WIRRAL

Audit and Risk Management Committee

Date:	Monday, 26 January 2009
Time:	6.15 pm
Venue:	Committee Room 2 - Wallasey Town Hall

Contact Officer:	Mark Delap
Tel:	0151 691 8500
e-mail:	markdelap@wirral.gov.uk
Website:	http://www.wirral.gov.uk

AGENDA

1. **DECLARATIONS OF INTEREST**

    Members are asked to consider whether they have personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they are.

2. **MINUTES (Pages 1 - 6)**

    To receive the minutes of the meeting held on 1 December 2008.

3. **AUDIT COMMISSION ANNUAL GOVERNANCE REPORT - ACTION PLAN UPDATE**

    Report of the Director of Finance to be circulated separately

4. **CORPORATE GOVERNANCE (Pages 7 - 22)**

5. **CORPORATE RISK REGISTER (Pages 23 - 38)**

6. **CORPORATE RISK AND INSURANCE MANAGEMENT (Pages 39 - 42)**

7. **COMPREHENSIVE AREA ASSESSMENT (Pages 43 - 52)**

8. **COMPREHENSIVE AREA ASSESSMENT (CAA) - USE OF RESOURCES (Pages 53 - 68)**

9. **AUDIT COMMISSION REPORT - DATA QUALITY (Pages 69 - 96)**

10.   AUDIT COMMISSION REPORT - DEMOCRATIC SERVICES

Report of the Director of Law, HR and Asset Management to be circulated separately

11.   ACCESS TO SERVICES

Report of the Director of Finance to be circulated separately

12.   INTERNAL AUDIT WORK: NOVEMBER - DECEMBER 2008 (Pages 97 - 108)

13.   ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 1 December 2008

Present:	Councillor	P Southwood (Chair)

	Councillors	RL Abbey	C Povall
		S Mountney	S Quinn
		J Crabtree	

In attendance:	Councillor	J Green

38 DECLARATIONS OF INTEREST

Members were asked to consider whether they had personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

No such declarations were made.

39 MINUTES

The Director of Law, HR and Asset Management presented the minutes of the meetings held on 30 September and 4 November 2008.

The Chair referred to the report of the Director of Finance (Adult Social Services – Follow up of PIDA Disclosure) to the meeting on 4 November (minute 37B refers), which had been undertaken, in part, due to comments which had been made by a member of the public at the meeting on 30 September (minute 20 refers). Those comments were that residents of one or more supported living units had been encouraged to make fraudulent applications for welfare benefits. The Chair commented that she had been contacted by the member of the public concerned, who had wished it to be made clear that she had not made an allegation of fraud against Council officers.

The Director indicated that as the allegations made had not specified whether or not Council officers were involved, he had been bound to initiate an internal audit investigation. He reported that following an internal audit interview of the member of the public it had become clear that officers of the Council were not involved in the alleged act. The internal audit investigation was ongoing and he proposed to present a report to the next meeting of the Committee.

The Director reported also that since the last meeting, two senior officers in the Adult Social Services Department had been suspended and an independent investigator had been appointed to examine all of the issues related to the Adult Social Services PIDA disclosure. Councillor Mountney commented that he had drawn the attention of the Director of Law, HR and Asset Management to a number of issues and had been assured that they would be investigated in detail by the Independent Investigator. He commented also that there were issues within the text of the minutes of 4 November

that needed to be investigated and he had been assured also that the minutes, reports and all relevant paperwork had been referred to the independent investigator.

Resolved –

(1) That the minutes of the meetings held on 30 September and 4 November 2008 be approved.

(2) That the clarification provided by the Chair in relation to comments made by a member of the public be noted.

(3) That the Director of Finance be requested to present the internal audit report in relation to the charging policy to the next meeting of the Committee.

(4) That the Director of Law, HR and Asset Management be requested to present an update to the next meeting of the Committee.

40   **ANNUAL GOVERNANCE REPORT - ACTION PLAN UPDATE**

Further to minute 22 (30 September 2008), the Director of Finance presented a progress report in relation to achieving compliance with the recommendations contained within the Annual Governance Report Action Plan.

Resolved – That the progress on delivering the Action Plan be noted.

41   **PROGRESS REPORT ON THE DATA QUALITY REVIEW 2006/2007 RECOMMENDATIONS**

The Deputy Chief Executive/Director of Corporate Services presented a progress report against the action plan following the Audit Commission's recommendations from their Data Quality Review in 2007. He reported that a considerable amount had changed regarding the performance framework of the Council, including changes to the Data Quality Standard, the introduction of the national indicator set, a new Corporate Plan and improvement priorities and the negotiation of a new Local Area Agreement. Consequently, a lot of preparatory work had been carried out behind the scenes to prepare for the changes and this was reflected in the updated plan.

In response to a comment from the Chair that there was not presently a significant role for members to play in relation to the Data Quality Review, the Head of Policy pointed out that this report was in response to issues raised by the Audit Commission and that none had been identified regarding the role of members. He also agreed to give further consideration to this in the future development of the action plan.

Resolved – That the report be noted.

42   **AUDIT COMMISSION REPORT ON DEMOCRATIC ARRANGEMENTS**

Further to minute 26 (30 September 2008), the Director of Law, HR and Asset Management reported further upon progress against the action plan that had been developed in response to issues identified by the Audit Commission in relation to Democratic Arrangements.

The Director commented that, due to pressure of work, it had not been possible to assess and review the amount of senior officer time spent on serving the current democratic arrangements and whether that currently provided value for money. A member commented that it was not acceptable that the recommendation had not been completed within the last cycle and requested a further update to the next meeting of the Committee.

In response to a comment in relation to the involvement of members in the review of the scrutiny function and structure, the Chair indicated that she supported the consideration of the proposals by all members of the Council.

Resolved –

(1) That the report be noted.

(2) That a further progress report be presented to the next meeting of the Committee.

(3) That this Committee believes that consultation with all members of the Council should be undertaken with regard to any changes to the scrutiny committee structure.

43   **CORPORATE RISK AND INSURANCE MANAGEMENT**

The Director of Finance reported upon progress and upon anticipated developments in the coming months in relation to Corporate Risk and Insurance Management. In response to a comment from the Chair, the Director reported that the annual review of the Corporate Risk Register would be presented to the next meeting of the Committee, following its consideration by the Cabinet on 10 December 2008.

Resolved – That the report be noted and a further update be presented to the next meeting of the Committee.

44   **OFFICE SECURITY - PROGRESS REPORT**

Further to minute 68 (7 April 2008), the Deputy Chief Executive/Director of Corporate Services reported that the issues that had been outstanding in relation to office security had now been successfully addressed with all Facility Managers having confirmed to the Legislative Compliance Officer that each issue had been completed satisfactorily. He commented that the issues had been included within the Corporate Risk Register and Internal Audit had confirmed that any issues arising which arose during the year would be the subject of a report to this Committee.

In response to a comment from a member, the Chief Internal Auditor indicated that a report on Data Security was being worked on and he expected it to be completed before the next meeting of the Committee

Resolved – That the report be noted.

45   **CAA PILOT SCHEME - UPDATE**

Further to minute 28 (30 September 2008), the Deputy Chief Executive/Director of Corporate Services reported verbally upon the Council's participation in the second stage of the Comprehensive Area Assessment (CAA) pilot scheme. He commented that the CAA was an assessment of the whole borough, which would be undertaken by way of self assessment through the Local Strategic Partnership (LSP). He indicated that detailed guidance from the Audit Commission was expected by February 2009 and, in response to comments from the Chair, he proposed to present a further report to a future meeting of the Committee with regard to the actions that were needed to be taken.

The District Auditor referred to the emphasis on partnership working and, in response to a comment from a member, the Director reported that the Council's partners had indicated the usefulness of the proposed CAA evaluation process. In response to a further comment in relation to the audit of the data that would inform the results, the Council's Head of Policy indicated that he was comfortable that adequate quality control and quality assurance was in place, to ensure continuous improvement.

Resolved – That the report be noted and a further report be presented to a future meeting of the Committee.

46   **FINANCIAL AND PERFORMANCE MONITORING SUMMARY**

The Chief Executive presented one of a series of reports submitted throughout the year presenting an overview of the performance of the council in delivering the vision for Wirral as set out in the Corporate Plan. It provided an overview of the authority's performance in the second quarter of 2008/2009 and appendices had been presented to the Cabinet (minute 269 (27 November 2008) refers) which gave a more detailed break down against performance, capital and revenue budgets and risks. He set out the key issues within the report and highlighted the performance indicators and key projects for the priority for improvement areas 2008/2009.

The Chair commented that although the report was an improvement on the first quarter report, she expressed the view that the key messages within it were not adequately highlighted or immediately obvious. In response, the Council's Head of Policy confirmed that the third quarter report would take account of the views expressed by members and would be significantly improved in terms of clarity.

In response to further comments, the Director of Finance confirmed that there was every possibility that £2m of investments with an Icelandic bank would be recovered. He commented also that the current, and projected, world economic position was placing additional pressures upon all who relied on the financial sector with implications for the delivery of the Wirral Investment Strategy, major investment schemes and the NewHeartlands initiative. However, at the present time, the Government continued to support the Housing Market Renewal Initiative.

Resolved – That the report be noted.

47   **INTERNAL AUDIT WORK: SEPTEMBER - NOVEMBER 2008**

The Director of Finance reported that in order to assist in effective corporate governance and fulfil statutory requirements, the Internal Audit Section of the Finance Department reviewed management and service delivery arrangements within the Council as well as financial control systems. Work areas were selected for review on the basis of risks identified on the Corporate Risk Register and as assessed by Internal Audit in consultation with Chief Officers and Managers. He set out and evaluated the performance of the Internal Audit Section and included details of the actual work undertaken during the period September to November 2008.

He commented that all of the action plans in respect of the audits identified had been returned fully completed and identified appropriate timescales for the implementation of agreed recommendations. Follow up audits would be completed over the next six months.

Resolved – That the report be noted.

_____

This page is intentionally left blank

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

26 JANUARY 2009

REPORT OF THE DIRECTOR OF LAW, HR AND ASSET MANAGEMENT

CORPORATE GOVERNANCE

1. **EXECUTIVE SUMMARY**

1.1. This report seeks the committees endorsement of a new Code of Corporate Governance in line with the 'CIPFA/SOLACE Delivering Good Governance in Local Government Framework' ("THE Framework") published in July 2007.

1.2. The Framework replaced the previous Corporate Governance guidance and requires local authorities to undertake specific actions and have in place principles that should underpin the governance of each local government body from 2007/08. This should ensure that the Council complies with the Framework and accordingly the statutory requirements of the Accounts and Audit Regulations.

2. **BACKGROUND**

2.1. Each Local Authority operates through a governance framework. This is an interrelated system that brings together an underlying set of legislative requirements, governance principles and management processes. Traditionally, local government has conformed in whole or in part and in many different ways to the principles of good governance and has had a sound base on which to build.

2.2. In 2001, CIPFA in conjunction with SOLACE and with support from key organisations in local government responded to the need to draw together the principles identified in the Cadbury and Nolan reports and published 'Corporate Governance in Local Government – A Keystone for Community Governance Framework'. This Framework recommended that local authorities review their existing governance arrangements against a number of key principles and report annually on their effectiveness in practice. Through the development of the Framework authorities were encouraged to meet the standards of the best.

2.3. Since the 2001 Framework was published, local government has been subject to continued reform intended to improve local accountability and engagement and the revised Framework became effective from 2007.

2.4 This committee considered a report by the Director of Finance on the CIPFA/SOLACE Framework on 27 September 2007. The Committee resolved;

(1) That the report be noted.

(2) That regular updates be presented to this Committee via the Internal Audit Update report.

(3) That the member development required by the Framework be referred to the Member Training Steering Group.

3. **DELIVERING GOOD GOVERNANCE FRAMEWORK**

3.1. The framework document is intended to be followed as best practice for developing and maintaining a local code of governance and for discharging accountability for the proper conduct of public business through the publication of an Annual Governance Statement that will make the adopted practice open and explicit.

3.2. The Framework identifies the following six core principles developed by the Independent Commission on Good Governance in Public Services and supported by the Department for Communities and Local Government and CIFPA, that should underpin the governance of each local government body:

- Focussing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.

- Members and officers working together to achieve a common purpose with clearly defined functions and roles.

- Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

- Developing the capacity and capability of Members and officers to be effective.

- Engaging with local people and other stakeholders to ensure robust public accountability.

3.3. Authorities are urged to test the effectiveness of their structures against these principles by:

- Reviewing existing arrangements against the Framework.

- Developing and maintaining an up-to-date local code of governance, including arrangements for ensuring its ongoing application and effectiveness.

- Preparing a governance statement in order to report publicly on the extent to which they comply with their code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.

3.4. The Accounts and Audit (Amendment) Regulations require local authorities to prepare and publish an Annual Governance Statement in accordance with the Framework from 2007/08 and for the Statement on Internal Control to be subsumed within this as there is no longer a requirement to prepare a separate statement.

3.5. In order to review the existing arrangements authorities need to:

- Consider the extent to which the Authority complies with the principles and requirements of good governance set out in the Framework.

- Identify systems, processes and documentation that provide evidence of compliance.

- Identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified.

- Identify the issues that have not been addressed adequately in the Authority and consider how they should be addressed.

- Identify the individuals who would be responsible for undertaking the actions required and plan accordingly.

3.6. The Internal Audit Section undertakes extensive work in the areas identified above to provide sufficient evidence to support the production of the Annual Governance Statement. The process is overseen by the Corporate Governance Group, chaired by the Chief Executive. Members of this Committee are provided with regular updates via the Internal Audit Update report.

4. **CODE OF CORPORATE GOVERNANCE**

4.1 The proposed Code is attached as Appendix 1 to this report. It sets out the Council's position in relation to the Framework and follows a review of compliance with it. The Code will be referred to the Standards Committee, the Cabinet and Council and will become part of the Council's constitution. It will be communicated to staff and Members

and will be reviewed on at least an annual basis. The Draft Code has been considered by the Corporate Governance Group.

5. **FINANCIAL AND STAFFING IMPLICATIONS**

5.1.   There are none arising from this report.

6. **LOCAL MEMBER SUPPORT IMPLICATIONS**

6.1.   There are no local Member support implications.

7. **LOCAL AGENDA 21 STATEMENT**

7.1.   There are no local agenda 21 implications.

8. **PLANNING IMPLICATIONS**

8.1   There are no planning implications.

9. **EQUAL OPPORTUNITIES IMPLICATIONS**

9.1.   There are no equal opportunities implications.

10. **COMMUNITY SAFETY IMPLICATIONS**

10.1.   There are no community safety implications.

11. **HUMAN RIGHTS IMPLICATIONS**

11.1.   There are no human rights implications.

12. **BACKGROUND PAPERS**

12.1   Local Government Accounts and Audit Regulations and the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2007.

13. **RECOMMENDATION**

13.1   That the Code of Corporate Governance attached as Appendix 1 to this report be endorsed and be considered further by Cabinet.

BILL NORMAN
DIRECTOR OF LAW, HR AND ASSET MANAGEMENT

CODE OF CORPORATE GOVERNANCE

1.   INTRODUCTION

1.1   This document sets out Wirral Council's Code of Corporate Governance. It has been produced in line with the guidance outlined in the framework document published jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives/Senior Managers (SOLACE) *Framework for Delivering Good Governance in Local Government.*

1.2   Wirral Council ("the Council") is committed to the principles of good corporate governance and demonstrates this commitment through the development, adoption and implementation of this Code. This Code sets out the Corporate Governance arrangements which are currently in place, how the Council will continue to review these arrangements and identify improvements to ensure its effective application in all aspects of the Council's work.

1.3   This Council recognises that in order to fulfil its purpose and deliver the intended outcomes for its citizens and service users it needs to have in place comprehensive arrangements for corporate governance and accountability designed to ensure that it operates in an effective, efficient and ethical manner.

2.   WHAT IS CORPORATE GOVERNANCE?

2.1   It is defined within the CIPFA/SOLACE framework document as being:

   …about how local government bodies ensure that they are doing the right things, in the right way for the right people, in a timely, inclusive, open honest and accountable manner.

   It comprises the systems and processes, and cultures and values by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

   This means the way in which organisations manage their business, determine strategy and objectives and go about achieving those objectives. This reminds local authorities of their key role in governing and leading communities and that effective local government relies on public confidence in Councillors and officers. Where good corporate governance is in place it underpins credibility and confidence in public services.

2.2   There are 6 core principles which underpin a strong governance framework. These are:

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
- Members and officers working together to a clearly defined purpose with clearly defined functions and roles;
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective; and
- Engaging with local people and other stakeholders to ensure robust public accountability.

3.0 **THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE**

3.1 These core principles underpin the Council's Code of Corporate Governance.

CODE OF CORPORATE GOVERNANCE PRINCIPLES	SUPPORTING EVIDENCE
1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.	
1.1 Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users.	1.1 There is a clear statement of the organisation's purpose in: • Wirral's Sustainable Community Strategy; • The Council's Corporate Plan; and • Wirral's Story of Place (in the Local Area Agreement, "LAA"). The Council's vision is of, "a more prosperous and equal Wirral enabling all communities to thrive and achieve their full potential". This is also consistent with the partnership vision of the Local Strategic Partnership. Clear delivery arrangements are in place through the corporate plan / departmental plans The Council reviews its plan, priorities and

	objects on an annual basis. A partnership register is in place and is subject to review. A partnership toolkit is being developed. The Council has also developed a Community Engagement toolkit with partners.
1.2 *Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning*	1.2 There is a clear focus on outcomes for citizens and users as highlighted in our: • Annual Performance Plan; and • Quarterly Performance Update Report to Chief Officers' Management Team and Cabinet. We engage with customers through the customer engagement toolkit. We have revised our customer care standards and improved our complaints procedure.
1.3 *Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.*	1.3 The council works towards improving value for money and submits evidence of success in this area through our: • Annual efficiency statement; • Publication of annual budget and accounts; • Internal audit reports; • Medium Term Financial Plan; • Use of Resources Action Plan; and • Regular reports to the Council's Cabinet on value for money of services.
2 Members and officers working together to achieve a common purpose with clearly defined functions and roles.	
2.1 *Ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of members and officers are*	2.1 The council has a protocol for relations between Members and Officers and the council's Constitution sets out clearly the decision making powers of: • The Council, • The Cabinet, • Regulatory Committees; and

carried out to a high standard.	• Officers.
2.2 *Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.*	2.2 The council's Constitution also sets out clearly the process for holding the executive to account through the Overview and Scrutiny Committees. These have recently been strengthened by the addition of a scrutiny toolkit and call in guidelines which have received positive comment from the centre for public scrutiny.
2.3 *Ensuring relationships between the authority, its partners and the public are clear so that each knows what to expect of the other*	2.3 The public ultimately controls the council through the electoral process, but the council consults with the public through the citizen's panel and in accordance with the community engagement toolkit. The council also consults with the public through the residents' survey, area forums and other engagement mechanisms in accordance with the community engagement toolkit. The Council is the Accountable Body for the LAA. There are terms of reference in place. The Council is currently reviewing the governance arrangements for the LAA. The Council's constitution sets out the statutory roles of the Section 151 Officer and the Monitoring Officer. The Council has a partnership register which is reviewed regularly. This records the terms of reference for the partnership which set out the respective roles and responsibilities. A partnership toolkit is being developed.

3 Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.	
3.1 Ensuring authority Members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.	3.1 The council has a code of conduct for members and conduct is monitored by the Standards Committee. In addition the council has: • An Equalities Policy; • A Code of Conduct for staff; • Declarations of interest of members and for staff; • Register of Gifts and Hospitality for members and for staff; • Financial Regulations; • A whistleblowing policy; • Members' Training Programme; • Contract Procedure Rules and Financial Regulations; and • Freedom of Information Procedures
3.2 Ensuring that organisational values are put into practice and are effective.	3.2 The Council's Corporate Plan and vision has been communicated to staff and stakeholders. The Council's vision and objectives are linked in to the service planning process, other plans and policies and decision making. They are also contained within the Sustainable Community Strategy and the LAA. There are clear links to the priorities and objectives of partners. These are communicated to staff and partners through a variety of delivery arrangements. The Council's Standards Committee operates effectively. It has developed a Protocol for local assessment.

4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	
4.1 *Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny*	4.1 The council's Constitution sets out the clearly the decision-making powers of: • The Council; • The Cabinet; • Regulatory Committees; and • Officers Scrutiny feedback is taken into account in decision-making
4.2 *Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.*	4.2 The council's Data Quality Policy sets the rules and standards for ensuring that high quality information is consistently achieved. Our performance management framework underpins this policy in ensuring that high standards are also achieved in the provision of advice and support. The council's Financial Regulations support the provision of high quality financial advice.
4.3 *Ensuring that an effective risk management system is in place.*	4.3 The council effectively controls risk through its: • Risk Management Strategy; • Corporate and Departmental Risk Registers; • Consideration of risk in all Cabinet reports; • The Audit and Risk Management Committee; and • Annual Governance Statement
4.4 *Using their legal powers to the full benefit of the citizens and communities in their area*	4.4 Legal issues are considered in respect of all reports to the Cabinet, Council and other Committees. There is a protocol in place that ensures the Head of Legal and Member Services is consulted on all reports.

5 **Developing the capacity and capability of members and officers to be effective**	
5.1 Making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles	5.1 The council has an annual training programme for members approved by the Members' Training Steering Group and holds regular training sessions for members on a variety of topics, including: • Service specific training; • Induction training for all new members; and • Finance and Audit and Risk Management Committee training. Members have also received performance management and Equalities and Diversity training. The council has an extensive training programme for council officers including a leadership development course delivered in partnership with Chester University.
5.2 Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group	5.2 The council examines the capability of its people with governance responsibilities through Key Issues Exchange and the performance management framework and identifies any training gaps. The relevant training programmes are updated accordingly. Attached to this Code of Corporate Governance is a list of those policies and procedures which form the core documents with which officers must familiarise themselves upon induction. They will be regularly reviewed and updated and all officers will be required to be aware of all changes on at least an annual basis.
5.3 Encouraging new talent for membership of the authority so that best use can be made in individuals' skills and resources in balancing continuity and renewal.	5.3 The Council engages with all parts of the community, through its community engagement toolkit, work with the voluntary sector, the Older People's Parliament and the Youth Parliament

6 Engaging with local people and other stakeholders to ensure robust public accountability	
6.1 Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive and accountability relationships	6.1 The council is clear that ultimately it is accountable to the citizens of Wirral. The Council's community engagement toolkit outlines the means by which local stakeholders will be engaged and how constructive, challenging relationships will be built. The Council is engaging widely with the public in consultation on the Sustainable Community Strategy and the Strategic Asset Review.
6.2 Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning.	6.2 Building on our community engagement toolkit the council seeks to engage with citizens in a number of ways including: • The Citizen's Panel, • Area Forums, • Older People's Parliament; • The Youth Parliament; and • The Council's website. The council engages with other key stakeholders through, amongst other methods: • The Wirral Local Strategic Partnership • The LAA Programme Board; • The Crime and Disorder Reduction Partnership; • The Children and Young People Strategic Partnership Board; • The Strategic Housing Partnership The council welcomes complaints, whether through the internal complaints system or via the Ombudsman, and seeks to learn from them.

6.3 *Making best use of human resources by taking an active and planned approach to meet responsibility to staff.*	6.3 The council has Investors' in People accreditation for the whole council and actively engages with its staff through: • Chief Executive's Roadshows; • One Council; • Team briefings; • The Joint Staff Consultative Committee The Council produces an annual report on scrutiny. The Council reports regularly on its performance including an annual performance report. The Council is committed to openness and transparency in its decision making.

4.0 ANNUAL REVIEW AND REPORTING

4.1 The Council by adopting this local code, commits itself to continuously improving corporate governance in all of its activities. To ensure it keeps to this on-going commitment, the Corporate Governance Group will monitor the Council's systems and processes for their effectiveness in practice, and keep them under review to ensure that they are up-to-date. Performance monitoring will take the form of:

    i.   an Annual Report;
    ii.   production of an Annual Governance Statement as part of the financial reports which will summarise:

        •   compliance with the Local Code;
        •   how compliance has been monitored;
        •   if changes are required; and
        •   how changes are to be implemented.

4.2 A copy of the Annual Governance Statement is attached at Appendix 1.

4.3 The Corporate Governance Group has been assigned responsibility for Corporate Governance, reporting, as appropriate to the Cabinet and the Audit and Risk Management Committee. The Corporate Governance Group consists of:

    - the Chief Executive, as Head of Paid Service;
    - the Deputy Chief Executive/Director of Corporate Services;
    - the Director of Finance, as section 151 officer;
    - the Director of Law, HR and Asset Management, as the Monitoring Officer;
    - the Chief Internal Auditor; and

- the Audit Commission, Audit Manager.

4.4 A copy of this Code of Corporate Governance will be included as part of the Council's constitution and made available to the public on the Authority's website and the results of the annual review to be published each year.

5.0 **REGULAR REVIEW OF POLICIES AND PROCEDURES**

5.1 The Council recognises that Corporate Governance needs to be embedded in all the services it delivers. Therefore, it has identified all those policies and procedures which staff and members need to be aware of and comply with to meet the required standards of corporate governance. A copy of these is attached as Appendix 2. All of these policies will be reviewed at least annually as part of the review of this Code.

6. **CONCLUSION**

6.1 The Council is fully committed to the principles of corporate governance, and through the measures outlined within this Code, will ensure that adequate arrangements are made with regard to its continued implementation, monitoring and review.

Simon Goacher
Head of Legal and Member Services
15 January 2009.

CODE OF CORPORATE GOVERNANCE
Appendix 1

Annual Governance Statement to be added

CODE OF CORPORATE GOVERNANCE
Appendix 2

Core Policies

Corporate Plan
Departmental Plans
Annual Governance Scheme
Freedom of Information Publication Scheme
Budget Variation Reporting Protocol
Scheme of Delegation
ICT Security Policy
Code of Practice for Internet and Email use
Conflict of Interest
Gifts and Hospitality
Corporate Hospitality
Officer/Member Protocol
Corporate Risk Register
Contract Procedure Rules
Risk Management Strategy
Member/Officer Code of Conduct
Anti Fraud and Corruption Policy
Fraud Investigation Plan
Equality and Diversity
Financial Procedure Rules
Whistleblowing Policy
Money Laundering Policy
Business Continuity/Contingency Plan
Health and Safety Policies
Media Protocol

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

26 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

CORPORATE RISK REGISTER

1.   EXECUTIVE SUMMARY

1.1   This report summarises the process used to develop the Corporate Risk Register and confirms the outcome of the recent review undertaken by Chief Officers. A draft of the revised Register is appended and Cabinet on 10 December 2008 was invited to consider and comment upon its contents.

2.   BACKGROUND

2.1   The Corporate Risk Register contains those issues that have the greatest potential to prevent or frustrate the achievement of the Strategic Objectives and Priorities for Improvement as set out in the Corporate Plan.

2.2   The risks are reflected in Departmental Service Plans and the allocation of resources to ensure that they are closely aligned with the Corporate Planning process. Success in managing these risks is therefore a key factor in overall performance. Wirral aspires to be an excellent Council and the risks included reflect those issues that could impact on the achievement of this aim. Implementation of the control actions identified will help to ensure that priorities are addressed.

2.3   It is common practice for such registers to contain both longer-term risks, which are often expressed quite broadly, as well as a number of more narrowly defined issues which represent the critical risks at present or in the near future.

2.4.   The Risk Management Strategy approved by Cabinet on 23 July 2008 defines the following roles in relation to the Corporate Risk Register in order that it is a 'live' document kept under regular review.
   - Chief Officers identify and analyse the key corporate risks.
   - Cabinet scrutinise the risks put forward by Chief Officers.
   - Corporate Improvement Group assists with the maintenance of the Register including reviewing and updating the register every quarter.

3.   THE EXISTING REGISTER

3.1.   The Corporate Risk Register comprises three elements;-
   - A group of broad medium term risks identified by Chief Officers and reported to Cabinet on 16 August 2007. These are a combination of both individual risks, which would have a significant corporate impact if they materialised, and risks which individually are of limited importance but which pose a threat to a number of departments and which in aggregate present a significant corporate threat.

- A further set of risks identified by the Corporate Improvement Group through examination of Departmental Service Plans for 2008/09. These and the risks identified above were agreed by Cabinet on 13 March 2008.
- A number of 'short term' risks added by the Corporate Improvement Group during 2008/09 following evaluation of issues escalated upwards by individual departments reflecting the 'live' nature of the Register.

4.   REVIEW PROCESS

4.1.   The Risk Management Strategy states that the Corporate Risk Register will be regularly reviewed by the Corporate Improvement Group. Reviews were conducted at the end of each quarter with changes reported to Cabinet as part of the Financial and Performance Monitoring Summary report.

4.2.   The Strategy also states that Chief Officers will undertake an annual review of the Register to ensure that its content continues to reflect the key risks to delivery of the Corporate Plan. This followed Cabinet agreement of the Strategic Objectives and the Priorities for Improvement for 2009/10 on 25 September 2008 and was undertaken by Chief Officers on 13 November 2008. In carrying out the review the following points were considered:-
- What major changes have occurred since 2007 or can be anticipated for 2009/10?
- What significant implications do those changes pose for the delivery of the Strategic Objectives and Priorities for Improvement?
- If the current register does not adequately reflect all significant risks, do any existing risks need to be re-phrased or new ones added?
- Should any of the existing risks be removed, because they no longer pose as great a corporate threat as they have previously?
- What changes to the risk scores can be agreed, given the action being taken to address them and/or internal or external changes that have occurred?

4.3.   A draft revised Register is appended with the following significant changes suggested to the existing risks;-
- Risk 18. The net score for 'Failure to deliver the Local Pay Review' has been reduced from 10 to 8 to reflect Phase 1 of the Review having been successfully executed.
- Risk 21 'Susceptibility of IT provision to disruption' was removed as it was considered to be addressed within risk 1 'Key Council services are not resilient to disruption and business continuity arrangements are inadequate'
- Risks 22, 23 and 24 were evaluated as having net risk scores of 15 and are higher than all the other existing risks. In part this reflects their recent addition to the Register and the limited information available about how they are being addressed. The scores will be reviewed as information becomes available and, in the short term, efforts will be focused on controlling these risks.

4.4. The following issues are put forward as possible additions to the Register and have to be fully analysed:-

- Failure to address community cohesion, development and engagement
- Failure to address health inequalities.
- Failure to effectively plan for and manage the impact of climate (environmental) change.
- Failure to manage Council assets effectively.
- Serious failure in information governance.
- Failure to smoothly transfer 16/18 responsibilities from the Learning and Skills Council to Wirral Council from September 2010.

4.5. The draft Register represents the views of Chief Officers, and Cabinet views are requested on whether, having regard to the points in paragraph 4.2, the risks identified are those that reflect the key challenges faced by the Council in delivering its Strategic Objectives and Priorities for Improvement in the coming financial year.

4.6. Cabinet will receive a full update to the Register within six months. This will take account of any control actions planned by individual departments in 2009/10 and Cabinet will be requested to approve the Risk Register.

4.7. Progress against the risks on the Register will continue to be provided on a quarterly basis as part of the Financial and Performance Monitoring Summary.

4.8. The Risk Management Strategy is to be reviewed in July 2009. Opportunities to enable the greater involvement of Cabinet in identifying the key corporate risks will be explored.

5. FINANCIAL IMPLICATIONS

5.1. Whilst there are no direct financial implications arising from this report, effective management of those risks with a financial impact will help improve value for money.

6. STAFFING IMPLICATIONS

6.1 There are no direct staffing implications. However some of the corporate risks directly concern human resources issues.

7. EQUAL OPPORTUNITIES IMPLICATIONS

7.1. Effective management of the corporate risks will contribute to the achievement of all corporate objectives.

8. COMMUNITY SAFETY IMPLICATIONS

8.1 Effective management of the corporate risks will contribute to the achievement of all corporate objectives.

9. LOCAL AGENDA 21 IMPLICATIONS

9.1. Effective management of the corporate risks will contribute to the achievement of all corporate objectives.

10. HUMAN RIGHTS IMPLICATIONS

10.1 Effective management of the corporate risks will contribute to the achievement of all corporate objectives.

11. PLANNING IMPLICATIONS

11.1 There are none arising from this report.

12. LOCAL MEMBER SUPPORT IMPLICATIONS

12.1. There are no specific implications for any Members or wards.

13. BACKGROUND PAPERS

13.1 Risk Management Strategy - July 2008.

14. RECOMMENDATIONS

14.1. That Members consider and comment upon the draft Corporate Risk Register.

14.2. That a full update to the Register be provided within six months.

14.2 That progress in managing the corporate risks continue to be included in the quarterly Financial and Performance Monitoring Summary reports.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/294/08

WIRRAL COUNCIL - CORPORATE RISK REGISTER – NOVEMBER 2008

No.	Description	Officer Responsible	Gross Risk Score (Likelihood x Impact = Total)	Existing Controls	Net Risk Score (Likelihood x Impact = Total)	Additional Control Action Planned in 2008/09	Officer Responsible	Target Date
1.	Death or serious injury to a service user, staff member, or anyone to whom the Council owes a duty of care.	Stephen Maddox	4 x 5 = **20**	• Health and safety risk register identifying corporate H&S risks has been developed. • Significant corporate and departmental capacity and expertise • Work of Central Health & Safety committee. • Corporate and departmental health and safety policy specifies roles and responsibilities • H&S policies for significant staff and public health hazards • Legislative Compliance Audit programme of all Council premises • Programme of auditing health and safety management systems	2 x 5 = **10**	• Institute Of Safety and Health (IOSH) Managing Safely training to all Managers and Supervisors below Head of Service • Further review and development of H&S arrangements • Continuing audits of H&S management	•Mark Camborne •Mark Camborne •Mark Camborne	• April 08 onwards • Ongoing • Ongoing
2.	Failure to prepare adequately for/manage the impact of a pandemic.	Stephen Maddox	5 x 5 = **25**	• Specific strategy prepared and updated regularly by Department of Adult Social Services (DASS). • Close ongoing work with Primary Care Trust (PCT) (e.g. on mass vaccination) • Engagement with independent social care providers to develop their own plans • Priorities for anti-viral drugs within workforce have been identified	2 x 5 = **10**			

No.	Description	Officer Responsible	Gross Risk Score (Likelihood x Impact = Total)	Existing Controls	Net Risk Score (Likelihood x Impact = Total)	Additional Control Action Planned in 2008/09	Officer Responsible	Target Date
3.	Key Council services are not resilient to disruption and business continuity arrangements are inadequate.	Chief Officers' Management Team (COMT)	5 x 5 = **25**	• Dedicated team provides support and guidance. • Plans exist for many services • Corporate approach to service continuity agreed • All departments have identified and reviewed their critical activities • Training provided to all departments in constructing business continuity plans • Audit of IT disaster recovery planning undertaken • External suppliers identified and position statement as to their arrangements compiled	2 x 4 = **8**	• Finalise the corporate Business Continuity Plan for Wirral • Finalise all Departmental Business Continuity Plans • Ensure external agencies have cohesive continuity arrangements • Conduct tabletop exercise to test the efficiency of plans	• Mark Camborne • Mark Camborne • Mark Camborne • Mark Camborne	• November 2008 • Oct 2008 • Ongoing • March 2009
4.	Changing need and demand for services (driven by legislative, social and demographic change) is not managed effectively	Jim Wilkie	5 x 4 = **20**	• Demographic changes are monitored and used to inform robust needs analyses and evidence basis for priority setting and incorporation into planning frameworks for the council and in partnership. • Specific teams are established to consider individual issues. • Impact of policy and legislative changes is incorporated into plans and budgets. • Corporate, departmental and partnership planning processes. • Greater focus on Sustainable Community Strategy. • LAA agreed and implemented. • implementation of Equality & Diversity Strategy will influence future service provision	2 x 4 = **8**	• Introduce Equalities Strategy Policy & Standard • Renew and improve corporate service planning process to ensure that trends are anticipated & the impact of legislative and policy change considered. • Annual review and refresh of key delivery plans including LAA / corporate and departmental plans	• Russ Glennon • Jim Wilkie • Jim Wilkie	• Ongoing • Ongoing • Ongoing

No.	Description	Officer Responsible	Gross Risk Score (Likelihood x Impact = Total)	Existing Controls	Net Risk Score (Likelihood x Impact = Total)	Additional Control Action Planned in 2008/09	Officer Responsible	Target Date
5.	The Council does not maintain arrangements for good corporate governance.	Stephen Maddox	5 x 5 = **25**	• Constitution regularly reviewed, reported to Members and circulated to officers. • Rolling internal audit programme. • Annual Governance Statement includes recommendations for improvement. • Corporate Governance Monitoring Group considers improvements to governance regime. • Code of Corporate Governance published. • Training programme for Members	2 x 5 = **10**	• Undertake review of Constitution • Implement enhanced risk-based audit programme • Produce annual governance statement • Deliver risk management training for Members • Review and improve representation on Audit & Risk Management Committee	• Simon Goacher • David Garry • David Garry • Mike Lane •	•May 08 (completed) • Ongoing • July 08 • Ongoing •July 08 (completed)
6.	Community expectations are not properly understood or managed well.	Jim Wilkie	5 x 5 = **25**	• Member led development of Corporate Plan. • Understanding of community needs through strong approach to community engagement (e.g. Area Forums & Citizens Panel). • Partnership working (Wirral Partnership Homes, LSP, LAA programme board etc.). • Commitment to Race Equality Statement. • HMRI. • Community Engagement Toolkit • Adoption / implementation of Equality & Diversity Strategy will influence future service provision • Adoption and implementation of Comprehensive Engagement strategy	2 x 5 = **10**	• Undertake preparatory work for CAA regime • Introduce Equalities Strategy Policy & Standard • Renew and improve corporate service planning process to ensure that trends are anticipated and the impact of legislative and policy change considered. • Implement Community Engagement Strategy • Conduct sustainability appraisal of the LAA.	• Russ Glennon • Russ Glennon • Russ Glennon • Russ Glennon • Russ Glennon	• Ongoing • March 09 (level 3) • Ongoing • Ongoing •Ongoing

No.	Description	Officer Responsible	Gross Risk Score (Likelihood x Impact = Total)	Existing Controls	Net Risk Score (Likelihood x Impact = Total)	Additional Control Action Planned in 2008/09	Officer Responsible	Target Date
7.	Failure to achieve sustainable budgets, in line with priorities and take difficult decisions.	Chief Officers Management Team (COMT)	5 x 5 = **25**	• When time limited funding ends services are mainstreamed or funds reallocated in line with objectives. • Work with partners – share resources. • Medium Term Financial Plan (MTFP) reflects the priorities in Corporate Plan. • Effective financial management through regular planning and reporting • Strong links between service & financial plans. • Capital investment process demands scrutiny of business case for all projects. • Responsibilities clearly set out in Constitution • Link IT strategy to corporate objectives • Criteria for investment e.g. from Efficiency Investment Budget, established • Enhanced financial reporting implemented	2 x 5 = **10**	• Identify specific projects for investment • Refine / review financial management report content • Review Medium Term Financial Plan • Review Capital Strategy • Undertake review of Constitution	• Chief Officers • Tom Sault • Tom Sault • Tom Sault • Simon Goacher	• Ongoing • July 08 (completed) • July 08 (completed) • July 08 (completed) • May 08 (completed)
8.	The strategies supporting our key priorities are not executed effectively.	Chief Officers Management Team (COMT)	5 x 5 = **25**	• All strategies are kept under regular review. • Member scrutiny • Common timetable for review implemented	2 x 5 = **10**	• Undertake review of individual strategies	• Individual responsible officers	• July 08 (completed)

No.	Description	Officer Responsible	Gross Risk Score (Likelihood x Impact = Total)	Existing Controls	Net Risk Score (Likelihood x Impact = Total)	Additional Control Action Planned in 2008/09	Officer Responsible	Target Date
9.	Partnerships are not well planned and we do not work effectively with others.	Jim Wilkie	5 x 5 = **25**	• Clearly identified lead officers and members on key partnerships. • The authority's role and responsibilities for all major partnerships have been identified. • Corporate guidance on establishment and management of partnerships has been issued. • Clearly identified linkage between partnership lead officers and those responsible for service delivery. • Performance management framework in LSP. • Council has Accountable Body status in some partnerships. • Governance arrangements exist for key partnerships. • Memoranda of Agreement now prepared for all partnerships	3 x 5 = **15**	• Introduce periodic checks to ensure that partnerships comply with Wirral's governance arrangements; • Develop partnership toolkit • Undertake annual review of key partnership register • Undertake preparatory work for CAA regime • Deliver enhanced guidance and training regarding grants	• Simon Goacher • Simon Goacher • Simon Goacher • Russ Glennon • Pete Molyneux	• Ongoing • Oct 08 • Ongoing • Ongoing • Sept. 08
10.	Failure to manage and improve image and reputation.	Jim Wilkie	5 x 4 = **20**	• Central media management team supplemented by dedicated resources for each department • Corporate Communications and Marketing Strategy. • Wirral Corporate Identity produced and guidance circulated. • Re-launched Council website • Process of learning from external inspections improved • Tourism & Marketing division restructured	2 x 4 = **8**	• Centralisation of control of corporate marketing	• Emma Degg	• April 09

No.	Description	Officer Responsible	Gross Risk Score (Likelihood x Impact = Total)	Existing Controls	Net Risk Score (Likelihood x Impact = Total)	Additional Control Action Planned in 2008/09	Officer Responsible	Target Date
11.	Failure to effect a workforce development plan to ensure that we have a workforce in place which meets the planned changing needs of the Council, including effective succession planning	Bill Norman	5 x 5 = **25**	• People Strategy implemented. • Recruitment processes reviewed and action plan implemented. • Partial review of grades through job evaluation process. • Review of recruitment processes and subsequent action plan. • Working with external organisation to implement skills audit. • Robust capability and disciplinary policies • Exit interview policy • Priorities articulated in Corporate Plan communicated to staff. • Corporate KIE process • Partnership working to support New Deal, Modern Apprenticeships and Workstep. • Employee Equality Group assists with prioritising issues to help with recruitment. • 'Success through Scrutiny' Member Development programme. • Internal staff newsletter. • Chief Executive Roadshows and specialist events. • Corporate 'Investors in People' status attained. • Corporate programme to develop key management skills. • Corporate leadership development programme	2 x 4 = **8**	• Develop online application tool linked to national electronic recruitment portals. • Continue development of Skills audit. • Continue development of approach to workforce planning/talent management. • Continue Elected Member Development programme. • Continue corporate leadership development programme.	• Paul Bradshaw • Paul Bradshaw • Paul Bradshaw • Paul Bradshaw • Paul Bradshaw	• Ongoing • Ongoing • Ongoing • Ongoing • Ongoing

No.	Description	Officer Responsible	Gross Risk Score (Likelihood x Impact = Total)	Existing Controls	Net Risk Score (Likelihood x Impact = Total)	Additional Control Action Planned in 2008/09	Officer Responsible	Target Date
12.	We do not fully exploit all available resources, including technology.	Chief Officers (COMT)	4 x 5 = **20**	• Asset Management Strategy • People strategy • ICT strategy • MTFS • Corporate Plan • Common timetable for review process • Improved co-ordination on resources management	2 x 4 = **8**	• Undertake review of individual strategies • Further integration of key strategies and plans • Introduce common business case pro-forma	• Individual responsible officers • C.I.G. • Tom Sault	• July 08 (completed) • Dec 08 • July 08 (completed)
13.	Failure in administrative/clerical processes leading to major financial loss/damage to reputation.	Individual Chief Officers	5 x 5 = **25**	• Formal and informal training. • Procedure and guidance notes exist for many services • KIE process identifies learning needs.	2 x 4 = **8**	• Undertake review of identified high risk areas	• Individual Chief Officers	• Ongoing
14.	Failure to plan and manage performance (CPA) and finances in accordance with plans and budgets.	Individual Chief Officers	5 x 5 = **25**	• Well established financial monitoring systems and procedures. • Defined programme of financial management training delivered. • Refreshed/ upgraded finance and performance monitoring framework. • Enhanced Corporate Improvement Group	3 x 4 = **12**	• Implement Use of Resources Action Plan	• COMT	• Ongoing
15.	Failure to execute the Council's Investment Strategy (or failure of the Strategy to deliver).	Jim Wilkie	5 x 5 =**25**	• Investment Strategy Board established to lead and direct implementation of Investment Strategy. Membership includes Chief Executive, 3 Party Leaders and significant private and public sector figures • Performance Management arrangements for Corporate Plan • Look wider than Wirral for investment	2 x 5 = **10**	• Establish Corporate Investment Group • Increase managerial capacity and focus on Investment Strategy by transferring a number of functions to new department • Further develop links with China • Review planning control processes	• Jim Wilkie • Jim Wilkie	• October 08 • September 08

No.	Description	Officer Responsible	Gross Risk Score (Likelihood x Impact = Total)	Existing Controls	Net Risk Score (Likelihood x Impact = Total)	Additional Control Action Planned in 2008/09	Officer Responsible	Target Date
16.	Major error in investments and administration of Merseyside Pension Fund.	Ian Coleman	4 x 5 = **20**	• Scrutiny function – Pensions Committee & Investment Monitoring Working Party • Training programme for Members • Defined investment strategy • Engagement of actuarial / investment expertise • KIE process and staff development • Enforcement of defined administrative procedures • Quarterly monitoring of internal compliance • Monitoring regime for external mandates	2 x 5 = **10**	• Update Statement of Investment Principles • Implement Phase I of new Investment Accounting software • Deliver 2008 member training programme • Governance representation	• Peter Wallach • Peter Wallach • Peter Wallach • Peter Wallach	• Autumn 2008 (completed) • June 2008 (completed) • Ongoing during 2008 • October 2008 (completed)

No.	Description	Officer Responsible	Gross Risk Score (Likelihood x Impact = Total)	Existing Controls	Net Risk Score (Likelihood x Impact = Total)	Additional Control Action Planned in 2008/09	Officer Responsible	Target Date
17.	Failure in safeguarding arrangements (adult or child)	John Webb & Howard Cooper	5 x 5 = **25**	• Work of Local Safeguarding Children Board eg LSCB Compact, Section 11 audit, Business Plan; Performance sub committee • Recruitment of Local Authority Designated Officer (LADO) to manage allegations. • Quarterly performance management reporting to LSCB. • Weekly performance monitoring of changes to contact and referral taking in CADT. • Monthly VCI reporting to the Chief Executive by DCS & Head of Service. • Lead Member Briefing following each LSCB. • National Notification of Serious Child Care Incidents to OFSTED • Joint working through multi-disciplinary teams • Work of Local Safeguarding Adults Board • Dedicated training programme in ASS • DASS have a dedicated multi agency Safeguarding Unit • Child Death Overview Panels implemented	2 x 5 = **10**	• LSCB programme for disseminating learning from serious child care incidents; • Improved audit and scrutiny capacity governed through LSCB; • New internal controls re S118 IRO reporting; • New Child Care Risk Management Procedure introduced; • Develop formal links and training to the Wirral Multicultural Centre staff (protect communities at risk of social exclusion); • Appoint Safeguarding Mental Health Coordinator; • Appoint Mental Health Capacity Act Coordinator • Awareness and process training for staff on all ranges of diversity	• Caroline McKenna • Julia Hassall • Caroline McKenna • Julia Hassall • Rick O'Brien • Rick O'Brien • Rick O'Brien • Rick O'Brien	• September 2008 (on target) • September 2008 (revised) • September 2008 (on target) • September 2008 (revised) • March 2009 • September 2008 • September 2008 (revised) • March 2009
18.	Failure to deliver the Local Pay Review	Bill Norman	5 x 5 = **25**	• Dialogue with Trade Unions • Resolution of 'back pay'	2 x 4 = **8**	• Regular reports to COMT, Cabinet & Overview & Scrutiny Committee	• Paul Bradshaw	• Ongoing during 2008

No.	Description	Officer Responsible	Gross Risk Score (Likelihood x Impact = Total)	Existing Controls	Net Risk Score (Likelihood x Impact = Total)	Additional Control Action Planned in 2008/09	Officer Responsible	Target Date
19.	Failure to progress the regeneration of economically disadvantaged areas	Jim Wilkie / Alan Stennard	5 x 5 = **25**	• Dedicated regeneration team • Investment Strategy Board established to lead and direct implementation of Investment Strategy. Membership includes Chief Executive, 3 Party Leaders and significant private and public sector figures • Performance Management arrangements for Corporate Plan • Establishment of Working Wirral • 'Lovell' agreement implemented	2 x 5 = **10**	• Establishment of Corporate Investment Group • Increase managerial capacity and focus on Investment Strategy by transferring a number of functions to new department	• Jim Wilkie • Jim Wilkie	• October 08 • September 08
20.	Failure to maximise recycling.	David Green	5 x 5 = **25**	• Partnership Board oversees management of strategic contract with Biffa • Robust contract management arrangements including governance & performance management structure • Recycling headline project plan produced	2 x 5 = **10**	• Increase participation through improved collection service reliability & effective community engagement • Deliver education and awareness campaigns to promote waste minimisation • Encourage recycling and minimisation of municipal waste	• Mark Smith • Mark Smith • Mark Smith	• March 2009 • Ongoing • 31 March 2009
~~21.~~	~~Susceptibility of IT provision to disruption~~							
22.	Adverse effect on Council budgets of rising energy prices	David Green	5 x 5 = **25**	• Phase 1 of Investment Energy Efficiency Programme (IEEP) implemented • Use of efficient and effective procurement methodologies • Ongoing reports to Cabinet on renewables trial	3 x 5 = **15**	• Implement phases 2/3 of IEEP • Street lighting energy efficient projects • Conduct Strategic Asset Review and implement recommendations	• Tony Dodd • Kevin Ellis • Stephen Maddox	• Ongoing • Ongoing • Ongoing

No.	Description	Officer Responsible	Gross Risk Score (Likelihood x Impact = Total)	Existing Controls	Net Risk Score (Likelihood x Impact = Total)	Additional Control Action Planned in 2008/09	Officer Responsible	Target Date
23.	Financial and environmental impact of delay in or failure to acquire and gain planning consents for sites needed to deliver the MWDA procurement programme	Alan Stennard / Ian Coleman	5 x 5 = 25	•	3 x 5 = 15	•	•	
24.	Economic volatility and a downturn in the economy impacts on the Council's financial management and investment priorities	Ian Coleman	5 x 5 = 25	• Treasury management policies • Use of external investment consultants • Well established financial monitoring systems • Use of Direct Debit to improve reliability of income • Housing Benefit division pro-actively encourages applications for support	3 x 5 = 15	• Review treasury management policies • Liaise with appointed external consultants • Enhance monitoring of key budget areas • Invest in lower risk / lower return areas • HMRI? • Investment Strategy?	• Mark Goulding • Mark Goulding • Tom Sault • Mark Goulding	• Ongoing • Ongoing • Ongoing • Ongoing
25.	Failure to address community cohesion, development and engagement	Jim Wilkie	5 x 5 = 25	• Improved access to information re: Council services and policy • An Equality Watch membership scheme • 11 Area Forums • Older People's Parliament • Young People's Parliament • Contract with VCAW • Local Stategic Partnership • Black and Racial Minority Partnership	3 x 5 = 15	• A new Third Sector Strategy • Community Cohesion Review of BRM services • Participatory Budgeting • A comprehensive Engagement Strategy • Hate Crime MARAC	•	•
26.	Failure to address health inequalities	Marie Armitage		•		•	•	•

No.	Description	Officer Responsible	Gross Risk Score (Likelihood x Impact = Total)	Existing Controls	Net Risk Score (Likelihood x Impact = Total)	Additional Control Action Planned in 2008/09	Officer Responsible	Target Date
27.	Failure to effectively plan for and manage the impact of climate (environmental) change	Bill Norman	5 x 4 = 20	• Climate Change Strategy & Action Plan approved by Cabinet 20 June 2007 • 'Reducing Council's Carbon Footprint' Action Plan, approved by Cabinet 4 September 2008 • Nottingham Declaration Working Group		•	•	•
28.	Failure to manage the Council's assets effectively	Bill Norman		•		•	•	•
29.	Serious failure in information governance	Ian Coleman		•		•	•	•
30.	Failure to smoothly transfer 16 – 18 responsibilities from the LSC to the Council from September 2010	Howard Cooper	5 x 4 = 20	• Sub regional group established to ensure coherence • Young Persons Learning Agency will provide overall control (and support) • DCSF briefings, guidance and conferences • Legislation will be changed • 14-19 team established within the department	3 x 4 = 12	• Cross cutting group to be established within CYP • LSC Toolkits with 16-18 data • Shadow arrangements will be put in place September 2009 • Timescale to be agreed for transfer of staff and resources from LSC • Amend Departmental Plan	•	•

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

26 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

CORPORATE RISK AND INSURANCE MANAGEMENT

1.   **EXECUTIVE SUMMARY**

1.1.   This report provides information to Members on recent progress in these services and anticipated developments in the coming months.

2.   **INSURANCE MANAGEMENT PROGRESS**

2.1.   The results of the liability cases heard in court since the previous report has been disappointing with only one success in the 6 cases. With no changes having been made to the previously successful claims handling criteria or philosophy the reduced success rate is considered an anomaly. However the approach continues to be regularly monitored and revised as appropriate. The success rate across the public liability account as a whole, inclusive of non litigated matters, continues to exceed 80%.

2.2.   The quarter to the end of December 2008 saw significant developments in various ongoing historical abuse cases. This is a rapidly developing area of law with new precedents being established frequently and recent case law has moved the balance in favour of individual redress over general public interest in these matters. These complex cases are handled in conjunction with our insurers and in line with current understanding of the legal position and senior Counsel advice. There are currently two cases that may progress to the House of Lords in order that a definitive position can be established on limitation, the length of time in which a claim can be brought. This is an important legal principle and therefore the legal costs in these cases will be funded by the relevant insurers who have an interest in supporting the defendant local authority community.

2.3.   Following the agreement by the Cabinet on 27 November 2008 of the Insurance Fund budget for 2009/10 further work was undertaken on the charges to schools and the apportionment of costs between Children & Young People Department and Schools Budgets. This involved the desktop analysis of each schools potential asset and liability exposure in conjunction with a detailed review of recent loss history, and equitable premiums have now been calculated for each school. These have been benchmarked against commercially available packages and, despite some increases, still represent excellent value in terms of both cost and policy coverage. This process of aligning school premiums more precisely to risk is to be continued in 2009/10 with the roll out of a physical inspection and risk management project for all secondary school sites, the results of which are likely to have a further impact on premiums.

2.4. The tender for insurance broking and consultancy services resulted in the appointment of Griffiths & Armour, a locally owned and based firm, to replace the service previously provided by AON. Joint working between Insurance and Risk Management and Procurement on this tender resulted in this specialist contract being awarded on a one year basis with an optional one year extension based on performance.

2.5. The Risk & Insurance Team has met departments to begin developing the specification and award criteria for the tender for the Engineering Inspection and Insurance contract. Work has also started in relation to the Motor Insurance contract, both of which expire on 31 March 2009.

2.6. Preparations have begun for renewal of the Liabilities, Computer and Foster Carers Legal Expenses policies which expire on 31 March 2009. Contract renewals are currently expected to be in line with long term agreements and budgets.

2.7. The last quarter has seen an improvement in the service levels of the liability claims handlers following the introduction of their new IT systems. A high quality is key to the strong performance of the liability account and the recent changes are the subject of continued discussions with representatives at a senior level.

2.8. After extensive negotiation, a payment for £1,453,612 in settlement of the Rock Ferry High School fire has been received from insurers. This is the final fire claim from the 2003/04 account year for which settlements totalling £200,000 were reported to the last Committee. Negotiations in respect of the Liscard Hall fire continue but indications from an independent commercial property expert are that the pre-fire commercial value of the property will be limited.

3. **CORPORATE RISK MANAGEMENT – PROGRESS**

3.1. The entry in the Risk Management category of the 2008 Local Government Chronicle Awards was highly commended in the awards ceremony on 3 November 2008.

3.2. On 13 November 2008 Chief Officers undertook the annual review of issues on the Corporate Risk Register in the light of the refreshed Corporate Plan. The Register was then the subject of a report to Cabinet on 10 December 2008 and is reported elsewhere on this agenda.

3.3. Departments have been working on identifying their critical risks and their contribution to the improved management of the Corporate Risks as part of the 2009/10 service planning process.

3.4. The Risk & Insurance and Corporate Policy teams have continued to work closely to ensure that an improved risk management framework is an integral part of the governance arrangements for the Local Area Agreement (LAA).

3.5. The Risk & Insurance Officer has been assisting the Department of Adult Social Services with risk management arrangements for a major project to evaluate options for future service provision.

3.6. The Risk & Insurance Team has developed an introduction to risk management that will be incorporated within the corporate induction training. The Team is also working with the Human Resources Division to produce a set of risk management competencies for staff of different levels within the organisation.

4. **INSURANCE MANAGEMENT – ISSUES FOR NEXT PERIOD**

4.1. Liability claims statistics to 31 December 2008 will be compiled.

4.2. There are currently three claims scheduled for an initial court hearing in January and February 2009. It is also envisaged that there will be an increasing workload in respect of the historic liability and abuse claims.

4.3. The new broker will formally advertise the Motor and Engineering Insurance contracts with the outcome of these exercises to be reported to Cabinet.

4.4. Terms for the renewal of the Liabilities Computer and Foster Carers Legal Expenses policies will be agreed with insurers. As these policies are subject to Long Term Agreements until 31 March 2010 little change in premiums or the extent of cover is anticipated.

4.5. The Risk & Insurance Team plan to investigate the feasibility of commissioning a study to provide a more accurate indication of the level of funding required to meet liabilities relating to those periods where insurers cannot be identified or have become insolvent.

4.6. Officers will also consider the necessity of commissioning the regular Insurance Fund actuarial report. Previously procured annually the current stability in the liability account and officers knowledge of the account could suffice for the 2009/10 funding requirements with a further formal study then commissioned for April 2010.

5. **RISK MANAGEMENT – ISSUES FOR NEXT PERIOD**

5.1. The Corporate Improvement Group will carry out the next quarterly review of the Corporate Risk Register to inform the Financial and Performance Monitoring Report to Cabinet on 19 March 2009.

5.2. The Corporate Risk Register will be updated and refined with the information contained within Departmental Service Plans for 2009/10.

5.3. The Risk & Insurance Officer will undertake an audit of the quality of the information on key risks in Departmental Service Plans and provide feedback to individual departments to assist with continuous improvement.

5.4. The Risk & Insurance Officer will continue to work with the Policy and Performance Division over preparations for the introduction of Comprehensive Area Assessment (CAA) in April 2009.

5.5. Risk management arrangements for the LAA, including the creation of baseline risk assessments for each of the Priorities for Improvement, will be developed further.

6. FINANCIAL IMPLICATIONS

6.1. There are none arising directly from this report.

7. STAFFING IMPLICATIONS

7.1. There are none arising directly from this report.

8. EQUAL OPPORTUNITIES IMPLICATIONS

8.1. There are none arising directly from this report.

9. ENVIRONMENTAL IMPACT STATEMENT

9.1. There are none arising directly from this report.

10. LOCAL MEMBER SUPPORT IMPLICATIONS

10.1. There are none arising directly from this report.

11. BACKGROUND PAPERS

11.1. Responses to Request for Quotations from insurance brokers and evaluation sheets for interviews.

11.2. Data from the Figtree claims database

11.3 Liability claim statistics.

12. PLANNING IMPLICATIONS

12.1. There are none arising directly from this report.

13. RECOMMENDATION

13.1. That a further update be presented to the next meeting.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/4/09

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE – 26 JANUARY 2009

REPORT OF THE DEPUTY CHIEF EXECUTIVE/DIRECTOR OF CORPORATE SERVICES

COMPREHENSIVE AREA ASSESSMENT

---

1.   Executive Summary

1.1.   This report provides an update on the changes to the Audit Commission's approach to assessing the performance of partnerships and other public bodies, including local authorities. It also provides some early responses to the consultation on the comprehensive area assessment (CAA) methodology.

2.   Background

2.1.   Comprehensive performance assessment (CPA) was introduced in 2002 as a way of providing a holistic view of an authority's performance and providing a method of comparing authorities.

2.2.   The approach underwent a review and changes in 2005, called *the harder test*, and the local government white paper of 2006 (and subsequent act) proposed a new methodology called comprehensive area assessment, which is currently being introduced.

2.3.   Whilst the comprehensive performance assessment (CPA) is in its final year, meaning we will get a final CPA scorecard in early 2009, performance for the first year of CAA will be judged on 2008/9 data, i.e. this current year.

3.   Historical performance under CPA regime

3.1.   The authority's historical performance under the CPA regime is provided below and in more detail in appendix one. Overall, the authority has remained a two star council since 2005. Under CPA, a star rating for each authority is determined by a range of judgements balancing corporate capacity, use of resources and the quality of a range of services.

3.2.   The corporate assessment makes a range of judgements on the management, leadership, prioritisation and corporate capacity, and is carried out every three years. All judgements that provide the star rating are made on a scale from one to four, with four being the top. These are combined to give a star rating from zero to four stars (this replaced the labels: poor, weak, fair, good and excellent as part of the 2005 update).

3.3.   In addition a new assessment, direction of travel, was introduced in 2005, which, whilst not part of the scoring formula, provided a view of the rate of improvement across the authority.

3.4.   Our last corporate assessment was carried out in 2005 and will not be updated, meaning our corporate assessment score cannot change. Our services (listed in the table below) and our use of resources are assessed on an annual basis. Since 2005, the only way that the authority is able to move to being a three star council was to improve our use of resources to a score of three.

3.5.   The CPA methodology is a predominantly rule-based system and has a number of weaknesses. In response to criticism of those weaknesses and in recognition of the general improvement across authorities, a harder test was introduced in 2006. This increased the requirements to achieve each of the levels within the scoring formula.

3.6.   The   Local Government and Public Involvement in Health Act 2007, enshrined the new CAA methodology in legislation, and the Audit Commission is currently in a second round of consultation on the more detailed proposals.

4.   Main changes proposed under CAA

4.1.   The CAA regime promises to be a significant shift from CPA. The major changes are summarised below and are covered in more depth, with potential implications for Wirral identified further in the report.

4.2.   From central government's perspective, the reason for changing to CAA was to ensure that assessment of local authorities, other public bodies and local strategic partnerships were:

- A robust assessment for value for money and efficiency savings
- Outcome and area focussed
- Risk based – local issues / challenges / priorities
- Citizen centred – what matters most to citizens
- Less burdensome

4.3.   The goals of CAA are stated above. The major changes include a number of significant differences from CPA:
- CAA is now a partnership assessment but with individual organisational assessments
- There will be no corporate assessment or individual service scores and a more 'fluid' inspection
- It is critical that our priorities are soundly based. We will also need to comprehensively evidence how we gain an understanding of the views of citizens, service users and other stakeholders
- Whilst a CAA judgement will be issued (most likely in November), the processes for CAA will take place throughout a whole year, and not just during a narrow inspection period.
- There will be more forward looking element to the judgements. Previous judgements have only bee backwards looking, whereas CAA will discuss the prospects for future improvement
- Reduced inspection burden, and more proportionate inspection based on highlighted risks / weaknesses instead of general rolling programme
- All inspection and judgements to be made by a combined inspectorate team involving the Audit Commission, HM Inspectorate of Constabulary, HM Inspectorate of Prisons, HM Inspectorate of Probation, Commission for Social Care Inspection, Healthcare Commission and Ofsted
- An enhanced public reporting tool is being proposed, which will give more detail to members of the public via the Audit Commission website.

4.4.   The assessments will be structured differently and more detail is provided in appendix two. In brief, however, firstly, there will be an area based assessment that makes judgements on achievements of the entire local strategic partnership. This

assessment will be based on three main questions (with a number of sub-questions), which are listed below:

- **How well do local priorities express community needs and aspirations?**
  - How well the partnership knows and engages with their communities
  - The extent to which priority outcomes have been defined with the involvement of communities
  - How well communities have been involved in assessing whether priority outcomes have been delivered
  - The effectiveness of local partners activities in coordinating community engagement and communicating its impact on their decisions

- **How well are the outcomes and improvements needed being delivered?**
  Focusing on the issues that are important locally:
  - How safe is the area?
  - How healthy and well supported are people?
  - How well kept is the area?
  - How environmentally sustainable is the area?
  - How strong is the local economy?
  - How strong and cohesive are local communities?
  - How well is inequality being addressed?
  - How well is housing need met?
  - How well are families supported?
  - How good is the well-being of children and young people?

- **What are the prospects for future improvements?**
  Drawing on what has been identified in the previous two themes, the assessment will highlight:
  - Significant concerns about outcomes, performance or future prospects not being adequately addressed (red flag - performance poor, service standards unacceptable, improvement not on track to achieve target, priorities do not reflect evident/ pressing need, insufficient account taken of inequality and/or people in vulnerable circumstances, capacity is inadequate and/or not enough being done to meet challenges)
  - Exceptional success and innovation from which others can learn (green flag)

4.5.　Evidence for answering these questions will come from a number of sources, including performance against LAA outcomes and national indicators, local performance management, any inspection work, other regulatory regimes, partnership self-assessment, place survey and other consultation work and any other relevant sources of data.

4.6.　Whilst the area assessment won't be scored, it will contain a narrative judgement on the area and include a series of red and green flags.　The commission does not intend to attribute a large number of flags, and they are there to highlight only important issues.

4.7.　Green flags will be awarded for any areas of exemplary good practice that should be shared with other partnerships.

4.8. Red flags will be attributed to areas where two conditions apply at the same time. Firstly, in areas where desired outcomes / improvements are not being achieved, a red flag may be raised, but *only* if the partnership does not have realistic and effective plans in place to tackle them. This may be because the partnership is not aware of the problem or does not accept it is an issue, or because plans are not robust or adequately resourced.

4.9. Whilst not statutory, self assessment will be a key component to the area assessment. The Audit Commission states that:

> "While we are not making it a requirement of CAA, we do expect that each area will review their priorities and evaluate their progress as part of their local performance management arrangements. This should produce an annual self-evaluation and we will take full account of it and any service level self-evaluations. We do not intend to repeat the work carried out already by the council or its partners.
>
> We will expect that any self-evaluation is based on verifiable evidence. The more robust the self-evaluation the more reliance we will be able to place on it." (Audit Commission, *Comprehensive Area Assessment, joint inspectorate proposals for consultation, summer 2008*)

4.10. Wirral is currently taking part in the second round of pilots for the I&DeA's self-evaluation toolkit, which will provide an invaluable opportunity to rehearse this self-evaluation. Results from the first round pilot show that responses lacked a sufficiently rigorous appraisal of performance and were not evaluative enough. The main purpose of the second round is to ensure that guidance is developed that ensure partnerships give an honest appraisal of current performance and future prospects for improvement.

4.11. The corporate policy team is leading on this work for the authority and the LSP. It may be appropriate to consider how self-evaluation is used within the authority, as well as at a partnership level. The self-evaluation will be kept anonymous and used as part of an action learning group to inform future self-evaluation guidance.

4.12. The enhanced reporting tool being proposed seeks to make a wider range of information available to the public in a more accessible format. This will give details on both the area and organisational assessments, as well as explaining the red and green flags. It is also anticipated that partnerships will take their own steps to communicate performance and other data to their communities in appropriate ways.

4.13. Finally, the last question, prospects for improvement, is considered to be the most significant for CAA. The stated purpose of the assessment is to ensure that improvement to outcomes for local people takes place, and a considerable amount of weight will be given to improvement planning as a result of CAA.

5. Organisational assessments

5.1. Underneath the area assessment will be a raft of organisational, scored assessments. The council will be judged on two elements: use of resources and managing performance. The direction of travel assessment will be subsumed into the managing performance section.

5.2. The emphasis of the managing performance assessment will be on:

- Identifying and delivering priority services, outcomes and improvements;
- Providing the leadership, capacity and capability it needs to deliver future improvements;
- Contributing to improving wider community outcomes, including those set out informal agreements such as Local Area Agreements or Multi-Area Agreements; and
- Tackling inequality and improving outcomes for people in vulnerable circumstances.

5.3. Clearly, there will be strong links between the area assessment and the organisational assessment, particularly for local authorities, given their community leadership role. Areas flagged in area assessment will be explored further in organisational assessments and vice versa, balancing individual organisation and partnership accountabilities. The organisational assessment will also probably replace the reporting of individual services, such as social care star ratings or joint area reviews. This is the Audit Commission's proposal, however the details on individual inspectorate regimes within the authority has yet to be confirmed.

5.4. The consultation on the use of resources assessment changes was carried out last year. This consultation covered the interim process for 2008 and the main proposals for CAA; further information will be reported as the detail behind CAA 2009 emerges. However, in broad terms, the use of resources assessment will now include a more detailed test of council capacity and desire to improve the use of financial, natural and other resources (including energy), assets, people and IT. The UoR assessment will have three headings: managing finances, governing the business and managing other resources.

6. Issues and implications

6.1. The nature of the CAA regime will focus much more strongly on councils' and partnerships' understanding the needs of service users, citizens and other stakeholders and using those views to inform priorities and plans and deliver services. Wirral has some good examples of innovative consultation and engagement work, including the older people's parliament, you decide, neighbourhood management pilots and a range of consultation mechanisms. Under CAA, we will be expected to evidence our clear understanding of the different needs of our communities and how we meet the needs of those most vulnerable groups. It will be necessary to explore how to better co-ordinate consultation across the authority to not only ensure we understand the views of all communities but also to avoid 'consultation fatigue' and duplication.

6.2. Clear, transparent and objective performance management that identifies where services are not performing at the required level is also highly important. The red flags in area assessment will only be attributed to areas where we do not have effective plans in place to tackle any weaknesses. Therefore it is essential that we have an honest and evidence-based appraisal of our performance. Delivery and improvement plans will also be needed for LAA and council improvement priorities. All performance management must be evidence based and focused on identifying areas for improvement. It is proposed that a single improvement plan be developed

through corporate improvement group that identifies the key actions need to maximise success under comprehensive area assessment.

6.3. Partnership support also remains a challenge. Many authorities have dedicated partnership teams to take forward performance management, consultation, communication, engagement and development work. Wirral currently only has a very small team available to work in this area, and apart from the PCT, partnership contributions are minimal.

6.4. Our approaches to communicating on a partnership level are still being developed. Whilst the LSP website will provide one channel for doing this, the partnership still needs to invest more and co-ordinate communications better to maximise the opportunities to communicate partnership activity in a joined up manner.

7.   Financial implications
7.1.   There are no direct financial implications as a result of this report. However financial implications for use of resources have previously been reported to cabinet by the director of finance.

8.   Staffing implications
8.1.   Many other partnerships have a dedicated partnership team, able to co-ordinate performance management, communication, equalities and development work across the partnership. Wirral has a limited capacity to do this work through the corporate policy team. It is unlikely that this team currently has capacity to provide sufficient support to the partnership, given the demands of CAA.

9.   Equal Opportunities, community safety, LA21, planning, anti-poverty, social inclusion and local member support implications
9.1.   Comprehensive area assessment will test all of the above areas, although this report does not have any direct impact on any of them.

10.   Background Papers
10.1.   Report to cabinet: *Transition from comprehensive performance assessment (CPA) to comprehensive area assessment (CAA)*, 7 June 2007
10.2.   Audit Commission: *Comprehensive Area Assessment, joint inspectorate proposals for consultation, summer 2008* ([External link](#))

11.   Conclusion
11.1.   Whilst much of the methodology is still under consultation, there are some very clear messages coming from the Audit Commission. Wirral is well placed to deliver against the new assessment framework, although clearly there are some challenges still to be resolved.
11.2.   An improvement plan will be reported to Cabinet that integrates the area assessment, use of resources and managing performance elements of the assessment.

12. Recommendations

12.1. That the proposed changes following from the introduction of comprehensive area assessment and the pilot of the CAA self-evaluation toolkit are noted.

J. WILKIE
Deputy Chief Executive/Director of Corporate Services

This report was prepared by Russ Glennon, who can be contacted on 8152.

Appendix 1 – Wirral's historical performance under CPA regime

Assessment Area	2005	2006	2007
Overall score	2*	2*	2*
Direction of travel			
This assessment indicates the progress being made, or otherwise, to achieve improvement.	Improving adequately	improving well	**improving adequately**
Corporate Assessment			
In assessing how the Council is run, the Commission considers what the Council, together with its partners, is trying to achieve; what the capacity of the Council, including its work with partners, is to deliver what it is trying to achieve; and what has been achieved?	2	2 (2005 score)	**2 (2005 score)**
Use of Resources			
We have assessed how well the Council manages its finances and provides value for money.	2	2	**2**
Service area			
Benefits - The Council's performance in providing housing and council tax benefit services. The assessment is made by the Benefit Fraud Inspectorate and is based primarily on achievement against the 2005 housing benefits/council tax benefits performance standards.	4	3	**4**
Children and young people - The Council's performance in providing children's services, such as children's education and social care. The joint assessment is made by the Commission for Social Care Inspection and Ofsted following a review of the Council's overall performance and key indicators.	3	3	**3**
Culture - The Council's performance in services, such as libraries and leisure, as assessed by the Audit Commission	2	3	**3**
Environment - The Council's performance in services, such as transport, planning and waste, as assessed by the Audit Commission	3	3	**2**
Housing - The Council's performance in community housing and, where applicable, housing management services, as assessed by the Audit Commission.	4	4	**3**
Social care (adults) - The Council's performance in adult social care services. The assessment is made by the Commission for Social Care Inspection following a review of the Council's overall performance and key indicators.	3	3	**3**

Appendix two – assessment areas under CAA

Assessment	Evidenced by	Assessment will cover	Outcome will be
Area assessment	NIS LAA Other data Local performance management Self assessment Outcome of other regulatory regimes Evidence from inspections	• How well do local priorities express community needs and aspirations? • How well are the outcomes and improvements needed being delivered? • What are the prospects for future improvements?	Overall narrative judgement, with detail on 3 questions Red and green flags Identified areas for improvement
Council – organisational assessment	NIS LAA Other data Self assessment Evidence from inspections	Use of Resources Managing Performance	Score for UoR Score for managing performance Possibly overall score
PCT – organisational assessment	DoH data NIS LAA	Use of resources annual health check	Star rating for PCT Score for UoR
Fire & Rescue Service – organisational assessment	NIS LAA Other data	Use of Resources Managing Performance	Overall score for service UoR score Managing performance score
Police – organisational assessment	NIS LAA APACS	Use of Resources APACS	UoR score APACS judgement

This page is intentionally left blank

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

26 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

COMPREHENSIVE AREA ASSESSMENT (CAA) - USE OF RESOURCES

1. **EXECUTIVE SUMMARY**

1.1   This report provides details of the Audit Commission project brief for the Comprehensive Area Assessment Use of Resources 2009 assessment which covers 2008/09.

2. **BACKGROUND**

2.1   Previous reports have outlined the changes in the Use of Resources (UOR) assessment framework in accordance with the move from Comprehensive Performance Assessment (CPA) to the Comprehensive Area Assessment (CAA). The CPA assessment covered five general themes shown below which were further sub-divided into key lines of enquiry (KLOE):

CPA	Theme
1	Financial reporting
2	Financial management
3	Financial standing
4	Internal control
5	Value for money

2.2   Under CAA, the Use of Resources assessment has value for money at its centre and now comprises three themes. These are further divided into 10 key lines of enquiry.

2.3   There is a significant overlap between the old and new Use of Resources KLOES. The new regime however places an increased emphasis on non-financial resources. The most significant changes are separate KLOEs dedicated to natural and workforce resources. The work undertaken on energy efficiency initiatives, in complying with the aims of the 'Nottingham declaration', and on workforce planning will assist in meeting the requirements of these KLOEs. The CAA key lines of enquiry are as follows:

CAA	Managing Finances
1	Planning For Financial Health
2	Understanding Costs and Achieving Efficiencies
3	Financial Reporting
	Governing the Business
4	Commissioning and Procurement
5	Use of Information
6	Good Governance
7	Risk Management and Internal Control
	Managing Resources
8	Natural Resources
9	Strategic Asset Management
10	Workforce (applicable from 2009/10 onwards)

2.4   The Use of Resources score will again be based upon a standard four point scale and will again follow the harder test principle with authorities having to improve in order to retain the same level. The new standard scores are also likely to restrict the number of authorities achieving four stars. The table below details the CPA and CAA standard scoring scales.

Score	Standard Scale CPA	Standard Scale CAA
1	Inadequate Performance	'Failure to meet minimum standards'
2	Adequate Performance	'Getting the basics right'
3	Performing Well	'Performing Well'
4	Performing Strongly	'Excellence and genuine leading edge performance

2.5   The Audit Commission issued further guidance to its auditors on the Use of Resources in October 2008 which is available on its website.   The Audit Commission project brief is designed to fit in with this guidance.

3.   **USE OF RESOURCES 2008**

3.1   The 2008 UoR assessment will be formally announced on 26 February 2009. Authorities received their 2008 notifications on 8 December 2008. The notification is however embargoed by the Audit Commission until 26 February 2009. Authorities can submit appeals against this initial notification.

3.2   The 2008 assessment was based on the 31 March 2008 position. Since this date officers have continued to work on a number of areas to deliver further continuous improvement which will be reflected within future assessments. Improvement have ranged from reviewing and strengthening the Statement of Annual Accounts processes and the production of an Annual Report, to developing the Strategic Asset Review and further development of the procurement strategy and the change programme.

4. **AUDIT COMMISSION USE OF RESOURCES PROJECT BRIEF AND APPROACH FOR 2009**

4.1 The Audit Commission project brief highlights a number of developments within the new Use of Resources:

- The KLOEs are more broadly based than before
- There is an increased focus on value for money achievements
- The focus will be on outputs and achievements rather than on processes in place
- The assessment will be more strategically based
- Guidance will include characteristics of performance but these will not be an essential 'must have' list

4.2 The audit approach will use a 'rounded professional judgement' to form an assessment against the key lines of enquiry. The Audit Commission states that this assessment will be on a top down rather than bottom up basis with less prescription and use of checklists. The assessment of risk will also form an important focus. The assessment will also be informed by the outcomes from other audit work and assessments conducted during the year.

4.3 The Audit Commission will undertake its fieldwork between January and April 2009. This will include the review of key documents, interviewing officers and Members and reviews of Authority minutes and agendas. Further investigation and discussion may follow from this.

4.4 The Audit Commission intends to report the Use of Resources score within the Annual Governance Report. This will be reported alongside the value for money conclusion and the opinion on the statement of accounts in September 2009. The final CAA organisational assessment will be reported in November 2009.

4.5 The approach outlined above does seem to provide for flexibility and for the assessment to be based on a rounded view of achievements. The approach however could also involve a greater degree of subjective judgement from auditors.

5. **FINANCIAL AND STAFFING IMPLICATIONS**

5.1 There are no direct financial or staffing implications arising out of this report.

6. **EQUAL OPPORTUNITIES IMPLICATIONS**

6.1 There are none arising directly from this report.

7. **HUMAN RIGHTS IMPLICATIONS**

7.1 There are none arising directly from this report.

8. **LOCAL AGENDA 21 IMPLICATIONS**

8.1 There are none arising directly from this report.

9. **COMMUNITY SAFETY IMPLICATIONS**

9.1 There are none arising directly from this report.

10. **PLANNING IMPLICATIONS**

10.1 There are none arising directly from this report.

11. **LOCAL MEMBER SUPPORT IMPLICATIONS**

11.1 There are no particular implications for any Members or wards arising out of this report.

12. **BACKGROUND PAPERS**

12.1. Audit Commission Project Brief Wirral Borough Council Audit 2008/09 - December 2008

12.2 Audit Commission Use of Resources Guidance for Councils – October 2008 http://www.audit-commission.gov.uk/useofresources/guidance/index.htm

12.3 Audit Commission Use of Resources 2008/09 Overall approach and key lines of enquiry – May 2008

13. **RECOMMENDATIONS**

13.1 That the 2009 Use of Resources Project brief be noted

13.2 That regular reports be presented on progress on the Use of Resources.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/316/08

Use of Resources

Project Brief

Wirral Metropolitan Borough Council

Audit 2008/09

December 2008

audit
commission

Contents

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

Introduction

1   2009 is the fifth use of resources (UoR) assessment to be undertaken at councils but it will be significantly different to the previous approach as it will focus on outcomes achieved. The use of resources assessment forms part of the new Comprehensive Area Assessment (CAA) from 2009 and will also feed into other relevant performance assessment frameworks as appropriate. The use of resources key lines of enquiry will also be the 'relevant criteria' for the value for money conclusion that is part of our work under the Code of Audit Practice.

2   This brief outlines the approach we will take to the UoR assessment at Wirral Borough Council, who the key contacts will be and the reporting arrangements. The Audit Commission published the overall approach and key lines of enquiry (KLOE) in May 2009 http://www.audit-commission.gov.uk/useofresources/2009kloe.asp. It has also prepared guidance for auditors to support them in carrying out their assessments and made this available to audited bodies on its website at the following link http://www.audit-commission.gov.uk/useofresources/2009guidance.asp.

Background

3   The Audit Commission review of 2007/08 found that the Council's arrangements had continued to improve during the period of assessment, from April 2007 to March 2008. The overall assessment improved in three out of the five themes. The areas of improvement were in respect of financial management, financial standing and internal control which all scored level 3. Financial reporting and value for money remained at level 2 although there were improvements in arrangements.

4   The 2008/09 use of resources assessment will consider how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people. It is structured into three themes that focus on the importance of sound and strategic financial management, strategic commissioning and good governance, and the effective management of natural resources, assets and people. It will be applied to all local government bodies, including police and fire authorities, and to primary care trusts in the NHS.

5   Many of the new KLOE within the themes are similar to the previous KLOE, although there are some new areas, such as the use of natural resources and workforce planning. The new KLOE within each of the themes are shown in the table below.

Table 1   Use of resources KLOE 2008/09

The new use of resources is split into three themes and ten KLOE

Managing finances	Governing the business	Managing resources
1.1 Financial planning & financial health	2.1 Commissioning & procurement	3.1 Natural resources
1.2 Understanding costs & performance	2.2 DQ & use of information	3.2 Asset management
1.3 Financial monitoring & reporting	2.3 Good governance & ethical behaviour	3.3 Workforce planning
	2.4 Risk management & internal control	

Source: Audit Commission

Scope and objectives

6   The 2008/09 KLOE are shown at Table 1 on the previous page. The KLOE are more broadly based than previously and embrace wider resource issues such as the use of natural resources. The KLOE focus more on value for money achievements, outputs and outcomes rather than on processes, and are more strategic and less detailed. They are supported by characteristics of performance, which are used as an aid to the exercise of the auditors' professional judgment. The underlying characteristics are indicative of differing levels of expected performance, and are not criteria to be complied with in all circumstances.

7   The KLOE and supporting characteristics are based upon published best practice, standards and professional guidance, where available, and the principles set out in the Commission's publication World Class Financial Management.

8   A proportionate approach will be applied to the assessment of the KLOE. The Audit Commission has specified in its annual work programme and fees document which KLOE are to be assessed over the coming year. The specified KLOE differ for each sector in order to reflect sector priorities. In 2008/09, we will assess nine of the ten KLOE at single tier and county councils - KLOE 3.3 on workforce will not be assessed this year. However, arrangements will need to be in place from 1 April 2009 for the 2010 assessment so we have had early discussions with the Head of HR.

9   The objectives of our work are to:

- make a judgement about whether we are satisfied that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources - the value for money conclusion in the statutory audit report that we give under The Code of Audit Practice. We will apply a yes/no judgement against the criteria to indicate whether the Council has proper arrangements in place or not. A 'no' judgement is equivalent to a UoR score of 1 and a 'yes' judgement is equivalent to a score of at least 2;

- assess how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people which is part of the organisational assessment under CAA;

- inform the managing performance organisational assessment under CAA; and

- provide intelligence to inform the area assessment under CAA.

Audit approach

10 The approach for 2008/09 is significantly different. The emphasis of the assessment will be on a rounded professional judgement against the headline key lines of enquiry (KLOE) – 'top down' rather than 'bottom up' approach. It moves away from a checklist of criteria to illustrative characteristics of performance included within the guidance. Most importantly, there is less focus on prescriptive arrangements and process and more focus on outcomes and what difference the arrangements have made.

11 There will again be a four level scoring system, but levels 2 and 3 will be broad descriptions of 'getting the basics right' and 'performing well' respectively. Scores of 4 will be reserved for excellence and genuine leading edge performance. Level 1 represents a failure to meet the minimum requirements at level 2. The Audit Commission is still to determine the approach for arriving at the theme scores and the overall use of resources score.

12 Our work continues to be based on an assessment of risk. The approach for 2009 will be supported by evidence gained in previous years and we will update the assessments for any changes and improvements and carry out testing to confirm arrangements and outcomes. The guidance for auditors available to the Council at http://www.audit-commission.gov.uk/useofresources/2009guidance.asp sets out the links to the 2007/08 use of resources assessments. For example, the new KLOE 1.1 on managing finances links to the 2007/08 KLOE 2.1, 2.2 and 3.1.

13 We will also carry out detailed work on performance management and procurement (separate project briefs will be agreed) and current ongoing work on Ethical Governance, Governance of Partnerships and Improvement through Better Financial Management will inform the assessment. We also plan to hold a workshop for key officers to work through the details of the new approach.

14 We will undertake the fieldwork during 2009 and scores will be notified to councils in the autumn of 2009. Key dates for the 2009 assessment are shown at paragraph 17. The key contacts for the audit team and the Council are shown at paragraphs 18 and 20.

15 We will carry out the work through:

- review of key documents;
- interviews with officers and members; and
- ongoing discussions and review of minutes and media.

16 There is no requirement for a self assessment. However, if a well evidenced self assessment is carried out, formally or informally, it will help us to make a quick and robust assessment and ensure that all relevant information is taken into account.

Reporting and timescales

17   The use of resources assessment and value for money conclusion 2008/09 will be based on the same KLOE and will be reported in the Annual Governance Report alongside the opinion on the statement of accounts. The deadline for this is 30th September 2009. The following timetable is provisional at this stage and will be kept up to date throughout the audit.

Date	Activity/milestone
January 2009	Agree brief with Lead Director
January 2009	Workshop for key officers
January - April 2009	Fieldwork
May - June 2009	Audit team regional quality assurance (QA) and internal challenge
June/July 2009	Review of reports to members
August 2009	Submission of draft scored judgements for national QA
End August 2009	Agreement of value for money conclusion and scored use of resources judgements
Early September	Draft Annual Governance Report
Mid September	Final Annual Governance Report
Late September 2009	Audit & Risk Management Committee (papers out one week before)
October/November 2009	Draft organisational assessment report shared with the Council
Late November 2009	Final organisational assessments reported as part of CAA reporting. Issue annual audit letter.

Audit personnel and key contacts

18 The following Audit Commission staff will be involved with the work.

Name	Contact details
Mike Thomas, District Auditor Overall responsibility for the audit	m-thomas@audit-commission.gov.uk 0844 7987043 or 07879 667712
Liz Temple-Murray, Audit Manager Lead contact for UoR Manager for KLOE 1.1, 1.3, 2.2, 2.3, 2.4, 3.2	l-temple-murray@audit-commission.gov.uk 0151 666 3483 or 07769 887358
Dave Wilson, Performance Manager Manager for KLOE 1.2, 2.1, 3.1 Manager for projects on Performance Management and Sustainability	da-wilson@audit-commission.gov.uk 0844 7987333 or 0774 8930598
Dave Catherall, Principal Auditor	d-catherall@audit-commission.gov.uk 0151 6663497
Kath Johnson, Performance Specialist	ka-johnson@audit-commission.gov.uk 0844 7983579
Rob Metcalf, Principal Auditor	r-metcalf@audit-commission.gov.uk 0151 6663484

19 The following staff will be our key contacts for the use of resources work overall and for the individual key lines of enquiry (KLOE). Ian Coleman and Tom Sault will be lead director and contact respectively, responsible for liaising with the audit team on a regular basis and coordinating the work, feedback and messages within the Council. The Lead Director will keep management up to date with progress on issues through the monthly Corporate Improvement Group (CIG).

20 We have agreed that the three central directors will be responsible for each of the three KLOE themes. Supporting this we have agreed key contacts for each of the individual KLOE. It is the responsibility of each of the key contacts to ensure that their line managers and the responsible Directors as well as the lead Director and Lead contact are kept up to date with issues arising on individual KLOE.
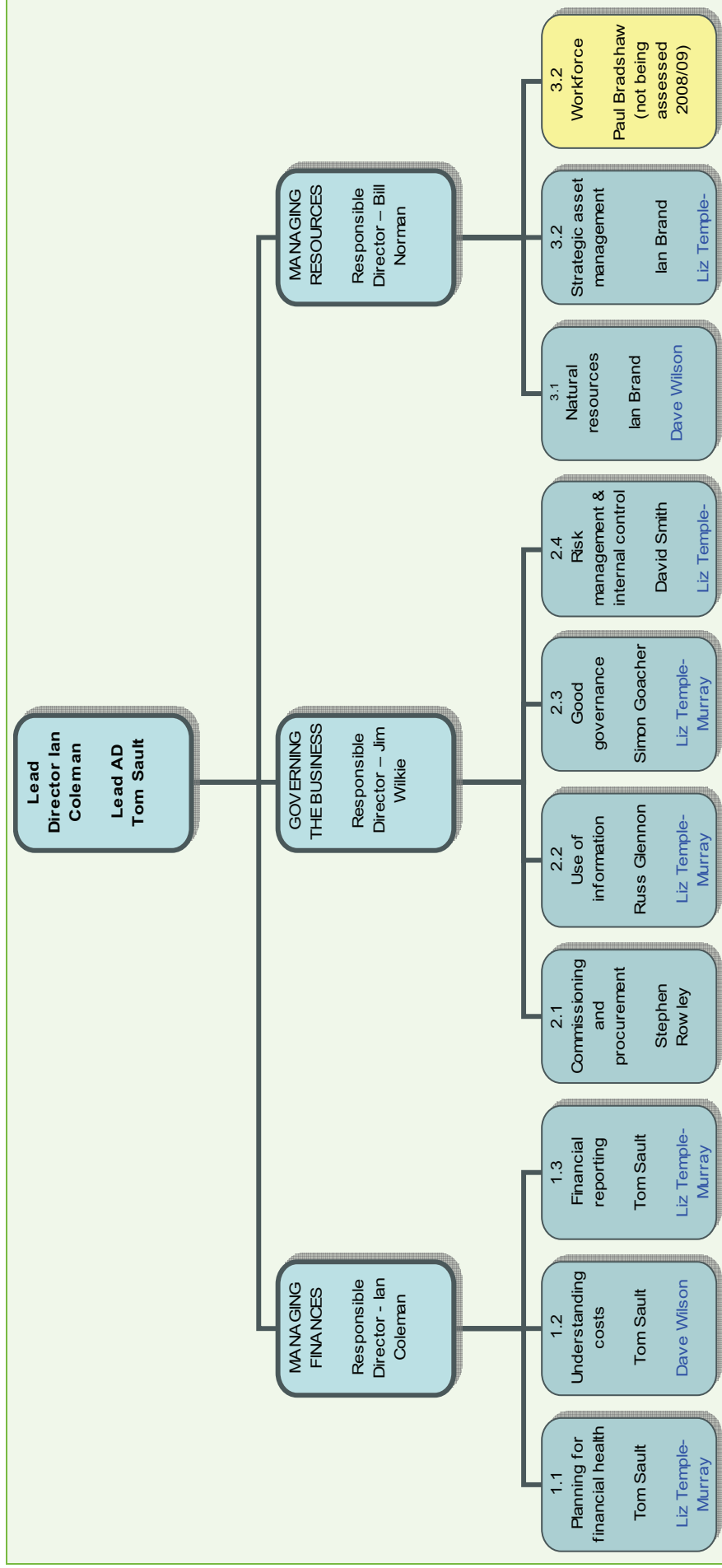
Audit personnel and key contacts

Name	Contact details
Ian Coleman, Director of Finance Lead director for UoR overall Responsible director for 'Managing Finances' (KLOE 1)	iancoleman@wirral.gov.uk 0151 666 3056
Tom Sault, Head of Financial Services, Finance Lead contact for UoR overall Key contact for KLOEs 1.1, 1.2 and 1.3	tomsault@wirral.gov.uk 0151 666 3407
Jim Wilkie, Deputy Chief Ex and Director Corporate Services Responsible director for 'Governing the Business' (KLOE 2)	jimwilkie@wirral.gov.uk 0151 691 8183
Bill Norman, Director Law, HR and Asset Management Responsible Director for 'Managing Resources' (KLOE 3)	billnorman@wirral.gov.uk 0151 691 8498
Stephen Rowley, Head of Support Services, Finance Key contact for KLOE 2.1	stephenrowley@wirral.gov.uk 0151 666 3525
Russ Glennon, Head of Policy, Corporate Services Key contact for KLOE 2.2 [also Stephen Rowley]	russglennon@wirral.gov.uk 0151 691 8152
Simon Goacher, Head of Legal & Member Services, Dept of Law, HR & Asset Mgt Key Contact for KLOE 2.3	simongoacher@wirral.gov.uk 0151 691 8569
David Smith, Deputy Director, Finance Key contact for KLOE 2.4	davidsmith@wirral.gov.uk 0151 666 3491
Ian Brand, Head of Asset Management, Dept of Law, HR & Asset Mgt Key contact for KLOEs 3.1 and 3.2	ianbrand@wirral.gov.uk 0151 691 8686
Paul Bradshaw, Head of Human Resources, Dept of Law, HR & Asset Mgt Key contact for KLOE 3.3	paulbradshaw@wirral.gov.uk 0151 691 8590

21   This brief was agreed with the Director of Finance on 17 December 2008.

Appendix 1 – Document request

To be agreed with key contacts. The following link to the guidance gives suggested sources of evidence for each KLOE http://www.audit-commission.gov.uk/useofresources/2009guidance.asp.

Appendix 2 – Key responsibilities

Lead Director Ian Coleman **Lead AD Tom Sault**	

MANAGING FINANCES
Responsible Director - Ian Coleman

- 1.1 Planning for financial health — Tom Sault — Liz Temple-Murray
- 1.2 Understanding costs — Tom Sault — Dave Wilson
- 1.3 Financial reporting — Tom Sault — Liz Temple-Murray

GOVERNING THE BUSINESS
Responsible Director – Jim Wilkie

- 2.1 Commissioning and procurement — Stephen Rowley
- 2.2 Use of information — Russ Glennon — Liz Temple-Murray
- 2.3 Good governance — Simon Goacher — Liz Temple-Murray
- 2.4 Risk management & internal control — David Smith — Liz Temple-

MANAGING RESOURCES
Responsible Director – Bill Norman

- 3.1 Natural resources — Ian Brand — Dave Wilson
- 3.2 Strategic asset management — Ian Brand — Liz Temple-
- 3.2 Workforce — Paul Bradshaw (not being assessed 2008/09)

Page 67

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE - 26TH JANUARY 2009

REPORT OF THE DEPUTY CHIEF EXECUTIVE/DIRECTOR OF CORPORATE SERVICES

DATA QUALITY

_____

1. Executive Summary

1.1 The purpose of this report is to provide members with the details of the Audit Commission's findings from their work on data quality for 2007/2008.

2. Background

2.1 The Audit Commission undertook a data quality review for Wirral Council during 2008.

The following three stage approach was undertaken:-

Stage 1	**Management arrangements** A review using key lines of enquiry (KLOE) to determine whether proper corporate management arrangements for data quality are in place, and whether these are being applied in practice. The findings contributed to the auditor's conclusion under the Code of Audit Practice on the Council's arrangements to secure value for money (the VFM conclusion)
Stage 2	**Analytical review** An analytical review of 2007/08 BVPI and non-BVPI data and selection of a sample for testing based on risk assessment
Stage 3	**Data Quality spot checks** In-depth review of a sample of 2007/08 PIs most of which come from a list of specified BVPIs and non-BVPIs used in CPA, to determine whether arrangements to secure data quality are delivering accurate, timely and accessible information in practice. For 2007/08 PI spot checks, the Audit Commission specified that it is compulsory to review two housing benefit PIs at all single tier and district councils as a mini mum. In addition to the specified indicators one non-specified performance indicator, BVPI 8 was selected for review.

2.2   Detailed findings of the review and an action plan which sets out the recommendations can be found in the Audit Commission's report in appendix 1 of this report.

3.   Next steps

3.1   A comprehensive action plan will now be developed and implemented which will combine the findings and recommendations from both the Audit Commission and the council's own internal audit recommendations during 2007/08. This action plan will also incorporate any outstanding recommendations from the Audit Commission's review in 2006/07.

3.2   The action plan will be reported to Cabinet for approval with regular reports on progress provided to the Corporate Improvement Group and Audit and Risk Management committee on a quarterly basis.

4.   Financial implications

4.1   There are no financial implications arising from this report.

5.   Staffing implications

5.1   There are no staffing implications arising from this report.

6.   Equal Opportunities implications

6.1   There are no equal opportunities implications arising from this report.

7.   Community Safety implications

7.1   There are no community safety implications arising from this report.

8.   Local Agenda 21

8.1   There are no local agenda 21 implications arising from this report.

9.   Planning implications

9.1   There are no planning implications arising from this report.

10.   Anti-poverty implications

10.1   There are no anti-poverty implications arising from this report.

11,   Social inclusion implications

11.1   There are no social inclusion implications arising from this report.

12,   Local Member Support implications

12.   There are no local member support implications arising from this report.

13. Background Papers

The following background papers were used in the preparation of this report:-

o Wirral Borough Council data quality audit of 2007/08 data
o Internal audit's data quality findings of 2007/08 data
o Wirral Borough Council data quality audit of 2006/07 data

14. Recommendations

14.1 Members note the contents of this report.

J. WILKIE
Deputy Chief Executive/Director of Corporate Services

This report was prepared by Bev McEneany, who can be contacted on 8164

This page is intentionally left blank

Data Quality Report

auditcommission

Contents

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

Introduction

1   The purpose of this report is to summarise the findings from our work on data quality for 2007/08.

2   Auditors' work on data quality and performance information supports the Audit Commission's reliance on performance indicators (PI) in its service assessments for comprehensive performance assessment (CPA).

3   Our work on data quality is complemented by the Audit Commission's paper, 'Improving information to support decision making: standards for better quality data'. This paper sets out standards, for adoption on a voluntary basis, to support improvement in data quality. The expected impact of the Audit Commission's work on data quality is that it will drive improvement in the quality of local government performance information, leading to greater confidence in the supporting data on which performance assessments are based.

Scope of our work

4   We have followed the Audit Commission's three-stage approach to the review of data quality as set out in Table 1.

Table 1   Data quality approach

Stage 1	**Management arrangements**
	A review using key lines of enquiry (KLOE) to determine whether proper corporate management arrangements for data quality are in place, and whether these are being applied in practice. The findings contribute to the auditor's conclusion under the Code of Audit Practice on the Council's arrangements to secure value for money (the VFM conclusion).
Stage 2	**Analytical review**
	An analytical review of 2007/08 BVPI and non-BVPI data and selection of a sample for testing based on risk assessment.
Stage 3	**Data quality spot checks**
	In-depth review of a sample of 2007/08 PIs most of which come from a list of specified BVPIs and non-BVPIs used in CPA, to determine whether arrangements to secure data quality are delivering accurate, timely and accessible information in practice. For 2007/08 PI spot checks, the Audit Commission specified that it is compulsory to review two housing benefits PIs at all single tier and district councils as a minimum.

5 In addition to the specified indicators we selected for review one non-specified performance indicator - BVPI 8.

Summary conclusions

Stage 1 – Management arrangements

6 The Council's overall management arrangements for ensuring data quality are adequate.

7 Some action has been taken since last year to strengthen arrangements for data quality. Most notably, the Council has implemented a formal policy which now provides a sound foundation for promoting greater corporate ownership of data quality. Like all new policies, this now needs time to become properly established within the organisation in order for the Council to fully realise the benefits. Nevertheless, the Council could progress this by, for example, strengthening its approach to following up issues arising from internal reviews through action planning and training. Our review has also indicated that there may be scope for more effective use to be made of information technology in calculating indicators. This, in turn, may help the Council to improve the timeliness of its performance reports to Cabinet and overview and scrutiny committees. More work also needs to be done to establish data quality arrangements to support partnership working.

Stage 2 – Analytical review

8 Our analytical review work at Stage 2 identified that most of the PI values reviewed either fell within expected ranges or were substantiated by evidence. One PI, BVPI 8, could not be substantiated by evidence and was therefore selected for a more detailed review at Stage 3.

9 We have listed the PIs selected for analytical review in table 2.

Stage 3 – Data quality spot checks

10 We reviewed and spot checked the following PIs.

- BVPI 78a - Time taken to process new claims.
- BVPI 78b - Time taken to process change of circumstances.
- BVPI 82a - Recycling performance.
- HIP HSSA - Private sector homes vacant.
- HIP HSSA - Repeat homelessness.
- BVPI 8 - Percentages of invoices paid on time.

11 With the exception of BVPI 8, we found that the PIs were fairly stated.

12 In our review of BVPI 8, we found that the Council had not followed the correct definition of the indicator. As a result, some data which should have been included in the calculation was not, and vice versa. The Council has re-run the data but have not been able to identify and remove all of the data which should not be included in the calculation, or to identify data which should be included. We are therefore unable to certify that the PI was fairly stated.

13 Last year we found a number of issues in the collection and validation of source data for HIP HSSA private sector homes vacant which meant that the PI had to be recalculated and amended following our review. We included a spot-check of this PI in this year's audit to assess progress. We found that, although no amendment was required, there remains scope for improving the way in which the indicator is calculated. In particular, more effective use could be made of existing information systems which would significantly reduce the amount of time officers spend on manipulating the data to perform the calculation.

14 An action plan has been agreed with the Council to address the issues arising from this review. This is set out at Appendix 1 of this report.

Detailed findings

Management arrangements (Stage 1)

15 We review the management arrangements to determine whether corporate management arrangements for data quality are in place and whether there is evidence that they are being applied in practice.

16 The scope of the review is to focus on corporate arrangements across five themes.

17 Overall, we have assessed that the Council's corporate arrangements for data quality as adequate.

Governance and leadership

18 The Council is committed to improving the quality of its data, and this is supported by clear leadership at a very senior level in the organisation. Over the last year, the Council has rolled out a corporate data quality policy with the result that the roles and responsibilities of relevant staff at an operational level are also now more clearly defined.

19 There is scope for the Council to build on its arrangements for providing governance and leadership on data quality. This could be achieved by:

- Establishing a more corporate approach to action planning and setting specific targets for improvement:

  – Action plans are produced by individual service areas to address opportunities for improvement highlighted by internal audit reviews. The Council's Performance Management Group (PMG) could help support this process by developing action plans and overall targets which address the common themes and issues arising from service reviews, and regularly reviewing progress against these plans and targets.

- Strengthening communication between the various groups and individuals with responsibility for data quality:

  – Both the PMG and the Corporate Improvement Group (CIG) have a role in championing data quality at the Council. Clarifying what this role specifically means for the two groups and establishing more formal lines of reporting between them would improve the capacity of the two groups for providing leadership. These actions, in turn, would also help raise the profile of data quality issues at departmental management team level.

  – Members of the Audit and Risk Management Committee have a role in overseeing and providing scrutiny for data quality at the Council. Producing more frequent reports on key issues and the actions being taken to improve data quality for this Committee would help to discharge this role effectively.

Detailed findings

<table>
<tr><td colspan="2">

Recommendation
</td></tr>
<tr><td>

R1
</td><td>

Strengthen arrangements for providing leadership and governance on data quality by:

- clarifying the respective roles and responsibilities of the CIG and PMG specifically for championing data quality;

- developing an action plan which addresses common themes from service based reviews of data quality and includes measurable targets for improvement, and keeping progress against the plans and targets under regular review within the forum of the PMG;

- producing regular reports for the CIG on progress against the action plan and targets, and ensuring that key messages are being communicated back to departmental management teams through both the CIG and PMG; and

- producing an annual report on progress against the action plan and targets for the Audit and Risk Management Committee.
</td></tr>
<tr><td colspan="2">

Implementing this recommendation will help the Council to further develop its corporate approach to ensuring the quality of its data. We do not anticipate that implementing this recommendation will incur significant cost.
</td></tr>
</table>

Policies

20 As noted above, the Council has rolled out a formal data quality policy in the last year. This provides a good framework for promoting greater corporate ownership and collective responsibility for data quality because the expected roles of all relevant staff are now clearly defined.

21 The value of the data quality policy in facilitating improvements could be further increased by clarifying:

- the respective roles and responsibilities of CIG and PMG specifically for championing data quality (as raised in the previous section);

- the respective roles and responsibilities of internal audit and of PMG in reviewing data quality at service level;

- requirements for validating third party data; and

- arrangements for data sharing to support partnership working.

22 Although the Council took particular steps to ensuring that all relevant staff received and understood the data quality policy, our review found that the policy is not yet being consistently implemented. New policies inevitably take some time to become properly established within any organisation but addressing the recommendation we have made in the previous section will help the Council to quicken this process.

Recommendation

R2 Refine the corporate data quality policy by:

- documenting the respective roles and responsibilities of CIG and PMG for championing data quality (see also recommendation 1);

- clarifying the respective roles and responsibilities of internal audit and of PMG in reviewing data quality at service level; and

- defining the requirements for validating third party data and arrangements for data sharing to support partnership working.

Implementing this recommendation will help the Council realise the full potential of the data quality policy in supporting and facilitating improvements. We do not anticipate that implementing this recommendation will incur significant cost.

Systems and processes

23 As part of its overall commitment to data quality, the Council is striving to produce performance information which is 'right first time', and the action which it has taken over the last year has established a good foundation for achieving this. The data quality policy now provides an explicit statement of the Council's expectations of all relevant staff, and a programme of peer reviews by the PMG has been introduced to run alongside the work of internal audit in assessing data processes at service level. These developments reinforce the message that data quality is 'everybody's business' and complement existing arrangements for ensuring business continuity and data security.

24 As previously stated, the Council now needs to ensure that these developments become properly established within the organisation, and the recommendations we have made in the previous sections will facilitate this.

25 Nevertheless, there is scope for the Council to make more effective use of information systems to calculate performance indicators. Our stage three work found a number of instances where the raw data needed was being provided by information systems, but this then required considerable manual manipulation to calculate the indicator. This not only increases the risk of error in the calculation but is also a time-consuming process which diverts officers from service delivery.

Recommendation

R3 Within each service area, evaluate how information systems are being used to calculate performance indicators and take appropriate action to address any opportunities for improvement identified by this review.

Implementing this recommendation will help the Council ensure that performance indicators are being calculated in the most efficient and effective way. We do not anticipate that implementing this recommendation will incur significant cost.

People and skills

26 The Council is committed to ensuring that relevant staff are clear on their roles and responsibilities for data quality, and the production of the new data quality policy supports this.

27 To calculate a performance indicator for a particular service, the processes and procedures which need to be followed will be very specific to that service. The Council's data quality policy therefore rightly places a requirement on individual departments to provide training for staff on these procedures.

28 Action now needs to be taken to better integrate data quality within arrangements for staff training and development. Although all relevant staff were required to confirm their understanding of the data quality policy when it was issued and to agree to implement it within their service area, their performance against data quality standards and targets is not consistently covered in appraisals. As such, some development needs may not be addressed.

29 Some work also needs to done at a more corporate level to complement and reinforce this. For example, periodic updates, briefings or training sessions could be provided for staff to address common issues arising from the data quality reviews undertaken by internal audit and PMG.

Recommendations
R4 Put arrangements in place to ensure that performance against data quality standards and targets is consistently covered in appraisals for staff with specific responsibilities for data quality, and that action is taken to address any development needs identified by these appraisals.
R5 Put arrangements in place to ensure that common issues and opportunities for improvement arising from data quality reviews undertaken by internal audit and PMG are communicated to all relevant staff.
Implementing these recommendations will help the Council ensure that all relevant staff are sufficiently skilled and appropriately supported to deliver the requirements of the corporate data quality policy. We do not anticipate that implementing this recommendation will incur significant cost.

Data use and reporting

30 The Council may not yet be making optimal use of performance information to manage services. As we would expect, performance reports to senior officers and members highlight areas of under-performance and include a commentary on the action being taken to improve performance. However, we note that the reports made to Cabinet and the various overview and scrutiny committees are frequently some three months after the quarter end. This makes it difficult for members to provide effective challenge.

Recommendation

R6 Investigate the factors which impact on the timeliness of performance reports to Cabinet and the overview and scrutiny committees, and take action to address any issues identified by this review.

Implementing this recommendation will help the Council to improve the capacity of its members for providing effective scrutiny and challenge to performance. We do not anticipate that implementing this recommendation will incur significant cost.

Analytical review (Stage 2)

31 An analytical review of the following BVPIs and non-BVPIs was carried out. The findings, subject to the validation of a sample of PIs in stage 3 spot checks, are shown below.

Table 2 Analytical review findings

2007/08 Performance indicator	Assessment	Comment
BVPI 100 Temporary road closure	Value outside Audit Commission parameters	Less work than anticipated was carried out therefore leading to less road closures.
BVPI 11B Percentage of top 5 per cent earners from black and minority ethnic communities	Value outside Audit Commission parameters	Change in value due to additional employment of staff.
BVPI 11c Top 5 per cent of earners that have a disability	Value outside Audit Commission parameters	Increase due to Council investing resources.
BVPI 12 Number of working days lost due to sickness absence	Value outside Audit Commission parameters	Real decrease in performance.
BVPI 126 Domestic burglaries per 1,000 households	Value outside Audit Commission parameters	Improvement due to a combination of initiatives. Information to monitor this target is produced by Merseyside Police.
BVPI 127a Violent crime per 1,000 population	Value outside Audit Commission parameters	Improvement due to a revised approach to tackling crime lead by the Joint Community Safety team.
BVPI 127b Robberies per 1,000 population	Value outside Audit Commission parameters	Improvement due to CCTV operations, marketing advice to potential victims and high visibility patrolling. Information to monitor this target is produced by Merseyside Police.
BVPI 128 Vehicle crimes per 1,000 population	Value outside Audit Commission parameters	Information to monitor this target is produced by Merseyside Police.
BVPI 14 Percentage of early retirements	Value outside Audit Commission parameters	Decease due to change in the retirement's rules and changes.

2007/08 Performance indicator	Assessment	Comment
BVPI 15 Percentage of ill health retirements	Value outside Audit Commission parameters	Decrease due to changes in the rules on ill health retirements.
BVPI 17a Percentage of black and ethnic minority employees	Value outside Audit Commission parameters	Increase due to Council investing resources in this area.
BVPI 199 a, b and c Cleanliness of public places	Value outside Audit Commission parameters	Increase due to Council investing resources in this area.
BVPI 218b Number of abandoned vehicles (non-specified)	Value outside Audit Commission parameters	Increase due to Council investing resources in this area.
BVPI 221b Participation in and outcomes from youth work	Value outside Audit Commission parameters	Increase due to Council investing resources in this area.
BVPI 223 Condition of principal roads	Value outside Audit Commission parameters	Results produced in accordance with DFT 'Further Guidance for Surveys for BV223 & 224a in 2007/08' using revised set of thresholds and weightings, resulting in significantly lower figure.
BVPI 224 a and b Condition of Principal and non principal roads	Value outside Audit Commission parameters	Results produced in accordance with DFT 'Further Guidance for Surveys for BV223 & 224a in 2007/08' using revised set of thresholds and weightings, resulting in significantly lower figure.
BVPI 45 Absence in secondary schools	Value outside Audit Commission parameters	Increase due to Council investing resources in this area.
BVPI 46 Absence in primary schools	Value outside Audit Commission parameters	Increase due to Council investing resources in this area.

2007/08 Performance indicator	Assessment	Comment
BVPI 76b Number of housing benefit investigations per 1,000 caseload	Value outside Audit Commission parameters	Decrease due to a vacancy in post
BVPI 76d Number of housing benefit prosecutions and sanctions per 1,000 caseload	Value outside Audit Commission parameters	Increase due to Council investing resources in this area.
BVPI 79b (iii) HB overpayments written off as a percentage of the total amount of HB overpayment debt outstanding at the start of the year, plus amount of HB overpayments identified during the year.	Value outside Audit Commission parameters	Reduction in write offs enabling attempts and ability to recover more overpayment debt.
BVPI 8 Invoices paid on time (non-specified)	Value outside Audit Commission parameters	Selected for stage 3 testing.
BVPI 82 a and b Household waste management	Value outside Audit Commission parameters	Selected for stage 3 testing.
BVPI 99 a, b and c Road accident casualties	Value outside Audit Commission parameters	Improvements due to targeted activities in this area.

32 All other PIs reviewed were found to be complete and within plausible and permissible values.

Data quality spot checks (Stage 3)

33 A number of PIs were reviewed using a series of detailed spot checks and audit tests. Our findings are shown below.

Table 3 Spot check findings

Performance indicator	Outturn PI value	Assessment	Comment
Housing Benefits BVPI 78a Number of days processing new claims	22.4	Fairly stated.	One of the 30 cases tested within the initial sample was not accurately calculated, requiring extending our sample by 40 cases. The overall results were that the PI was 4.86 per cent misstated. However, as this error level is within the 10 per cent materiality threshold the PI was assessed as fairly stated.
Housing Benefits BVPI 78b Number of days processing change of circumstances	9.4	Fairly stated.	Three of the 30 cases in our initial sample were not accurately calculated. We extended our testing by a further 40 cases. The overall results were that the PI was 4.29 per cent misstated. However, as this error level is within 10 per cent materiality threshold the PI was assessed as fairly stated.
Environment 82a Recycling performance	21.1 (percentage) 28653.73 (tonnage)	Fairly stated	Our testing concluded that controls are operating effectively and the correct definition is being used for the calculation of this PI.

Performance indicator	Outturn PI value	Assessment	Comment
Housing HIP HSSA Private sector homes vacant	1.71	Fairly stated	Out testing concluded that the PI is fairly stated. The empty properties team has addressed the opportunities for improvement identified following last year's review. However, the team is continuing to experience considerable difficulties in compiling the indicator which could be easily remedied by setting up queries (SQLs) to interrogate the Council Tax system (Academy). More effective use could also be made of officer time in validating the data on empty properties, again through improved working with staff within the Council Tax section. The empty properties team is already taking action to try and address this.
Housing HIP HSSA Repeat homelessness	5	Fairly stated	Our spot check testing found that the PI was fairly stated. However, we found that the corporate DQ policy has not yet been fully implemented. Guidance/procedures for calculating the indicator are not yet documented in all service areas. There is also scope to make more effective use of IT in the calculation of indicators. Data has required some manual manipulation which has demanded officer time and increased the risk of error. In addition there is scope to extend corporate training/briefing on common DQ issues.

Performance indicator	Outturn PI value	Assessment	Comment
Corporate Health BVPI 8 Percentage of Undisputed Invoices Paid on Time	72.83	Unfairly stated	The Council had not applied the correct definition in the calculation of BVPI 8. As a result some data which should have been included in the calculation was not, and vice versa. The Council has re-run the data but were unable to fully identify and remove incorrect data, and were unable to generate source data from their systems which has been incorrectly excluded. We were therefore unable to certify that the PI was fairly stated. Internal audit has carried out a specific review of BVPI 8 in 2007/08 which was reported to the Council in October 2007. It concluded that overall the control environment for the calculation of PI is less than satisfactory, and identified specifically that *'currently the calculation of the PI does not appear to be in accordance with the formula prescribed by the Audit Commission',* and recommended that the calculation of the PI should be revisited to reflect the guidance provided by the Audit Commission. It is evident that these recommendations have not been implemented.

34 From April 2008 Councils are to collect data in line with the new national indication set (NIS). In total there are 198 indicators in this set which will be reported in for every Local Strategic Partnership.

35 Data for many of these indicators (just under 50 per cent) are already being collected, and many of the existing indicators are subsumed into revised indicators from the new NIS. It is therefore crucial that the Council fully revisits its management arrangements in order to ensure that they are correctly collecting and reporting data in line with the new requirements of the NIS.

36 Whilst we concluded that BVPIs 78a and 78b were within material limits, our testing identified a number of errors of recording within the system of the date that claims or change in circumstances were received. The Council should review its compliance testing arrangements to ensure that data collected and reported for these PIs is robust. These two indicators are being reported via NI 181 from 2008/09.

37 In the case of BVPI 8, this indicator is being ceased in its current format from 2008/09 within the new NI set. However invoice processing and payments is now seen as part of the process of providing some of the services listed within other indicators, for example NI 14. In compiling these indicators it is assumed that the Council has robust processes in place to collect, monitor and report on the source data. We would urge Corporate Services to revisit the recommendations made in the internal audit report to ensure that they are equipped to report on the new national indicators.

Recommendations	
R7	The Council should review its compliance testing arrangements to ensure that data collected and reported for Housing Benefits PIs is robust.
R8	The Council have improved in their reporting of HIP HSSA - Private sector homes vacant; however they are continuing to experience considerable difficulties in compiling the indicator which could be easily remedied by setting up queries (SQLs) to interrogate the Council Tax system (Academy). More effective use could also be made of officer time in validating the data on empty properties, again through improved working with staff within the Council Tax section.
R9	Our spot check testing found HIP HSSA repeat homelessness indicator was fairly stated. However, we found that the corporate DQ policy has not yet been fully implemented. Guidance/procedures for calculating the indicator are not yet documented in all service areas.
	There is further scope to make more effective use of IT in the calculation of indicators. Data has required some manual manipulation which has demanded officer time and increased the risk of error.
	In addition there is scope to extend corporate training/briefing on common DQ issues.
R10	The Council should carry out a review of its management arrangements in order to ensure that they are correctly collecting and reporting data in line with the new requirements of the NIS.
R11	We would urge Corporate Services to revisit the recommendations made in the internal audit report to ensure that they are equipped to report on the new national indicators.

Appendix 1 – Action Plan

Page no.	Recommendation		Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R1	Strengthen arrangements for providing leadership and governance on data quality by: • clarifying the respective roles and responsibilities of the CIG and PMG specifically for championing data quality; • developing an action plan which addresses common themes from service based reviews of data quality and includes measurable targets for improvement, and keeping progress against the plans and targets under regular review within the forum of the PMG; • producing regular reports for the CIG on progress against the action plan and targets, and ensuring that key messages are being communicated back to departmental management teams through both the CIG and PMG; and • producing an annual report on progress against the action plan and targets for the Audit and Risk Management Committee.	3	Head of Policy / Corporate Performance Manager	Yes	To be developed by performance management group and corporate improvement group	By 31 March 2009

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	Implementing this recommendation will help the Council to further develop its corporate approach to ensuring the quality of its data. We do not anticipate that implementing this recommendation will incur significant cost.					
8	R2 Refine the corporate data quality policy by: • documenting the respective roles and responsibilities of CIG and PMG for championing data quality (see also recommendation 1); • clarifying the respective roles and responsibilities of internal audit and of PMG in reviewing data quality at service level; and • defining the requirements for validating third party data and arrangements for data sharing to support partnership working. Implementing this recommendation will help the Council realise the full potential of the data quality policy in supporting and facilitating improvements. We do not anticipate that implementing this recommendation will incur significant cost.	3	Head of Policy / Corporate Performance Manager	Yes in part	The third bullet will require a significant amount of effort to establish all requirements for data sharing between partners. This may well bring a significant cost implication and individual partners have their own regulatory frameworks regarding data sharing and audit. It is not practical to assume that the authority's DQP will define all requirements for partners. We would look for the Commission to agree with the combined inspectorates how it wishes to tackle auditing data quality and provide further guidance on this to the local authority.	By 31 March 2009

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R3 Within each service area, evaluate how information systems are being used to calculate performance indicators and take appropriate action to address any opportunities for improvement identified by this review. Implementing this recommendation will help the Council ensure that performance indicators are being calculated in the most efficient and effective way. We do not anticipate that implementing this recommendation will incur significant cost.	2	Head of Policy for overall process. Relevant heads of service for all indicators.	Yes	Any system changes must be cost effective and it is not clear that they will not incur significant cost.	By 31 March 2009
9	R4 Put arrangements in place to ensure that performance against data quality standards and targets is consistently covered in appraisals for staff with specific responsibilities for data quality, and that action is taken to address any development needs identified by these appraisals.			No as worded	The KIE framework is currently under review and this will provide an opportunity to incorporate a council policy to address this recommendation. Ultimate responsibility will be for the chief officer of the relevant department to ensure this is implemented. Auditing this to ensure it happens would be prohibitively expensive and would not generate sufficient benefit to justify the cost.	

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
9	R5 Put arrangements in place to ensure that common issues and opportunities for improvement arising from data quality reviews undertaken by internal audit and PMG are communicated to all relevant staff. Implementing these recommendations will help the Council ensure that all relevant staff are sufficiently skilled and appropriately supported to deliver the requirements of the corporate data quality policy. We do not anticipate that implementing this recommendation will incur significant cost.	2	Corporate Performance Manager	Yes	Performance management group will lead on circulating information within their departments.	By 31 March 2009
10	R6 Investigate the factors which impact on the timeliness of performance reports to Cabinet and the overview and scrutiny committees, and take action to address any issues identified by this review. Implementing this recommendation will help the Council to improve the capacity of its members for providing effective scrutiny and challenge to performance. We do not anticipate that implementing this recommendation will incur significant cost.	2	Head of Policy / Corporate Performance Manager	Yes	This has already been improved during 2008/9, particularly for chief officers and cabinet. The number of meetings contained within the Council timetable makes it difficult to provide timely reports to Overview & Scrutiny committees. However, in the light of the adoption of the new Corporate Plan, Cabinet is minded therefore to consider recommending to Council a system where five Overview and Scrutiny Committees mirror instead the five agreed Corporate Objectives in order to allow those committees to play a real part in delivering the Council's agreed agenda.	By 31 March 2009

Page no.	Recommendation		Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
						However, Cabinet realises that this is an issue that will need substantial consultation and debate with all those concerned and therefore agrees to review the position with the object of taking new proposals, with detailed terms of reference, to the appropriate Council to take effect from the next Council AGM.	
17	R7	The Council should review its compliance testing arrangements to ensure that data collected and reported for Housing Benefits PIs is robust.	2	Head of Revenues, Benefits and Customer Service / Housing benefit section	Yes	Performance indicators have been replaced by just 2 National Indicators for 2008/09 and specific tests are in place to identify errors in recording of data which may impact on those indicators.	By 31 March 2009
17	R8	The Council have improved in their reporting of HIP HSSA - Private sector homes vacant; however they are continuing to experience considerable difficulties in compiling the indicator which could be easily remedied by setting up queries (SQLs) to interrogate the Council Tax system (Academy). More effective use could also be made of officer time in validating the data on empty properties, again through improved working with staff within the Council Tax section.	2	Head of Housing / Head of Benefits, Revenues and Customer Services	Yes	Communication has been established between the relevant sections to address this recommendation. Work is also underway to reference other best practice authorities to address this recommendation	July 2009

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
17	R9 Our spot check testing found HIP HSSA repeat homelessness indicator was fairly stated. However, we found that the corporate DQ policy has not yet been fully implemented. Guidance/procedures for calculating the indicator are not yet documented in all service areas. There is further scope to make more effective use of IT in the calculation of indicators. Data has required some manual manipulation which has demanded officer time and increased the risk of error. In addition there is scope to extend corporate training/briefing on common DQ issues.	3	Corporate Performance Manager / Head of Housing	Yes	Data collection will now be fully aided the recent installation of a homelessness IT system. Wirral's data quality policy was circulated by the Chief Executive to all relevant staff. Further training will be provided regarding data quality and Wirral's data quality policy to ensure full implementation. Guidance and procedure notes for calculation will be documented in all areas and will be checked through spot checks coordinated by the corporate performance team.	Complete March 2009
17	R10 The Council should carry out a review of its management arrangements in order to ensure that they are correctly collecting and reporting data in line with the new requirements of the NIS.	2	Head of Policy	Yes	This is already underway, however many of the arrangements are either set by central government or have not yet been clarified by government departments.	By 31 March 09
17	R11 We would urge Corporate services to revisit the recommendations made in the internal audit report to ensure that they are equipped to report on the new national indicators.	2	Head of Policy	Yes	We have already reviewed the NIS and refer to R7 above.	By 31 March 09

Page 95

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

26 JANUARY 2009

REPORT OF THE DIRECTOR OF FINANCE

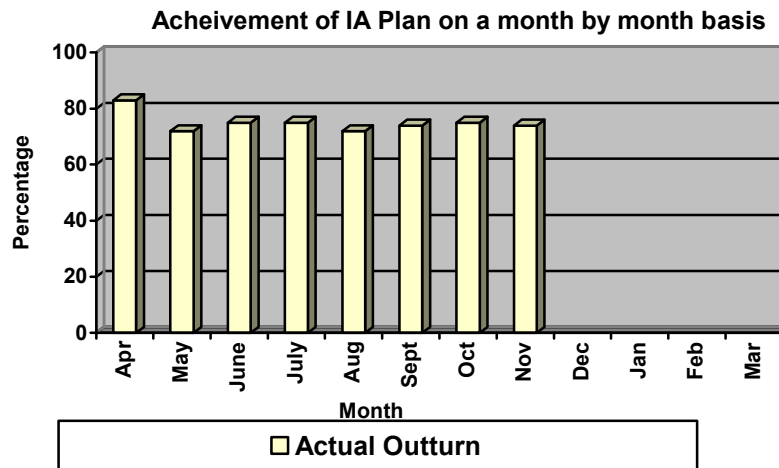**INTERNAL AUDIT WORK: NOVEMBER TO DECEMBER 2008**

1.   **EXECUTIVE SUMMARY**

1.1.   In order to assist in effective corporate governance and fulfil statutory requirements, the Internal Audit Section of the Finance Department reviews management and service delivery arrangements within the Council as well as financial control systems. Work areas are selected for review on the basis of risks identified on the Corporate Risk Register and as assessed by Internal Audit in consultation with Chief Officers and Managers.

1.2.   This report identifies and evaluates the performance of the Internal Audit Section and includes details of the actual work undertaken over the period and the number of 'High' risk recommendations identified in reports. Items of significance identified during the audit process that require the attention of Members are included along with any items requested by Members for.

2.   **INTERNAL AUDIT – PERFORMANCE**

2.1.   This report summarises the audit work completed between 11 November 2008 and 31 December 2008. The specific nature of the work that has been undertaken or is currently ongoing is identified in Appendix I. 55 audit reports were produced during this period. 56 high and 28 medium priority recommendations were identified in the reports issued. Management has agreed to implement all of the recommendations made within a satisfactory timescale. Those reports identifying high priority recommendations are analysed in more detail in section 3 of this report.

2.2.   The Internal Audit Section constantly evaluates the effectiveness of performance including a number of performance indicators in key areas.

2.2.1. To ensure that 90% of the Internal Audit plan is completed by the 31 March 2009.

Acheivement of IA Plan on a month by month basis

Percentage

100
80
60
40
20
0

Apr   May   June   July   Aug   Sept   Oct   Nov   Dec   Jan   Feb   Mar

Month

☐ **Actual Outturn**

    a.   This is an input based measure i.e. the estimated number of days required each month to deliver the whole of the audit plan. For the eight months of the year to date achievement has averaged 74% against a target of 90%. This is primarily as a result of long term staffing resource problems being experienced over the period. However, whilst this is an important measure, it is of more relevance for the Council to ensure that the major risks to the Authority are reviewed.

    b   The Internal Audit Plan comprises a substantial number of audits designed to review the risks to Council systems. These audits are weighted according to the significance of the risk posed and ranked as either high, medium or low priority. It is essential that all of the high risk audits are completed during the audit plan year.

2.2.2. High Risk systems audited as a percentage of total audits completed.

    a.   To ensure that all of the key risks identified in the Internal Audit Plan are reviewed, we monitor the number of high risk audits undertaken as a percentage of all audits and have prioritised the delivery of these audits and focused on these during the year. This is analysed in more detail in the chart below.

High Risk Systems Audited
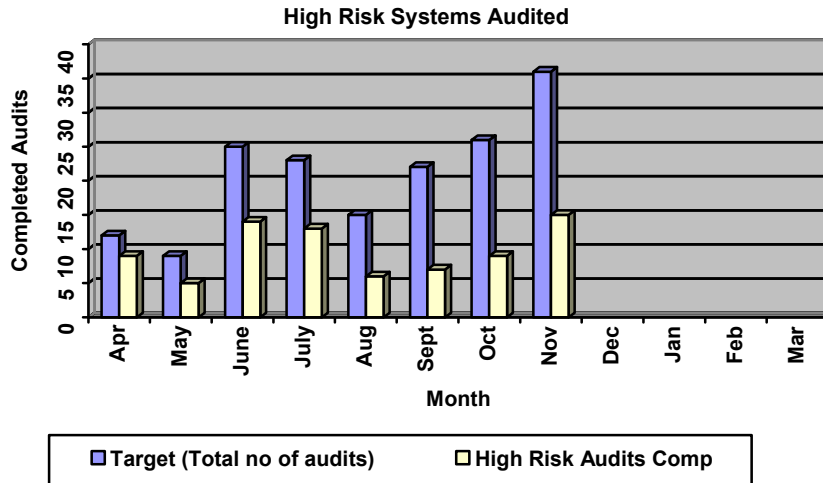
b.   The chart clearly identifies that the number of high risk audits undertaken is a significant proportion of the total number of audits completed each month, particularly in the early part of the year, and reflecting the deliberate policy of the Internal Audit Section to complete as many of these audits as early as possible. Of the 89 high risk audits identified in the audit plan 78 of these have been completed to date and the Section is on target to complete all of these by the year end.

c.   As a result of this, any further shortfall in delivery of the audit plan in the later part of the year should not therefore impact significantly upon the completion of these high priority audits.

2.2.3. Planned audits completed.

Percentage of Planned Audits Completed
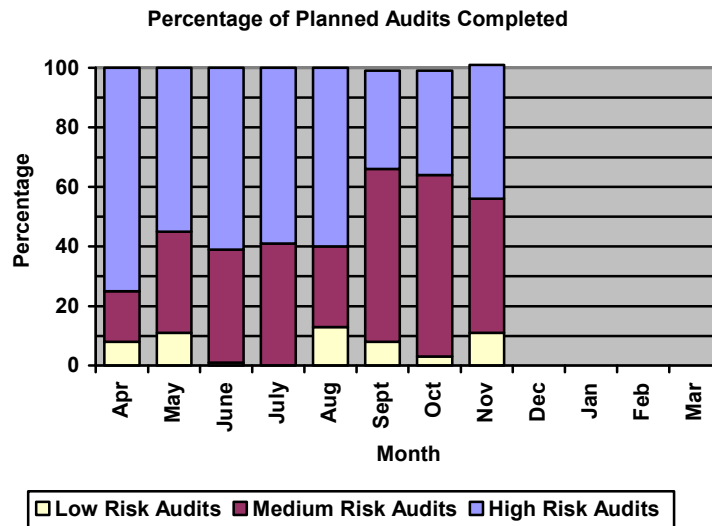
a. I measure the estimated number of planned audit reports which will be completed each month. It is expected that 327 audit reports will be issued this year. To date 180 reports have been produced, representing 55% of the total number of reports, and including 88% of the high risk audit reports.

b. The performance is below target for this time of the year and is directly related to the staffing issues which the Section has been experiencing during the year to date. Attempts have been made to address this issue and a recent recruitment drive has resulted in three of the five vacancies in the Section being filled, although only one of these has been by an external candidate.

2.2.4. Percentage of Customer Satisfaction Forms returned indicating a 'good' opinion of the service.

Customer Survey Forms
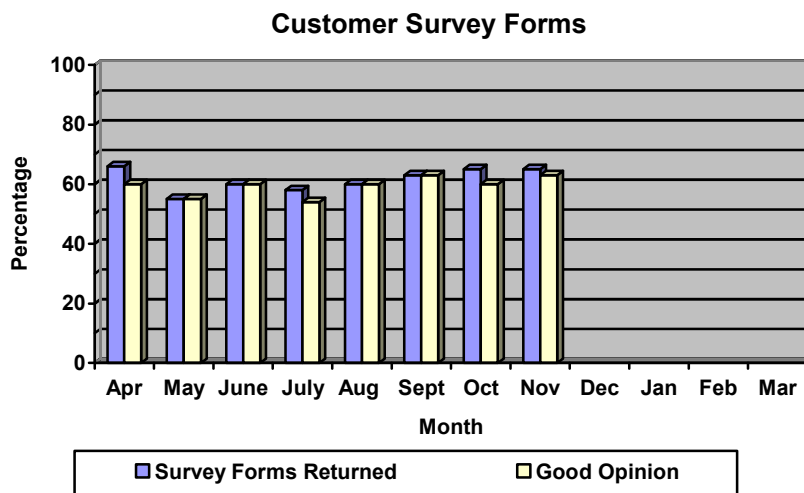
a. Customer survey forms are completed by the clients following the completion of an audit and pose a number of questions relating to the audit, its findings and the conduct of the auditor. The chart identifies the percentage of those forms returned that indicate a positive opinion of the service. This clearly indicates that the Internal Audit Section is viewed very positively by its clients and is regarded as adding value to the systems that it audits. Where feedback from clients identifies issues appropriate measures have been taken by management to address these and prevent any reoccurrence.

2.2.5.   The percentage of audits completed by risk category.

Audits Completed by Risk Category
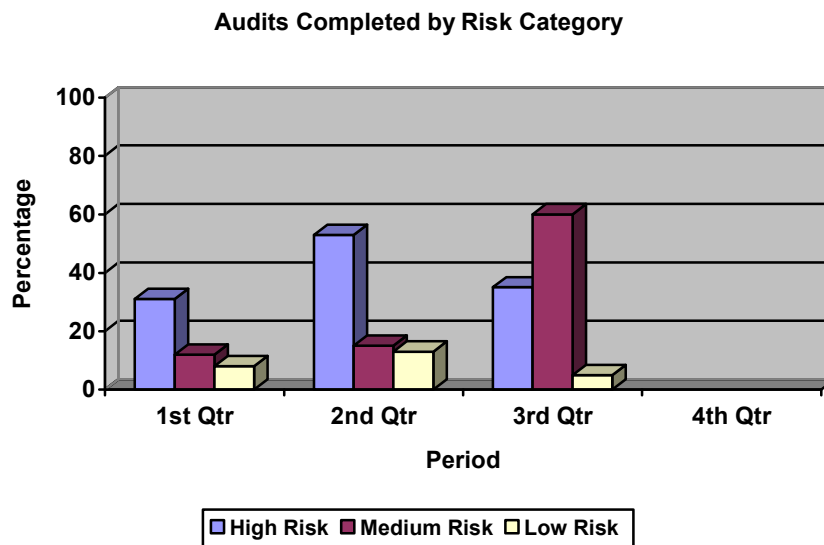
a.   This chart also clearly reflects the deliberate policy of the Internal Audit Section to ensure that all high risk audits are completed during the year as it is essential to the well being of the Council that any risks in these areas are addressed. It is anticipated that with existing resources all of the high risk audits and a significant proportion of the medium risk will be completed. Any audits that are unable to be undertaken during the year will be carried forward to the next Audit Plan and the risk to the effectiveness of Council systems re-assessed as part of this process.

2.2.6. Follow up Audits

a.   To comply with current best practice and Audit Commission recommendations, follow-up audits are undertaken for all completed audits up to six months after the completion date, to confirm the implementation of agreed recommendations. The majority of the required follow up audits relating to work undertaken this year have now been completed and the remainder are currently ongoing. No significant delays have occurred in this area despite the resource problems experienced to date. No outstanding issues were identified that require the attention of the Audit and Risk Management Committee.

3.   **ITEMS OF NOTE**

3.1   Data Security

3.1.1. At the meeting of this Committee on 1 December 2008 Members requested that details of the findings of the audit review of Data Security arrangements in operation across the Council be reported. This audit work is currently ongoing; however emerging findings would suggest that there are weaknesses in the existing arrangements, particularly in the following areas:

- Inconsistencies of approach across the Council with regards to exchanging data with partners,
- Corporate risk assessments of data exchanges not being conducted regularly,
- Technical controls to prevent data being copied to uncontrolled media such as CD's, USB Flash Drives and SD Cards not being implemented to support Council policy.

3.1.2. Extensive work is currently being undertaken across the Council to ensure that the security arrangements in this area are improved to comply with best practice and the requirements of the Government Connect initiative which is scheduled to be operational by 30 September 2009 and the details of this will be summarised in the findings of the audit and reported to Chief Officers and Members in due course.

4.   **INTERNAL AUDIT PLAN - PROGRESS OF WORK**

4.1   The following table identifies audits undertaken over the period which include recommendations of a high priority nature. All the audits were of systems categorised as 'High Risk' except those identified with an asterisk.

Audit	Total Recs Agreed	Recs Not Agreed
* Solar Campus - Final Account	1	-
Accounts Payable - Reconciliation Review	2	-
ERDF Review	1	-
PIR Academy HB/CT – Review	1	-
FMSIS Review – Portland School	7	-
Travel and Subsistence – Technical Services	2	-
Travel and Subsistence – Regeneration	1	-
* Network Controls – Review	1	-
* Pacific Road Bar Operations – Follow Up	1	-
FMSIS Review – St Peters (Heswall)	7	-
FMSIS Review – Woodland	4	-
* Rock Ferry High – Fire Reinstatement – Final Account	1	-
* Rock Ferry High School – Lab Extension – Final Account	1	-
FMSIS Review – Ladymount Primary School	4	-
FMSIS Review – St Josephs (Wallasey)	6	-

FMSIS Review – Castleway	3	-
FMSIS Review – Ganneys Meadow	5	-
Annual Governance Statement – Follow Up	4	-
* Foster Care - Review	4	-

4.2 All of the action plans in respect of the audits identified have been returned fully completed and identify appropriate timescales for the implementation of agreed recommendations.

5. FINANCIAL AND STAFFING IMPLICATIONS

5.1. There are none arising from this report.

6. LOCAL MEMBER SUPPORT IMPLICATIONS

6.1. There are no local Member support implications.

7. LOCAL AGENDA 21 STATEMENT

7.1. There are no local agenda 21 implications.

8. PLANNING IMPLICATIONS

8.1. There are no planning implications.

9. EQUAL OPPORTUNITIES IMPLICATIONS

9.1. There are no equal opportunities implications.

10. COMMUNITY SAFETY IMPLICATIONS

10.1. There are no community safety implications.

11. HUMAN RIGHTS IMPLICATIONS

11.1. There are no human rights implications.

12. BACKGROUND PAPERS

12.1. Internal Audit Annual Plan 2008/09.

12.2. Audit Reports.

13.   **RECOMMENDATION**

13.1.   That the report be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/6/09

INTERNAL AUDIT PLAN 2008/09

WORK CONDUCTED/ONGOING – 11 NOVEMBER to 31 DECEMBER 2008

1. **SYSTEMS**

    (a)   Finance
    - Insurance
    - Cheque Control
    - Credit Cards
    - Conflict of Interest
    - One Stop Shops
    - Creditors
    - Risk Management
    - Debtors
    - Housing Benefits
    - VAT
    - Leasing
    - Archiving
    - Cashiers

    (b)   Law, HR and Asset Management
    - Contracts
    - Governance
    - Members Gifts and Hospitality
    - Members ICT
    - Access
    - Payroll

    (c)   Children & Young People
    - Schools
    - Financial Management Standard in Schools
    - Creditors
    - Transport
    - Foster Care

    (d)   Technical Services
    - Final Accounts
    - Arboricultural Services
    - Greenwaste Procurement
    - Estimates for Works Contracts
    - Asbestos Works - Tendering
    - Coastal Survey Contract
    - Abandoned Vehicles

    (e)   Adult Social Services
    - Gifts and Hospitality
    - Risk Management
    - Charging Policy

(f)	Corporate Systems	-	Corporate Governance
		-	Risk Management
		-	Performance Management
		-	National Fraud Initiative
		-	Money Laundering
		-	Health and Safety
		-	Credit Cards
		-	European Regional Development Fund (ERDF)

(g)	Regeneration	-	Community Energy Efficiency Fund
		-	Libraries
		-	Pacific Road Bar Operation
		-	Neighbourhood Renewal Fund
		-	First Home Scheme
		-	Trading Standards Business Support
		-	Environmental Health

(h)	Corporate Services	-	Performance
		-	Local Area Agreements

2. **SCHOOLS**

    (a)   7 FMSIS Schools

3. **OTHER ESTABLISHMENTS**

    (a)   Wirral Tennis Centre
    (b)   Libraries
    (c)   Community Centres
    (d)   One Stop Shops

4. **ICT**

    (a)   Data Security Standards (PCI)
    (b)   Data Transfer Security
    (c)   Members ICT Governance
    (d)   Network Controls

5. **PERFORMANCE AND BEST VALUE**

    (a)   Performance Indicators
    (b)   Local Area Agreements

6. **ANTI-FRAUD**

    (a)   National Fraud Initiative
    (b)   Mobile Telecommunications
    (c)   Money Laundering
    (d)   CIPFA Anti Fraud Self Assessment Exercise

7. **INVESTIGATIONS**

    (a)   PIDA – Adult Social Services
    (b)   Print Unit
    (c)   Pension Fund

8. **OTHER**

    (a)   Wirral Methodist/Family Housing Association's
    (b)   6 Final Accounts (totalling £ 3 million) examined

This page is intentionally left blank