapped against the Healthy Organisation Model. These groups are: Inequalities; Policy, Planning and Performance; People and Wellbeing; Managing Our Assets; and Risk and Resilience. These Groups have a two-way reporting line to both the Corporate Leadership Team and One Council Group.

### How can we improve?

We need to be better at aligning our finances with our outcomes framework. Value for money therefore continues to be an area of focus.

## Principle E – Developing the County Council’s capacity, including the capability of its leadership and the individuals within it

**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. This is supported by regular member briefing sessions to ensure that members are kept up to date on key issues.

We have an adopted **Health, Safety and Wellbeing at Work** Strategy, supported by Intranet pages with sample risk assessments and good practice guidance.

The **Employee Wellbeing** team provide support to all employees and can offer links to a wide range of external sources of support for employees to look after both their physical and mental wellbeing.

The **Staff Consultative Panel** is responsible for reviewing matters relating to the health, safety and well-being for all county council employees, supported by Directorate level committees. This provides union engagement.

The **People and Wellbeing Group** brings together officers across all Directorates to provide direction, challenge and assurance over employee related issues.

Our **People Plan** for 2015-2020 sets out how we will be working differently to help achieve our vision of 'working together for a strong and successful Dorset'.

### How can we improve?

We need to improve the frequency and effectiveness of our People and Wellbeing corporate working group, to ensure better sharing of good practice and ‘One Council’ focus on improvement. This could be achieved through greater integration with the Equalities Group.

The **Staffing Committee** determines staff terms and conditions; appoints and manages performances issues relating to senior officers.



## Principle F – Managing risks and performance through robust internal control and strong public financial management

We have a strong risk management function, which has received positive national recognition from ALARM (the national public risk management association). A risk management policy and strategy has been adopted, and this is reviewed on an annual basis. All reports to committees include a statement to identify any high risks that may relate to the decision to be made.

Risk management is within the remit of the Council's Risk and Resilience Group which 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. The Risk and Resilience Group also has a focus on emergency planning, business continuity, information governance and governance more generally.

Risk Registers are maintained at a corporate, service and project level to ensure that the authority is able to make risk informed decisions. Corporate risks identified as high are set out in the "Risk Management" section of this Governance Statement, including a summary of improvement actions being taken.

A Records Management unit facilitates our approach to information governance. We have temporarily increased capacity within this area, to respond to recommendations made by the Information Commissioners Office and in response to the General Data Protection Regulations (GDPR) which come into effect in May 2018.

We complete an Information Governance Toolkit annually to demonstrate that the organisation can be trusted to maintain the confidentiality and security of personal information, increasing public confidence that the NHS and partner organisations can be trusted with personal data.

### How can we improve?

The Information Commissioner's Office carried out a review of our information governance arrangements during 2017 and identified a number of areas for improvement. A project team has been established to deliver any outstanding improvements and ensure that the Authority is in a good position to meet its obligations under the new General Data Protection Regulations.



## Principle G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Our **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, our operational internal audit work has been carried out under contract by the South West Audit Partnership (SWAP).

**External audit** arrangements provide a financial audit statement, as per the Code of Practice on Local Authority Accounting.

A Value for Money statement is also provided annually. In 2016/17 provided a judgement that proper arrangements were in place to ensure informed decisions were made and resources deployed to achieve planned and sustainable outcomes for taxpayers and local people.

The Council is committed to achieving high standards of integrity and accountability. Our **Anti-fraud, Bribery and Corruption** Strategy sets out our zero policy approach to such acts and records a clear commitment to deal with any cases robustly.

We aim to provide an open environment whereby employees and those working for the Council can raise issues that they believe to be in the public interest.

This policy sits alongside our **Whistleblowing** Policy and procedures which provides protection from any harassment, victimisation or other detriment to any whistleblowing on serious wrong doing.

### **Example : Insurance Fraud**

*Our Insurance Team take potential fraud very seriously and will pursue action against individuals.*

*A Dorset man was ordered to pay £12,000 to the Council after a court found he falsely claimed he was injured by tripping in a pothole.*

*The case received positive exposure in both the local and national press, and led to the withdrawal of four further claims.*





# Risk Management



# Risk Management

As the Annual Governance Statement requires the Council to include those 'significant' governance issues, it is also informed by significant risks which have been assessed as high risks within the Corporate Risk Register in accordance with the councils approved risk criteria.

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:

What is the identified risk?

What are we doing to reduce the risk?

## Financial Risks

Overspend to the Adult & Community Services Budget and meeting the structural deficit

Mitigation

Our transformation programme is focussed on both service transformation and financial savings. Expert support has provided by Red Quadrant to evaluate existing programmes and redesign the adult social care programme

Failure to achieve Better Care targets across the Dorset public / community sector

Mitigation

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. The new Better Care Fund plan ramps up performance expectations for both health and social care. High impact changes are being implemented and linked to winter planning.

Failure to ensure that learning disability services are sustainable and cost-effective

Mitigation

A complex care panel was established in October 2017 and work undertaken with the CCG to look at joint funded packages of care. A review of existing commissioned service is underway. Red Quadrant were commissioned to review high value packages of care, including learning disability.

A lack of sufficiency (placements/residential/foster care) impacts negatively on the demands led budget for children in care

Mitigation

The transformation programme has specific workstreams to address this risk. As a result of the work done to date, the numbers of looked after children are reducing, but budget pressures remain. Work continues to increase placements within the Dorset estate and increase capacity within the private residential sector. The programme of work includes enabling voluntary sector involvement in the delivery of a work package to support the emergency placement process.

General balances are depleted to a level below operating range

Mitigation

Any in-year overspend will reduce the general balances. If these fall below the lower end of the operating range (£10m) it would be raised as a matter for concern by our auditors, KPMG. In response, Group Finance Managers continue to liaise with Assistant Directors to develop mitigating actions. There is an increased focus on in-year financial positions via informal Cabinet and significant resource allocation work was carried out during the MTFP and budget strategy work for 2018/19, as reported to Council in February 2018.

Additional savings cannot be identified to bridge the unfunded gap

Mitigation

The largest risk to the programme currently is that even with the identified major transformation programmes there remains a need to deliver substantial savings, particularly in 19/20 but also for delivery of the 2017/18 and 2018/19 programmes. An external transformation adviser has been appointed to challenge future service delivery options.

Failure to keep school finances in balance

Mitigation

There is a continuing concern that Ofsted are putting more schools into a category which will require them to convert to sponsored academy leaving any deficit behind. A loan agreement has been established for schools with a deficit requiring a fixed repayment schedule. However, recent DfE national consultation suggests that this may not be permissible longer term. This would require an alternate response to this worsening risk.

Slippage in achieving savings targets

Mitigation

Ongoing monitoring and challenge continues, via the Organisational Transformation Board. Where appropriate, reserves and balances and central budgets are used to mitigate.

Failure to stabilise the budget for the High Needs Block

Mitigation

High Needs Block Recovery is a key project within the FT for Children's Services "SEND Improvement" workstream.

What is the identified risk?

What are we doing to reduce the risk?

## Children and Young People

Failure to deliver Education, Health and Care Plans (EHCP) within Statutory Timelines

Mitigation

Deadline of March 2018 to complete the transfer from statements to EHCPs. External support commissioned to assist this process which is having a positive effect. As at end of January 2018 this work is 76% complete. Capacity to deliver this work has been improved through securing a full complement of staff into the SEND team and optimising the deployment of staff on transfers. Focus on transfers continues to negatively impact on the ability to meet the 16 week and 20 week timescales although both have significantly improved. A Delivery Plan Group has been established to address issues around the timescales with an aim to complete 100% by the end of the financial year.

Failure to meet statutory and performance outcomes for young people in transition

Mitigation

Dedicated capacity for commissioning and additional social work staffing identified in local teams. The transformation programme includes a Transitions project within the Demand Management workstream.

What is the identified risk?

What are we doing to reduce the risk?

## Health and Safety

Health and safety risks associated with occupation of premises

Mitigation

The majority of sites now have a nominated Premises Responsible Person. However, restructuring of services and adoption of Corporate Landlord model has reduced local understanding of the Directorate Duty Holder Strategy. Following the Grenfell Tower fire tragedy, a review of fire safety was carried out, including a specific review of individual property risks.

## Resilience

Loss of ICT service or data through a cyber attack

Mitigation

Officer awareness and vigilance is key and it has been mandated that all ICT users complete the cyber e-learning module. Currently in the region of 60% have completed the module.

A gap analysis of our cyber defences has been completed and a review of market solutions offering stronger technical defences is underway leading to a proposal for further investment.

Review and refresh of our security policy suite and any associated corrective actions is underway

## Local Government Reform

Insufficient professional capability/capacity to deliver the full without impacting negatively on transformation savings programme

Mitigation

Joint Area Committee agreement for a Shadow Authority will have a significant impact on Council capacity. Limited amount of action can be taken until a clear decision is reached on local government reorganisation. Resourcing plans will be developed, and consideration given to additional capacity.

What is the identified risk?

What are we doing to reduce the risk?

## Infrastructure

Unable to provide sufficient school places (Basic Need)

Mitigation

A programme of delivery of Basic Need Schools in accordance with agreed timescales/costs is being monitored through relevant groups.

Whilst the framework has been agreed, a sufficiency strategy for school places is being developed to ensure that there is a long term view of school requirements.

Inability to maintain the highways infrastructure to an acceptable standard in the face of changing circumstances (eg budget reductions; climate change)

Mitigation

For the first time in five years the percentage of the highway network has risen. A 1% increase to 4% coincides with a reduction in the level corporate top up to the structural maintenance budget in 2017/18 of £500,000 with a further reduction of £250,000 planned for 2018/19.

With Band 3 status being maintained for 2018/19, the full allocation from the Department For Transport's Incentive Fund has been secured. Further submissions for central government funding will be made as and when the opportunities arise.

## Information Governance

Inadequate information governance framework and culture

Mitigation

Risk increased to High based on the audit carried out by the Information Commissioner in March/April 2017. A SWAP GDPR readiness review in November 2017 has highlighted the issues required to enable compliance with the legislation in May 2018 and an implementation project has commenced.

What is the identified risk?

What are we doing to reduce the risk?

## Technological

ICT solutions are not fit for purpose, sustainable or delivering intended service benefits

Mitigation

Mosaic went live for adults, childrens services and finance on Nov 20th. Since Mosaic went live there has been continued disruption to the availability of Mosaic with periods of poor performance and system unavailability.

The current project team support arrangements will be extended reflecting the disruption and inability to transfer to business as usual.

Mismatch between Council's appetite for ICT enabled change and the overheads of maintaining the ICT estate against the sources of funding for that work

Mitigation

A technology strategy, setting out a change to the deliver of core infrastructure and productivity services as part of a transition to adopting a 'cloud-first' ICT approach has been prepared to underpin the Digital Strategy aspirations.

Work is underway to scope and provide an indicative cost for significant areas of work (Digital Strategy; ICT technical components to support local government re-organisation; Mosaic Project phases 1b, 2a & 2b and General Data Protection Regulations compliance.



What is the identified risk?

What are we doing to reduce the risk?

## Workforce

Inability to attract and retain suitably qualified specialist safeguarding staff within Childrens Services

Mitigation

The Forward Together for Childrens Services programme includes a significant focus on reducing this risk, via the Reinvigorating Social Work and Reducing Agency Spend workstreams.

The implications of Brexit (impacts on Dorset businesses and employees)

Mitigation

Policy and funding challenges and opportunities will occur as a result of the withdrawal of the UK from the European Union. Key risks include: Risk to Dorset business; Concerns of employees who are non-UK EU citizens; Wage pressure and availability of Health & Social care; and financial pressure on health and care.

A Brexit Advisory Group has been proposed to explore implications and response further.

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# Audit and Governance Committee

**Dorset County Council**



Date of Meeting	12 March 2018
Officer	<u>Local Members</u> All Members Lead Directors <u>Debbie Ward, Chief Executive</u>
Subject of Report	<b>Monitoring Corporate Plan Outcomes: Update on Overview and Scrutiny Committee Activities, March 2018</b>
Executive Summary	<p>In January 2018, the Audit and Governance Committee received the full suite of information that is submitted to the three Overview and Scrutiny Committees at each of their quarterly meetings. While it was recognised that the Audit and Governance Committee may prefer, in future, to receive shorter, more focused reports, the committee was asked to give guidance to officers on the level and nature of the information they would like to see.</p> <p>Although the committee found the information informative, members were clear that the Audit and Governance Committee should not duplicate the work of the Overview and Scrutiny Committees. It was therefore agreed that future corporate plan monitoring reports to the Audit and Governance Committee should not include detailed performance information. Rather, they should provide a summary of the approaches taken by the OSC committees in addressing issues relating to Corporate Plan delivery, so that the Audit and Governance Committee could seek assurance that the OSCs were looking at the right areas and addressing them adequately.</p> <p>Acknowledging that the four outcomes monitoring reports contained much information that was of interest and concern to all members, the committee also asked for copies of the reports to be placed in the Members' Room. This was done, and in future, outcomes monitoring reports will be placed in the members room as soon as they are published if members continue to find this helpful. This report therefore summarises overview and scrutiny activities that have arisen from committee discussions linked to issues raised in the quarterly outcome focused monitoring reports.</p>

	<p>It would, however, be helpful if members of this committee who also attend OSC meetings could draw upon their own reflections from those meetings and ensure they are comfortable that issues highlighted in the outcomes reports are being adequately addressed. For reference, as well as the copies in the members room, the reports can be accessed on Dorset for You via this link:</p> <p><a href="https://www.dorsetforyou.gov.uk/article/422628/Monitor-and-review---how-are-we-doing">https://www.dorsetforyou.gov.uk/article/422628/Monitor-and-review---how-are-we-doing</a></p> <p>After the March round of committees, annual reports for the three OSCs will be produced, which will provide a more comprehensive account of the work those committees have done during 2017-18 to address the corporate outcomes within their various remits. These will be presented to the committees in June for discussion, prior to wider publication.</p>
<p>Impact Assessment:</p>	<p><b>Equalities Impact Assessment:</b> There are no specific equalities implications in this report. However, the prioritisation of resources in order to challenge inequalities in outcomes for Dorset's people is fundamental to the Corporate Plan.</p>
	<p><b>Use of Evidence:</b> The outcome indicator data submitted to the Overview and Scrutiny Committees is drawn from a number of local and national sources, including: Business Demography (ONS); the Employer Skills Survey (UK CES); the Adult Social Care Outcomes Framework (ASCOF) and the Public Health Outcomes Framework (PHOF). There is a lead officer for each outcome whose responsibility it is to ensure that data is accurate and timely and supported by relevant commentary.</p>
	<p><b>Budget:</b> None in the context of this specific report. However the information contained herein is intended to facilitate evidence driven scrutiny of the interventions that have the greatest impact on outcomes for communities, as well as activity that has less impact. This can help with the identification of cost efficiencies that are based on the least impact on the wellbeing of customers and communities.</p>
	<p><b>Risk:</b> Having considered the risks associated with this report using the County Council's approved risk management methodology, the level of risk has been identified as:</p> <p>Current:       Medium Residual:       Low</p>
	<p>Other Implications:</p> <p>None</p>

## Monitoring Corporate Plan Outcomes

Recommendation	<p>That the committee:</p> <ul style="list-style-type: none"> <li>i) considers the accounts in this report of the activity of the three Overview and Scrutiny Committees in scrutinising progress against the four outcomes in the Corporate Plan 2017-18; and:</li> <li>ii) decides whether it is sufficiently assured that issues of concern are being adequately addressed;</li> <li>iii) If necessary, recommend that one or more of the Overview and Scrutiny Committees focuses attention on an issue or issues requiring more investigation and scrutiny.</li> </ul>
Reason for Recommendation	<p>The 2017-18 Corporate Plan provides an overarching strategic framework for monitoring progress towards good outcomes for Dorset. The Overview and Scrutiny committees provide corporate governance and performance monitoring arrangements so that progress against the corporate plan can be monitored effectively, and the Audit and Governance Committee needs to ensure that this process is effective, and issues of concern are adequately addressed.</p>
Appendices	None
Background Papers	<p><i>Dorset County Council Corporate Plan 2017-18</i>, Cabinet, 28 June 2017</p> <p><a href="https://www.dorsetforyou.gov.uk/corporate-plan-outcomes-framework">https://www.dorsetforyou.gov.uk/corporate-plan-outcomes-framework</a></p>
Officer Contact	<p>Name: John Alexander, Senior Assurance Manager</p> <p>Tel: (01305) 225096</p> <p>Email: <a href="mailto:j.d.alexander@dorsetcc.gov.uk">j.d.alexander@dorsetcc.gov.uk</a></p>

### 1. Background

- 1.1 The corporate plan is based on the four **outcomes** that we seek to achieve for Dorset, alongside our partners and communities – that people are safe, healthy and independent, with a prosperous economy. For each outcome there is a small set of “**population indicators**”, selected to measure progress towards the four outcomes. No single agency is accountable for these indicators - accountability is shared between partner organisations and communities themselves. These include, for example: levels of crime in Dorset (Safe); rates of early death from cardiovascular disease (Healthy); Delayed Transfers of Care (Independent); and the productivity of Dorset’s businesses (Prosperous).

## Monitoring Corporate Plan Outcomes

- 1.2 The outcome reports that are presented to the Overview and Scrutiny Committees consist of single page summaries for each of these population indicators. Each page shows the latest data, trend, and commentary for the indicator, **benchmarking** information, and the status of any associated corporate **risks**.
- 1.3 Importantly, each page also includes service performance measures, which measure the County Council's own specific contribution to, and impact upon, corporate outcomes. For example, one of the outcome indicators for the "Prosperous" outcome is "The productivity of Dorset's businesses". A performance measure for the County Council on this is "Growing Places Fund invested in active interventions", since the Growing Places Fund is one of the ways in which we strive to help support businesses and improve productivity. Unlike with the population indicators, the County Council is directly accountable for the progress (or otherwise) of performance measures, since they reflect the degree to which we are making the best use of our resources to make a positive difference to the lives of our own customers and service users.
- 1.4 Efforts continue at Corporate Leadership Team to present a cross-directorate, outcomes focused analysis of the **value for money** of County Council services to sit alongside the performance information in these reports. In the interim, the Overview and Scrutiny Committees have been receiving some directorate-based value for money information.
- 1.5 Officers suggest possible areas of performance upon which the committees might choose to focus, but members are encouraged to consider all of the indicators and associated information that fall within their committee's remit, scrutinise the evidence and commentaries provided, and decide if they are comfortable with the direction of travel. If appropriate, members can request a more in-depth review of specific areas. Key areas of focus at recent meetings, and committee activity that has been, or is being, instigated as a result of scrutinising the outcomes reports, are summarised below.

## 2.0 Safeguarding Committee (Outcome: "Safe")

### 2.1 Crime

The outcome reports have drawn the committee's attention to upward trends in total crime, anti-social behaviour, and domestic abuse crime.

#### 2.1.1 *Domestic abuse*

The significant increase in domestic abuse crime over the last three years has received considerable scrutiny, and the committee elected to hold an inquiry day on the issue on 17 October 2017 involving the Police, CCG, victim representatives, volunteer agencies, Public Health, the Community Safety Partnership, and front-line staff, and members themselves. The purpose of the day was to identify and explore key lines of enquiry. The day was considered successful in terms of raising awareness of the key issues, and the committee asked the Cabinet to support further targeted activity in furtherance of enhanced whole family approaches and improved mapping of service pathways. An update on progress will be considered by the committee at its July meeting.

#### 2.1.2 *Other crime*

The committee has also discussed and endorsed the Community Safety Partnership's new protocol and guidance on modern slavery. Beyond that, the committee has had no specific focus on rising crime and antisocial behaviour rates. However, the People and Communities Overview Committee has given careful consideration to further investigating levels of race and hate crime, following a spike in reported incidents after

the Brexit referendum. However, subsequent monitoring showed that this spike was short term and figures returned to their previous relatively low level.

### 2.2 Children in Care/ children subject to a Child Protection Plan

2.2.1 Outcomes reports have focused on the above twice during the course of the year so far. The rate of children subject to a Child Protection Plan in Dorset increased between 2013 and 2017 and was higher than the national figure, but this has now begun to reduce. Plans are most commonly put in to place due to abuse or neglect. If the plan to reduce the risk of harm does not work then the child may become 'looked after' by the local authority.

2.2.2 The rate of children in care increased steadily until 2016 but is now reducing and was 57.6 per 10,000 at the end of Q3 17-18, which is lower than the national rate. The decision about whether a child should enter care is an important one as outcomes for children in care can be poorer than those of their peers and the cost of providing care is increasing.

2.2.3 The interim Director for Children's Services is the lead officer for the Safeguarding Committee and has therefore engaged fully in discussions around these issues, explaining the County Council's strategies to decrease the average caseload of social workers, improve our approach to fostering, adoption and special guardianship, and promote early intervention through Family Partnership Zones and other activities. Members have therefore been assured that sufficient measures are in place to continue the improving trends in numbers. In addition, the March committee will be receiving an outcomes report on early intervention and prevention.

### 2.3 People killed or seriously injured on Dorset's roads

2.3.1 There has been a consistent focus on road traffic accidents throughout the year by the committee. The number of people killed or seriously injured during the 12 months to September 2017 was 224 - a 16% reduction compared to the same period in 2016. Despite the reducing trend, the figure remains higher than in previous years, in line with regional and national trends.

2.3.2 The committee set up a Task and Finish Group working with with the Collision Reduction and Traffic Engineering Team. The group agreed to review and update the existing Road Casualty Reduction Plan, with the aim of identifying opportunities for new interventions while remaining realistic about what would make a difference in terms of casualties and people killed. The focus has been on reviewing rural routes and targeting the worst affected areas with local interventions such as establishing hard standing spots to enable mobile speed cameras to be positioned. There will be a further collisions report presented to the committee in March.

## 3.0 **People and Communities Committee** (Outcomes: "Healthy"; "Independent")

### 3.1 Inequality in life expectancy between population groups

3.1.1 This indicator is consistently identified as a "cause for concern" in outcomes reports. Dorset, like the rest of the country, has seen significant improvements in death rates from preventable illnesses over the last century, but this does not reflect the experience of all people in Dorset and there remain significant differences in health outcomes across and within our communities. Life expectancy data only changes gradually - the issue is to understand and prioritise the work we and our partners do to reduce inequality in health outcomes. The Sustainability and Transformation Plan (STP) for Dorset has identified a Prevention at Scale work plan to focus at a system level on improving inequalities and the Overview and Scrutiny Committees are careful not to duplicate oversight of this work elsewhere. Nevertheless, the People and

## Monitoring Corporate Plan Outcomes

Communities Committee has chosen to focus activity on some areas known to contribute to inequality in life expectancy, as follows:

### 3.1.2 *Social Isolation*

Social isolation is a significant issue in Dorset, and is also known to have a negative impact on life expectancy. The committee set up a review group which suggested focusing first on Beaminster and Blandford to try to understand the issues, and then using the lessons learned to consider in order a more generalised approach. Links between social isolation, deprivation, loneliness and community transport were highlighted. It was intended the review would consider social inclusion among all age groups, with the Young Researchers helping to collect and understand the views and experiences of young people. Progress has been slow so far, but a schedule of meetings has now been arranged to progress the review and a progress report will be submitted to the committee in June 2018.

### 3.1.2 *Mental Health*

Data in the “Healthy” outcomes report suggests that mental health conditions have become increasingly prevalent in Dorset over the past few years – poor mental health is known to be another factor that reduces life expectancy as well as being one of the two main causes of sickness absence in the working aged population. The committee held a workshop on 13 December 2017 involving the CCG, key professional staff and service users. This took into account the review of Children and Adults Mental Health Services by the Dorset Health Scrutiny Committee and members' views about children's mental health. A number of issues arose, including access to services, housing and benefits, commissioning and the need for safe places. A full report will be presented to the March 2018 meeting.

### 3.1.3 *Alcohol related harm*

Another of the population indicators in the “Healthy” outcome is “the rate of hospital admissions for alcohol related conditions”, which are rising in Dorset for men and women, and which may be seen as a proxy for alcohol related harm more generally. Again, alcohol misuse affects life expectancy, and as such affects socially disadvantaged groups more acutely, since ill effects are exacerbated by factors from which poorer people are more likely to suffer (mental ill health, inadequate housing, poor diet, other substance misuse, etc.) The committee asked for a longer briefing paper on the issue, which they considered in January. While it was recognised that this was already a focus of concern for the STP, and therefore the Health and Wellbeing Board, the decision was taken to include some consideration of alcohol related harm in a review of homelessness in Dorset which the committee had previously initiated.

## 3.2 Education performance

3.2.1 Within the corporate plan, education performance at Key Stage 2 appears within the “Independent” outcome, whereas Key Stage 4 and above are part of the “Prosperous” outcome. While there are logical reasons for this, it does create the possibility for duplication between the People and Communities Committee and the Economic Growth Committee (or alternatively, of education performance “falling down the crack” between the two).

3.2.2 A report on education performance at Key Stage 4 was actually presented to the People and Communities Committee, where the links between poor attainment and social disadvantage were discussed. The committee in June 2017 decided to have an inquiry day on the issue, but although this has been acknowledged as a priority area for review this has not yet happened. Key stage 4 performance has also been



discussed at the Economic Growth Committee (see below). The Audit and Governance Committee may wish to form a view on whether there should be an increased focus on attainment and its links to social independence, mobility, and economic growth – there is some cause for concern about educational performance at all levels in Dorset. Members may also wish to consider which Overview and Scrutiny Committee should lead on this issue, or indeed, if it should be a joint area of focus for two (or more) committees.

### 3.3 Delayed Transfers of Care

- 3.3.1 Delayed Transfers of Care have been highlighted in outcomes reports as a cause for concern, since the total number of delayed transfers in Dorset has increased. However the proportion that are “DCC accountable” has improved through targeted work to reduce the number of delayed days in Community Hospitals. During the winter of 2017-18, Significant pressures were experienced in local acute and community hospitals - although the social care continued to perform well. A full report will be provided to the March 2018 meeting.

## 4.0 **Economic Growth Committee (Outcome: “Prosperous”)**

- 4.1 The Economic Growth Overview and Scrutiny Committee has had one fewer meetings than the other two committees during 2017-18. There was an early focus on broadband and mobile telephone connectivity – an indicator in the Prosperous outcome – and members remain satisfied with the direction of travel in these areas. The following discussions arose from outcomes monitoring reports:

### 4.2 Road Conditions

There has been a recent slight decline in road conditions on both principal and non-principal roads. Although this followed an extended period where road conditions had been consistently significantly better than in previous years, the Assistant Director for Highways acknowledged to the committee that this was an issue requiring further investigation. Worsening performance for road conditions is linked to reduced resources available for road maintenance. There was also a busier start to the winter period compared to recent years, requiring a high number of salting actions, which can impact on performance elsewhere in the service, with staff resource redirected to winter gritting. The committee welcomed an update on the Working Together Highways Initiative, through which the County Council seeks to support and maximise the contributions that the voluntary and community sector and Parish and Town Councils can make to enhance road maintenance in the county.

### 4.3 Educational attainment

- 4.3.1 As mentioned above, the committee discussed Key Stage 4 attainment levels and the inequalities that exist across Dorset. The committee asked to receive regular updates on this issue. 2016-17 data will be presented to the committee in March.
- 4.3.2 The discussion broadened to the issue of social mobility more generally, and the recently reported statistic that Weymouth and Portland has among the lowest rates of social mobility nationally. It was noted that the government had made “Opportunity Area” funding available for a number of areas of the country experiencing low levels of mobility, all of which had higher levels of social mobility than Weymouth and Portland. The committee asked for further investigation as to why Dorset had been unable to secure this funding. More generally, the committee had an appetite to look further into the issue of social mobility and its impact on economic growth.

## **5.0 Conclusion**

5.1 Three areas have been identified in this report that the Audit and Governance Committee may consider need further investigation:

- Total crime/ Anti-social behaviour
- Educational attainment in Dorset schools
- Inequality in social mobility

5.2 Officers will be attending the Overview and Scrutiny Management Board on 25 April to discuss proposals for further work on social mobility. The Audit and Governance Committee could perhaps consider using this meeting to look at any other areas where further work may be required, either as identified in this report, or based on their own recollections of recent Overview and Scrutiny Committee meetings, or any matters that may arise from the March 2018 round of meetings. Chairs and vice chairs can then be assured that the committees are focusing on the right areas in a sufficiently structured way that avoids duplication of activity.

# Audit and Governance Committee Work Programme

## Forward Plan

Chairman: Cllr David Harris  
Vice Chairman: Cllr Clare Sutton

**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.

<b>Date of Meeting</b>		<b>Item</b>	<b>Purpose / Key Lines of Enquiry (KLOE)</b>	<b>Lead Member/Officer</b>
<b>29 June 2018</b> (10.00am)	1	<b><u>Financial Management Report</u></b> (including Statement of Accounts)	To consider the Financial Management Report and Statement of Accounts for 2017/18 that has been reviewed by the Authority's external auditor, KPMG	<b>Jim McManus</b> Chief Accountant
	2	<b><u>Annual Internal Audit Report</u></b>	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 2017/18.	<b>Rupert Bamberger</b> Assistant Director South West Audit Partnership (SWAP)
	3	<b><u>External Audit Report 2017/18</u></b> (ISA 260 Report)	To consider the External Auditor's report to "Those charged with Governance".	<b>Darren Gilbert</b> Director, KPMG
<b>25 July 2018</b> (10.00am)	1	<b><u>Corporate Plan: Outcomes Focussed Monitoring Report</u></b>	To consider and comment upon the monitoring report for the quarter and agree any future actions with regard to the issues raised.	<b>John Alexander</b> Policy and Performance Manager
	2	<b><u>Corporate Compliments and Complaints Annual Report</u></b>	To consider the Corporate Compliments and Complaints Annual Report 1 April 2017 to 31 March 2018.	<b>Julie Taylor</b> Senior Assurance Manager (Complaints)
	3	<b><u>External Funding Monitoring Report</u></b>	To consider measures of bidding performance and areas of interest in relation to external funding.	<b>Laura Cornette</b> Corporate Policy and Performance Officer
	4	<b><u>Constitutional Changes</u></b> (if required)	To consider any changes to the Constitution which have arisen that will need to be considered by the County Council.	<b>Lee Gallagher</b> Democratic Services Manager
<b>25 October 2018</b> (10.00am)	1	<b><u>Financial Management Report</u></b>	To consider and comment upon the budget monitoring information including actions taken to address any overspend.	<b>Jim McManus</b> Chief Accountant

Date of Meeting		Item	Purpose / Key Lines of Enquiry (KLOE)	Lead Member/Officer
	2	<b><u>Treasury Management and Prudential Code Review</u></b>	To consider an update on the economic background and performance against the annual investment strategy and compliance with the Prudential Code.	<b>David Wilkes</b> Finance Manager (Treasury and Investments)
	3	<b><u>Report of Internal Audit Activity – Plan Progress 2018/19</u></b>	To receive a report on SWAP’s independent work and assess the Council’s risk, governance and control framework.	<b>Rupert Bamberger</b> Assistant Director South West Audit Partnership (SWAP)
	4	<b><u>Constitutional Changes</u></b> (if required)	To consider any changes to the Constitution which have arisen that will need to be considered by the County Council.	<b>Lee Gallagher</b> Democratic Services Manager
<b>January 2019</b> (date to be advised)	1	<b><u>Financial Management Report</u></b>	To consider and comment upon the budget monitoring information including actions taken to address any overspend.	<b>Jim McManus</b> Chief Accountant
	2	<b><u>External Audit Plan</u></b>	To consider the External Audit Plan for the forthcoming year.	<b>Darren Gilbert</b> Director, KPMG
	3	<b><u>Report of Internal Audit Activity – Plan Progress 2018/19</u></b>	To receive a report on SWAP’s independent work and assess the Council’s risk, governance and control framework.	<b>Rupert Bamberger</b> Assistant Director South West Audit Partnership (SWAP)
	4	<b><u>Treasury Management Year to Date Update</u></b>	To consider the update on treasury management 2017-18.	<b>David Wilkes</b> Finance Manager (Treasury and Investments)
	5	<b><u>Corporate Plan: Outcomes Focussed Monitoring Report</u></b>	To consider and comment upon the monitoring report for the quarter and agree any future actions with regard to the issues raised.	<b>John Alexander</b> Policy and Performance Manager
	6	<b><u>Constitutional Changes</u></b> (if required)	To consider any changes to the Constitution which have arisen that will need to be considered by the County Council.	<b>Lee Gallagher</b> Democratic Services Manager

<b>Date of Meeting</b>		<b>Item</b>	<b>Purpose / Key Lines of Enquiry (KLOE)</b>	<b>Lead Member/Officer</b>
<b>March 2019</b> (date to be advised)	1	<b><u>Financial Management Report</u></b>	To consider and comment upon the budget monitoring information including actions taken to address any overspend.	<b>Jim McManus</b> Chief Accountant
	2	<b><u>Internal Audit Plan</u></b>	To consider the Internal Audit Plan for the forthcoming year.	<b>Rupert Bamberger</b> Assistant Director South West Audit Partnership (SWAP)
	3	<b><u>Report of Internal Audit Activity – Plan Progress 2018/19</u></b>	To receive a report on SWAP’s independent work and assess the Council’s risk, governance and control framework.	<b>Rupert Bamberger</b> Assistant Director South West Audit Partnership (SWAP)
	4	<b><u>Corporate Plan: Outcomes Focussed Monitoring Report</u></b>	To consider and comment upon the monitoring report for the quarter and agree any future actions with regard to the issues raised.	<b>John Alexander</b> Policy and Performance Manager
	5	<b><u>Annual Audit Letter</u></b>	This report summarises the key findings from the external audit of Dorset County Council.	<b>Darren Gilbert</b> Director, KPMG
	6	<b><u>Draft Annual Governance Statement and Local Code of Corporate Governance</u></b>	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.	<b>Mark Eyre</b> Senior Assurance Manager (Governance and Assurance)
	7	<b><u>Constitutional Changes</u></b> (if required)	To consider any changes to the Constitution which have arisen that will need to be considered by the County Council.	<b>Lee Gallagher</b> Democratic Services Manager
<b>Other draft items / issues identified for potential review</b>				