

# AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 31 March 2009

Present: Councillor P Southwood (Chair)  
Councillors S Mountney C Povall  
J Crabtree S Quinn

## 60 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.

## 61 MINUTES

The Director of Law, HR and Asset Management presented the minutes of the meeting held on 26 January 2009.

In response to a question from a member with regard to the progress of the investigation into issues related to the Adult Social Services PIDA Disclosure, the Director of Law, HR and Asset Management reported that although the Internal Audit report had been completed, his advice was that it should not be presented to members until associated disciplinary matters had been concluded insofar as the Council's procedures were concerned. He anticipated being in a position to present an update to the next meeting of the Committee.

**Resolved – That the minutes of the meeting held on 26 January 2009 be approved.**

## 62 ANNUAL GOVERNANCE STATEMENT

The Director of Finance reported that the preparation and publication of an Annual Governance Statement was necessary to meet the statutory requirement set out in the Accounts and Audit Regulations 2006. He commented that governance was about how the Authority ensured that it was doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. The CIPFA/SOLACE Delivering Good Governance Framework provided a structure to assist local authorities with their approach to governance and the Director set out the six core principles contained within the Framework that were required to be considered when defining good practice.

He commented that within the Council there was a well established process for the review of the control system, collation of information and compilation and monitoring of the Annual Governance Statement that was managed by the Internal Audit Section and reported through the Corporate Improvement Group. However, whilst Internal

Audit was responsible for undertaking the assurance work and the production of the Annual Governance Statement it was important to recognise that it was not a document owned by the audit function, but an Authority statement on the effectiveness of its governance processes. Therefore commitment was required by all services and senior officers involved with the process. He presented for consideration the Annual Governance Statement for 2008/2009, which included detailed comment regarding the effectiveness of the governance arrangements in operation and he circulated a number of proposed amendments to it, which would be incorporated prior to it being signed by the Chief Executive and Leader of the Council and included with the Statement of Accounts. A final version of the document would be included in the Statement of Accounts to be presented to the next meeting of the Committee.

**Resolved – That subject to the inclusion of the various amendments, the Annual Governance Statement for 2008/2009 be approved for inclusion with the Financial Statements and be signed by the Chief Executive and Leader of the Council.**

63 **AUDIT COMMISSION ANNUAL GOVERNANCE REPORT - ACTION PLAN UPDATE**

Further to minute 40 (1 December 2008), the Director of Finance reported upon progress on the implementation of the action plan which had been formulated to deliver the recommendations contained within the Audit Commission Annual Governance Report. He submitted the action plan for consideration, and indicated that all of the outstanding items would be completed by the next meeting of the Committee. The action plan would also be reflected in the Statement of Accounts to be presented to the next meeting.

**Resolved – That progress on delivering the action plan be noted.**

64 **FINANCIAL AND PERFORMANCE MONITORING**

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 and was for the quarter-ended 31 December 2008. The report had been presented to the Cabinet on 19 March 2009 (minute 410 refers) and having noted the report, the Cabinet agreed upon the need to present information in a concise and timely fashion in a manner easily accessible to members. It therefore asked for a short and to the point report to be placed in the electronic library within two weeks of the end of the quarter and a presentation made by the Director of Corporate Services to the next available Cabinet meeting.

**Resolved – That the report, and the views expressed by the Cabinet in relation to revisions to future financial and performance monitoring reports, be noted.**

65 **INTERNAL AUDIT PLAN 2009/2010**

The Director of Finance reported that the Internal Audit section of the Finance Department planned and completed audits to review all areas of risk and he presented for approval the Internal Audit Plan for 2009/2010, which had been produced by the Chief Internal Auditor following consultation with the Chief Executive

and Chief Officers of the Council. It had been prepared using a 'risk based' method, which was recognised as best practice and was recommended by the Audit Commission. He outlined the planned coverage for 2009/2010 and he set out the areas identified as high risk together with the key areas for audit during the year.

**Resolved – That the Internal Audit Plan for 2009/2010 be approved.**

66 **REVIEW OF THE SYSTEM OF INTERNAL AUDIT**

The Director of Finance reported upon a review of the system of internal audit, which had been conducted in compliance with the requirements of the Accounts and Audit (Amendment) (England) Regulations 2006. He reported that as this was still a relatively new requirement there was as yet no established good practice, prescribed action or recommendations. However, he set out the CIPFA advice and commented that the review had been conducted on the basis of a self-assessment of compliance with the CIPFA Code of Practice for Internal Audit in Local Government, a Customer Satisfaction Survey, in accordance with the current advice available, the results of work undertaken to prepare the Annual Governance Statement and the findings of Audit Commission reviews, including the triennial review of the Internal Audit Service.

**Resolved –**

**(1) That the report be noted.**

**(2) That the Chair be authorised to complete the self assessment checklist on behalf of the Committee and it be presented to the next meeting for consideration.**

67 **INTERNAL AUDIT WORK - JANUARY TO FEBRUARY 2009**

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 provided a summary of the audit work completed during January and February 2009 and reported that during the period, 59 audit reports had been produced with 50 high and 101 medium priority recommendations identified. He provided a detailed analysis of high priority recommendations and reported that management had agreed to implement all of the recommendations made within a satisfactory timescale.

In response to a question from a member in relation to Data Transfer Security, the Director commented that the audit report had been completed and a number of issues were being addressed by management.

**Resolved – That the report be noted.**

68 **COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA) - USE OF RESOURCES 2008**

The Director of Finance reported upon the Comprehensive Performance Assessment (CPA) Use of Resources (UoR) assessment for 2008, which had recently been released by the Audit Commission. It was the last assessment to be made under the CPA framework and related to the 2007/2008 financial year. The Director was pleased to report that as a result of improvement during the assessment period, Wirral had scored a level three, an increase on the 2007 overall score of 2. He provided an analysis of the scores over the key lines of enquiry (KLOE) and he set out future work to be undertaken to secure continuous improvement.

From 2009, the UoR would be assessed under the Comprehensive Area Assessment (CAA) and previous reports to the Cabinet had outlined the changes in the UoR assessment framework in accordance with the move to the CAA. This would be a harder test and would involve a wider view of resources reflecting people, IT, data and environmental resources as well as financial resources. He commented that it was clear that the arrangements would present authorities with increased challenges to retain their current scores.

**Resolved –**

**(1) That the 2008 Use of Resources assessment be noted.**

**(2) That regular reports be presented on progress on the 2009 Use of Resources assessment.**

**(3) That the thanks of the Committee be accorded to those officers involved in the securing the improved UoR rating.**

69 **CORPORATE RISK AND INSURANCE MANAGEMENT**

The Director of Finance reported upon recent progress made against the objectives for Corporate Risk and Insurance Management and he set out anticipated developments in the coming months.

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

70 **RISK REGISTER ASSESSMENT CRITERIA**

Further to minute 52 (26 January 2009), the Director of Finance reported upon the criteria used in the scoring and evaluation of risks and he presented the existing assessment criteria and table that were contained within the current Risk Management Strategy, approved by the Cabinet (minute 156 (23 July 2008) refers). He commented that best practice was for all risks to be assessed in relation to their likelihood as well as their potential impact. Numerical values were usually allocated to both the likelihood and impact so that the significance of an individual risk could be expressed as a figure, or total risk score, by way of a 5 x 5 scoring matrix. In addition to the scoring criteria, the risk assessment framework would often also contain a table which enabled each risk to be placed into an overall category according to its total risk score. Commonly they were categorised as high, medium or low in order to

assist in identifying risks which needed to be reported to different levels within the organisation.

**Resolved –**

**(1) That the report be noted.**

**(2) That the completed Risk Register be presented to the next meeting of the Committee.**

*This minute was subsequently amended by the Committee on 29 June 2009 (minute 2 refers) by the addition of the following to the resolution –*

**(3) That the risk scoring matrix be included in all future reports to the Audit and Risk Management Committee.**

## 71 **ACCESS TO SERVICES - ACTION PLAN UPDATE**

Further to minute 58 (26 January 2009), the Director of Finance provided an update on the work being undertaken following the Audit Commission report on Access to Services. The report had identified a number of service strengths as well as areas for ongoing improvement and the inspectors recommended the Council to address three key recommendations –

- review the means of access across all services;
- strengthen the approach to accessibility and user-focus within the performance management arrangements; and
- consolidate existing plans for improving access within an overall strategy.

The Director presented an action plan which had been produced to respond to those specific recommendations and to build upon the success of the many areas identified in the inspection. He commented also that the work linked to other key corporate initiatives such as the Change Programme, the Strategic Asset Review (SAR) and the ongoing development of the Customer Access Strategy. In response to a question from the Chair in relation to the impact on access to services of the Strategic Asset Review, the District Auditor indicated that although access had been a key consideration of the SAR, an impact assessment would need to be undertaken at a future date.

**Resolved – That the report be noted.**

## 72 **PARTNERSHIPS FRAMEWORK AND TOOLKIT**

The Director of Law, HR and Asset Management reported that the Council, like other bodies, increasingly provided services through partnerships with other bodies. Although partnership working brought great opportunities, there were also risks, particularly in terms of possible lack of clarity over governance arrangements and accountability and he set out actions that had been taken as a result of an action plan developed following an Audit Commission review of the Council's governance arrangements for partnerships in 2003/2004. He reported that a further review had now been undertaken and the outcome would form the basis of a report to a future meeting of the Committee. He anticipated that the report would highlight the need for

the Council to strengthen its arrangements for ensuring that the council's partnership arrangements were strong and he presented a draft Partnership Framework and Toolkit.

The document provided a framework for ensuring that the Council's partnership arrangements were clear and transparent and it would ensure that the Council would only enter in to partnerships or remain in them where there was clear added value and the benefits outweighed any risks or drawback. Furthermore, it recognised that the Council should focus its limited resources on those partnerships which would contribute towards meeting the Council's LAA improvement targets, strategic objectives or statutory responsibilities. He reported that the framework required that the Council identify for each partnership a link officer and a responsible Head of Service and that all officers involved in partnership working would have sufficient training to operate the framework and toolkit effectively. There would be a review of all existing partnerships to ensure that there was a business case in respect of each and a risk assessment would also be carried out in respect of each. He proposed that the reviews would be completed within 6 months and that all partnerships would then be reviewed at least annually. There would also need to be a business case made out before the Council entered in to any new partnership and the process identified in the framework would need to be followed in each case.

Following consideration of the document by Cabinet and the Council, it was intended that it be included within the constitution of the Council to reinforce the importance of governance within partnerships. In response to comments from members, the Director indicated that any gaps in the document as a result of officers having left the employment of the Council would be filled prior to its submission to the Cabinet. In response to a comment from the Chair, the Director indicated that the role of the Audit and Risk Management Committee would be to monitor the effectiveness of the framework, having regard to the views of internal audit.

**Resolved – That the Partnership Framework and Toolkit be endorsed and referred to Council for Approval and inclusion within the constitution.**

### 73 **USE OF POWERS UNDER THE REGULATIONS OF INVESTIGATORY POWERS ACT (RIPA)**

The Director of Law, HR and Asset Management reported that the Regulation of Investigatory Powers Act 2000 ("RIPA") governed how public bodies used surveillance methods and that Wirral Council, like other local authorities was entitled to use directed surveillance where doing so was in the public interest for the purpose of preventing or detecting crime or preventing disorder. The Office of the Surveillance Commissioner ("OSC") was responsible for overseeing the operation of RIPA and the Council had to account to the OSC on an annual basis on its use of RIPA. The Council had been the subject of 2 inspections by the OSC in July 2003 and July 2007 and the use of RIPA was also the subject of a recent review by the Internal Audit Section. He reported that one of the recommendations of the review was that the Council's Policy and Procedures on the use of RIPA be updated. The Policy was most recently reviewed in 2004.

He commented that unfortunately, there had been a large degree of misreporting on the subject of surveillance and he presented a Home Office document on some of the misconceptions. The Council had used directed surveillance to support its

enforcement activity since the passing of RIPA and in the year 2007/2008 the Council granted 45 authorisations. Those related to cases investigated by the Wirral Anti-social Behaviour Team (36) and the Trading Standards team (9) and the use of the powers had assisted in legal action to tackle rogue traders and to obtain court orders to tackle anti-social behaviour.

The Director presented a copy of the latest OSC inspection report and he outlined the actions taken by the Council in response to recommendations contained within it. He presented also a revised policy and procedure on the use of powers under RIPA, which had been considered by the Chief Officers Management Team and would also be presented to the next meeting of the Cabinet. He reported also that the Council would be subject to a further OSC inspection this year, which would test the adequacy of the arrangements that were in place.

In response to comments from members, the Director reported that authorising officers had to be satisfied that the use of covert surveillance was as a last resort. All responsible/authorised officers of the Council involved in such activity were required to be trained at least every two years and risk assessments would always be undertaken.

**Resolved –**

**(1) That the Policy and Procedure on the Use of Powers under the Regulation of Investigatory Powers Act be endorsed.**

**(2) That regular update reports be presented to future meetings of the Committee, setting out the reasons for the use of directed surveillance under RIPA, and to include details of the outcome of such operations.**

74 **REPORTS SUBMITTED AFTER DEADLINES**

Further to minute 56 (26 January 2009) the Director of Law, HR and Asset Management provided information in relation to the number of late reports, by Committee, received by Committee Services during the cycle that ended with Council on 9 February 2009. In some instances the reports would have been received after the agenda had been published and therefore a supplementary agenda was produced.

He commented that deadlines for all Committees were circulated at the beginning of the Municipal Year to all Chief Officers and report authors and were available on the Council's Intranet site. The large number of meetings scheduled by the Council necessitated a large number of reports to be generated across the democratic process as a whole. He anticipated that the reduction in the number of Overview and Scrutiny Committees agreed by the Cabinet would reduce the number of late reports.

**Resolved –**

**(1) That the report be noted.**

**(2) That further monitoring reports be presented to the next two meetings of the Committee.**

