



Audit and Risk Management Committee

Date:	Wednesday, 25 November 2009
Time:	6.15 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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AGENDA

1. MEMBERS' CODE OF CONDUCT - 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 - 24)

To receive the minutes of the meetings held on 23 September and 3 November 2009.

3. ADULT SOCIAL SERVICES - CHARGING POLICY (Pages 25 - 60)

- (a) Report of the Chief Internal Auditor
Adult Social Services – Charging Policy – Service Users Residing at "In House" Supported Living Units during the period 1997 to 2003 **(Pages 25 – 54)**
- (b) Statement from Mr M Morton
To be circulated separately
- (c) Report of the Director of Adult Social Services
Charging Arrangements for Supported Living in Wirral 1997 – 2003 **(Pages 55 – 60)**

4. AUDIT COMMITTEE - SELF ASSESSMENT ACTION PLAN (Pages 61 - 66)

5. **DATA QUALITY ACTION PLAN AND PROGRESS REPORT (Pages 67 - 78)**
6. **USE OF INFORMATION - AUDIT COMMISSION LOCAL GOVERNMENT NATIONAL REPORT (JULY 2009) (Pages 79 - 84)**
7. **AUDIT COMMISSION REPORTS (Pages 85 - 132)**
8. **COMPARISON OF AUDIT FEES (Pages 133 - 140)**
9. **PROTECTING THE PUBLIC PURSE (Pages 141 - 166)**
10. **RISK MANAGEMENT STRATEGY (Pages 167 - 192)**
11. **CORPORATE RISK AND INSURANCE MANAGEMENT (Pages 193 - 196)**
12. **MERSEYSIDE PENSION FUND RISK REGISTER (Pages 197 - 206)**
13. **INTERNAL AUDIT WORK: SEPTEMBER - OCTOBER 2009 (Pages 207 - 216)**
14. **REPORTS SUBMITTED AFTER DEADLINES - UPDATE (Pages 217 - 222)**
15. **TRAINING PROGRAMME FOR OFFICERS ON THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) (Pages 223 - 254)**
16. **MEMBERS TRAINING (Pages 255 - 256)**
17. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR**

AUDIT AND RISK MANAGEMENT COMMITTEE

Wednesday, 23 September 2009

<u>Present:</u>	Councillor	P Southwood (Chair)	
	Councillors	P Reisdorf	J Crabtree
		L Fraser	
<u>Deputies:</u>	Councillors	J Salter (In place of RL Abbey)	
		S Mountney (In place of C Povall)	
<u>Cabinet Member:</u>	Councillor	S Holbrook	
<u>In attendance:</u>	Councillor	J Green	

22 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.

23 ADULT SOCIAL SERVICES: CHARGING POLICY - SERVICE USERS RESIDING AT 'IN-HOUSE' SUPPORTED LIVING UNITS

Further to minute 20 (29 June 2009) and specifically to minute 20 (30 September 2008), the Director of Law, HR and Asset Management presented the report of the Chief Internal Auditor in relation to an investigation of matters raised by a whistleblower with the Audit Commission under the Public Interest Disclosure Act 1998 ('PIDA'). He reported that with his agreement, the whistleblower could now be named and would be referred to as Mr M Morton. He indicated that the investigation undertaken by internal audit focused upon whether a charging policy had been in place dating back to 1997 and, if so, whether or not it had been approved by members.

He outlined the issues that led to the investigation, which focused on former residents of Esher House Residential Care Home who had been transferred on its closure in 1997 to three Housing Association owned Supported Living Units in Bermuda Road, Curlew Way and Edgehill Road in Moreton. The provision of care and support clearly had a cost implication for the Council and prior to the closure of Esher House, its residents were charged by the Council in line with the Department of Health's Guidance '*Charging for Residential Accommodation Guidelines*' ('CRAG'). However, between 1997 and 2006, those residents were still charged for the care and support provided by Wirral Council staff, in line with a new charging policy developed by Wirral Council. It was that charging policy that Mr Morton had described as a 'Special Charging Policy' and which had also been referred to as a 'Modified CRAG'.

The Director commented that before Mr Morton brought the matters to the attention of the Audit Commission, they were raised within the Council under the Authority's Grievance Procedure. The concerns raised in the grievance were that –

- A Special Charging Policy was levied at Bermuda Road, Curlew Way and Edgehill Road between 1997 and 2006.
- The Special Charging Policy was not approved by Members and was thus unlawful.
- Those charges were also excessive.
- The Council lost large sums of money due to a failure to assess service users at other Supported Living Units across Wirral prior to 2006.
- The Council delayed unreasonably in implementing Fairer Charging for service users at Supported Living Units and this had an adverse financial consequence for the service users at Bermuda Road, Curlew Way and Edgehill Road.
- The Council should reimburse the service users at Bermuda Road, Curlew Way and Edgehill Road for monies that were 'unlawfully levied over a prolonged period of time'.

With the agreement of the Chair, Mr Morton addressed the Committee. He expressed concern in relation to some of the findings of the audit, in particular that the policy approved in 1997 was reasonable and thus lawful. Mr Morton pointed out that it had been implemented without consultation and reported that this had resulted in hardship for at least one tenant with learning disabilities who had to seek assistance from the Welfare Fund to purchase clothing. Mr Morton also quoted from a February 2004 e-mail, which he stated clearly showed that two senior managers in Adult Social Services were aware that the 'special charging policy' was unfair and that the domiciliary care charging policy should have applied since 1997.

The Director set out the key findings of the internal audit, which were based on the review of a large number of documents obtained from numerous sources. Individuals, including Mr Morton, had, on a number of occasions, been asked whether they had or were aware of any other documents which would have been pertinent to the review. No additional documents had been provided to Internal Audit and officers were grateful for the support of all individuals and for the information they had provided during the review.

The conclusions of the audit were that –

- Between October 1997 and February 2006 a 'Special Charging Policy' also referred to as 'Modified CRAG' was implemented by the Council in relation to the provision of care and support by Social Services/DASS staff at the 'in house' Supported Living Units at Bermuda Road, Curlew Way and Edgehill Road, Moreton and that those charges were consistent with the principles for charging at 'in house' Supported Living Units approved by the Council's Social Services Committee on 3 September 1997 (minute 31 refers).
- The principles for charging at 'in house' Supported Living Units approved by the Council's Social Services Committee on 3 September 1997 were intended to be applied by officers in relation to all 'in house' Supported Living Units in Wirral.

- On balance, between October 1997 and April 2003, the charges levied under the Modified CRAG were reasonable and lawful and should not be subject to any reimbursement.
- On balance, between April 2003 and February 2006, the charges levied under the Modified CRAG, in so far as the sums actually paid by an individual service user exceeded what they might reasonably have been required to pay had the Council implemented Fairer Charging in April 2003, such charges, totalling £116,300, were excessive and should be subject to consideration of reimbursement.
- If reimbursement was to be considered, officers should seek to reach agreement with individual service users (and their family and/or advisers) as to the most appropriate, lawful solution, having due regard to the best interest of the service user in question.
- The delay in implementing Fairer Charging at the other 'in house' Supported Living Units across Wirral (apart from those at Bermuda Road, Curlew Way and Edgehill Road) between April 2003 and February 2006 meant the Council failed to attempt to collect £156,400 of income to which it was legally entitled, but cannot now legally seek to recover.
- The failure to assess service users at other 'in house' Supported Living Units across Wirral (apart from those at Bermuda Road, Curlew Way and Edgehill Road) prior to April 2003 meant that the Council failed to attempt to collect around £300,000 of income to which it was legally entitled, but cannot now legally seek to recover
- Officers did not recognise that elements of the Whistleblower's Grievance should more appropriately have been dealt with under the Council's Whistleblowing Policy. Irrespective of the label applied to the Whistleblower's Grievance, the concerns in relation to 'in house' Supported Living and Fairer Charging were serious and legitimate and should have been promptly resolved. Consequently, all Council managers should be reminded of the clear guidance contained within the Authority's Grievance Policy as to the difference between a Grievance (or private complaint) and a Whistleblow (which concerns danger or illegality that has a public interest or service user/customer aspect).
- The only point of substance raised by the Whistleblower in relation to Fairer Charging and Supported Living and not validated by Internal Audit is the matter of Members' approval of the principle of the 'Special Charging Policy' at the Social Services Committee on 3 September 1997. However, until earlier this month other current DASS officers also appeared to have been unaware of that decision.

Members expressed substantial concerns about the events that had resulted in the last minute finding of the report to the Social Services Committee on 3 September 1997 entitled 'Report on Future Services for People with Learning Disabilities', which showed the approval of the charging policy. In response to questions from a member in relation to charges to residents made by other local authorities between 1997 and 2003, the Director indicated that brief enquiries had been made with four other local authorities whose charges at that time ranged from zero to £30 per week. However, the charging policy agreed by the Social Services Committee in 1997 ensured that no-one was left with less than £70.10 per week, compared with £14.10 whilst at Esher House and assessed under CRAG. He therefore expressed the view that the policy agreed could be considered as having been reasonable, at that time. However, he accepted that other people could reach different conclusions.

In response to a further comment that auditors had ignored much of a chronology provided by Mr Morton, a Group Auditor indicated that the investigation had looked at all of the information provided and had used whatever was considered relevant to the scope of the inquiry.

The Leader of the Conservative Group addressed the Committee and expressed the view that an external investigation should be undertaken to consider all of the issues raised by Mr Morton. Other members commented that the matter should be referred for investigation to Merseyside Police.

In response to a question from the Leader of the Liberal Democrat Group in relation to those issues outside the remit of the audit, the Director of Adult Social Services confirmed that these had been addressed and had been included in an action plan, which would be presented to the next meeting of the Committee.

With regard to Balls Road Supported Living establishment, the Director of Adult Social Services indicated that comments made in November 2008 in relation to Daily Living Costs had been made in error. The audit accepted that the comment had been made in error and indicated that there were no concerns related to Balls Road raised by Mr Morton either in his grievance or in the PIDA disclosure to the Audit Commission.

It was moved by Councillor Southwood and seconded by Councillor Reisdorf –

“That the Director of Adult Social Services be instructed to seek any necessary Cabinet and/or Council approval to:

- (a) Implement the principle of reimbursement of service users at Bermuda Road, Curlew Way and Edgehill Road Moreton, between April 2003 and February 2006 in so far as the sums actually paid by an individual service user exceeded what they might reasonably have been required to pay had the Council implemented Fairer Charging in April 2003 by making any appropriate reimbursements and/or;
- (b) Take any other appropriate restorative action.”

The motion was agreed without a vote.

It was further moved by Councillor Mountney and seconded by Councillor Fraser –

“That the Director of Adult Social Services be instructed to seek any necessary Cabinet and/or Council approval to:

- (a) Implement the principle of reimbursement of service users at Bermuda Road, Curlew Way and Edgehill Road Moreton, between 1997 and 2003 in so far as the sums actually paid by an individual service user exceeded what they might reasonably have been required to pay had the principles contained in Fairer Charging been applied throughout that period and/or;
- (b) Take any other appropriate restorative action.”

It was moved as an amendment by Councillor Reisdorf and seconded by Councillor Southwood –

“(1) That a further investigation be undertaken by Internal Audit, to consider whether there was a point in time between 1997 and 2003 that officers ought reasonably have

recognised that the 'Special Charging Policy' was unreasonable and therefore unlawful and, if so, to calculate the amount of re-imbusement that would be due

(2) That Internal Audit be requested to seek the views of Mr Morton in relation to the further investigation"

The amendment was put and carried (4:0)

Resolved –

(1) That the Director of Adult Social Services be instructed to seek any necessary Cabinet and/or Council approval to:

(i) Implement the principle of reimbursement of service users at Bermuda Road, Curlew Way and Edgehill Road Moreton, between April 2003 and February 2006 in so far as the sums actually paid by an individual service user exceeded what they might reasonably have been required to pay had the Council implemented Fairer Charging in April 2003 by making any appropriate reimbursements and/or

(ii) Take any other appropriate restorative action.

(2) That a further investigation be undertaken by Internal Audit, to consider whether there was a point in time between 1997 and 2003 that officers ought reasonably have recognised that the 'Special Charging Policy' was unreasonable and therefore unlawful and, if so, to calculate the amount of re-imbusement that would be due; and that Internal Audit be requested to seek the views of Mr Morton in relation to the further investigation.

(3) That consideration of the findings and conclusions set out in sections 5 and 6 of the report now submitted be deferred, pending the outcome of the further internal audit investigation.

(4) That the Director of Adult Social Services be instructed to make initial contact with those persons affected by the 'Special Charging Policy' in order to identify the most appropriate course of action in relation to re-imbusement and/or appropriate restorative action; and to investigate the use of the Wirral Advocacy Service.

(5) That the results of the further investigation be presented to a special meeting of the Committee in October/November 2009, together with a report and action plan from the Director of Adult Social Services upon those wider issues raised by the Audit Commission PIDA report or internal audit reports.

(6) That the Director of Adult Social Services be instructed to present a further report to the January 2010 meeting of the Committee to update members on his progress in making appropriate re-imbusement and/or taking other appropriate restorative action.

- (7) That, by 31 October 2009, the Director of Law, HR and Asset Management write to all Council Principal Officers to remind them of the clear guidance contained within the Authority's Grievance Policy as to the difference between a Grievance (or private complaint) and a Whistleblow (which concerns danger or illegality that has a public interest or service user/customer aspect.**
- (8) That the appreciation of the Committee be accorded to Mr Morton for bringing these matters to the attention of the Council and the Chief Executive be requested to write to Mr Morton to apologise to him on behalf of the Council.**

The Chair asked Mr Morton whether he wished to make any final remarks. At this point, Mr Morton made a detailed statement outlining his concerns with the Department of Adult Social Services and the treatment of him whilst an employee, including an allegation that he had been the victim of bullying.

AUDIT AND RISK MANAGEMENT COMMITTEE

Wednesday, 23 September 2009

<u>Present:</u>	Councillor	P Southwood (Chair)	
	Councillors	P Reisdorf L Fraser	J Crabtree
<u>Deputies:</u>	Councillors	S Mountney (In place of C Povall) J Salter (In place of RL Abbey)	
<u>Cabinet Member:</u>	Councillor	S Holbrook	
<u>In attendance:</u>	Councillor	J Green	

24 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.

25 MINUTES

The Director of Law, HR and Asset Management presented the minutes of the meeting held on 29 June 2009. In response to a comment from the Chair in relation to the following reports that were requested at the last meeting of the Committee, the officers agreed that they would be presented to the next meeting:

- An Explanation of Risk Register Scoring (minute 2)
- Ethical Governance Update (minute 8)
- Partnership Working Update (minute 9)
- Annual Audit Fee (minute 12)
- Audit and Risk Management Committee
- Self Assessment Checklist Actions (minute 16)
- Additional Controls to Manage Risks in the Risk Register (minute 17)

In relation to minute 5 (Statement of Accounts) the Chair requested that the minute be amended to highlight the anxiety of members in relation to the late submission of the document.

Resolved – That subject to the following amendment, the minutes of the meeting held on 29 June 2009, be approved –

Minute 5 Statement of Accounts

The addition of the following to the resolution –

(2) That the Committee places on record its serious concern in relation to the late submission of the Statement of Accounts and this be brought to the attention of the District Auditor.

26 MERSEYSIDE PENSION FUND - STATEMENT OF ACCOUNTS

The Director of Finance presented the final audited accounts for the Merseyside Pension Fund (MPF) for the year ended 31 March 2009, which had been approved by the Pensions Committee at its meeting held on 22 September 2009 (minute 36 refers). The Financial Controller of the MPF reported that some adjustments had been incorporated into the final version and he provided an analysis of those changes, which affected the value of the Fund.

The District Auditor confirmed that there were no matters which required further adjustment and that he had issued an unqualified audit opinion.

Resolved – That the audited accounts for Merseyside Pension Fund for the year ended 31 March 2009, including the Pension Fund Annual Governance Report and the approved Letter of Representation, be received.

27 STATEMENT OF ACCOUNTS

Further to minute 5 (29 June 2009), the Director of Finance reported upon a number of amendments to the financial statements that had been requested by the District Auditor in relation to the Balance Sheet and to the Income and Expenditure Account. Changes to the Movement on the General Fund Balance for 2008/2009 were required in relation to the adjustments although there was no effect on the Council balances. The Director provided details of a number of unadjusted misstatements in the accounts that had been identified following audit and he provided an explanation as to why they had not been adjusted.

He reported that the District Auditor would report his findings within the Annual Governance Report (see minute 28 post) and an audit opinion would be issued following the approval of the amended Statement of Accounts and consideration of the Annual Governance Report, which contained the draft Letter of Representation. Once approved, the District Auditor had indicated that he would again issue an unqualified opinion and state that the accounts presented fairly the financial position of the Council at 31 March 2009. His report was incorporated within the final version of the Statement of Accounts and enabled the accounts to be agreed before the statutory deadline of 30 September 2009.

In response to concerns expressed by members in relation to the late submission of the financial statements, the Director indicated that liaison was to be undertaken with the District Auditor to ensure that deadlines for the submission of documents in future years would be complied with.

Resolved – That the revised Statement of Accounts be approved.

28 **AUDIT COMMISSION - ANNUAL GOVERNANCE REPORT**

The District Auditor presented the Annual Governance Report for 2008/2009, which summarised the findings from the 2008/2009 audit and highlighted the key issues for the Committee to consider before the completion of the audit. Subject to the clearance of outstanding matters he proposed to give an unqualified opinion on the financial statements and he concluded that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources in 2008/2009. The formal Use of Resources score would be notified to the Council on 19 October 2009.

In response to a comment from a member in relation to audit fees, the District Auditor reported upon the reasons for the fee level being above scale. However the fee level had been reduced and work was being undertaken with Council officers to reduce the level further.

Resolved –

- (1) That the matters raised in the Annual Governance Report, including adjustments to the financial statements, the Value for Money Conclusion and Use of Resources score, be noted.**
- (2) That the unadjusted misstatements in the accounts, identified following audit, be noted.**
- (3) That the Letter of Representation be approved on behalf of the Council.**
- (4) That the Action Plan within the Annual Governance Report be agreed, and that regular update reports be presented to future meetings of the Committee.**

29 **AUDIT COMMISSION - PERFORMANCE MANAGEMENT REVIEW**

The Deputy Chief Executive/Director of Corporate Services reported upon the significant steps to improve performance management both across the organisation from a corporate and departmental perspective, and for Wirral's local strategic partnership. He indicated that in April 2009, the Audit Commission began a review of the performance management arrangements in place across the council, in order to work with the authority to deliver further improvements. A key aim of the review was to focus upon how performance management was applied consistently across departments and he anticipated that the review would not only examine progress and highlight areas of good practice, but would also identify further opportunities for improvement.

He set out the findings from Stage One of the review, which involved an online survey with a sample of managers across the council, and a baseline questionnaire exercise to obtain an initial picture of performance management arrangements and issues within departments. He proposed to place the results of the online survey in the Council's Web Library and he indicated that whilst the findings were extremely positive, one of the key purposes of working with the Audit Commission was to identify areas for further investigation and improvement and he indicated those areas that would be investigated in greater detail in Stage Two of the review.

Resolved –

- (1) That the findings of Stage One of the performance management review, and the areas for further focus outlined in section 3.5 of the report now submitted, be noted.**
- (2) That the intention that Stage Two of the review will be integrated with the Audit Commission's Better Financial Management Review to reflect and build upon the improvements the council has made towards integrating performance and financial management, be noted.**

30 AUDIT COMMISSION - FINANCIAL MANAGEMENT REVIEW

The Director of Finance reported that the Council had made some significant steps to improve and integrate financial and performance management over recent years and in 2009, the Audit Commission had undertaken two pieces of work to help deliver further improvements. The 'Improvement Through Better Financial Management' report from the Audit Commission was issued in September 2009 and was initially undertaken as a separate review to inform the Use of Resources assessment in 2008/2009. The Commission then commenced a Performance Management Review (see minute 29 ante) and he commented that it was intended that the messages from the Financial Management Review would be integrated with the second stage of the Performance Management Review.

The latest direction of travel statement from the Audit Commission reflected the improvements made, stating that 'The Council continues to develop its capacity for future delivery and has improved its arrangements for managing its resources. Ambitions and priorities for the area have been clarified and performance management arrangements are being strengthened.'

The Director commented that the Council recognised that there was further work to be done and would continue to develop financial and performance management arrangements to drive further improvements. The Audit Commission review aimed to ensure that the Council continues to develop and strengthen its financial management arrangements to support the delivery of the desired outcomes.

Resolved – That the messages from the financial management review be integrated with the Audit Commission review of Performance Management to reflect and build upon the improvements made towards integrating performance and financial management.

31 OFFICE OF SURVEILLANCE COMMISSIONERS INSPECTION REPORT - 22 JULY 2009

The Director of Law, HR and Asset Management reported that the Regulation of Investigatory Powers Act 2000 (RIPA) governed how public bodies used covert surveillance methods for the purpose of preventing or detecting crime or preventing disorder. The Council's Constitution authorised the Directors of Regeneration, Technical Services and Finance to designate Heads of Service and Service Managers to authorise the use of covert surveillance in accordance with the procedures prescribed by RIPA. He outlined the use of RIPA by the Council and

indicated that between 1 July 2007 and 30 June 2009, 58 authorisations for covert surveillance had been granted by the Council.

The Director reported that the operation of RIPA was overseen by the Office of Surveillance Commissioners (OSC), who most recently inspected the Council on 1 July 2009. The Director summarised the findings of the inspection and the action being taken to implement its recommendations. The Surveillance Inspector found that all of the recommendations made by the previous inspection had been carried out and he made a number of further recommendations to improve the Council's implementation of RIPA, in relation to the Policy and Guidance Document, Central Oversight and Defects in Authorisations. The Director set out the Council's proposed response to ensure compliance with the OSC recommendations.

A member expressed concern with regard to retrospective authorisations and also expressed the view that some of the examples of covert surveillance contained within the policy and guidance document were matters for the police, rather than officers of the Council, particularly in relation to serious anti-social behaviour, intimidation and the detection of drug crime.

The Director commented that officers of the Council worked very closely with Merseyside Police and he indicated that although the use of covert human intelligence sources (CHIS) was very unlikely to be used by the Council, it was nevertheless a power conferred on local authorities by the Act. As a result, it was essential that the policy and guidance contained practical advice to those who may, in exceptional circumstances, need to consider the use of a CHIS.

Resolved –

- (1) That the report of the Office of Surveillance Commissioners be noted and the proposed response to its recommendations, subject to (2) below, be endorsed and referred to the Cabinet for approval.**
- (2) That authorisation for the use of covert human intelligence sources (CHIS) can be given only by the Chief Executive, or the Deputy Chief Executive/Director of Corporate Services in his absence.**
- (3) That a report be presented to the next meeting of the Committee on the training programme for staff who may be applicants or Authorising Officer.**

32 USE OF SMART CCTV ENFORCEMENT VEHICLE

Further to minute 21 (29 June 2009), the Director of Technical Services reported upon the use by the Technical Services Department of the mobile CCTV enforcement vehicle (Smart Car) to detect parking contraventions. He outlined the powers of the Council to undertake civil parking enforcement and reported that the introduction on 31 March 2008 of Part 6 of the Traffic Management Act 2004 (TMA) gave further powers in relation to parking enforcement. One of the many changes introduced with the TMA was the powers given to authorities to issue penalty charge notices by post and also to undertake enforcement through the use of an approved device. In November 2008 the Council extended its contract with its enforcement service provider and as part of the contract renewal negotiations was offered the use of a mobile CCTV vehicle at no additional cost to the Authority. Through its

enforcement service provider Wirral subsequently sought approval from the Home Office for the use of a mobile CCTV enforcement vehicle (Smart car) as an approved device. The Secretary of State granted approval on 23 February 2009 and the CCTV enforcement vehicle had been used for parking enforcement purposes regularly since 31 March 2009.

He set out the regulations and guidance documents that supported the TMA 2004 to ensure that the system was operated fairly and with proportionality and integrity, and he presented the Council's Code of Practice for Operation of CCTV Enforcement Cameras in Wirral. The complete CCTV operation was undertaken under the principles contained within the Code of Practice (CoP) and following the CCTV enforcement procedures manual. The CoP set out aims, key principles and minimum standards, and the procedures manual detailed how the system would be used to comply with the CoP. The purpose of the CoP was to ensure that the public could be confident that the system was being used only for its intended purpose and with due regard for privacy, data protection, confidentiality and fairness. He reported that included in the document were standards for equipment, systems, personnel, training, use of cameras, recording and viewing, security, integrity, document release and retention.

The Director provided details of how the CCTV vehicle was used in practice on a day to day basis and he indicated the programme of locations for enforcement had been compiled having regard to a known history of road traffic accidents, vulnerable road users and busy shopping areas that were reliant on roadside deliveries and were affected by persistent short duration parking.

On a motion by Councillor Southwood and seconded by Councillor Reisdorf, it was –

Resolved – (5:0) (Councillor Fraser abstaining from (1) and (2) below)

(1) That the report be noted.

(2) That the Code of Practice for Operation of CCTV Enforcement Cameras in Wirral be endorsed.

33 DATA QUALITY ACTION PLAN AND PROGRESS REPORT

The Deputy Chief Executive/Director of Corporate Services presented Wirral's Data Quality Action Plan, which had been developed to address recommendations by the Audit Commission from an assessment undertaken in 2008. The Action Plan also included recommendations made by internal audit and showed progress as at 7 September 2009.

Resolved –

(1) That progress against the Data Quality Action Plan at the second quarter 2009/2010 be noted.

(2) That an update report be presented to the next meeting of the Committee, the information to be presented in accordance a format preferred by the Committee to highlight progress against Audit Commission recommendations.

34 **ROLE OF THE CHIEF FINANCE OFFICER**

The Director of Finance reported that following discussions between HM Treasury, the Audit Commission and CIPFA, and a consultation exercise, CIPFA had issued a statement on the role of the Chief Financial Officer in Public Service organisations. In recognition of the centrality of financial issues to organisational success it was Government policy that all Government Departments should have a professional Finance Director reporting to the permanent secretary with a seat on the departmental board, at a level equivalent to other Board members. In Managing Public Money, HM Treasury recommended "It is good practice for all other public sector organisations to do the same, and to operate the same standard". This meant that the Finance Director should be professionally qualified, report directly to the paid head of the organisation, and be a member of the senior team that exercised management leadership, with a status equivalent to other members.

The Director set out the five principles contained within the Statement issued by CIPFA and he confirmed that all were already met and complied with in Wirral.

Resolved – That compliance with the five principles contained within the CIPFA document be noted.

35 **AUDIT COMMISSION REPORTS**

The Chief Internal Auditor provided a summary of reviews undertaken by the Audit Commission since April 2006 to date, together with the action taken by the Council to implement the recommendations contained within the associated reports. He reported that 41 final reports had been issued in respect of the Council and 8 in respect of the Merseyside Pension Fund. All had been reported to the appropriate Committee and assurances had been obtained that recommendations had been implemented or were in the process of being implemented and that members had been kept up to date on current progress.

Resolved –

(1) That the report be noted.

(2) That an updated report be presented to the next meeting of the Committee, to include more detailed information in relation to outstanding issues.

36 **INTERNAL AUDIT WORK: JUNE TO AUGUST 2009**

The Chief Internal Auditor 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 identified and evaluated the performance of the Internal Audit Section and provided details of the actual work undertaken between 11 June and 31 August 2009.

During the monitoring period, 46 audit reports were produced and 66 high and 73 medium priority recommendations were identified. Management had agreed to implement all of the recommendations within a satisfactory timescale and he indicated that there were no items of significance identified during the audit process that required action by members.

Resolved – That the report be noted.

37 **CORPORATE RISK REGISTER**

The Director of Finance provided a summary of the review of the issues contained within the Corporate Risk Register, approved by the Cabinet on 3 September 2009 (minute 94 refers). The Corporate Risk Register was a key element of the Risk Management Strategy and contained those issues that had the greatest potential to prevent or frustrate the achievement of the Strategic Objectives as set out in the Corporate Plan. It had been developed over time and the aim of the review was to rationalise the risks in order to produce a more easily understandable and manageable Risk Register. He highlighted the main changes to the Register and confirmed that it was important to remember that the Register described critical potential threats and that the inclusion of a particular issue did not mean that the event or situation described was a current problem, rather that it would be significant if it was not managed effectively.

In response to a comment by the Chair in relation to communications with members and to the risks associated with adequate information not being received, the Director agreed to bring this to the attention of members at the next review of the Register.

Resolved –

(1) That the revised Corporate Risk Register be noted.

(2) That progress in managing corporate risks continue to be included in the quarterly Performance and Financial Monitoring Report.

(3) That the report be referred to the Council Excellence Overview and Scrutiny Committee for consideration.

38 **CORPORATE RISK AND INSURANCE MANAGEMENT**

The Director of Finance reported upon recent progress made against the existing corporate risk and insurance management objectives and the anticipated developments in the coming months.

Resolved – That the report be noted.

39 **REPORTS SUBMITTED AFTER DEADLINES - UPDATE**

The Director of Law, HR and Asset Management presented information in relation to the number of late reports received by Committee Services for the cycle of meetings that ended with the meeting of the Council on 13 July 2009.

Resolved – That consideration of this matter be deferred and an update report be presented to the next meeting of the Committee.

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AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 3 November 2009

<u>Present:</u>	Councillor	P Southwood (Chair)	
	Councillors	RL Abbey L Fraser	J Crabtree
<u>Deputies:</u>	Councillors	S Mountney (In place of C Povall) S Niblock (In place of P Reisdorf)	
<u>Cabinet Member:</u>	Councillor	S Holbrook	
<u>In attendance:</u>	Councillors	A Bridson C Tegg	

40 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.

41 MINUTES

The Director of Law, HR and Asset Management presented the minutes of the special meeting of the Committee held on 23 September 2009.

The Chair referred to a number of e-mails which had been sent to her from members of the public in relation to a wide range of issues and comments that they believed should have been recorded in the minutes. The Chair proposed that the minutes be amended to include the following matters –

- An allegation raised by Mr Morton of hardship suffered by a tenant with learning disabilities who had to seek assistance from the Welfare Fund to purchase clothing, due to the financial impact of the 'special charging policy' at Bermuda Road, Curlew Way and Edgehill Road in Moreton.
- Concern expressed by Members in relation to the report to the Social Services Committee on 3 September 1997, 'Report on Future Services for People with Learning Disabilities', coming to light so late in the audit investigation process.
- A quote by Mr Morton from a February 2004 e-mail, which he alleged clearly showed that two senior managers in Adult Social Services were aware that the 'special charging policy' was unfair and that the domiciliary care charging policy should have applied since 1997.
- An allegation by Mr Morton that he had been the victim of bullying, whilst employed by the Council.

Resolved – That the minutes of the special meeting held on 23 September 2009 be amended to include those matters now referred to and that they be re-submitted to the next meeting of the Committee for approval.

42 **ADULT SOCIAL SERVICES - CHARGING POLICY - SERVICE USERS RESIDING AT "IN HOUSE" SUPPORTED LIVING UNITS DURING THE PERIOD 1997 TO 2003**

Further to minute 23 (23 September 2009), the Chief Internal Auditor presented a report which addressed the Special Charging Policy applied to service users residing at "in house" Supported Living Units. The Committee considered the report in conjunction with the report elsewhere on the agenda of the Director of Adult Social Services 'Charging Arrangements for Supported Living in Wirral 1997 to 2003' (see minute 43 post).

Information had been reviewed from a number of sources including the Audit Commission's PIDA Report, Mr Morton's grievance, and documents within the Department of Adult Social Services. The Audit Commission was made aware of the documents reviewed by Internal Audit and was not aware of any additional documents relevant to the investigation. In response to a question from a Member, the Director of Law, HR and Asset Management confirmed that he had contacted Mr Morton's solicitor, to seek the views of Mr Morton and to request his assistance in relation the audit investigation. The Director had also requested the co-operation of Mr Morton in relation to his investigation of Mr Morton's allegation of bullying (Cabinet minute 137 (24 September 2009) refers). However, to date, no response had been received from Mr Morton, or his solicitor, in relation to either matter. A Member expressed the view that the report of the Chief Internal Auditor was incomplete without the views of Mr Morton being included within it and that its consideration should be deferred to allow time for consultation with Mr Morton to be undertaken.

In order to assess if the Special Charging Policy was "unreasonable", enquiries were made to the Directors of all northern Adult Social Services with a copy to the Chief Internal Auditors of the same Authorities concerning the charges levied by them between 1997 and 2003 for "in house" supported living service users. The format and content of the Questionnaire and letter had been agreed with the Director of Adult Social Services and the Audit Commission. Over 50 authorities were consulted from the North West, the Midlands and Yorkshire; all were given reminders, but only 11 replies had been received, all from North West Authorities. Analysis of the survey of other local authority's charges was difficult to use to make comparisons as there were only 11 survey responses. Some authorities charged on an hourly rate or a sliding scale whereas Wirral charges were based on income. Depending on the hours of care provided, some charges were comparable with Wirral's and the maximum charge of one approximated to Wirral's average for the period 1997/1998 to 2002/2003, which was £78. The approximate average for the other authorities was £45 and some of those who made comments on Wirral's charging policy were critical of the level and considered it high.

Relevant documents from the Department of Adult Social Services (DASS), e-mails and committee reports had been reviewed to ascertain if there was evidence that officers had information that could have indicated the charges were unreasonable. Further discussions and enquiries were made with DASS officers and managers and all were again open, cooperative and helpful but, inevitably, there were difficulties in remembering details and locating documents related to several years ago at a time when the Department was in "Special Measures".

The Chief Internal Auditor set out the chronology of events that led to a special charging policy being implemented for service users at Supported Living Units at Bermuda Road, Curlew Way and Edgehill Road between 1997 and 2003. This was in accordance with a decision of the Social Services Committee held on 3 September 1997 (minute 31 refers). A subsequent report entitled "Charging Policy Review" presented to a special meeting of the Social Services Committee on 26 July 2000 to inform Members of the outcome of the consultation exercise on proposed changes to the charging policy for non-residential services stated that service users who resided in Supported Living Accommodation were not included under the proposed Policy. The report went on to make clear that a further report would be submitted to the Adult Community Care Panel and Social Services Committee outlining charging arrangements for that client group. However, no evidence had been discovered that a further report was produced and submitted. It was clear from an e-mail and other correspondence that officers were aware that a further committee report was needed. It was also clear that Mr Morton had brought the issues to the attention of officers within the Department in 2001.

He commented upon an analysis of the charges levied on all the service users who lived at Bermuda Road, Curlew Way and Edgehill Road from 1997 to 2003. The charges depended upon the service users' benefits, in accordance with the policy approved by Social Services Committee on 3 September 1997. The records reviewed indicated that the average financial assessment charge for the period was £77.70 – the range being from an average of £63.33 in 1997/1998 to an average of £83.82 in 2002/2003. This left an average amount over the period for the service users own use of £97.42; ranging from £89.02 in 1997/1998 to £107.77 in 2002/2003. This contradicted the suggestions that all the income of supported living service users was taken as a contribution to the costs of care. It also contradicted the suggestion that charges were in excess of £100 per week. Records indicated that the average ratio of charge to service user's income over the 5 years was approximately 44 per cent.

The Chief Internal Auditor commented further that a review of service users resident in the premises in Balls Road, Birkenhead was also conducted and that no documents or records of any sort could be found that indicated that any residents were charged for care services – the only charges being in respect of rent. Anomalies were the subject of an ongoing investigation by the Director of Adult Social Services (see minute 43 post) which would be reported to Members upon conclusion.

As to whether the charges applied by the Council were unreasonable and therefore, unlawful, the Chief Internal Auditor referred to the Audit Commission Report "Charging with Care" of May 2000. That report (in Section 45, page 25) commented on the definition of 'reasonableness', which was crucial to determining legality of charging. The report stated that "provided that decisions over the principles related to charging are properly debated and resolved then the resultant approach can be considered to be 'reasonable'". The special charging policy applied to residents of Bermuda Road, Curlew Way and Edgehill Road from 1997 onwards was in line with the decision of the Social Services Committee on 3 September 1997. Consequently it was, therefore, reasonable and lawful at that time and, until the time when Fairer Charging should have been implemented, in April 2003, it might have remained reasonable and lawful.

Analysis of the documentary evidence indicated that in October 2000, some officers were aware the charges were not in accordance with best practice, by virtue of not having been reported to Members in accordance with a previously reported intention. Furthermore, on 6 April 2001, they were in receipt of an evidenced recommendation from the Supported Living Development Officer (Mr Morton) that the charges should cease.

Had the Policy for Supported Living been reviewed in accordance with paragraph 4.24 of the Special Social Services Committee report of 26 July 2000, Members might have implemented the wider departmental charging policy to "in house" Supported Living, albeit this could not be known for certain. However, if it had been so decided, then Members today might wish to extend reimbursement back to 4 December 2000 (when the other charges approved by the Special Social Services Committee on 26 July 2000 came into effect). If so, the reimbursement for the 16 service users who were affected during the period 4 December 2000 to 31 March 2003 had been calculated to total £127,700. The Chief Internal Auditor commented that any reimbursement of excess charge would require Cabinet approval. If the funding could not be met from within existing resources, it would also require Council approval and he recommended that the cost of any reimbursement or other action be funded from the Department of Adult Social Service's Revenue Budget.

A Member indicated that Mr Morton believed that the internal audit investigation had failed to consider a report to the Social Services Committee in 1999 and he requested clarification with regard to whether a file related to the special charging policy had been considered as part of the investigation. With regard to the Special Meeting of the Social Services Committee in 1999, the Director of Law, HR and Asset Management confirmed that it had been referred to in the report to the special meeting of the Committee held on 23 September 2009 – as such, it formed part of the evidence base. The Director believed that all items relevant to the charging policy had been included in the review and confirmed that Mr Morton had been invited on a number of occasions to provide any evidence in his possession. However, if there was any further evidence it should now be produced.

Councillor Mountney then requested that the Committee adjourn.

The Committee stood adjourned for 20 minutes.

With the agreement of Councillor Mountney, the Director of Law, HR and Asset Management advised the Committee that during the adjournment, Councillor Mountney had spoken with officers and been reassured in relation to a number of detailed questions, particularly with regard to what evidence had been provided to internal audit and by whom. Councillor Mountney commented that he had also spoken with Mr Morton, who had confirmed that he was prepared to make a final statement through his solicitor to a future meeting of the Committee. He expressed the view that consideration of the internal audit report and the report of the Director of Adult Social Services on Charging Arrangements for Supported Living in Wirral 1997 - 2003 should be deferred to a future meeting, to be considered in conjunction with the statement to be provided by Mr Morton.

On a motion by Councillor Abbey and seconded by Councillor Fraser, it was –

Resolved –

- (1) That consideration of this matter be deferred and an update be presented to the scheduled meeting of the Committee on 25 November 2009.**
- (2) That, if a response from Mr Morton is not received in time for it to be included in the update report, a further special meeting be arranged to take place no later than the end of the 2009 calendar year.**

43 CHARGING ARRANGEMENTS FOR SUPPORTED LIVING IN WIRRAL 1997 TO 2003

The Director of Adult Social Services provided to the Committee his professional comments and views on the policies and practices with regard to Supported Living which were in place in Wirral during the period 1997 – 2003. His report was intended to complement both that of the Chief Internal Auditor ‘Adult Social Services – Charging Policy – Service Users Residing at “In-House” Supported Living Units During the Period 1997 to 2003’ (see minute 42 ante) and his report elsewhere on the agenda dealing with the wider matters raised in the PIDA (see minute 44 post).

He commented that in considering the 1997 Charging Policy, the context of the time needed to be understood. To enable people to stay in their own homes, the concept of ‘supported living’ was being developed and, as Charging for Residential Accommodation Guide (CRAG) could not apply, it being limited to residential placement, councils faced a conundrum of how and how much to charge. Without any clear national guidance a plethora of different charging arrangements arose throughout the country. In May 2000, the Audit Commission produced an extensive document ‘Charging with Care’ which considered the range of different charging arrangements and how ‘reasonableness’ should be interpreted. It led in turn, to the first comprehensive guidance covering all non residential charges – Fair Charging, issued in November 2001.

The Director indicated that the policy adopted in Wirral in 1997 would have been written to address the particular position of people moving from a residential home, Esher House, into their own tenancies. Although it was inflexible and did not take as full an account of all people’s needs as would have been desirable it was quite clear that it was not the intention of the Council at that time to disadvantage those individuals. Rather, the Council was seeking to make an improvement in their lives and enable them to have greater independence than would have been the case had they remained in residential accommodation. He expressed the view that he did not consider, again within the context of the time, that the policy could have been regarded as being so “unreasonable” as to question its legality.

Between 1999 and 2002, the Department had been put into Special Measures and clearly, matters of internal administration and governance lay at the heart of the problems which led to that designation. For whatever reason, the policy adopted by the Council in 1997 was not applied consistently to subsequent Supported Living places that were being established. It was possible to surmise that this may have arisen from confusion at the time of Special Measures; or it may have arisen from a perception that the needs of service users in other settings were very different and that the 1997 policy was inappropriate; or, quite likely, a combination of both. The former residents of Esher House had high levels of need which required 24 hours support and the cost of it would have exceeded the contributions provided. Other service users moving into other supported living settings would have had varying

levels of need and officers, at that time should have placed before members the anomalies that were arising and the need to provide for a more flexible and appropriate policy.

He reported that in the lead up to and following the issue of Fair Charging guidance in 2001, there were further missed opportunities to lay before members the position with regard to charging and to place it within the context of Fair Charging, which was due to become operative by no later than April 2003. A further complexity at the time would have been the development of the "Supporting People" programme which was launched on 1 April 2003, to provide housing related support to help vulnerable people to live more independently and maintain their tenancies. Although there were numerous reports about Fair Charging and working parties operating, these failed to provide sufficient clarity for members to make appropriate decisions. During the period 2000-2003, there was evidence that concerns about anomalies and a failure to collect income through not applying charges to some service users were raised within the department, but these did not lead to timely action.

The Director commented also that the report to the special meeting held on 23 September 2009 (minute 23 refers) contained reference to the position at Balls Road. There had been confusion about this and Internal Audit had made clear that the 'special charging policy' was not applied here. However, investigations into the charges that had been made for rent and service charges had shown apparent anomalies that needed to be resolved. The detail was complex and the Director proposed to write to members once he was satisfied that the history of the matter had been satisfactorily unravelled. He confirmed that if any action was required he would report appropriately to the Cabinet.

Resolved – That consideration of this matter be deferred until such time as an updated internal audit report is presented to the Committee, to take into consideration the views of Mr Morton in relation to the audit investigation.

44 **PROGRESS REPORT ON ACTION PLAN IN RELATION TO PUBLIC INTEREST DISCLOSURE ACT 1998 (PIDA)**

The Director of Adult Social Services provided an update on the actions undertaken by the Department of Adult Social Services (DASS) in response to the Public Interest Disclosure Act 1998 (PIDA) report produced by the Audit Commission. He set out the five broad actions required by the PIDA report and commented that progress had been made through a series of sub actions, most of which had been completed as outlined in an action plan appended to his report. In addition to the Audit Commission Report, an Internal Audit Report dated 13 March 2008 identified seven broad actions in relation to the PIDA, all of which had been completed by 28 November 2008. He reported also that a further three recommendations by Internal Audit were endorsed by the Committee on 4 November 2008 (minute 37 refers) and he set out the departmental response to each.

The Director indicated that his report referred to actions that had been completed by January 2009, at which point his report was delayed whilst the investigation into audit and disciplinary matters was undertaken. Actions completed since January 2009 included a financial Review of all people supported by independent sector providers and a value for money appraisal of existing domiciliary care arrangements.

Although most of the actions set to respond to issues highlighted by the PIDA had been completed, the Director provided an explanation in relation to the following, which were listed in the appendix to his report as “ongoing” –

- Review all LD People who Use Services (AC R4)
- Review current Domiciliary Care contract in terms of the personalisation agenda and context of individual budgets (ACR2)

He reported also that the department currently had 257 people supported by 26 accredited supported living providers and, in Wirral there were a further 20 accredited providers with whom no people were currently placed by DASS. Since the monitoring process was launched in January 2009, the Contracts Monitoring Team had completed 10 spot check inspections and 9 full inspections, most of which had been carried out jointly with a seconded officer from the Supported Living Team. He indicated that following each inspection an action plan was agreed with the Provider and its implementation monitored, with follow up visits being arranged where appropriate.

However, contract monitoring and quality control was also a matter for future work in the context of broader developments in the transformation/ personalisation agenda. These included the role and place of Wirral’s Local Involvement Network (LINK), which had a statutory role to monitor the quality of provision across health and social care. In turn, as the new contracting approach was developed, expectations upon providers and some more comprehensive person centred arrangements would be developed and would be the subject of further reports.

The Director commented that each of the reports on the Committee agenda were due to be considered by the Health and Well Being Overview and Scrutiny Committee on 10 November 2009.

Resolved –

- (1) That the report be noted.**
- (2) That this Committee expresses the view that the Health and Well Being Overview and Scrutiny Committee should defer consideration of the following reports until such time as a final update report has been resubmitted to the Audit and Risk Management Committee:**
 - **The report of the Chief Internal Auditor “Adult Social Services – Charging Policy – Service Users Residing at “In-House” Supported Living Units during the period 1997 – 2003”**
 - **The report of the Director of Adult Social Services “Charging Arrangements for Supported Living in Wirral 1997 to 2003”**

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WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

25 NOVEMBER 2009

REPORT OF THE CHIEF INTERNAL AUDITOR

ADULT SOCIAL SERVICES - CHARGING POLICY - SERVICE USERS RESIDING AT "IN HOUSE" SUPPORTED LIVING UNITS DURING THE PERIOD 1997 TO 2003

1. EXECUTIVE SUMMARY

- 1.1. Further to Resolution 2 of the Audit and Risk Management Committee of the 23 September 2009 and Resolutions 1 and 2 of the Audit and Risk Management Committee of the 3 November 2009 this report addresses the "Special Charging Policy" applied to service users residing at "in house" Supported Living Units.
- 1.2. Information has been reviewed from a number of sources, i.e. Audit Commission's PIDA Report, Mr Morton's grievance and documents within the Department of Adult Social Services.
- 1.3. Mr Morton did not provide information to Internal Audit within time for it to be considered for inclusion in this report, consequently, this might be subject to amendment in the light of any information Mr Morton presents.
- 1.4. Documentary evidence indicates the charges levied were approved by Members at the Social Services Committee, 3 September 1997. This is in accordance with the definition of "reasonableness" as stated in an Audit Commission Report - "Charging with Care" - May 2000.
- 1.5. It is difficult to judge if Wirral's charges for Supported Living were significantly higher than those of several other authorities in the period 1997 to 2003. Wirral's charges were dependent on a financial assessment based on the service users income whereas other local authorities were based on the level of care.
- 1.6. The Report submitted to the Special Social Services Committee, 26 July 2000, paragraph 4.24 indicates that it was intended to consider Supported Living Charges separately as part of the Charging Policy Review in 2000. No evidence was found that this was done.
- 1.7. Evidence is available that officers were aware in November 2000 and April 2001 that the charges levied for service users residing at "in house" Supported Living Units were higher than they would have been if the provisions of the Special Social Services Committee, 26 July 2000 - Charging Policy Review - had been applied.

2. **BACKGROUND**

- 2.1. Members of this Committee on 23 September 2009 (Resolution 2) requested:

"That a further investigation be undertaken by Internal Audit, to consider whether there was a point in time between 1997 and 2003 that officers ought reasonably have recognised that the 'Special Charging Policy' was unreasonable and therefore unlawful and, if so, to calculate the amount of re-imburement that would be due; and that Internal Audit be requested to seek the views of Mr Morton in relation to the further investigation".

- 2.2. Members of this Committee on 3 November 2009 (Resolutions 1 and 2) requested:

Resolution 1:

"That consideration of this matter be deferred and an update be presented to the scheduled meeting of the Committee on 25 November 2009".

Resolution 2:

"That, if a response from Mr Morton is not received in time for it to be included in the update report, a further special meeting be arranged to take place no later than the end of the 2009 calendar year"

3. **INTERNAL AUDIT WORK UNDERTAKEN**

- 3.1. In order to assess if the "Special Charging Policy" was "unreasonable" enquiries were made to the Directors of all northern Adult Social Services with a copy to the Chief Internal Auditors of the same Authorities concerning the charges levied by them between 1997 and 2003 for "in house" supported living service users. The format and content of the Questionnaire and letter were agreed with the Director of Adult Social Services and the Audit Commission. Over 50 authorities were consulted, all were given reminders and 11 replies were received from the north west Authorities. (Appendix 1 and 2).
- 3.2. Relevant documents from the Department of Adult Social Services (DASS), e-mails and Committee Reports were reviewed to ascertain if there was evidence that officers had information that could have indicated the charges were unreasonable. Further discussions and enquiries were made with DASS officers and managers. All were again open, cooperative and helpful but inevitably there were difficulties in remembering details and locating documents relating to several years ago.
- 3.3. Internal Audit again reviewed documents and papers relating to Mr Morton's grievance to ensure that all items relevant to the charging policy had been included within this review.

- 3.4. The Audit Commission has been made aware of the documents reviewed by Internal Audit and is not aware of any additional documents relevant to this investigation.
- 3.5.1 Following the Audit and Risk Management Committee of the 3 November 2009 a Member of this Committee submitted a request to the Chief Internal Auditor to seek the views of the Directors of Adult Social Services of the north west Authorities to a specific question. (Appendix 3).
- 3.5.2. With the agreement of the Chair the question was sent to the Directors of Adult Social Services of the north west Authorities.
- 3.5.3. Nine of the eleven Authorities who replied to the Internal Audit Questionnaire, Appendix 1 and 2, replied and their responses are detailed in Appendix 3.
- 3.6.1. The Director of Law, HR and Asset Management wrote to Mr Morton to request his views and assistance in the investigation. Contact has been made with Mr Morton's solicitor. For various reasons a response was not received prior to the meeting of this Committee on the 3 November 2009.
- 3.6.2. In accordance with Minute 42 of this Committee on the 3 November 2009, the Director of Law, HR and Asset Management wrote to Mr Morton's solicitor to request Mr Morton's views and assistance in the investigation and his "final statement".
- 3.6.3. Mr Morton has replied and has stated that he will submit and present a "final statement" on the "Special Charging Policy" to this Committee on the 25 November 2009. No information has been provided to Internal Audit by Mr Morton in time for it to be considered, consequently this can only be considered an interim report which might be subject to amendment depending upon the information Mr Morton provides.

4. FINDINGS

4.1. Chronology of Events

- 4.1.1 On 3 September 1997, a report was submitted to the Social Services Committee on "Future Services for People with Learning Difficulties". The Conclusion of the report was:

"If residents could be asked to contribute their benefits related to their dependency and level of need for care to the costs of care provision, this would leave each person with an income for daily living needs and with all their housing needs provided for while Social Services would provide or purchase a full package of support care for them according to their individual needs".

The Recommendation, which was agreed, was:

“Members are asked to agree that in independent living situations, tenants in receipt of the Disabled Living Allowance Care component and/or the Severe Disability Premium can be charged the amount offered by those benefits to contribute to the cost of their care packages”,

(See Appendix 2a and 2b of Special Audit and Risk Management Committee, 23 September 2009 which refers to the Social Services Committee 3 September 1997).

This was implemented for service users at Bermuda Road, Curlew Way and Edgehill Road between 1997 and 2003.

- 4.1.2. At the Special Social Services Committee on 26 July 2000, a report entitled “Charging Policy Review” was presented. The purpose of the Report was to inform Members of the outcome of the consultation exercise on proposed changes to the charging policy for non-residential services and to present recommendations.

Paragraph 4.24 of the report stated:

“Service Users who reside in Supported Living Accommodation are not included under the proposed Policy. A further report will be submitted to Adult Community Care Panel and Social Services Committee outlining charging arrangements for this client group”.

No evidence has been discovered that a further report was produced and submitted.

Please refer to my Report to this Committee on the 23 September 2009 paragraphs 5.2.13 to 5.2.15 which discusses this in detail.

- 4.1.3. It is clear from an e-mail and other correspondence that officers were aware that a further Committee Report was needed and Mr Morton brought these issues to the attention of officers within the Department. (Appendix 4 and 5).

4.2. Charges

- 4.2.1. An analysis of the charges levied on all the service users who lived at Bermuda Road, Curlew Way and Edgehill Road from 1997 to 2003 was completed. The charge levied depended upon the service users' benefits in accordance with the policy approved by Social Services Committee on 3 September 1997.
- 4.2.2. The records reviewed indicate that the average financial assessment charge for the period was £77.70 and the range is from an average of £63.33 in 1997/1998 to £83.82 in 2002/2003. This left an average amount over the period for the service users own use of £97.42, ranging from £89.02 in 1997/1998 to £107.77 in 2002/2003, which is contrary to the suggestion that all supported living service users income was taken as a contribution to the costs of care and that

charges were in excess of £100 per week. Records indicate the average ratio of charge to service user's income over the 5 years is approximately 44%. (Appendix 6). However, Mr Morton at this Committee on the 23 September 2009, see minute 41 of the Audit and Risk Management Committee 3 November 2009, stated that he was aware "... of hardship suffered by a tenant with learning difficulties who had to seek assistance from the Welfare Fund". It has not been possible to identify this person or financial records which would indicate a person in these circumstances.

4.2.3. A review of service users resident in the premises in Balls Road, Birkenhead was also conducted. No documents or records of any sort could be found that indicated that any were charged for care services. The only charges were in respect of rent. Several related issues have come to light and will be reported separately by the Director of Adult Social Services to Cabinet.

4.3. At what point in time could it have been recognised that the charges applied by Wirral Council might be unreasonable and therefore unlawful?

4.3.1. The Audit Commission Report "Charging with Care" of May 2000 stated in Section 45, page 25, the definition of 'reasonableness' which is crucial to determining legality of charging. The report states:

"Provided that decisions over the principles related to charging are properly debated and resolved then the resultant approach can be considered to be 'reasonable'". (Appendix 7).

The "Special Charging Policy" applied to residents of Bermuda Road, Curlew Way and Edgehill Road in 1997 was following a Committee Report that permitted debate, consequently it is, therefore, considered reasonable and lawful at that time and until the time when Fairer Charging should have been implemented i.e. April 2003, as decided at the previous Audit and Risk Management Committee, i.e. 23 September 2009.

4.3.2. However, there was a failure to submit a further report to Members on service users in Supported Living Accommodation, as stated in paragraph 4.24 of the Special Social Services Committee Report of 20 July 2000.

5. SUMMARY OF FINDINGS

5.1. Analysis of the survey of other local authority's charges is difficult to use to make comparisons as there were only 11 responses. Some authorities charged on an hourly rate or a sliding scale whereas Wirral charged based on income. Depending on the hours of care provided, some charges are comparable with Wirral's and the maximum charge of one approximated to Wirral's average for the period 1997/1998 to 2002/2003 which was £78. The approximate average for the other authorities is £45.

Some of those who made comments on Wirral's charging policy were critical of the level and considered it high.

5.2. Analysis of the responses from the Directors of Adult Social Services of the north west Authorities to the question submitted by a Member of this Committee to the Chief Internal Auditor indicates that:

- five of the nine who replied indicated that they applied the Domiciliary Care Policy (Home Care)
- two levied no charge for the service
- two applied a financial assessment in a way similar to Wirral
- Authority "H" provided further comments to indicate that they applied the charge in a similar way to Wirral. It also stated that it was important to have an appeals system in case of hardship. Wirral did have an appeals system which was favourably commented in the Audit Commission Report - "Charging with Care" - May 2000. (Appendix 8).

Due to the number of replies it is not possible to draw a conclusion on whether the approach applied by Wirral was "unreasonable".

5.3. Analysis of the documentary evidence indicates that in October 2000, some officers were aware the charges were not in accordance with best practice by virtue of not having been reported to Members in accordance with a previously reported intention. On 6 April 2001, they were in receipt of an evidenced recommendation that the charges should cease. This reinforced a previous document of 22 November 2000.

5.4. From interviews with officers and the examination of the documents located, it is clear that the situation concerning charging was confused but inevitably as the enquiry is about events which took place over 10 years ago and when the Department was in "Special Measures", records and memories are likely to be unreliable.

6. CONCLUSION

6.1. It is difficult to assess if the level of Wirral's charges was "unreasonable" as the charges made by other authorities are not directly comparable. Several charged on the basis of the level of care provided. It seems that some charged at levels comparable or even in excess of Wirral if a significant level of care was provided. However, the findings of The Audit Commission Report indicated Authorities were entitled to set charges in any way they considered appropriate and recognised all authorities would have different approaches and levels of charge. It also defined "reasonableness" as depending on debating and resolving the approach to charging, which was undertaken at the Social Services Committee, 3 September 1997.

- 6.2. The earliest document identified that draws to the attention of officers that the "Special Charging Policy" should be withdrawn is 22 November 2000, subsequently followed up on 6 April 2001 when the Supported Living Development Officer, wrote a Memorandum explaining the difference between the charges levied by the "Special Charge Policy" and those that would arise from implementing the policy resulting after the Charging Review of 26 July 2000.
- 6.3 Further information might be available from Mr Morton's statement that might enable other conclusions to be drawn.

7. FINANCIAL AND STAFFING IMPLICATIONS

- 7.1. The charging policy for supported living was not reviewed in accordance with 4.24 of the Special Social Services Committee report of 26 July 2000. Had the Policy been reviewed, Members may have implemented the wider charging policy to "in house" Supported Living, albeit the intention is unknown.
- 7.2. If this had been decided then the reimbursement for the 16 service users who were affected for the period 4 December 2000 to 31 March 2003 would total £127,700. This is calculated by reference to records of the amounts service users paid during the period, which were in excess of the charge that would have been levied had the recommendation of the wider departmental charging policy been applied to Supported Living.
- 7.3. Any reimbursement of excess charge will require Cabinet approval. If the funding cannot be met within existing resources, it will also require Council approval. It is recommended that the cost of any reimbursement or other action is funded from the Department of Adult Social Service's Revenue Budget.
- 7.4. There are no staffing implications.

8. LOCAL MEMBER SUPPORT IMPLICATIONS

- 8.1. There are no local Member support implications.

9. LOCAL AGENDA 21 STATEMENT

- 9.1. There are no local agenda 21 implications.

10. PLANNING IMPLICATIONS

- 10.1. There are no planning implications.

11. EQUAL OPPORTUNITIES IMPLICATIONS

- 11.1. There are no equal opportunities implications.

12. COMMUNITY SAFETY IMPLICATIONS

12.1. There are no community safety implications.

13. HUMAN RIGHTS IMPLICATIONS

13.1. There are no human rights implications.

14. BACKGROUND PAPERS

14.1. Appendix 1 - Charging information provided by the north west Adult Social Services Local Authorities.

Appendix 2 - Comments from north west Adult Social Services Local Authorities - "in house" Supported Living Units during the period 1997 to 2003.

Appendix 3 - Question submitted by a Member and comments from the north west Adult Social Services Local Authorities.

Appendix 4 - "Charging Policy Review – Implications for Supported Living Schemes Briefing Note" has attached to it an internal address label dated 22 November 2000.

Appendix 5 - Memorandum dated 6 April 2001.

Appendix 6 - Wirral's weekly average income, allowance and financial assessment charge under the "Special Charging Policy".

Appendix 7 - Audit Commission Report - May 2000 - Charging with Care -Extract - Page 25 - Section 45.

Appendix 8 - Audit Commission Report - May 2000 - Charging with Care -Extract - Page 51 - Section 108 & Case Study 3.

15. RECOMMENDATIONS

15.1. Members note the issues in this Report.

15.2. Members consider if further reimbursement is appropriate on the basis that no report into Supported Living Charging Policy was brought for consideration after July 2000.

15.3. If Members consider that reimbursement is appropriate, Members may consider a suitable reimbursement is at the level of the wider charging policy agreed in July 2000, albeit no evidence has been identified of the intention of the department at that time.

DAVID A GARRY
CHIEF INTERNAL AUDITOR

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

3 NOVEMBER 2009

REPORT OF THE CHIEF INTERNAL AUDITOR

**ADULT SOCIAL SERVICES - CHARGING POLICY - SERVICE USERS
RESIDING AT "IN HOUSE" SUPPORTED LIVING UNITS DURING THE
PERIOD 1997 TO 2003**

Appendix 1 - Charging information provided by the north west Adult Social Services Local Authorities.

Appendix 2 - Comments from north west Adult Social Services Local Authorities - "in house" Supported Living Units during the period 1997 to 2003.

Appendix 3 - Question submitted by a Member and comments from north west Adult Social Services Local Authorities

Appendix 4 - "Charging Policy Review – Implications for Supported Living Schemes Briefing Note" has attached to it an internal address label dated 22 November 2000.

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Appendix 1

ADULT SOCIAL SERVICES - CHARGING POLICY - SERVICE USERS RESIDING AT "IN HOUSE" SUPPORTED LIVING UNITS DURING THE PERIOD 1997 TO 2003

Charges for the care and support provided by Social Services staff to service users residing at "in house" Supported Living Units during the period 1997 to 2003.

Charging information provided by the north west Adult Social Services Local Authorities:

<u>Local Authority</u>	<u>Weekly Charge</u>
A	Did not charge for the care provided in the home from 1997 to October 2002. Weekly charges from 2002 not provided.
B	Based on income from all benefits apart from DLA Mobility and comparing to the level of basic Income Support for the age and the SDP. If there was an excess then the weekly charge would be 50% of the excess.
C	Minimum weekly charge £6.00 - discretion for free service in exceptional cases. No maximum weekly charge. Maximum based on standard hourly rate x number of hours provided. As at 4.January 1999 £6.00 per hour.
D	Minimum weekly charge £3.00. Maximum weekly charge £27.00 (based on half DLA care component at that time).
E	£20 per week for those in receipt of lower DLA. £30 per week for those in receipt of higher DLA.
F	Minimum weekly charge £2.00. Maximum weekly charge of £30.50. (Banded charging)
G	Weekly charge £35.00
H	Minimum weekly charge - 50% of DLA care rate. Maximum weekly charge - 50% of DLA care rate unless capital held or compensation for personal injury.

I	<p>Weekly charge - £nil</p> <p>The Authority had its own Policy from 1993. Service users were "passportted" free during the period 1993 to 2003.</p>
J	<p>Variable weekly charge based on the service users financial assessment.</p> <p>However, the Authority did not provide details of the weekly charge.</p>
K	<p>Minimum weekly charge £12.16</p> <p>Maximum weekly charge £73.40 (Care assessed between level 1 and 5).</p>

Appendix 2

ADULT SOCIAL SERVICES - CHARGING POLICY - SERVICE USERS RESIDING AT "IN HOUSE" SUPPORTED LIVING UNITS DURING THE PERIOD 1997 TO 2003

Comments from north west Adult Social Services Local Authorities - "in house" Supported Living Units during the period 1997 to 2003.

<u>Local Authority</u>	<u>Comments</u>
A	None Provided.
B	Compared to our policy this seems quite severe. We decided early on that we wanted to ensure that service users were not left with just Income Support, even though this would be more than res. care would do.
C	<p>If compared in hindsight to basic fairer charging principle of allowing basic IS plus a 25% buffer, this principle would have been breached as there would appear to be no buffer in the majority of cases.</p> <p>Not comparable with ILF assessment regulation of taking SD premium and ½ DLA Care which I think (although not entirely sure) was already in place at that time.</p> <p>Extension of charging policy to learning disabilities clients agreed with Learning Disabilities Sub Committee in September 98.</p> <p>Legality of policy was scrutinised by Legal services – no questions of illegality were raised.</p> <p>Our policy gave a personal allowance which was the same for all clients. This was the equivalent of the basic income support for over 60's plus £15.00. 50% of excess income was then charged.</p> <p>There was an appeals process. Extra expenses could be allowed based on carer's expenses and expenses for activities identified in the care plan.</p>
D	<p>The inclusion of the full amount of additional benefit awarded to individuals because of their disabilities leaves them with income levels equivalent to a non disabled person living on benefits. On the surface this appears to leave the disabled service user in the same financial position as a non disabled individual living on benefits. Social policy research has long established that disabled people incur additional costs because of their disability. This underpins the thinking behind the award of disability benefits. The effect of charging in the manner adopted by Wirral is that rather than creating parity this approach puts people with a disability at a distinct disadvantage and they no longer have additional income to pay for the extra costs incurred because of their disability. Following the introduction of the fairer charging guidance in October 2002 the inclusion of disability benefits as income for charging without any regard to spending on disability related items was contrary to the guidance.</p>

E	None Provided.
F	None Provided.
G	Understanding was that up to 2003 authorities could charge what they deemed suitable. Most adopted a flat rate. This authority only took into account the DLA and ignored SDP, approx half of what Wirral charged. Whether this is more suitable would be a matter influenced by local circumstances that would have been reasonable at that time.
H	<p>Our Authority along with other Councils had a major task in implementation of the guidance on fairer charging in accordance with the timescales required. Prior to the guidance our Authority had a system of flat rate charges for services provided. A passport system for those who paid over £30.00 per week was available to those people most in need together with an appeals policy was available to consider case of hardship under the flat rate charging system.</p> <p>While charging is not mandatory, there is an expectation from central government that Council's will charge for services, LAC (94) (1) refers. Health & SSD Social Security Adjudications Act 1983 say that Local Authorities may charge for most services. In the case of non-residential services charges must be reasonable and not more than reasonably practical for the individual user to pay. It is up to each Council to determine the policy for non-residential care services as there is no national scheme just guidance.</p> <p>Service user need to be informed of their right of appeal if they consider charges to be unreasonable and informed of the reasons of any decision. Where a client lack capacity to deal with their own financial affairs support to appeal may be required if no legal representative appointed or family member is able to offer support. It is my view that clients should be left with a reasonable amount of money for personal needs from chargeable benefits.</p>
I	No guidelines were given during that period. Charging would have been up to the discretion of the LA.
J	None Provided.
K	None Provided.

ADULT SOCIAL SERVICES - CHARGING POLICY - SERVICE USERS RESIDING AT "IN HOUSE" SUPPORTED LIVING UNITS DURING THE PERIOD 1997 TO 2003

Question submitted by a Member and comments from north west Adult Social Services Local Authorities:

Question:

"In 1999, was the charging policy to which you referred in your earlier response:

(a) a single charging regime for domiciliary care etc., applied to all supported living establishments?

or

(b) a separate policy applied only to a subset of people receiving care and if so, how was that subset identified?

I would be grateful for any further comments you may wish to make regarding (b)".

Comments Received:

<u>Local Authority</u>	<u>Option A or B?</u>	<u>Comments</u>
A	N/A	This Council did not begin charging until 2002 as a result there was no charging policy in 1999.
B	A	I can confirm the response to be (a). The policy devised was applied to all establishments managed by the local authority even though some services were provided externally (eg. Mencap). There were some other Supported Living provisions managed and provided by Health but these were exempted from charge contributions by virtue of their 'Health' status. These were brought into the scheme when the funding structure changed and these users were also deemed liable for the 'social care' charging policy.
C	A	Our 1999 charging policy would definitely come under the definition of (a).
D	A	A single charging regime for domiciliary care etc., applied to all supported living establishments.

E	A	The Council applied option (a) single charging regime for domiciliary care etc., consistently applied to all supported living establishments.
F	A	We are pretty certain that our answer is (a) – one charging policy for all supported living establishments.
G	B	The charging policy in use in 1999 was applied only to a sub set of people in 24 hour supported accommodation.
H	B	<p>In 1999 as far as I am aware the charging policy for supported living establishments was different to that applied for domiciliary care where most people paid a flat rate charge based on the level of services provided i.e. number of home care visits/hours of service provided.</p> <p>A separate charging policy applied to people in supported living who contributed based on the benefits.</p> <p>It is my understanding that charges for non-residential care is discretionary and under Section 17 of Health & Social Services & Social Security Adjudications Act 1983 the authority shall not require him to pay more for it than it appears to them that it is reasonable practicable for him to pay.</p> <p>The difficulty in this matter is determining what is "reasonable" as each case may require a financial assessment & benefit check to determine what charge to apply - this would also require an appeals system in cases of hardship as the authority has discretion to charge or otherwise and it can not fetter its discretion under the charging regulations.</p>
I	N/A	Prior to July 2003, people residing in supported accommodation were not charged for services.
J		Did not reply.
K		Did not reply.

METROPOLITAN BOROUGH OF WIRRAL	
To: 1	[REDACTED]
Locality:	HQ
From:	[REDACTED]
	A.O.T.
Date:	22-11-00



Metropolitan Borough of Wirral

Social Services Department

Charging Policy Review – Implications for Supported Living Schemes Briefing Note

There is currently a special charging policy which applies to people who access Supported Living Services also known as Independent Living Schemes, Community Living or Group Homes. It may also apply to people who had been placed with foster carers but who are now aged over 18.

Service users subject to the above policy were not included in charging policy review which was presented to a special Social Services Committee 26 July 2006. Para 4.24 of this report stated that "a further report will be submitted to Adult Community Care Panel and Social Service Committee outlining charging management for this client group".

However, the proposals outlined in the revised charging policy should be considered applicable. In summary, the proposals are that:-

- ❖ When disposable income is below £7.40 over basic income support level there is no charge
- ❖ When disposable income in excess of £7.40 over basic income support a charge of 27% is applied or the price for the care package which ever is the lower (most usually in supported living it will be the former)
- ❖ A charge against severe disability premium of 27% be applied
- ❖ When Adult DLA care component is received a charge of 14% of that benefit is applied

The income implications of applying revised charging policy to support living services is as follows:

	Special Charging Policy	Charging Policy Review	Income Deficit
D.L.A. Care (higher)	53.55	7.50	46.05
(middle)	35.80	5.00	30.80
(lower)	14.20	-	14.20
S.D.P.	40.20	10.85	29.35

Accordingly, each service user accessing supported living services will be better off 86% in respect of DLA (Care) and 73% of SDP. Income deficit should be recovered through transitional housing benefit scheme of Supporting People Framework. Therefore it is fundamental to implementing charging policy review that housing benefit claims are maximised. Moreover this policy should be applied to private/independent placements where the Department has secured an intensive

holistic package based on an assessment of social care needs throughout each 24 hour period" (Special charging policy). This presently does not happen.

The principles outlined in charging policy review comply more fully with CIPFA guidance on developing charging policies in respect equity, consistency and simplicity. It is therefore recommended that the special charging policy be withdrawn. Further recommendations include:

- ❖ Monitoring of transitional housing benefit claims
- ❖ Effective systems for recovery of transitional housing benefit relating to support from care providers
- ❖ Further consultation with independent/private care providers in respect of applying revised charging policy

For comment –

cc.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]/eb/chargpoimm

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COMMUNITY
NHS TRUST

memorandum

APPENDIX 5

to: [redacted]
Divisional Manager
Finance & Operational Support

date: 06 April 2001

[redacted]
Residential & Community Support Finance Manager

from: [redacted] Supported Living Development Officer

my ref: [redacted] JB
your ref:
tel:

act: **RE: SUPPORTING PEOPLE - CHARGING CONSULTATION PAPER**

Attached, Supporting People consultation paper on charging and means testing. Further details of how charging will operate in Supporting People will be laid out following the outcome of the consultation.

Thanks.

[redacted]

[redacted]
Supported Living Development Officer

Enc





Charging Policy Review – Implications for Supported Living Schemes
Briefing Note

There is currently a special charging policy which applies to people who access Supported Living Services also known as Independent Living Schemes, Community Living or Group Homes. It may also apply to people who had been placed with foster carers but who are now aged over 18.

Service users subject to the above policy were not included in charging policy review which was presented to a special Social Services Committee 26 July 2006. Para 4.24 of this report stated that "a further report will be submitted to Adult Community Care Panel and Social Service Committee outlining charging management for this client group".

However, the proposals outlined in the revised charging policy should be considered applicable. In summary, the proposals are that:-

- ❖ When disposable income is below £7.40 over basic income support level there is no charge
- ❖ When disposable income in excess of £7.40 over basic income support a charge of 27% is applied or the price for the care package which ever is the lower (most usually in supported living it will be the former)
- ❖ A charge against severe disability premium of 27% be applied
- ❖ When Attendance Allowance care component is received a charge of 14% of that benefit is applied

The income implications of applying revised charging policy to support living services is as follows:

	Special Charging Policy	Charging Policy Review	Income Deficit
D.L.A. Care (higher)	53.55	7.50	46.05
(middle)	35.80	5.00	30.80
(lower)	14.20	-	14.20
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Accordingly, each service user accessing supported living services will be better off 86% in respect of DLA (Care) and 73% of SDP. Income deficit should be recovered through transitional housing benefit scheme of Supporting People Framework. Therefore it is fundamental to implementing charging policy review that housing benefit claims are maximised. Moreover this policy should be applied to private/independent placements where "the Department has secured an intensive

holistic package based on an assessment of social care needs throughout each 24 hour period" (Special charging policy). This presently does not happen.

The principles outlined in charging policy review comply more fully with CIPFA guidance on developing charging policies in respect equity, consistency and simplicity. It is therefore recommended that the special charging policy be withdrawn. Further recommendations include:

- ❖ Monitoring of transitional housing benefit claims
- ❖ Effective systems for recovery of transitional housing benefit relating to support from care providers
- ❖ Further consultation with independent/private care providers in respect of applying revised charging policy

For comment –

cc:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]eb/chargpolmm

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Appendix 6

ADULT SOCIAL SERVICES - CHARGING POLICY - SERVICE USERS RESIDING AT "IN HOUSE" SUPPORTED LIVING UNITS DURING THE PERIOD 1997 TO 2003

Wirral's weekly average income, allowance and financial assessment charge under the Special Charging Policy.

Period	Weekly Average Income	Average Weekly Allowance*	Weekly Average Financial Assessment Charge	Weekly Average Charge as % of Income
Oct/Dec 1997 to March 1998	£152.35	£89.02	£63.33	41.57%
April 1998 to March 1999	£164.31	£91.01	£73.30	44.61%
April 1999 to March 2000	£173.40	£92.77	£80.63	46.50%
April 2000 to March 2001	£181.39	£99.48	£81.91	45.16%
April 2001 to March 2002	£187.71	£104.48	£83.23	44.34%
April 2002 to March 2003	£191.59	£107.77	£83.82	43.75%
Average	£175.13	£97.42	£77.70	44.37%

Note:

* Allowance is the amount of income the service user retains for their own use.

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ADULT SOCIAL SERVICES - CHARGING POLICY - SERVICE USERS RESIDING AT "IN HOUSE" SUPPORTED LIVING UNITS DURING THE PERIOD 1997 TO 2003

Audit Commission Report - May 2000- Charging with Care

Extract - Page 25 - Section 45

2 • WHY ARE COUNCILS CHARGING?

Much of this guidance focuses on questions of process... Little is said about how 'reasonableness' should be interpreted

45. Much of this guidance focuses on questions of process – over how charges are managed, such as the operation of appeals systems or the monitoring of service take-up. Little is said about how 'reasonableness' should be interpreted. The implication is that this questions has no 'right answer'. Provided that decisions over the principles related to charging are properly debated and resolved, then the resultant approach can be considered to be 'reasonable'. Currently, the only clarification available to managers has come as a result of legal precedent. But even when a legal ruling is made, councils are often divided about how it should be interpreted. For example, while many councils use 'banded' systems to split users into groups based on benefits received, one council visited dismissed this option as contradicting a ruling that all income sources should be treated the same.

What drives councils' approaches to charging?

46. The analysis carried out of councils' most recent reviews of charging policies shows that financial considerations dominate, overriding concerns about the equity, affordability or understandability of charges (EXHIBIT 7). Given a straight choice between cutting services by tightening eligibility criteria or maintaining services by increasing charges, increasing charges is often seen as the lesser of two evils (although 15 per cent of councils did both in their most recent reviews). Reviews of charges are rarely linked with wider issues of service planning and delivery.

EXHIBIT 7
Results of recent reviews
Financial considerations dominate many charging reviews.

Reason	Percentage
Increase in revenue raised from charges	60%
Significant increase in level of charges (ie, above inflation)	45%
Greater account taken of ability to pay	42%
Closer relationship between charge and care received	40%
Introduction of charges for some previously free services	30%
Alignment with corporate anti-poverty policy objectives	25%
System more simple (easier to understand/administer)	20%
Changes to eligibility criteria	15%
Reduction/abolition of some/all charges	10%
Charging introduced (previously all services free)	5%

Source: Audit Commission survey

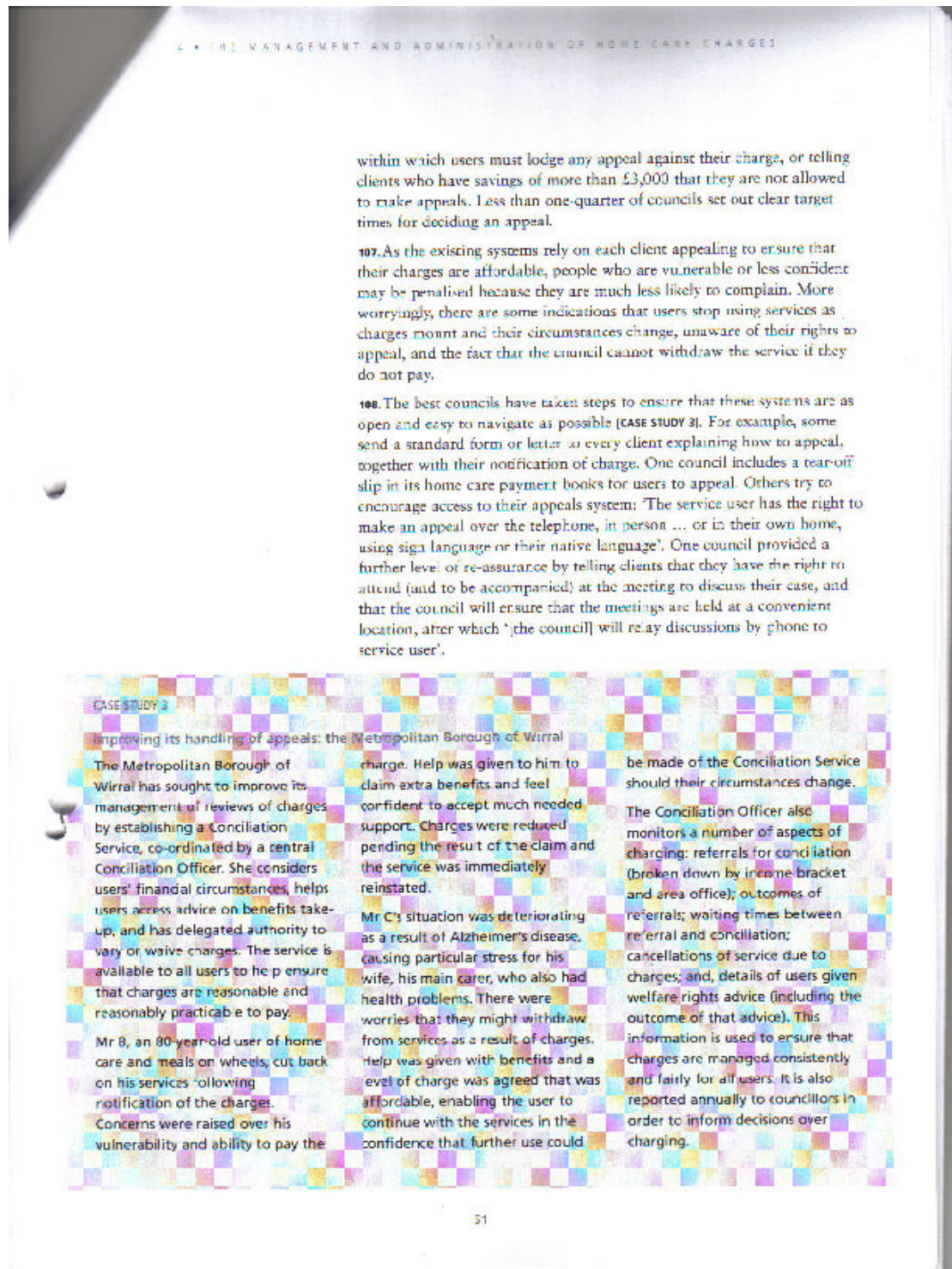
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ADULT SOCIAL SERVICES - CHARGING POLICY - SERVICE USERS RESIDING AT "IN HOUSE" SUPPORTED LIVING UNITS DURING THE PERIOD 1997 TO 2003

Audit Commission Report - May 2000- Charging with Care

Extract - Page 51 - Section 108 & Case Study 3.



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Executive Summary

The purpose of this report is to provide to the Committee my professional comments and views on the policies and practices with regard to Supported Living which were in place in Wirral during the period 1997 – 2003 which have given rise to so much concern. The report is intended to complement both that of the chief internal auditor who has been asked by the Committee to undertake some further investigations and my report elsewhere on the agenda dealing with the wider matters raised in the PIDA. The report also refers to the position at Balls Road, which has been raised in previous reports.

1 Background

1.1 The 1997 Charging Policy.

The report of the chief internal auditor contains comments and comparative information obtained from other local authorities. My own comments are as follows.

1.2 The context of the time needs to be understood. There had, at an earlier period, been two ways in which councils supported adults with needs through their social services departments. For those whose needs were very significant, provision was made in residential and nursing homes. The arrangements for charging for this provision were set out (as indeed they still are) in national regulations Charging for Residential Accommodation Guide (CRAG). Councils had little discretion about how to operate such charging and it was, and remains, very significant for individuals, taking account of their income and any available capital. From the point of view of councils, it provided a significant offset against the cost of making the provision. Historically, councils had also provided help to those living at home, with lower levels of need. This had, at one time, comprised mainly help with cleaning and shopping. Some councils provided this service without charge (indeed a small number still do), some made charges, but with services provided being fairly modest, the charges themselves were correspondingly limited.

1.3 In the years before 1997, it was becoming more and more the practice for councils to seek some third way, whereby through offering more intensive help to people, they were enabled to stay in their homes and avoid or at least delay the critical step of going into residential accommodation. For people with high levels of learning disabilities the concept of “supported

living”, whereby relatively high levels of support were provided as an alternative to residential placement, was being developed. However, the problem for councils was that there was a “perverse disincentive” in making such provision in that the cost was high – perhaps as expensive as residential placement – but Charging for Residential Accommodation Guide (CRAG) could not apply as this was limited to residential placement. Nevertheless councils did, as in Wirral, seek to find ways to develop such provision in order to improve people’s lives. They were, however, faced with the conundrum of how and how much to charge.

1.4 Without any clear national guidance a plethora of different charging arrangements arose throughout the country. This was clearly unsatisfactory and in 2000 the Audit Commission produced a national report “Charging with Care” which described in detail the rather anarchic position across the country with regard to charging. This is an extensive document (although it recognises itself that it could not fully describe the huge range of different charging arrangements which had grown up both between and often within authorities).

1.5 On the question of Council policies it states:

“In the absence of a consensus over how to proceed and with little guidance over how to interpret their duty to ensure charges are “reasonable” and “practicable to pay”, councils have developed a range of approaches to the design and management of home care charges” (paragraph 21).

1.6 Further (speaking of existing guidance):

“Little is said about how “reasonableness” should be interpreted. The implication is that this question has no “*right answer*”. Provided that decisions over the principles related to charging are properly debated and resolved, then the resultant approach can be considered to be “reasonable” (paragraph 45).

1.7 The report led, in turn, to the first comprehensive guidance covering all non residential charges – Fair Charging, which was issued in November 2001.

1.8 This background to the state of matters at that time is provided in order better to understand the position in Wirral. With the benefit of hindsight and in particular, with the knowledge of the arrangements brought in following the reviews and guidance described above, my judgement would be that the policy adopted by Wirral in 1997 which appears to have been written very much to address the particular position of people moving from a residential home – Esher House, into their own tenancies, was inflexible and did not take as full an account of all people’s needs as I would have thought desirable. Nevertheless, it is quite clear that it was not the intention of the Council at that time to disadvantage these individuals – rather the Council was seeking to make an improvement in their lives and enable them to have greater independence than would have been the case had they remained in residential accommodation. I do not consider, again within the context of

the time, that the policy could have been regarded as being so “unreasonable” as to question its legality. This is, of course, ultimately a legal question, but that is my judgement as a social worker.

2. 1997 - 2000

- 2.1 It does not appear to me from the documentation I have seen, including that presented to internal auditors, that the policy agreed in 1997 was challenged or questioned in the years immediately following (up until late in 2000) This is, it must be borne in mind, a period in the history of the department where there is considerable confusion. The department was put into Special Measures at this time (1999 to 2002) and quite clearly matters of internal administration and governance lay at the heart of the problems which led to that designation. It is not entirely surprising, therefore, that there was a period where there was indeed confusion and inconsistency. Nevertheless, what appears to be clear is that for whatever reason, the policy recommended to the Social Services Committee in 1997 and adopted by the Council, was not applied consistently to subsequent Supported Living places that were being established.
- 2.2 Whilst it appears from the interviews conducted by auditors to have been impossible to clarify precise reasons why this was not done, it is possible to surmise that this arose, either from the confusion referred to above, or from a perception that the needs of service users in other settings were very different and that the 1997 policy was inappropriate or, quite likely, a combination of both. The former residents of Esher House had high levels of need which required 24 hours support. The cost of this will have exceeded the contributions provided. Other service users moving into other supported living settings will have had varying levels of need. The 1997 policy, as I indicate above, did not provide a satisfactory framework, with sufficient flexibility to meet varying levels of need. Clearly, if this is the position that developed – and that appears to be the case – then officers should have placed before Members the anomalies that were arising and the need to provide for a more flexible and appropriate policy.

3 2001- 2003

- 3.1 Following the Audit Commission report on Charging in 2000 and in the lead up to and following the issue of Fair Charging guidance in 2001 there were further opportunities to lay clearly before Members the position with regard to charging that was developing across the Borough, and to place that within the context of the requirements of Fair Charging (which was due to become operative by no later than April 2003). These opportunities appear to have been missed. A further complexity at the time would have been the development of the “Supporting People” programme which was launched on 1st April 2003, to provide housing related support to help vulnerable people to live more independently and maintain their tenancies. There were numerous reports about Fair Charging and working parties operating, but these failed to provide sufficient clarity for Members to make appropriate decisions. During this period (from 2000-2003) there is evidence that

concerns about anomalies and a failure to collect income through not applying charges to some service users were raised within the department, but these did not lead to timely action.

- 3.2 It has already been agreed by the Committee that the slowness in responding to Fair Charging in so far as a new policy was not implemented by April 2003 was in effect unfair to the former residents of Esher House, who continued to be charged according to the 1997 policy.
- 3.3 To sum up, the main points I would wish the Committee to bear in mind when considering this complicated and fraught issue are as follows:
- The original policy for Supported Living was produced in a vacuum of national guidance
 - Whilst, as I have described above, I would have reservations about that policy, the question is: does it fall outside the parameters of what could possibly be regarded as reasonable when Members made the decision to adopt the policy? My view is that it does not.
 - The purpose of the Council in moving people from Esher House was to provide them with greater independence with greater access to benefits which would enable them to enjoy that independence whilst providing an intensive, 24 hour, level of support.
 - There was a clear failure as the position developed, to review and broaden that policy so as to encompass varying needs of people as supported living settings were developed.
 - This was a period when the department was in Special Measures with considerable turmoil, confusion and staff turnover.
 - The department was slow and late in introducing the Fair Charging policy, but it was introduced and has been applied since 2006
 - This issue needs to be resolved, not only in fairness to service users, who have been disadvantaged by these failures, but also to those service users whose needs have to be met by the current serving members of the Department who are under great pressure to deliver a hugely ambitious agenda while maintaining what I genuinely believe are good and improving levels of service to the people of Wirral.

4 Balls Road

The report of the 23rd September 2009 contains reference to the position at Balls Road. There has been confusion about this. Internal Audit have made clear that the “special charging policy” (ie that devised for charging for care in supported living settings in 1997) was not applied here. However, investigations into the charges that have been made for rent and service charges have shown apparent anomalies that need to be resolved. The detail is complex. Once I am satisfied that the history of this has been satisfactorily unravelled, I will write to Members explaining the position. If any action is required as a result of this work, I will report appropriately to Cabinet.

5 Financial and Staffing Implications

The financial implications are dependent on any decision made regarding reimbursement. Options are set out in the Chief Auditor's report.

6 Equal Opportunities Implications

The report provides my views and comments on policy and practice with regard to charges for services in Wirral 1997-2003. These policies and practices may be seen as affecting equal opportunities.

7 Local Member Support Implications

There are no implications arising out of this report.

8 Human Rights Implications

The report provides my views and comments on policy and practice with regard to charges for services in Wirral 1997-2003. These policies and practices may be seen as affecting human rights.

9 Community Safety Implications

There are no implications arising out of this report.

10 Planning Implications

There are no implications arising out of this report.

11 Health Implications

There are no implications arising out of this report.

12 Background Papers

Committee Reports and internal documents.

13 Recommendations

Members are asked to consider the views and comments set out in this report.

JOHN WEBB
Director of Adult Social Services

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METROPOLITAN BOROUGH OF WIRRAL

AUDIT AND RISK MANAGEMENT COMMITTEE

25 NOVEMBER 2009

REPORT OF THE CHIEF INTERNAL AUDITOR

AUDIT COMMITTEE – SELF ASSESSMENT ACTION PLAN

1. EXECUTIVE SUMMARY

- 1.1. The meeting of this Committee on 29 June 2009 considered a report on the results of a self assessment exercise undertaken to evaluate the role and effectiveness of the Audit and Risk Management Committee.
- 1.2. A draft Action Plan has been prepared identifying those actions required to address issues arising from the exercise and discussions are scheduled to take place with the Chair of this Committee regarding this. A copy of the Draft Action Plan is attached at Appendix 1 for consideration.

2. BACKGROUND

- 2.1. The Department for Communities and Local Government (DCLG) issued amended regulations in 2006, to the 2003 Accounts and Audit Regulations – ‘The Accounts and Audit (Amendment) (England) Regulations 2006.
- 2.2. One of the amended regulations impacts on the process for preparing the Statement of Internal Control (SIC) which is now subsumed within the Annual Governance Statement (AGS) and relates specifically to the review of the System of Internal audit. This is:-
 - a. Regulation 6 requires bodies to review their “System of Internal Audit” once a year, and for the findings of the review to be considered by a committee of the body, or by the body as a whole.
- 2.3. Advice from CIPFA includes the assertion that the “System of Internal Audit” can be considered to include the role and effectiveness of the Audit Committee and therefore should be assessed and evaluated.
- 2.4. To assist Councils in this evaluation exercise CIPFA has provided a self assessment checklist and recommends that this is completed annually.
- 2.5. The self assessment exercise, utilising the CIPFA checklist was completed by the Chair of this Committee and presented to the June 2009 meeting for consideration.

3. FINANCIAL AND STAFFING IMPLICATIONS

3.1. There are none arising from this report.

4. LOCAL MEMBER SUPPORT IMPLICATIONS

4.1. There are no local member support implications.

5. LOCAL AGENDA 21 STATEMENT

5.1. There are no local agenda 21 implications.

6. PLANNING IMPLICATIONS

6.1. There are no planning implications.

7. EQUAL OPPORTUNITIES IMPLICATIONS

7.1. There are no equal opportunities implications.

8. COMMUNITY SAFETY IMPLICATIONS

8.1. There are no community safety implications.

9. HUMAN RIGHTS IMPLICATIONS

9.1. There are no human rights implications.

10. BACKGROUND PAPERS

10.1. Accounts and Audit Regulations 2006 – DCLG.

10.2. CIPFA Code of Practice for Internal Audit in Local Government 2007.

10.3. CIPFA Toolkit for Local Authority Audit Committees 2006.

10.4. Review of the System of Internal Audit – 31 March 2009.

10.5. Wirral Council Audit and Risk Management Committee - Self Assessment Checklist.

11. RECOMMENDATION

11.1. That the Draft Action Plan be considered.

DAVID A GARRY
CHIEF INTERNAL AUDITOR

FNCE/308/09

DRAFT ACTION PLAN

AUDIT AND RISK MANAGEMENT COMMITTEE – SELF ASSESSMENT

Appendix 1

File Ref: ARM/1/07-09

Ref	Recommendations	Priority	Officer Responsible	Agreed	Planned Action Date	Client Comments	Date Verified (For Audit use only)
R.1	Guidance notes should be prepared identifying the correct procedure for Members of the Audit and Risk Management Committee to follow if it is necessary for them to access other Committees or full Council regarding any issues identified.	High	Director of Law, HR & Asset Management	Y/N			
R.2	The Audit and Risk Management Committee should undertake the self assessment exercise against best practice on a periodic basis	Medium	Chair of Audit and Risk Management Committee	Y/N			
R.3	The Audit and Risk Management Committee should make a formal annual report on its work and performance during the year to Cabinet or full Council.	Medium	Chair of Audit and Risk Management Committee	Y/N			
R.4	A mechanism should be in place to ensure that all new Members of the Audit and Risk Management Committee are provided with an appropriate induction that is specific to this Committee.	High	Director of Law, HR and Asset Management	Y/N			
R.5	A system should be in operation to assess the skills and experience mix of all new Members of the Audit and Risk Management Committee during	High	Director of Law, HR and Asset	Y/N			

DRAFT ACTION PLAN

AUDIT AND RISK MANAGEMENT COMMITTEE – SELF ASSESSMENT

Appendix 1

File Ref: ARM/1/07-09

Ref	Recommendations	Priority	Officer Responsible	Agreed	Planned Action Date	Client Comments	Date Verified (For Audit use only)
	their induction and any identified gaps addressed through the provision of relevant training.		Management				
R.6	Members of the Audit and Risk Management Committee should consider the format and presentation of the Annual Governance Statement and assess how meaningful the Statement is to them.	High	Chair of Audit and Risk Management Committee	Y/N			
R.7	The mechanism in place to remind Members of all Committees of the importance of Risk Management in the service delivery and decision making process should be reinforced.	High	Director of Finance	Y/N			
R.8	Members of the Audit and Risk Management Committee should receive a report from the officers identifying progress made by the Council towards implementing the CIPFA Managing the Risk of Fraud Framework.	High	Director of Finance	Y	Jan 2010		
R.9	The library facility for storing reports presented to the Audit and Risk Management Committee should be reviewed in an attempt to provide the Members	Medium	Director of Law HR and Asset	Y/N			

DRAFT ACTION PLAN

AUDIT AND RISK MANAGEMENT COMMITTEE – SELF ASSESSMENT

Appendix 1

File Ref: ARM/1/07-09

Ref	Recommendations	Priority	Officer Responsible	Agreed	Planned Action Date	Client Comments	Date Verified (For Audit use only)
	with a more efficient and effective search facility that doesn't involve the need to view specific Committee meetings.		Management.				
R.10	A mechanism should be put in place to ensure that the Audit and Risk Management Committee Members are aware of topical legal and regulatory issues, for example by receiving relevant circulars and through more detailed training.	Medium	Director of Law, HR and Asset Management	Y/N			
R.11	The Audit and Risk Management Committee should regularly review the performance of the External Auditors.	High	Chair of Audit and Risk Management Committee	Y/N			
R.12	Agenda papers for Audit and Risk Management Committee meetings should be circulated in advance of meetings to allow adequate preparation by the Members.	Medium	Director of Law HR and Asset Management	Y/N			

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WIRRAL COUNCIL
AUDIT AND RISK MANAGEMENT COMMITTEE

REPORT OF THE DEPUTY CHIEF EXECUTIVE/DIRECTOR OF CORPORATE
SERVICES

DATA QUALITY ACTION PLAN AND PROGRESS REPORT

1. Executive summary

- 1.1 The purpose of this report is to provide Audit and Risk Management Committee with Wirral's Data Quality Action Plan and progress against actions within the plan.

2. Background

- 2.1 In 2008 the Audit Commission carried out an assessment of the Authority's data quality arrangements for 2007/2008. These findings were reported to Audit and Risk Management Committee on January 26th 2009. It was agreed by Cabinet on April 9th 2009 that a comprehensive Data Quality Action plan would be developed and reported to Corporate Improvement Group and Audit and Risk Management Committee on a quarterly basis. Progress against the Data Quality Action Plan was reported to Audit and Risk Management Committee on 29th June 2009, and again on 23rd September 2009.

3. Data Quality Action Plan

- 3.1 The Data Quality Action Plan has been developed to address the Audit Commission's recommendations. This action plan also includes recommendations made by the council's own internal audit function during 2007/08 and any outstanding recommendations made by the Audit Commission in 2006/07 where appropriate.

4. Action plan progress at the Second Quarter

- 4.1 The following table shows the Audit Commission recommendations and progress against the actions in place to address them as at 6th November 2009:

Pg.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsible Officer / Group	Agreed	Comments	Date	Actions	Status
7	<p>R1 Strengthen arrangements for providing leadership and governance on data quality by:</p> <ul style="list-style-type: none"> - clarifying the respective roles and responsibilities of Corporate Improvement Group and Performance Management Group 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 Performance Management Group; • producing regular reports for the Corporate Improvement Group on progress against the action plan and targets, and ensuring that key messages are being communicated back to departmental management teams through both the Corporate Improvement Group and Performance Management Group; • producing an annual report on progress against the action plan and targets for the Audit and Risk Management Committee. <p>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.</p>	3	Head of Policy Corporate Performance Manager	Yes	To be developed by Performance Management Group and Corporate Improvement Group	By 31 March 2009	<p>Refresh Performance Management Group & Corporate Improvement Group Terms of Reference & include in refreshed Data Quality Policy</p> <p>Develop Data Quality Action Plan to address Audit Commission's findings / recommendations & report progress through Performance Management Group, Corporate Improvement Group and Audit & Risk Management Committee</p> <p>Complete Performance Indicator reviews for all National Indicators able to be reviewed at this stage</p> <p>Develop data collection database for inputting returned Performance Indicator reviews</p> <p>Analyse common themes from reviews, escalating to Internal Audit as appropriate.</p> <p>Reflect revised Performance Indicator review procedure in Data Quality Policy.</p>	<p>Complete</p> <p>Complete</p> <p>Complete</p> <p>Complete</p> <p>In progress</p> <p>Complete</p>
8	R2 Refine the corporate data quality policy	3	Head of	Yes in	The third bullet will	By 31	Refresh Performance	Complete

Pg.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsible Officer / Group	Agreed	Comments	Date	Actions	Status
	<p>by:</p> <ul style="list-style-type: none"> documenting the respective roles and responsibilities of Corporate Improvement Group and Performance Management Group for championing data quality (see also recommendation 1); clarifying the respective roles and responsibilities of internal audit and of Performance Management Group 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. <p>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.</p>		Policy / Corporate Performance Manager	part	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 data quality policy 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.	March 2009	<p>Management Group & Corporate Improvement Group Terms of Reference & include in refreshed Data Quality Policy</p> <p>Include information regarding role of Internal Audit and others in Data Quality Policy</p> <p>Agree partnership Data Quality requirements and develop Partnership Data Quality Agreement.</p>	<p>Complete</p> <p>In progress</p>
8	R3 Within each service area, evaluate how information systems are being used to calculate performance indicators and take	2	Head of Policy for overall	Yes	Any system changes must be cost effective and it	By 31 March 2009	Adapt Performance Indicator Review process to include consideration of systems.	Complete

Pg.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsible Officer / Group	Agreed	Comments	Date	Actions	Status
	<p>appropriate action to address any opportunities for improvement identified by this review.</p> <p>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.</p>		process. Relevant heads of service for all indicators.		is not clear that they will not incur significant cost.			
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 Key Issues Exchange 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		<p>Agree with Corporate Improvement Group for Data Quality to be covered in Key Issues Exchange process for relevant staff to identify any development needs.</p> <p>Reflect this in Data Quality Policy.</p>	<p>Complete</p> <p>Complete</p>

Pg.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsible Officer / Group	Agreed	Comments	Date	Actions	Status
					sufficient benefit to justify the cost.			
9	<p>R5 Put arrangements in place to ensure that common issues and opportunities for improvement arising from data quality reviews undertaken by internal audit and Performance Management Group are communicated to all relevant staff.</p> <p>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.</p>	2	Corporate Performance Manager	Yes	Performance management group will lead on circulating information within their departments.	By 31 March 2009	<p>Develop a data quality workshop to provide guidance/support to relevant staff.</p> <p>Communicate feedback from Performance Indicator reviews to Performance Management Group and Corporate Improvement Group.</p>	<p>Complete</p> <p>Complete</p>
	<p>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.</p> <p>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.</p>	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	By 31 March 2009	<p>From April 2009 performance reports will be placed on the electronic members' library 2 weeks after the quarter end and a report will be presented to the next available Cabinet meeting.</p> <p>Produce one performance report for each of the 5 revised Overview and Scrutiny Committees.</p>	<p>Complete</p> <p>Complete</p>

Pg.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsible Officer / Group	Agreed	Comments	Date	Actions	Status
					<p>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. 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</p>			

Pg.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsible Officer / Group	Agreed	Comments	Date	Actions	Status
					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 Performance Indicator 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	Ensure controls are in place to identify errors in recording of data which may impact on those indicators.	Complete
17	R8 The Council have improved in their reporting of Housing Investment Programme Housing Strategy Statistical Appendix - 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 (Structured Query Language, 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	Establish effective communication processes between teams involved. Identify best practice from other local authorities.	Complete In progress
17	R9 Our spot check testing found Housing Investment Programme Housing Strategy Statistical Appendix repeat homelessness indicator was fairly stated. However, we	3	Corporate Performance Manager / Head of	Yes	Data collection will now be fully aided the recent installation of a	By March 2009		Complete

Pg.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsible Officer / Group	Agreed	Comments	Date	Actions	Status
	found that the corporate Data Quality 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 Data Quality issues.		Housing		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.			
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 National Indicator Set.	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	Complete Performance Indicator reviews for all National Indicators able to be reviewed at this stage	Complete
17	R11 We would urge Corporate services to	2	Head of	Yes	We have already	By 31	Include any relevant actions	Complete

Pg.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsible Officer / Group	Agreed	Comments	Date	Actions	Status
	revisit the recommendations made in the internal audit report to ensure that they are equipped to report on the new national indicators.		Policy		reviewed the National Indicator Set and refer to R7 above.	March 09	in the Data Quality Action Plan	

5. Data Quality Assessment 2008/09

- 5.1 The Use of Resources element of the Council's organisational assessment of CAA will be partly informed by an assessment of our data quality arrangements for 2008/09. Data quality will feed into the Key Line of Enquiry (KLOE) 2.2 "Data Quality and Use of Information" under the "Governing the Business" theme.

6. Financial implications

- 6.1 There are no immediate financial implications for Wirral resulting from this report.

7. Staffing implications

- 7.1 There are no staffing implications for Wirral resulting from this report.

8. Equal Opportunities implications

- 8.1 There are no equal opportunities implications for Wirral resulting from this report.

9. Community Safety implications

- 9.1 There are no community safety implications for Wirral resulting from this report.

10. Local Agenda 21

- 10.1 There are no environmental implications for Wirral resulting from this report.

11. Planning implications

- 11.1 There are no planning, land use etc. implications for Wirral resulting from this report.

12. Anti-poverty implications

- 12.1 There are no implications for people from deprived communities in Wirral resulting from this report.

13. Social inclusion implications

- 13.1 There are no implications that will potentially exclude individuals or groups from accessing services resulting from this report.

14. Local Member Support implications

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

15. Background Papers

- 15.1 The following background papers were used in the preparation of this report:-
- Data Quality Report – Audit 2007/2008 - Audit Commission January 2009
 - Data Quality Report – Audit and Risk Management Committee 26th January 2009
 - Data Quality Report – Cabinet 9th April 2009
 - Data Quality Action Plan and Progress Report 29th June 2009.
 - Data Quality Action Plan and Progress Report 23rd September 2009.

16. Recommendations

- 16.1 Audit and Risk Management Committee note the progress against the Data Quality Action Plan.

J. WILKIE

Deputy Chief Executive/Director of Corporate Services

This report was prepared by Siân Williams, who can be contacted on 0151 691 8637.

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WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

25 NOVEMBER 2009

REPORT OF THE DIRECTOR OF FINANCE

“IS THERE SOMETHING I SHOULD KNOW? MAKING THE MOST OF YOUR INFORMATION TO IMPROVE SERVICES” - AUDIT COMMISSION LOCAL GOVERNMENT NATIONAL REPORT (July 2009)

1. EXECUTIVE SUMMARY

- 1.1 The local government national report by the Audit Commission “Is there something I should know? Making the most of your information to improve services”, published in July 2009, considers whether Councils are equipped to improve their information. It also says that decision makers must be more demanding in obtaining the information they need to make decisions.
- 1.2 The report finds that almost 80 per cent of Members report a lack of in-depth analysis as a major problem and that their analysts (officers/researchers/consultants) spend around twice as much time on producing routine reports as on value-added analysis.
- 1.3 Findings show that Members complain that they receive lengthy reports that lack the information they need. Less than five per cent of councils have excellent quality data and 65 per cent face problems sharing data externally.
- 1.4 The report puts forward a number of recommendations, supported by web based “toolkits” for Councils to use in order to improve information for decision making.

2. KEY DETAILS FROM THE REPORT

- 2.1 The report begins with the premise that giving decision makers the information they need will help Councils make savings while improving services. This is all the more critical in recessionary times and some solutions have little or no extra cost. It goes on to suggest that it is important that Councils have the right information now because many of the decisions that they need to make in the years ahead will be harder than usual. It is stated that many Councils risk making poor decisions because their information is inaccurate, irrelevant or incomplete.
- 2.2 From research and fieldwork carried out for the report, Members and senior officers recognise that they lack the information they need to make decisions with common problems including:
 - frustration with lengthy reports that do not present information in a concise and easily accessible way;
 - a concern that inaccurate or out-of-date information drives key decisions; and
 - a lack of relevant, contextual information, that adds richness to, and helps people understand, the raw data.

2.3 To equip themselves with the information that will support good decisions, Councils need to develop:

- (i) A culture - that values and exploits the power of information:
 - Commitment from Members to an evidence based culture. .
 - Information used by Members and senior officers to drive better services and more efficiencies.
 - Collaborative, challenging and demanding approach to creating better information.
- (ii) People – who are expert, professional, well trained people, working in effective ways:
 - Good interpretation skills.
 - Analytical resource focused on supporting decision making.
 - Recruitment, retention and development of skilled staff.
 - Attractive jobs.
- (iii) Standards – including good data quality and information shared effectively with partners:
 - Standards maintained through a common competency framework.
 - Excellent data quality.
 - Established data-sharing protocols.

2.4 It is suggested that many Councils struggle to unlock the power of information to improve decision making. The reasons for this lie in the three strands of culture, people and standards. The table below sets out the most common problems found under each of these strands.

	Councils should demonstrate	The most common problems
Culture	<ul style="list-style-type: none"> • Commitment from Members to an evidence based culture. • Information used by Members and senior officers to drive better services and more efficiencies. • Collaborative, challenging and demanding approach to creating better information. 	<ul style="list-style-type: none"> • Decision makers do not demand relevant, high quality, well presented information. There is not two-way dialogue between decision makers and information providers.
People	<ul style="list-style-type: none"> • Good interpretation skills. • Analytical resource focused on supporting decision making. • Recruitment, retention and development of skilled staff. • Attractive jobs. 	<ul style="list-style-type: none"> • Members and senior officers struggle to understand the information they receive. • Analysts spend more time on routine tasks than on identifying and highlighting the salient facts. • Analysts are not expert and receive insufficient training and support.
Standards	<ul style="list-style-type: none"> • Standards maintained through a common competency framework. • Excellent data quality. • Established data-sharing protocols. 	<ul style="list-style-type: none"> • Data is too often inaccurate and not fit for purpose. • Data only rarely shared with external partners.

- 2.5 In order to address these issues the report suggests that these problems can be overcome without spending more but by good management and learning from exemplar Councils:
- Councils do not need to spend more and should instead deploy existing resources more wisely. Thirty-six per cent of analysts' time is spent on routine performance reporting, while only 15 per cent is spent on value added analysis.
 - This need not be expensive. A high quality intelligence or information unit can be provided with under 0.2 per cent of expenditure. The best performing intelligence units are not the most expensive.
 - Decision makers need to become more demanding, and analysts more valued.
 - Two-thirds of Councils say Members struggle to understand information, and half say that senior officers do, yet half of Councils provide no formal training in this area and almost a quarter provide no support at all.
 - Sixty-five per cent of Councils still face problems sharing data with external partners. Many Councils say their staff do not understand the Data Protection Act, which means opportunities to reduce waste and duplication are often missed.
- 2.6 The Audit Commission is providing tools to help Councillors demand better information, and to help councils improve the information they provide to decision makers. It will also assess Councils on the information available to support decision making in Use of Resources as part of the Comprehensive Area Assessment.

3. KEY RECOMMENDATIONS FROM THE REPORT

3.1 The report states that Councils should:

- use the self-assessment framework from the study to understand where they need to improve, and the toolkit to help drive those improvements;
- develop an environment where decision makers demand relevant, high quality, well presented information;
- ensure a two-way, robust dialogue between decision makers and information providers;
- invest time in recruiting, training and retaining skilled staff;
- foster a culture of professionalism in the research, intelligence and information functions, and encourage membership of professional bodies;
- ensure, through their national representatives and professional bodies, (including: the Local Government Association (LGA); Local Authorities Research and Intelligence Association (LARIA); the British Urban and Regional Information Systems Association (BURISA); the Local Authority Research Council Initiative (LARCI); and the Central and Local Information Partnership (CLIP) that there is a national structure for research, intelligence and information functions comprising:
 - a clear competency framework to help Councils improve the skills base and overall performance of research, intelligence and information units;
 - coherent and consistent national support networks that have a high profile with Councils;
 - networking and good practice sharing opportunities; and
 - a voice for research, intelligence and information functions in local government.

3.2 The support from The Audit Commission will be to:

- publish a self-assessment framework and toolkit to help Councils improve;
- assess Councils on the information available to support decision making in Use of Resources key line of enquiry (KLOE) 2.2 (Does the organisation produce relevant and reliable data and information to support decision making and manage performance?) and publish the results;
- update guidance for KLOE 2.2 to reflect the findings from this study.

4. IMPACT ON WIRRAL COUNCIL

4.1 Clearly there is a great deal in the report that requires further thought and consideration. Research and intelligence is gathered and analysed in all departments of the Council. In the light of this Audit Commission report it will be necessary to review the way the Council works. This will be assessed using the practical tools available from the Audit Commission supporting the report:

- A self assessment checklist
- Resources for elected Members
- Analyst diary
- Resource Mapping Tool
- Decision Making Guides
- Links to training and support

4.2 Officers will work together corporately to understand any information deficits; but ultimately, it is Councillors and decision-makers in the Council who need to decide for themselves what information they need. Accordingly, it is envisaged, that this work will involve workshops with Members and senior officers to ensure Wirral has the right culture, people and standards to produce relevant, quality, well presented information upon which to make decisions.

5. FINANCIAL AND STAFFING IMPLICATIONS

5.1 At this stage no financial implications have been identified. The outcome of the review of the way Wirral Council manages its information may impact on the staffing structure of the Council but may also lead to smarter decision making, thus producing financial savings.

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 “Is There Something I Should Know? Making the Most of Your Information to Improve Services” - Audit Commission Local Government National Report (July 2009)

13. **RECOMMENDATION**

13.1 That the report be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/302/09

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WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

25 NOVEMBER 2009

REPORT OF THE CHIEF INTERNAL AUDITOR

AUDIT COMMISSION REPORTS

1. EXECUTIVE SUMMARY

1.1 This report summarises reviews undertaken by the Audit Commission since April 2006 to date as requested by the Audit and Risk Management Committee on 29 June 2009. At the request of the Chair of this Committee at the meeting on the 23 September 2009 the report now includes additional detail regarding the nature of individual recommendations and actions that Wirral Council has taken to implement them.

2. BACKGROUND

2.1 On 29 June 2005, the Finance and Corporate Management Select Committee resolved that it should receive an annual report detailing the results of the reviews undertaken by Internal Audit as to how the Council has responded to Audit Commission reports.

2.2 The Financial Regulations (4.3.15) state that it is incumbent on Chief Officers to ensure that the receipt and action taken in response to the recommendations within external audit reports, relating to services for which they are responsible, are reported promptly to the appropriate Committee.

2.3 At the meeting of this Committee on 29 June 2009 a report was requested identifying all of the reviews completed by the Audit Commission for the period April 2006 to date and including actions taken by the Council to address all of the issues raised.

2.4 At the meeting of this Committee on 23 September 2009 the Chair requested that additional information be included in the internal audit report, identifying the exact nature of all of the recommendations included in Audit Commission reports and the current implementation position, and that this be presented to the next meeting of this Committee.

3. FINDINGS

3.1 The Audit Commission issued 41 final reports for the period 1st April 2006 to date in respect of Wirral Council and 8 in respect of Merseyside Pension Fund. These are listed in Appendix 1 to this report.

3.2 All reports have been reported to the appropriate Committee. Assurances have been obtained that recommendations have been implemented or are in

the process of being implemented, and that Members have been kept updated on current progress.

4. FINANCIAL AND STAFFING IMPLICATIONS

4.1. There are none arising from this report.

5. LOCAL MEMBER SUPPORT IMPLICATIONS

5.1. There are no local member support implications.

6. LOCAL AGENDA 21 STATEMENT

6.1. There are no local agenda 21 implications.

7. PLANNING IMPLICATIONS

7.1. There are no planning implications.

8. EQUAL OPPORTUNITIES IMPLICATIONS

8.1. There are no equal opportunities implications.

9. COMMUNITY SAFETY IMPLICATIONS

9.1. There are no community safety implications.

10. HUMAN RIGHTS IMPLICATIONS

10.1. There are no human rights implications.

11. BACKGROUND PAPERS

11.1 Audit Commission Reports issued since 1 April 2006 to date. (See Appendix 1).

12. RECOMMENDATION

12.1. That the report is noted.

DAVID A. GARRY
CHIEF INTERNAL AUDITOR

FNCE/310/09

**AUDIT COMMISSION REPORTS ISSUED 2006/2007
WIRRAL COUNCIL**

Appendix 1

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer providing assurance	Comments
			No	High			
1.	May 2006	Probity in Partnerships	9	6	<p><u>R1 (High)</u> Complete a comprehensive review of the Council's relationship with all external partners. Establish a register of partnerships, documenting the nature of the Council's relationship.</p> <p><u>R2 (High)</u> Assign responsibility for corporate co-ordination of partnership issues to one officer. (Implementation corporate guidance to remain responsibility of relevant chief officers).</p> <p><u>R3 (High)</u> Draw up corporate guidelines for entering into a partnership. This should include a risk analysis of partnership working.</p> <p><u>R4 (High)</u> Complete memorandum of agreements for SureStart partnerships as a matter of urgency-</p> <p><u>R5 (High)</u> Ensure memorandum of agreements is prepared for future partnerships before they begin operating.</p> <p><u>R6 (Medium)</u> Periodically clarify to partnership board members and partnership staff, the roles and responsibilities of partnership board members.</p> <p><u>R7 (Medium)</u> Periodically check partnerships comply with Wirral's governance requirements, - for example, standing orders, ethical frame work, and declaration of interests.</p> <p><u>R8 (High)</u> Ensure legal representation is available, as appropriate, to partnership board meetings.</p> <p><u>R9 (Medium)</u> Partnerships to ensure training requirements for all staff/board members are appropriately assessed and adequate resources are available to deliver these identified training needs. Assessment to include consideration of governance issues and support h the timeliness and quality of supporting records for grant claims.</p>	Bill Norman Director Law, HR & Asset Management	<p>Reports to Executive Board 2/11/06, 8/2/07 and Audit and Risk Management 28/9/06. Regular progress reports have been submitted to Members.</p> <p>Director advises that all recommendations have either been addressed or are in the process of being addressed.</p>

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2.	May 2006	Prudential Code	7	-	<p><u>R1 (Medium)</u> Clarify and formalise the processes in place to ensure effective implementation of the Prudential Code, including the roles and responsibilities of officers, a scheme of delegation and the arrangements for monitoring and reporting prudential code indicators and capital investment.</p> <p><u>R2 (Medium)</u> Review the Capital Investment Scheme guidance for officers to include explicit requirement that all capital bids include evidence of option appraisal and affordability considerations over the life of the scheme.</p> <p><u>R3 (Medium)</u> Ensure all projects considered for inclusion in the capital programme, including investment to save schemes are subject to the same methodology and considerations.</p> <p><u>R4 (Medium)</u> Ensure reports, including capital monitoring and progress reports, clearly update the level of external borrowing required to fund the capital programme.</p> <p><u>R5 (Medium)</u> Report sufficient detail to Members to allow informed decisions in relation to considering whether to make greater use of the opportunities afforded by the prudential code to increase external borrowing to fund additional schemes in pursuit of key service objectives.</p> <p><u>R6 (Medium)</u> Clarify the process for prioritising and the strategy for reducing backlog maintenance within the capital investment programme.</p> <p><u>R7 (Medium)</u> Provide technical training to officers to ensure effective implementation of the Code.</p>	Mark Goulding Group Accountant Finance	<p><u>R1</u> An assurance has been provided that recommendation R1 has been implemented.</p> <p><u>R2</u> An assurance has been provided that recommendation R2 has been implemented.</p> <p><u>R3</u> An assurance has been provided that recommendation R3 has been implemented.</p> <p><u>R4</u> An assurance has been provided that recommendation R4 has been implemented.</p> <p><u>R5</u> An assurance has been provided that recommendation R5 has been implemented.</p> <p><u>R6</u> An assurance has been provided that recommendation R6 has been implemented.</p> <p><u>R7</u> An assurance has been provided that recommendation R7 has been implemented.</p>

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3.	May 2006	BVPI Summary Report	-	-	-	-	Not reported to Committee separately, content is included in the Annual Audit and Inspection Letter.
4.	September 2006	1 Business Management Arrangements	10	8	<p><u>R1 (High)</u> Ensure that the membership of the Board and project team is reviewed regularly to ensure that appropriate skills are available to the Board.</p> <p><u>R2 (High)</u> Ensure reporting arrangements to the Board and to Councillors continue to be fit for purpose and regularly review their format.</p> <p><u>R3 (High)</u> Ensure overarching project plans for programmes are produced as standard, eg Payroll.</p> <p><u>R4 (Medium)</u> Formally adopt the Wirral project management methodology to enable a standard approach to risk and to learn and share lessons from projects.</p> <p><u>R5 (High)</u> Formally adopt the project assurance role.</p> <p><u>R6 (Medium)</u> Ensure that the benefits of the project are explained to staff, publicise successes, clarify actions being taken on outstanding issues, and make clear what the next steps will be.</p> <p><u>R7 (High)</u> Clarify the terms of the 'partnership' to ensure both the Council and Fujitsu are working to the same expectations.</p> <p><u>R8 (High)</u> Urgently resolve the operational issues including the integration of CRM with other systems, payroll, ensuring there is capacity to respond to statutory requirements for complaints in adult and children's services and accounts payable.</p> <p><u>R9 (High)</u> Ensure a detailed benefits plan is produced with details of cashable and non-cashable benefits which is reported to members.</p> <p><u>R10 (High)</u> Ensure the recent increased focus on change management is maintained and good progress is made in order to achieve the projected savings and future service and operational improvements.</p>	David Smith Deputy Director Finance	Wirral Council no longer operating 1 Business Partnership. Principles raised have been included in the Strategic Change programme.

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			No	High			
5.	September 2006	Annual Governance Report	2	2	<u>R1(High)</u> Improve year end and qualitative process for producing the financial statements to ensure the accounts presented for approval are free from significant errors. <u>R2 (High)</u> Ensure consistent accounting treatment of balances due to and from health partners in the 2006.07 accounts.	Pete Molyneux Chief Accountant Finance	<u>R1</u> An assurance has been provided that recommendation R1 is ongoing. <u>R2</u> An assurance has been provided that recommendation R2 has been implemented.
6.	October 2006	Corporate and Service Planning – Interim Position Statement	-	-	-	-	Report comments on implementation of recommendations arising from the CPA Corporate Assessment 2005, and states that positive progress is being made. A part 2 update report produced November 2007. No recommendations identified.

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7.	December 2006	Working in Partnership – Health Improvement	6	5	<p><u>R1 (High)</u> The Council and PCT need to implement changes to effectively co-ordinate their strategies, plans, governance, performance management and delivery arrangements as a result of new initiatives such as the development of local area agreements.</p> <p><u>R2 (High)</u> For all future arrangements the Council and PCT need to ensure that clear funding agreements are established when the work is commissioned. These should clearly set out the respective funding responsibilities of partner organisations and the payment terms.</p> <p><u>R3 (Medium)</u> The Council and PCT should implement an approach to monitor and review the Compact with the voluntary and community sector. This should be done in conjunction with the voluntary and community sector.</p> <p><u>R4 (High)</u> As part of its partnership review, the Health and Social Care Partnership should clearly identify what outcomes its various groups have been tasked to be responsible for and deliver in the future. Where this cannot be identified, these groups should cease to exist and their work be incorporated into other groups.</p> <p><u>R5 (High)</u> Progress against key strategies that will deliver improved health outcomes (such as obesity and physical activity) should be reported formally as part of the new partnership performance management arrangements.</p>	<p>Sue Drew Wirral PCT</p> <p>Tina Long Wirral PCT</p> <p>Sue Drew Wirral PCT</p> <p>Tina Long Wirral PCT</p> <p>Sue Drew Wirral PCT</p>	<p><u>R1</u> An assurance has been provided that recommendation R1 has been implemented.</p> <p><u>R2</u> An assurance has been provided that recommendation R2 has been implemented.</p> <p><u>R3</u> The Council, together with the PCT is continuing to review funding arrangements using the principles of the Compact and involving the voluntary and community sectors. This is due to be completed by the end of 2009.</p> <p><u>R4</u> An assurance has been provided that recommendation R4 has been implemented.</p> <p><u>R5</u> An assurance has been provided that recommendation R5 has been implemented.</p>

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					<u>R6 (High)</u> Building upon the neighbourhood renewal commissioning approach, all initiatives aimed at improving health need to be: <ul style="list-style-type: none"> • clearly linked to achievement of agreed outcomes (including interim measures of achievement where overall aims are long term); • clearly linked to organisational plans; • regularly monitored against outcomes; • assessed at least annually to ensure they are providing value for money and having sufficient impact to justify their cost; and • reformed or discontinued if impact is insufficient. 	Sue Drew Wirral PCT	<u>R6</u> An assurance has been provided that recommendation R6 has been implemented.
8.	December 2006	Issues Arising from the Opinion Audit	24	5	See above (Ref 5)	-	Not reported to Committee separately, content is included within the Annual Governance Report.
9.	December 2006	Use of Resources Report 2006	-	-	-	-	No recommendations.

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10.	January 2007	Social Services Budgetary Control	11	9	<p><u>R1 (Medium)</u> Strengthen procedures for reporting significant year-end budget variances to Members. (DASS)</p> <p><u>R2 (High)</u> Ensure rigorous budget monitoring and control procedures are effectively applied to avoid a further budget overspend in 2006/07. (DASS)</p> <p><u>R3 (High)</u> Review the effectiveness of the revised reporting arrangements and ensure the DASS MTFP is effectively linked to the Council's corporate medium term financial plan and revised corporate plan, due in 2007. (DASS / DoF).</p> <p><u>R4 (High)</u> Monitor the effectiveness of the new procedures for budget monitoring and accountability to ensure the DASS succeeds in managing its budget within its available resources in 2006/07 and subsequent years. (DASS)</p> <p><u>R5 (Medium)</u> Continue to develop more sophisticated budget profiles, particularly making use of the information to be available from SWIFT financial modules. (DASS / DoF)</p> <p><u>R6 (High)</u> Ensure budget monitoring reports to Members are sufficiently detailed to allow them to effectively monitor and challenge the achievement and realism of savings targets. Ensure reported savings can be adequately supported. (DASS)</p> <p><u>R7 (High)</u> Ensure budget monitoring reports to Members are sufficiently detailed to allow them to effectively monitor and challenge the achievement and realism of savings targets. Ensure reported savings can be adequately supported. (DASS)</p>	Sandra Thomas Principal Manager Adult Social Services	<p><u>R1</u> An assurance has been provided that recommendation R1 has been implemented.</p> <p><u>R2</u> An assurance has been provided that recommendation R2 has been implemented.</p> <p><u>R3</u> An assurance has been provided that recommendation R3 has been implemented.</p> <p><u>R4</u> An assurance has been provided that recommendation R4 has been implemented.</p> <p><u>R5</u> An assurance has been provided that recommendation R5 has been implemented.</p> <p><u>R6</u> An assurance has been provided that recommendation R6 has been implemented.</p> <p><u>R7</u> An assurance has been provided that recommendation R7 has been implemented.</p>

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					<p><u>R8 (High)</u> Resolve any outstanding financial disputes with PCTs and ensure clear funding agreements are established when future joint work with partners is commissioned. These should clearly set out the respective funding responsibilities of partner organisations and the payment terms. (DASS)</p> <p><u>R9 (High)</u> Resolve any outstanding financial disputes with PCTs and ensure clear funding agreements are established when future joint work with partners is commissioned. These should clearly set out the respective funding responsibilities of partner organisations and the payment terms. (DASS)</p> <p><u>R10 (High)</u> Strengthen debt collection arrangements through the implementation of Internal Audit recommendations. (DASS)</p> <p><u>R11 (High)</u> Implement agreed action to ensure 2006/07 accounts appropriately reflect all amounts due to and from external agencies including PCTs.(DASS / DoF).</p>		<p><u>R8</u> An assurance has been provided that recommendation R8 has been implemented.</p> <p><u>R9</u> An assurance has been provided that recommendation R9 has been implemented.</p> <p><u>R10</u> An assurance has been provided that recommendation R10 has been implemented.</p> <p><u>R11</u> An assurance has been provided that recommendation R11 has been implemented.</p>
11.	March 2007	Housing Market Renewal	13	7	<p><u>R1</u> Provide a detailed annual report for Members using the timetable followed by the NewHeartlands Board as a guide.</p> <p><u>R2</u> Consolidate HMRI risks where practical to help facilitate monitoring and action.</p> <p><u>R3</u> Ensure that procedures are in place to identify any projects which at risk of failing to meet their targets in 2006/07 and 2007/08.</p> <p><u>R4</u> Report promptly to Members any slippage that could lead to a financial risk to the Council.</p>	Chris Bowen Housing Market Renewal Initiative Manager Regeneration Department	<p><u>R1</u> An assurance has been provided that recommendation R1 has been implemented.</p> <p><u>R2</u> An assurance has been provided that recommendation R2 has been implemented.</p> <p><u>R3</u> An assurance has been provided that recommendation R3 has been implemented.</p> <p><u>R4</u> An assurance has been provided that recommendation R4 has been implemented.</p>

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					<p><u>R5</u> Ensure that ex-gratia payments are an eligible use of HMRI funds as defined by the Market Restructuring Implementation Agreement.</p> <p><u>R6</u> Discuss all proposed ex-gratia payments with the Director of Finance and the Finance Director of NewHeartlands.</p> <p><u>R7</u> HMRI assets should be subject to review in 2006/07 to assess the stated values following clearance and development.</p> <p><u>R8</u> Standardise the record of HMRI assets so that there are better links with the Council's corporate asset management framework and the Newheartlands system.</p> <p><u>R9</u> A procedure should be introduced to ensure that the appropriate legal charge has been placed on properties on which equity loans are secured.</p> <p><u>R10</u> Clarification is required as to accounting treatment of the unspent balance of the equity loans fund.</p> <p><u>R11</u> Ensure that the balance of the equity loans fund is fully utilised and that the amount held on deposit by Art Homes Limited in its bank account is minimised.</p> <p><u>R12</u> Identify a range of measures at the operational level to demonstrate value for money in the use of HMRI funding particularly in clearance areas. For example:</p> <ul style="list-style-type: none"> • tracking acquisition and demolition costs over time; • monitoring the cost of remediation sites post clearance; • reviewing the cost of home loss compensation; and review of security costs. <p><u>R13</u> Prepare a marketing and communication plan.</p>		<p><u>R5</u> An assurance has been provided that recommendation R5 has been implemented.</p> <p><u>R6</u> An assurance has been provided that recommendation R6 has been implemented.</p> <p><u>R7</u> An assurance has been provided that recommendation R7 has been implemented.</p> <p><u>R8</u> An assurance has been provided that recommendation R8 has been implemented.</p> <p><u>R9</u> An assurance has been provided that recommendation R9 has been implemented.</p> <p><u>R10</u> An assurance has been provided that recommendation R10 has been implemented.</p> <p><u>R11</u> An assurance has been provided that recommendation R11 has been implemented.</p> <p><u>R12</u> An assurance has been provided that recommendation R12 has been implemented.</p> <p><u>R13</u> An assurance has been provided that recommendation R13 has been implemented.</p>
12.	March 2007	Annual Audit and Inspection Letter	-	-	-	-	Report is for information.
13.	May 2007	Audit and Inspection Plan	-	-	-	-	Sets out Audit Commission planned work for 2006/07. There are no recommendations – report is to inform Members.

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14.	May 2007	Review of Internal Audit	12	5	<p><u>R1 (Medium)</u> Strengthen the Internal Audit Charter to fully comply with Cipfa's Code of Practice and reflect additional disclosure requirements.</p> <p><u>R2 (Medium)</u> Maintain appropriate evidence that Declaration of Interest forms are completed on an annual basis.</p> <p><u>R3 (High)</u> Confirm arrangements for the annual review of the effectiveness of the system of IA, including consideration of the role of the Audit and Risk Management Committee in relation to reviewing the effectiveness of Internal Audit and the reports of other inspection agencies.</p> <p><u>R4 (Medium)</u> Ensure training and developments needs are formally captured from internal quality assurance reviews.</p> <p><u>R5 (Medium)</u> Introduce arrangements to broaden the awareness and understanding of team leaders of key corporate issues and context.</p> <p><u>R6 (High)</u> Strengthen and document the process whereby the prioritisation of audit work to be included in the original, and any subsequent revised, plan is subject to review by the Deputy Director of Finance. This should include review of the type of work planned, scope and allocated budgets.</p> <p><u>R7 (Low)</u> Consider incorporating contingency budgets into strategic and annual audit plans to allow for budget overruns and additional requests for work.</p> <p><u>R8 (High)</u> Keep under review the structure and skill-mix of the IA section, to ensure it is able to recruit and retain sufficiently experienced staff to deliver its remit.</p>	Mark Niblock Deputy Chief Internal Auditor Finance	<p><u>R1</u> An assurance has been provided that recommendation R1 has been implemented.</p> <p><u>R2</u> An assurance has been provided that recommendation R2 has been implemented.</p> <p><u>R3</u> An assurance has been provided that recommendation R3 has been implemented.</p> <p><u>R4</u> An assurance has been provided that recommendation R4 has been implemented.</p> <p><u>R5</u> An assurance has been provided that recommendation R5 has been implemented.</p> <p><u>R6</u> An assurance has been provided that recommendation R6 has been implemented.</p> <p><u>R7</u> An assurance has been provided that recommendation R7 has been implemented.</p> <p><u>R8</u> An assurance has been provided that recommendation R8 has been implemented.</p>

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					<p><u>R9 (Medium)</u> Introduce procedures to ensure all additional work requests are subject to appropriate review and challenge prior to acceptance. This should include the impact such reviews will have on the delivery of key elements of the audit plan.</p> <p><u>R10 (Low)</u> Ensure the audit manual documents the arrangements for follow-up.</p> <p><u>R11 (Medium)</u> Formalise a quality assurance programme, including provision for carrying out internal quality reviews, to comply with new CIPFA guidelines and standards.</p> <p><u>R12 (Medium)</u> Agree the set of performance measures to be used to monitor IA with the Audit and Risk Management Committee.</p>		<p><u>R9</u> An assurance has been provided that recommendation R9 has been implemented.</p> <p><u>R10</u> An assurance has been provided that recommendation R10 has been implemented.</p> <p><u>R11</u> An assurance has been provided that recommendation R1 has been implemented.</p> <p><u>R12</u> An assurance has been provided that recommendation R12 has been implemented.</p>

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			No	High			
15.	May 2007	Strategic Approach to Housing	6	5	<p><u>R1 (High)</u> Develop consistent customer facing service information and customer service standards with customers and monitor their implementation.</p> <p><u>R2 (High)</u> Develop a systematic and robust approach to gaining and using customer insight information, for example through customer satisfaction surveys and focus group.</p> <p><u>R3 (High)</u> Develop explicit and SMART aims for housing across the borough as part of the review and development of the housing strategy through:</p> <ul style="list-style-type: none"> • completion of the strategic housing market assessment; • the development of an explicit affordable housing policy; and • the development of an explicit corporate approach for the use of Section 106 agreements. <p><u>R4 (High)</u> Focus resources on proactively preventing homelessness and develop a clear menu of approaches to be used in a range of circumstances.</p> <p><u>R5 (Medium)</u> Work with RSLs to identify the scale of adaptations work currently being funded directly and establish a mechanism to ensure that there is equity across tenures.</p> <p><u>R6 (High)</u> Undertake more detailed cost comparisons for housing services, identify where costs are high and the reasons for this and develop an explicit strategy to address the achievement of value for money within housing services.</p>	Chris Bowen Housing Market Renewal Initiative Manager Regeneration Department	<p><u>R1</u> An assurance has been provided that recommendation R1 has been implemented.</p> <p><u>R2</u> An assurance has been provided that recommendation R2 has been implemented.</p> <p><u>R3</u> An assurance has been provided that recommendation R3 has been implemented.</p> <p><u>R4</u> An assurance has been provided that recommendation R4 has been implemented.</p> <p><u>R5</u> An assurance has been provided that recommendation R5 has been implemented.</p> <p><u>R6</u> An assurance has been provided that recommendation R6 has been implemented.</p>

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16.	May 2007	Grant Claims and Returns	5	0	<p><u>R1 (Medium)</u> Take a more proactive approach to managing grant claims, eg set early deadlines for submission of claim to co-ordination section for checking sufficiently before the deadline for submission.</p> <p><u>R2 (Medium)</u> Check that all the expected working papers are provided to support the claim. The claim preparer should provide working paper references to support entries on the claim.</p> <p><u>R3 (Medium)</u> Review the claim and accompanying working papers for completeness i.e. no missing documents.</p> <p><u>R4 (Medium)</u> Prepare a self assessment of the control environment and submit the assessment with the grant claim.</p> <p><u>R5 (Medium)</u> Identify weaknesses in the grant claim control environment and discuss appropriate action with the claim preparer.</p>	Tom Sault Head of Financial Services Finance Department	<p><u>R1</u> An assurance has been provided that recommendation R1 has been implemented.</p> <p><u>R2</u> An assurance has been provided that recommendation R2 has been implemented.</p> <p><u>R3</u> An assurance has been provided that recommendation R3 has been implemented.</p> <p><u>R4</u> Is a continuous ongoing process.</p> <p><u>R5</u> An assurance has been provided that recommendation R5 has been implemented.</p>

Merseyside Pension Fund 2006/2007

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
1.	September 2006	Audit Opinion	-	-	-	-	Report is for information. No recommendations identified
2.	January 2007	Annual Report	-	-	-	-	Report is for information. No recommendations identified
3.	May 2007	Final Accounts Memorandum	-	-	-	-	Report to Officers only, content included in reports above. No recommendations identified

AUDIT COMMISSION REPORTS ISSUED 2007/2008

WIRRAL COUNCIL

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
1.	July 2007	Review of Electrical Maintenance Contract Arrangements	6	2	<p><u>R1 (High)</u> Ensure arrangements for informing potential tenderers are consistently applied. Where appropriate, this may include advertising in the local press.</p> <p><u>R2 (High)</u> Ensure ongoing management arrangements for Schedule of Rates contracts provide a sufficient check that invoicing details are in line with agreed contract terms.</p> <p><u>R3 (Medium)</u> Keep under review the nature of jobs that are likely to arise from electrical repairs to public buildings and ensure the schedule of rates is amended promptly.</p> <p><u>R4 (Medium)</u> Consider the need to establish formal back up arrangements to call upon a reserve contractor in the event of the current contractor failing to meet the terms and conditions of the contract. Trigger points should be set at which point back up arrangements should be activated.</p>	Jeffrey Sherlock Assistant Director Technical Services	<p><u>R1</u> An assurance has been provided that recommendation R1 has been implemented.</p> <p><u>R2</u> An assurance has been provided that recommendation R2 has been implemented.</p> <p><u>R3</u> An assurance has been provided that recommendation R3 has been implemented.</p> <p><u>R4</u> Is not to be implemented. Client Comment: The regular monthly monitoring meetings will flag up any potential poor performance and the contractor will have every opportunity to take corrective action. If performance is consistently poor with no improvement suggestions from client dept's will be sought and Central Procurement will be involved.</p>

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					<p><u>R5 (Medium)</u> Issue periodic reminders to local suppliers explaining the significance of and process for registering for all categories of work on Construction line</p> <p><u>R6 (Medium)</u> Issue periodic reminders to schools outside the FM SLA to ensure they comply with Council Standing Orders in the selection of contractors and ensure contractors are checked to provide assurance that they meet necessary financial and technical criteria. Incorporate checks in IA visits to such secondary schools.</p>		<p><u>R5</u> An assurance has been provided that recommendation R5 has been implemented.</p> <p><u>R6</u> An assurance has been provided that recommendation R6 has been implemented.</p>
2.	September 2007	Annual Governance Report	3	2	<p><u>R1 (Medium)</u> Ensure the Authority's reserves and provisions are classified in accordance with appropriate accounting requirements.</p> <p><u>R2 (High)</u> Finalise the corporate plan and ensure it provides an effective strategic direction to the Authority, with clear service priorities that will be closely linked to service plans and resource allocations over the next three years.</p> <p><u>R3 (High)</u> Finalise plans for delivering the Authority's efficiency plan targets. This should include reviewing the Authority's approach to achieving its efficiency plan targets for 2008/2009 and beyond, having regards to the Council's future strategy for service provision.</p>	Pete Molyneux Chief Accountant Finance	<p><u>R1</u> Is a continuous ongoing process.</p> <p><u>R2</u> An assurance has been provided that recommendation R2 has been implemented.</p> <p><u>R3</u> An assurance has been provided that recommendation R3 has been implemented.</p>
3.	November 2007	BVPP	-	-	-	-	Statutory report for officers. There were no matters to report and no recommendations arising.

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4.	November 2007	Final Accounts Memorandum	11	6	<p><u>R1 (High)</u> Amend the year-end timetable to allow time to undertake a detailed review of the analysis of debtors and creditors. Ensure the analysis of the debtors and creditors balances agrees with the supporting working papers.</p> <p><u>R2 (High)</u> Review brought forward provisions, contingencies, and reserves to ensure their treatment is consistent to the requirements of FRS12.</p> <p><u>R3 (High)</u> Provide a reconciliation of all cash and related account balances throughout the year</p> <p><u>R4 (High)</u> Complete a full inventory of community assets held by the museum and art gallery and consolidate into the accounts and asset register.</p> <p><u>R5 (High)</u> Review the costs arising from the Equal Pay Process and compile the entries in the accounts in accordance with the SoRP and the LAAP bulletin.</p> <p><u>R6 (Medium)</u> Review the amounts recovered from Out of Area PCT's in respect of Social Service debtor accounts and assess whether a provision for bad debts is required.</p> <p><u>R7 (Medium)</u> Ensure that Social Services debtors for stated direct and indirect payments are fully supported.</p>	Reg Huyton Group Accountant Finance	<p><u>R1</u> An assurance has been provided that recommendation R1 has been implemented.</p> <p><u>R2</u> An assurance has been provided that recommendation R2 has been implemented.</p> <p><u>R3</u> An assurance has been provided that recommendation R3 has been implemented.</p> <p><u>R4</u> An assurance has been provided that recommendation R4 has been implemented.</p> <p><u>R5</u> An assurance has been provided that recommendation R5 has been implemented.</p> <p><u>R6</u> An assurance has been provided that recommendation R6 has been implemented.</p> <p><u>R7</u> An assurance has been provided that recommendation R7 has been implemented.</p>

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			No	High			
					<p>R8 (Medium) Apply the Community Fund provision to redeem the WPH set up costs loan.</p> <p>R9 (Low) Communicate to all affected managers the arrangements for strengthening related party transaction disclosures.</p> <p>R10 (High) Reconcile Housing Benefit total awards to the total paid; reconcile housing benefit overpayments to the total amount of debtors raised.</p> <p>R11 (Medium) Develop the production of the Whole of Government Accounts return.</p>		<p>R8 An assurance has been provided that recommendation R9 has been implemented.</p> <p>R9 An assurance has been provided that recommendation R9 has been implemented.</p> <p>R10 An assurance has been provided that recommendation R10 has been implemented.</p> <p>R11 Is a continuous ongoing process.</p>
5.	November 2007	Update -Corporate and Service Planning	2	2	<p>R1 (High) By January 2008 complete the corporate plan ensuring that:</p> <ul style="list-style-type: none"> • there are clear top level targets and milestones identified; and • there are clear processes in place to ensure alignment with the Sustainable Community Strategy and Local Area Agreement. <p>R2 (High) To ensure that the corporate plan becomes a key driver for improvement in the 2008/09 planning round further develop the existing guidance by ensuring that priorities for improvement have prominence in:</p> <ul style="list-style-type: none"> • service planning guidance; and • target setting guidance. 	David Smith Deputy Director Finance	<p>R1 An assurance has been provided that recommendation R1 has been implemented.</p> <p>R2 An assurance has been provided that recommendation R2 has been implemented.</p>
6.	December 2007	Use of Resources Auditor Judgements	-	-	-	-	Report provides details of the Audit Commission 2007 CPA Use of Resources judgement for Wirral. Also explains changes to 2008 assessment criteria and details actions and milestones necessary to achieve further improvement.

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
7.	January 2008	Merseytram	2	-	<p><u>R1</u> Merseyside Leaders should improve the monitoring and accountability arrangements for all key strategic projects and joint boards. In particular and where appropriate:</p> <ul style="list-style-type: none"> • ensure objectives are clear, understood by all and have sufficient 'buy in' from all parties; • appoint a high level Project Board to oversee the project, with sufficient authority from all bodies; • be open and share all information across partners; • don't be over-reliant on consultants; • ensure that a sufficiently broad view is taken over the project to enable rational decisions to be taken at all stages of the project, including the really hard decisions, such <i>as stop now</i>; • engender a cross-Merseyside view of priority and commitment, rather than one based on individual authorities' priorities; • build in robust risk management arrangements; and • ensure that there is sufficient involvement and, if necessary, challenge within individual authorities by their Monitoring and Section 151 officers from the outset. <p><u>R2</u> Merseyside Leaders should continue to find ways to deliver cost effective, modern transport solutions, that will improve access to jobs and deal with social inclusion and environmental impacts.</p>	Ian Coleman/ Audit Commission	<p>These two recommendations apply to all Merseyside Councils and will need to be implemented for any future joint Merseyside projects.</p> <p>No immediate implementation action required.</p>

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
8.	January 2008	Local Area Agreement	4	0	<p><u>R1</u> Develop a risk management policy and risk register for all major risk areas to include exit strategies, recruitment issues and use of pump-priming moneys.</p> <p><u>R2</u> Ensure all management costs are fully recorded and correctly assigned.</p> <p><u>R3</u> Strengthen the arrangements for managing underperformance, and ensure that there is clarity in the respective roles of the LAA and LSP Boards in holding partners to account.</p> <p><u>R4</u> Strengthen reporting arrangements to better link actions with positive outcomes for local residents.</p>	Lucy Beed Corporate Performance Manager Corporate Services	<p><u>R1</u> An assurance has been provided that recommendation R1 has been implemented.</p> <p><u>R2</u> An assurance has been provided that recommendation R2 has been implemented.</p> <p><u>R3</u> An assurance has been provided that recommendation R3 has been implemented.</p> <p><u>R4</u> An assurance has been provided that recommendation R4 has been implemented.</p>
9.	January 2008	Benefits Realisation and Change Management	5	4	<p><u>R1 (High)</u> There is some confusion over the accountability and ownership of the deliverables required to achieve the savings identified in the Efficiency plan. To address this, the Council should:</p> <p>a) agree the roles and responsibilities of individuals, COMT and CIG in relation to the Efficiency Plan; and</p> <p>b) agree Member involvement in cross cutting projects including the Efficiency Plan deliverables.</p>	David Smith Deputy Director Finance	<p><u>R1</u> An assurance has been provided that recommendation R1 has been implemented.</p>

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
					<p><u>R2 (High)</u> The Council should: a) identify those projects which can be monitored and delivered within departments and the differential reporting mechanism for doing so (eg quarterly update reports and 1 page monthly dashboard at a strategic level to confirm targets) but more detailed progress reports at a departmental level on a monthly basis); b) identify those projects which require a corporate approach, prioritise projects in light of corporate resources, allocate those resources, understand the impact, if any, of projects which cannot have the required resources at the specified time; C) agree a reporting format for corporate projects eg use a portfolio report which has information on progress against budget, benefits, key milestones, risks, next steps and impact of any delays; and d) regularly monitor progress against corporate project plans and agree how issues will be dealt with in between formal board meetings such as exception processes to: - implement risk mitigation plans if risks originally identified actually occur; - fast track additional projects if it seems those commissioned will no longer deliver the benefits expected to meet the Efficiency Plan; and - re-allocate resources if required to keep key projects on track.</p>		<p><u>R2</u> An assurance has been provided that recommendation R2 has been implemented.</p>

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
					<p><u>R3 (High)</u> Currently the Council is concentrating on 'cashable benefits' to meet the efficiency targets. These are often difficult to measure and can result in over estimation of up to 30 per cent. A formal benefits plan should be developed and monitored which should include: a) expected cashable savings and when they will occur; and b) active milestones reporting - who will monitor and ensure the benefits are realised and what will be the impact if these are delayed.</p> <p><u>R4 (High)</u> In order to manage expectations in service areas, the Council should: a) prioritise IT requirements in line with the Corporate and Efficiency Plans; b) communicate these priorities to all departments; and c) develop and monitor a project plan for delivery of IT projects.</p> <p><u>R5 (Medium)</u> There are some excellent examples of good practice such as the charter mark for pest control and mentoring from the private sector (Asda manager for change management in Adults service) but these are not promoted or shared.</p> <p>The Council should: a) publicise areas of good practice such as the work in pest control, and external mentoring through newsletters; and b) Actively manage and support any areas where efficiency savings are not being met through the agreed governance structure for the Efficiency Plan deliverables.</p>		<p><u>R3</u> An assurance has been provided that recommendation R3 has been implemented.</p> <p><u>R4</u> An assurance has been provided that recommendation R4 has been implemented.</p> <p><u>R5</u> An assurance has been provided that recommendation R5 has been implemented.</p>

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
10.	March 2008	Annual Audit and Inspection Letter	-	-	-	-	This report provides an overall summary of the Audit Commission's assessment of the Council. Report is for information.

Merseyside Pension Fund 2007/2008

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
1.	May 2007	Audit Plan 2007/08	-	-	-	-	Sets out Audit Commission planned work for 2007/08. There are no recommendations, report is to inform Members.
2.	September 2007	Audit Opinion for MPF – Financial Statements.	-	-	-	-	Report is for information, no recommendations identified.
3.	November 2007	Final Accounts Memorandum	2	1	<p><u>R1 (High)</u> The Japan Chrysalis Fund This is a very long standing investment valued in the accounts at £522,000. MPF have had no contact with the manager for some time and there is consequently uncertainty about the likelihood of further distributions being received. The manager should be contacted during 2007/08 to obtain a more informed valuation for the holding.</p> <p><u>R2 (Medium)</u> SORP Compliance The audit identified a number of areas where the level of detail specified in the SORP was not being provided within the WBC SoA (PF section) and, in some respects, the MPF Annual Report. The MPF Financial Controller and WBCs Technical Accountant should liaise to review SORP requirements in advance of accounts preparation.</p>	Donna Smith Fund Accountant Merseyside Pension Fund	<p><u>R1</u> An assurance has been provided that recommendation R1 has been implemented.</p> <p><u>R2</u> An assurance has been provided that recommendation R2 has been implemented.</p>

AUDIT COMMISSION REPORTS ISSUED 2008/2009

WIRRAL COUNCIL

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
1.	May 2008	Grant Claims and Returns	6	2	<p><u>R1 (High)</u> The Grant Claim Co-ordinator should review the errors listed in Appendix 3 and be aware of any further issues that could be identified from improving the quality assurance process on claims before they are sent to the Audit Commission.</p> <p><u>R2 (Medium)</u> Grant Claim compilers should review Certification Instructions and ensure that the claims and working papers provide the information which will satisfy grant claim conditions and meet audit requirements. They should ensure that transactions included in grant claims are properly authorised as eligible expenditure for grant</p> <p><u>R3 (High)</u> The Council should liaise with the Government Office to ascertain whether the current tendering arrangements for projects funded by ERDF funding meet EU procurement requirements.</p> <p><u>R4 (Medium)</u> The Grant Claim Co-ordinator should carry out the following procedures.</p> <ul style="list-style-type: none"> • Monitor the submission of grant claims and ensure that claims are received sufficiently in advance of the submission date to the auditor to ensure the Co-ordinator has sufficient time to review claims. • Notify the grant paying body and audit when claims are going to miss submission deadlines. An estimate of the date of submission should be provided. • Ensure that where extensions have been granted by the grant paying body the extension gives the auditor three months from the date submission to certify the claim. 	Carl Gurnell Senior Accountant Finance	<p><u>R1</u> An assurance has been provided that recommendation R1 has been implemented.</p> <p><u>R2</u> An assurance has been provided that recommendation R2 has been implemented.</p> <p><u>R3</u> An assurance has been provided that recommendation R3 has been implemented.</p> <p><u>R4</u> An assurance has been provided that recommendation R4 has been implemented.</p>

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
2.					<p><u>R5 (Medium)</u> The Grant Claim Co-ordinator should identify those factors in the control environment from appendix 2 that are within management control and provide guidance to compilers of claims which will address such issues.</p> <p><u>R6 (Medium)</u> The Grant Claim Co-ordinator should ensure that the claims and returns register is kept up to date, and should up date the Grants Manual for changes made to the Audit Commission certification arrangements where appropriate.</p>		<p><u>R5</u> An assurance has been provided that recommendation R5 has been implemented.</p> <p><u>R6</u> An assurance has been provided that recommendation R6 has been implemented.</p>
3.	June 2008	Audit and Inspection Plan	-	-	-	-	For information, no recommendations identified

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
4.	July 2008	Democratic Arrangements	5	1	<p><u>R1 (Medium)</u> Assess and review the amount of senior officer time spent on serving the current democratic arrangements and whether that currently provides value for money.</p> <p><u>R2 (High)</u> Continue to support and develop the training for the scrutiny function. Including the ongoing provision of training for new scrutiny members and the development of more tailored training such as performance management.</p> <p><u>R3 (Medium)</u> Review the current scrutiny committee structure and clearly identify the remit of each committee in order to reduce duplication of activity and review. Including: <ul style="list-style-type: none"> • ensure that performance information is reported to the most relevant committee; and • that all committee have put in place work programme for the coming municipal year. </p> <p><u>R4 (High)</u> Continue to review the arrangements for cabinet in order to further reduce the number of items considered. Including: <ul style="list-style-type: none"> • review the effectiveness of the virtual committee in reducing items taken to cabinet; and • monitor the impact of the new scheme of delegation in reducing the cabinets work load and explore the opportunity to extend the scheme further. </p> <p><u>R5 (Medium)</u> Review current performance indicators to ensure they enable members to understand the impact and value for money of the Council activities.</p>	Bill Norman Director Law, HR & Asset Management	Director advises that all recommendations have either been addressed or are in the process of being addressed.

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
5.	August 2008	Adult Social Services – Follow Up of PIDA Disclosure	-	-	-	John Webb Director Adult Social Services-	Ongoing. A report detailing actions for improvement to controls will be presented to the Audit and Risk Management Committee 3 November 2009, this will encompass recommendations from Internal and External Audit with the view to strengthen processes.
6.	August 2008	Waste Management – Mersey Waste Authorities	-	-	-	-	Report relates to Merseyside Waste Disposal Authority, therefore the report and ongoing implementation of required actions have been addressed through this mechanism via the Senior Officers' Working Group.
7.	August 2008	Data Quality (Part of 07/08 plan)	8	5	<p><u>R1(High)</u> Review the implementation of the Data Quality Policy and ensure it is being consistently applied throughout the Council</p> <p><u>R2 (High)</u> Prepare guidance notes for all:</p> <ul style="list-style-type: none"> • performance indicators and data; and • returns to government departments. <p><u>R3 (Medium)</u> Prepare formal protocols for sharing information with other departments and external partners. This should include procedures for verifying the accuracy and completeness of the information.</p> <p><u>R4 (Low)</u> Introduce arrangements to ensure data is collected on a 'right first time' basis. See what was put in LY recommendation.</p>	Lucy Beed Corporate Performance Manager Corporate Services	All recommendations incorporated in to the January 2009 report, see Ref 13 of this report.

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
					<p><u>R5 (Low)</u> Review the results and messages from senior officer peer reviews and cascade to all departments.</p> <p><u>R6 (High)</u> Review DQ training provided to all staff. Revise as required.</p> <p><u>R7 (High)</u> Introduce a corporate framework to ensure that data used for all internal and external returns are supported by clear and complete audit trails.</p> <p><u>R8 (High)</u> Complete self-analytical review before PIs are submitted and seek:</p> <ul style="list-style-type: none"> • explanations for outliers; and • significant increases/decreases in reported performance to supplement the Self-validation process. 		

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
8.	September 2008	Annual Governance Report	13	-	<p><u>R1</u> Build on your arrangements for the AGS by involving members at an earlier stage and strengthening corporate ownership:</p> <ul style="list-style-type: none"> • present the AGS to the Audit and Risk Management Committee at a separate meeting to the approval of the accounts to provide members with more opportunity to consider and challenge the issues raised in the statement • ensure the drafting of the AGS is done by a corporate group rather than being the responsibility of Internal Audit within the Finance Directorate. <p><u>R2</u> Ensure supporting records for community assets are complete and are accurately reflected in the financial statements.</p> <p><u>R3</u> Consider the issues at paragraph 14 where we have asked for specific representations and respond in the letter of representation.</p> <p><u>R4</u> Further improve the quality assurance processes that underpin the production of information for the statement of accounts.</p> <p><u>R5</u> Review the underlying records and the accounting treatment of infrastructure assets to ensure strict compliance with the SoRP.</p> <p><u>R6</u> Review reserves and provisions to ensure they are at an appropriate level and remain prudent.</p> <p><u>R7</u> Ensure the Whole of Government Accounts consolidation pack is produced earlier in future years to ensure the department's deadline is met.</p>	<p>Pete Molyneux Chief Accountant Finance</p> <p>“</p> <p>“</p> <p>“</p> <p>“</p> <p>“</p> <p>“</p>	<p><u>R1</u> An assurance has been provided that recommendation R1 has been implemented.</p> <p><u>R2</u> Is a continuous ongoing process.</p> <p><u>R3</u> An assurance has been provided that recommendation R3 has been implemented.</p> <p><u>R4</u> An assurance has been provided that recommendation R4 has been implemented.</p> <p><u>R5</u> Is a continuous ongoing process.</p> <p><u>R6</u> Is a continuous ongoing process.</p> <p><u>R7</u> An assurance has been provided that recommendation R7 has been implemented.</p>

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
					<p><u>R8</u> Ensure classification and valuation of assets is robust and that valuation and finance staff take joint responsibility to ensure assets are correctly reflected in the statement of accounts.</p> <p><u>R9</u> Discuss with Merseyside Pension Fund how a more accurate estimation of the value of Fund assets can be made whilst still meeting deadlines for financial reporting.</p> <p><u>R10</u> Improve internal controls in respect of payroll procedures and ensure consistent compliance across the Council.</p> <p><u>R11</u> Review schools bank accounts to ensure funds are held and applied for proper purposes.</p> <p><u>R12</u> Ensure all related party transactions returns are received from members and officers to be included in the accounts approved by 30 June and test disclosure.</p> <p><u>R13</u> Consider the finance and governance implications of the PIDA report.</p>	<p>Tracy Shaw Team Manager Law, HR & Asset Management</p> <p>“</p> <p>“</p> <p>Sue Ashley Principal Officer LMS C&YPD</p> <p>Mark Niblock Deputy Chief Internal Auditor</p> <p>John Webb Director Adult Social Services</p>	<p><u>R8</u> An assurance has been provided that recommendation R8 has been implemented.</p> <p><u>R9</u> An assurance has been provided that recommendation R9 has been implemented.</p> <p><u>R10</u> An assurance has been provided that recommendation R10 has been implemented.</p> <p><u>R11</u> An assurance has been provided that recommendation R11 is a continuous ongoing process.</p> <p><u>R12</u> An assurance has been provided that recommendation R12 is a continuous ongoing process.</p> <p><u>R13</u> Ongoing recommendation. A report detailing actions for improvement to controls will be presented to the Audit and Risk Management Committee 3 November 2009, this will encompass recommendations from Internal and External Audit with the view to strengthen processes.</p>

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
9.	October 2008	Health Inequalities	2	-	<p><u>R1</u> Building on work to rationalise the approach to data collection/collation and facilitate more extensive data sharing:</p> <ul style="list-style-type: none"> • review the range of information and intelligence currently gathered by individual partners to identify overlaps/gaps/data which is not currently used by the Partnership; • agree and establish arrangements for submitting data to a single point by a given timescale; • underpin these arrangements with protocols which include an agreed approach to ensuring data quality. <p>We do not expect that the implementation of this recommendation will incur significant cost.</p> <p><u>R2</u> Ensure that a robust framework is in place for addressing the many factors affecting the health of the local population. This could include the development of a specific and medium term strategy for reducing health inequalities which:</p> <ul style="list-style-type: none"> • details the range of projects/initiatives to address particular health issues and clearly allocates responsibility for delivery to the appropriate thematic group; • includes success measures for each project/initiative and the timeframes within which these will be assessed; • is underpinned by a financial plan which sets out respective contributions from partners and/or pooled budget arrangements. We do not expect that the implementation of this recommendation will incur significant cost. 	Sue Drew Wirral PCT	<p><u>R1</u> An assurance has been provided that recommendation R1 has been implemented.</p> <p><u>R2</u> An assurance has been provided that recommendation R2 has been implemented.</p>

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
10.	December 2008	Use of Resources Project Brief	-	-	-	-	No recommendations-
11.	January 2009	Access to Services	3	-	<p><u>R1</u> Consolidate existing plans for improving access to services within an overarching strategy that defines:</p> <ul style="list-style-type: none"> • users that are, and are not, accessing services; • how the Council intends to achieve its aims and targets for further improving access and reducing the gap between users and non-users; • the wider implementation of customer relationship management across services; • access channels that will be supported, including emerging technologies; and • timescales for implementing resourced improvements over the short-, medium and long-term. <p><u>R2</u> Review the means of access across all services to ensure that opening times, access channels and outreach facilities meet users' needs and preferences.</p> <p><u>R3</u> Strengthen the approach to accessibility and user-focus by ensuring that performance management frameworks include:</p> <ul style="list-style-type: none"> • analysis of the access to, and standard of services experienced by, different groups and communities; and • indicators that measure the speed and quality of service responses against aims, objectives, service standards and targets that are publicised to users. 	Malcolm Flanagan Head Of Service Finance	<p><u>R1</u> An assurance has been provided that recommendation R1 is an ongoing process.</p> <p><u>R2</u> An assurance has been provided that recommendation R2 is an ongoing process.</p> <p><u>R3</u> An assurance has been provided that recommendation R3 is an ongoing process.</p>
12.	January 2009	Use of Resources	-	-	-	-	-

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
13.	January 2009	Data Quality	11	3	<p>R1 (High) Strengthen arrangements for providing leadership and governance on data quality by:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>	Lucy Beed Corporate Performance Manager Corporate Services	<p>R1 An Assurance has been provided that R1 implementation is in progress.</p>

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
					<p><u>R2 (High)</u> Refine the corporate data quality policy by:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p><u>R3 (Medium)</u> 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.</p> <p>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.</p>		<p><u>R2</u> An Assurance has been provided that R2 implementation is in progress.</p> <p><u>R3</u> An Assurance has been provided that R3 implementation is in progress.</p>

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
					<p><u>R4 (Medium)</u> 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.</p> <p><u>R5 (Medium)</u> 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.</p> <p><u>R6 (Medium)</u> 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.</p>		<p><u>R4</u> An Assurance has been provided that R4 is in the process of being implemented.</p> <p><u>R5</u> An Assurance has been provided that R5 has been implemented.</p> <p><u>R6</u> An Assurance has been provided that R6 has been implemented.</p>

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
					<p><u>R7 (Medium)</u> The Council should review its compliance testing arrangements to ensure that data collected and reported for Housing Benefits PIs is robust.</p> <p><u>R8 (Medium)</u> 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.</p>		<p><u>R7</u> An assurance has been provided that recommendation R7 has been implemented.</p> <p><u>R8</u> An assurance has been provided that recommendation R8 has been implemented.</p>

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
					<p><u>R9 (High)</u> 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.</p> <p>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.</p> <p><u>R10 (Medium)</u> 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.</p> <p><u>R11 (Medium)</u> 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.</p>		<p><u>R9</u> An assurance has been provided that recommendation R9 has been implemented.</p> <p><u>R10</u> An assurance has been provided that recommendation R10 has been implemented.</p> <p><u>R11</u> An assurance has been provided that recommendation R11 has been implemented.</p>
14.	March 2009	Annual Audit and Inspection Letter	-	-	-	-	Report is for information.
15.	June 2009	Ethical Governance	7	3	<p><u>R1 (High)</u> Emphasise to members and officers that they can:</p> <ul style="list-style-type: none"> • make allegations of misconduct by a member or an officer without fear of reprisal; and • be confident in the actions they should take as individuals if they become aware of such misconduct. 	Bill Norman Director Law, HR & Asset Management	Reported to Audit and Risk Management Committee 29 June 2009. Director advises that all recommendations have either been addressed or are in the process of being addressed.

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
					<p><u>R2 (Medium)</u> Raise the profile of the Standards Committee by:</p> <ul style="list-style-type: none"> • developing a work programme and action plan; • undertaking an annual assessment of standards of conduct of members and officers and taking action as appropriate; • learning from and using the findings of the allegations it receives, reviews, determinations and reports from the Local Government Ombudsman, internal and external audit, complaints and whistleblowing to plan and evaluate its work; and • communicating its work to a wider public. <p><u>R3 (High)</u> Review the level of training for members and officers on the ethical agenda and:</p> <ul style="list-style-type: none"> • use information obtained through feedback and monitoring processes of individuals/groups/panels/committees and from other sources to plan training, development and support for individual members, groups of members and members of the Standards Committee and for officers; and • introduce for independent members an induction programme that includes training on the members' and officers' codes of conduct and the function of the Standards Committee and attendance at meetings of, for example, Cabinet, overview and scrutiny, planning and licensing committees and the full Council. <p><u>R4 (Medium)</u> Ensure that information on the Council's ethical governance arrangements and its expectations about high ethical standards by all is widely disseminated, both internally and externally.</p>		

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
					<p><u>R5 (Medium)</u> Clarify the circumstances in which the use of council resources would constitute improper use for party political purposes within the Members' Code of Conduct.</p> <p><u>R6 (Medium)</u> Consider the implications of the survey results relating to communication between officers and members, challenging member recommendations and council decisions and tackling inappropriate behaviour to create a culture of openness and transparency.</p> <p><u>R7 (High)</u> Increase awareness of the Whistleblowing Policy and reinforce assurances that reporting through this mechanism can be done without fear of reprisal.</p>		

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
16.	June 2009	Governance of Partnerships	8	3	<p>R1 (High) Establish a Corporate Framework for governing partnerships, including the following.</p> <ul style="list-style-type: none"> • Roles and responsibilities of corporate and service based officers and councillors. • Establishing effective links between Council departments particularly the Legal Department (governance), Finance Department (risk and financial accounting) and Corporate Services (corporate policy). • Establishing effective links between the Partnership Toolkit and the Partnership Risk Management Toolkit as well as the Council's overall governance and risk management arrangements, such as the risk register and standing orders. • Policy and guidance for relevant officers, including those in service departments. • Developing clear criteria against which partnerships can be evaluated to determine that they help to achieve the Council's and partners' corporate objectives cost effectively. • Review and challenge of partnerships to ensure value for money is achieved and risks are manageable. • Developing appropriate reporting processes, including reporting to members, partners, service users and the wider public. <p>• Ensuring the current Internal Audit work is completed on a timely basis and includes mapping the proposed implementation of a partnership toolkit against good practice.</p>	Bill Norman Director Law, HR & Asset Management	Reported to Audit and Risk Management Committee 29 June 2009. Director advises that all recommendations have either been addressed or are in the process of being addressed.

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
					<p><u>R2 (High)</u> Launch the Corporate Framework with relevant training and support for officers and members and ensure all stakeholders are aware of where responsibility and accountability lie.</p> <p><u>R3 (Medium)</u> Create a partnership database to ensure the following are satisfied.</p> <ul style="list-style-type: none"> • Completeness of details of existing partnerships. • Accurate and up to date records including review of protocols and governing documents with partners. • All relevant information captured, in compliance with good practice. • Facility to enable drill down to supporting records, including risk assessment and accounting treatment. <p><u>R4 (High)</u> Review the adequacy of the capacity to establish and take forward robust corporate arrangements and provide subsequent maintenance and support once established.</p> <p><u>R5 (Medium)</u> Review whether the roles and responsibilities assigned by the previous Executive Board remain fit for purpose and establish clear corporate leadership.</p> <p><u>R6 (Medium)</u> Ensure the review of the governance arrangements for the LAA is completed in line with the requirements of the LAA Programme Board in June 2008.</p> <p><u>R7 (Medium)</u> Ensure lead officers are clear about their responsibility for the risk assessment of partnerships for which they are accountable, taking advice from colleagues where appropriate.</p>		

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
					R8 (Medium) Establish a tracking system to monitor the implementation of audit and other review agency recommendations and ensure all action plans are routinely monitored at corporate level and by members.		
17.	August 2009	Performance Management Stage 1	-	-	-	-	No recommendations identified.

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
18.	September 2009	Annual Governance Report	7	2	<p><u>R1 (Medium)</u> Strengthen quality assurance to ensure errors on the accounts are minimised.</p> <p><u>R2 (High)</u> In order to comply with accounting standards and the requirements of IFRS, the Council needs to improve asset records and should undertake a formal review of the systems used to develop a robust asset register to properly account for:</p> <ul style="list-style-type: none"> • land and buildings • VPE, including to confirm the existence of all of its VPE assets and ensure that its asset register is suitably updated; increase the amount of information held on its asset register in respect of VPE assets. This should include location and information to allow unique identification. Review its internal processes of ensuring that all disposals are notified to Finance. This could include periodic reconciliations to other asset records and confirmations from departments as to the assets held • Infrastructure assets, including to increase the amount of information held on infrastructure assets and ensure that individual infrastructure assets are identifiable. Review its internal processes of ensuring that all disposals are notified to Finance. • Community assets, including complete the cataloguing of community assets held in museums and art galleries and ensure that the asset register is subsequently update <p><u>R3 (Medium)</u> Members should comply with the process for making related party disclosure declarations.</p> <p><u>R4 (High)</u> Ensure overspending in adult social services is addressed.</p>	Pete Molyneux Chief Accountant Finance	<p><u>R1</u> An assurance has been provided that R1 is a continuous ongoing process.</p> <p><u>R2</u> An assurance has been provided that R2 is a continuous ongoing process.</p> <p><u>R3</u> An assurance has been provided that R3 is a continuous ongoing process.</p> <p><u>R4</u> An assurance has been provided that R4 is a continuous ongoing process.</p>

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
					<p><u>R5 (Medium)</u> Ensure that the links between costs and performance are consistently made at service level and unit costs used to measure service performance.</p> <p><u>R6 (Medium)</u> Ensure a consistent approach to procurement and commissioning is in place so that good practice is spread across the Council and that policies and procedures are followed.</p> <p><u>R7 (Medium)</u> Ensure the Partnership Toolkit which was approved in April 2009 is launched, supported by training and fully implemented.</p>		<p><u>R5</u> An assurance has been provided that R5 is a continuous ongoing process.</p> <p><u>R6</u> An assurance has been provided that R6 is a continuous ongoing process.</p> <p><u>R7</u> An assurance has been provided that R7 is a continuous ongoing process.</p>
19.	September 2009	Improvement Through Better Financial Management	1		<p><u>R1 (Medium)</u> Consider the responses from all the surveys and:</p> <ul style="list-style-type: none"> • analyse the survey results in further depth to establish whether particular groups are outliers; • explore the results of the survey in more depth using focus groups/workshops involving relevant members; • compare existing improvements plans against the areas for improvement; and • identify gaps in existing improvement plans and take appropriate action. 	Pete Molyneux Chief Accountant Finance	<p><u>R1</u> An assurance has been provided that R1 is a continuous ongoing process.</p>

Merseyside Pension Fund 2008/2009

Ref	Date of Final Issue	Report Title	Recs		Recommendations	Officer Providing Assurance	Comments
			No	High			
1.	June 2008	Audit Plan	-	-	-	-	No recommendations identified
2.	September 2008	Annual Governance Report – MPF	-	-	-	-	No recommendations identified

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

25 NOVEMBER 2009

REPORT OF THE DIRECTOR OF FINANCE

COMPARISON OF AUDIT FEES

1. EXECUTIVE SUMMARY

- 1.1. On 29 June 2009 this Committee considered a report on Audit Commission fees for the financial year 2009/10 and requested a report on how the Wirral fees compared with other Merseyside authorities.

2. INTRODUCTION

- 2.1. I presented a report to this Committee on 29 June 2009 setting out the Annual Audit fees for 2009/10. The fees are based on a risk based approach to audit planning as set out in the Code of Audit Practice and reflect the audit element of the work, excluding any inspection and assessment fees.
- 2.2. The fees for 2009/10 are 13% above the scale fee for Wirral Council of £343,326 due to factors that placed the Council towards 'high risk' in audit terms. This means the Commission are required to undertake more work because of individual circumstances such as the political structure and the high number of questions from the public. The fees have been reduced by 4.1% from the 2008/09 level to reflect better quality assurance and a stronger control environment as reflected in the Use of Resources assessment.
- 2.3. Additional work is undertaken in respect of the certification of grant claims and returns which takes the projected fee for 2009/10 to £558,035 and an increase of £14,425 on 2008/09.
- 2.4. Committee requested a report showing how Wirral compared with the other Merseyside authorities and the District Auditor offered to provide this information to officers.

3. FINDINGS

- 3.1. The District Auditor has issued a letter which offers further explanation and comparison of the Wirral fee with other metropolitan councils. This letter is appended and the key messages are:-
 - a. Wirral is the 9th largest metropolitan authority and in terms of fees is the 6th highest for 2009/10 excluding authorities which are audited by bodies other than the Commission. This compares with being 10th highest in 2008/09.

- b. The variance from the scale fee can be +/-30% depending upon local circumstances. In 2009/10 the Wirral fee is 13% above the scale which compares to 19% above in 2008/09.
- c. The District Auditor has previously advised of the reasons why the Wirral fee is above the scale fee (see section 2.2) and continues to work with the Council to reduce the figure further.

3.2. Information has been obtained from the Merseyside authorities as to their fee levels and this can be summarised as follows:-

Authority	Audit Fee 2008/09	Audit Fee 2009/10	Scale Fee 2009/10
	£	£	£
Halton	222,554	239,408	256,860
Knowsley	253,975	n/a	n/a
Liverpool	587,956	553,616	483,348
St. Helens	232,116	242,230	273,954
Sefton	284,045	287,596	305,720
Wirral	406,650	390,000	343,236

Those authorities below the scale fee (Halton, Sefton and St. Helens) have all received fee increases in 2009/10 but continue to remain below the scale fee.

Liverpool and Wirral both continue to remain above the scale fee for 2009/10 although both have received reductions in fee levels for 2009/10.

Liverpool City Council considered the fee on 29 April 2009 and requested a report along the lines of this Committee's request to be presented to a future meeting. This has yet to be reported.

3.3 There is a separate charge in respect of the certification of grant claims:-

Authority	Grant Claims 2008/09	Grant Claims 2009/10
	£	£
Halton	70,000	78,000
Knowsley	n/a	n/a
Liverpool	246,900	203,550
St. Helens	49,200	50,113
Sefton	n/a	n/a
Wirral	136,960	168,035

The charge varies between authorities as it is based upon the range and type of grant funding receivable which is reflective of success in bidding for such funding as well as the procedures in place for monitoring and evidencing grant claims.

The potential charges for 2009/10 for Wirral show a significant increase upon the 2008/09 figures. The actual fees paid, and any issues arising, will only be known when the grants are subsequently subject to audit review.

4. FINANCIAL IMPLICATIONS

- 4.1. The total Audit fees for 2009/10, including grant claims and returns, but excluding inspection and assessment fees, is £558,035.

5. STAFFING IMPLICATIONS

- 5.1. There are none arising directly from this report.

6. EQUAL OPPORTUNITY IMPLICATIONS

- 6.1. There are none arising directly from this report.

7. COMMUNITY SAFETY IMPLICATIONS

- 7.1. There are none arising directly from this report.

8. HUMAN RIGHTS IMPLICATIONS

- 8.1. There are none arising directly from this report.

9. LOCAL AGENDA 21 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. MEMBER SUPPORT IMPLICATIONS

- 11.1. There are none arising directly from this report.

12. BACKGROUND PAPERS

- 12.1. Annual Audit Fees 2009/10 – report to Audit & Risk Management Committee 29 June 2009.

13. RECOMMENDATION

- 13.1. That the findings of the comparison be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/306/09

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Our reference LTM/WC1

4 September 2009

Mr I Coleman
Director of Finance
Wirral Council
Treasury Building
Cleveland Street
Birkenhead
CH41 6BU

Direct line 0844 798 7043
Email m-thomas@audit-
commission.gov.uk

— Dear Ian

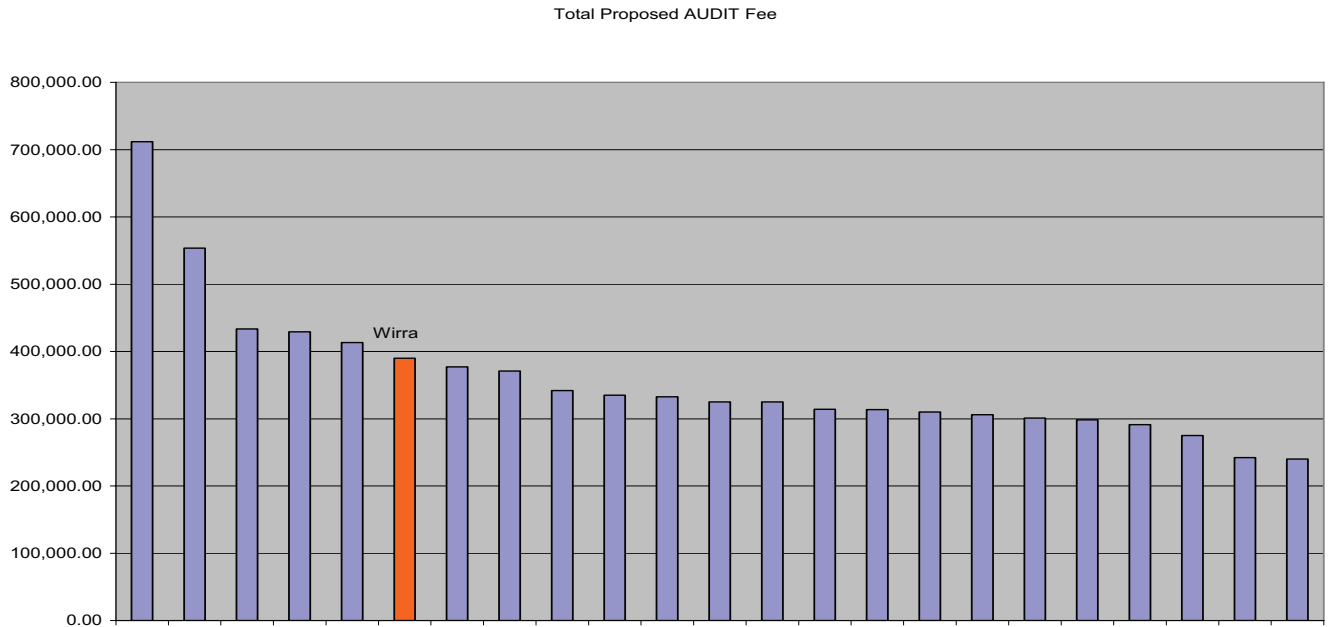
Audit fee 2009/2010 - Comparison with other metropolitan borough councils

At the Audit and Risk Management Committee on 29 June 2009, we presented our fee letter for 2009/10. As noted in that letter, the fee is based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2009/10 and reflects only the audit element of our work, excluding any inspection and assessment fees.

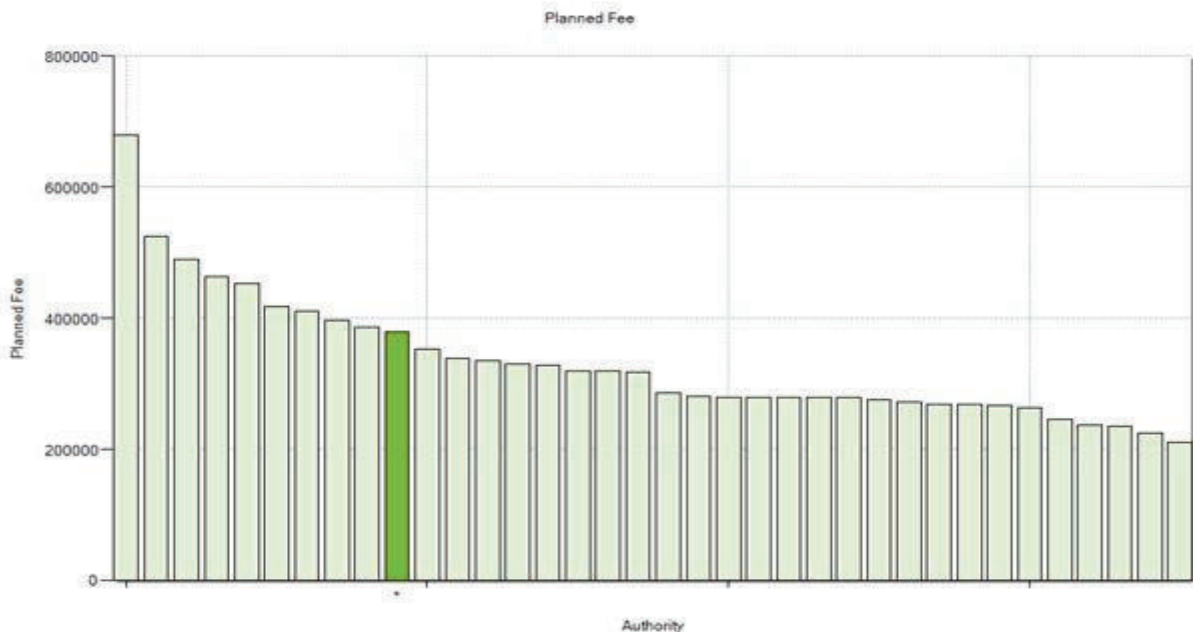
You also presented a report, based on discussions with us and Liz Temple-Murray's email of 29 April 2009 that outlined some of the factors that placed the Council towards higher risk in terms of 'audit risk', which meant that we had more work to do to fulfill our statutory responsibilities. In addition to the political structure and reliance on internal audit noted in your report, another factor which results in additional work is the large number of questions received from members of the public. Liz's email to you of 20 April 2009 also highlights areas where we can work together to reduce the fee further.

In response to a question from a member as to how Wirral's fee compared to other Merseyside authorities, we agreed to provide officers with the information for it to be presented to the next meeting of the Committee. Set out below are a number of graphs which show Wirral's 2009/10 fee compared to other metropolitan borough councils, including those in Merseyside. Please note that the 2009/10 comparative data does not include the fees of those metropolitan borough councils audited by the firms as we do not yet have access to this data.

The graph below shows Wirral's fee compared to other metropolitan borough councils for 2009/10 (excluding those audited by firms). As the 9th largest metropolitan borough in the country it is expected that it will be towards the higher end of the fees charged. Although in terms of fees, it is the 6th largest on this graph, this graph does not include the bodies audited by the firms.

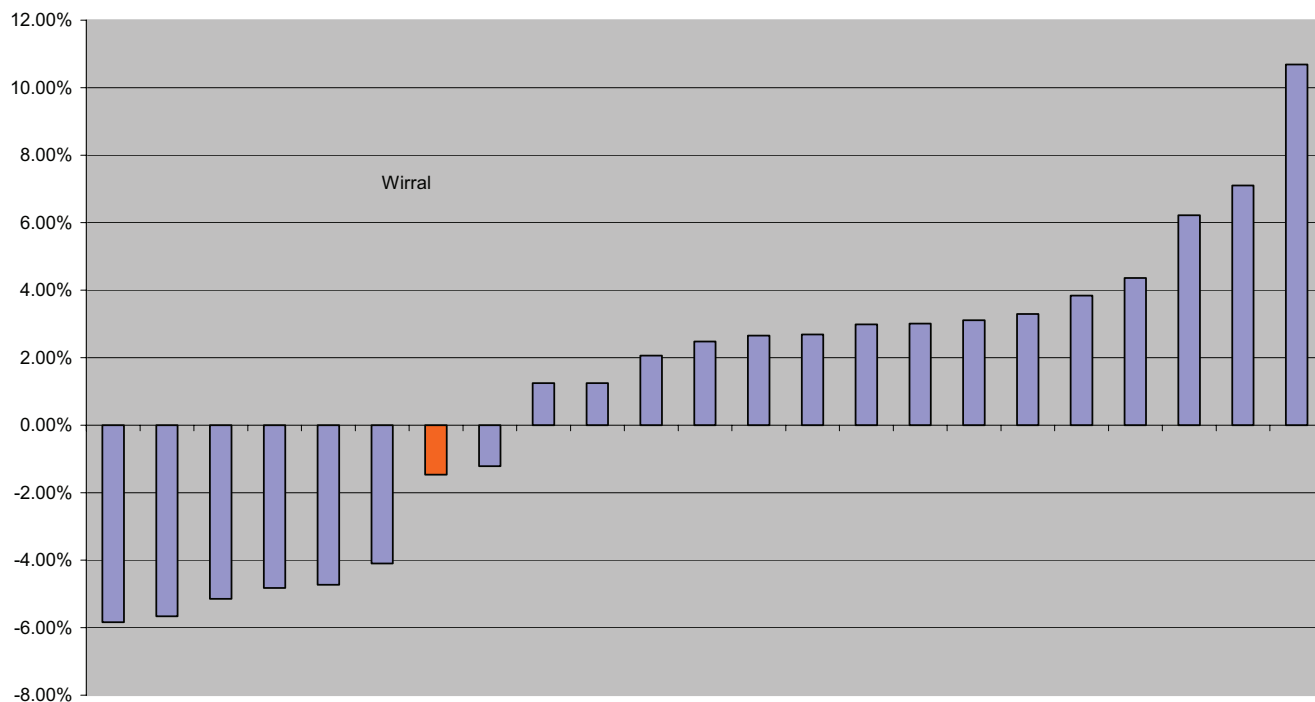


The Audit Commission publishes an 'Audit fee comparator tool' on its internet site at <http://auditfeecomparator.audit-commission.gov.uk/> but the latest information available is for 2008/09 and not for 2009/10. Using this tool, it can be seen that Wirral had the 10th highest fees in 2008/09 compared to all other metropolitan borough councils (including those audited by firms).



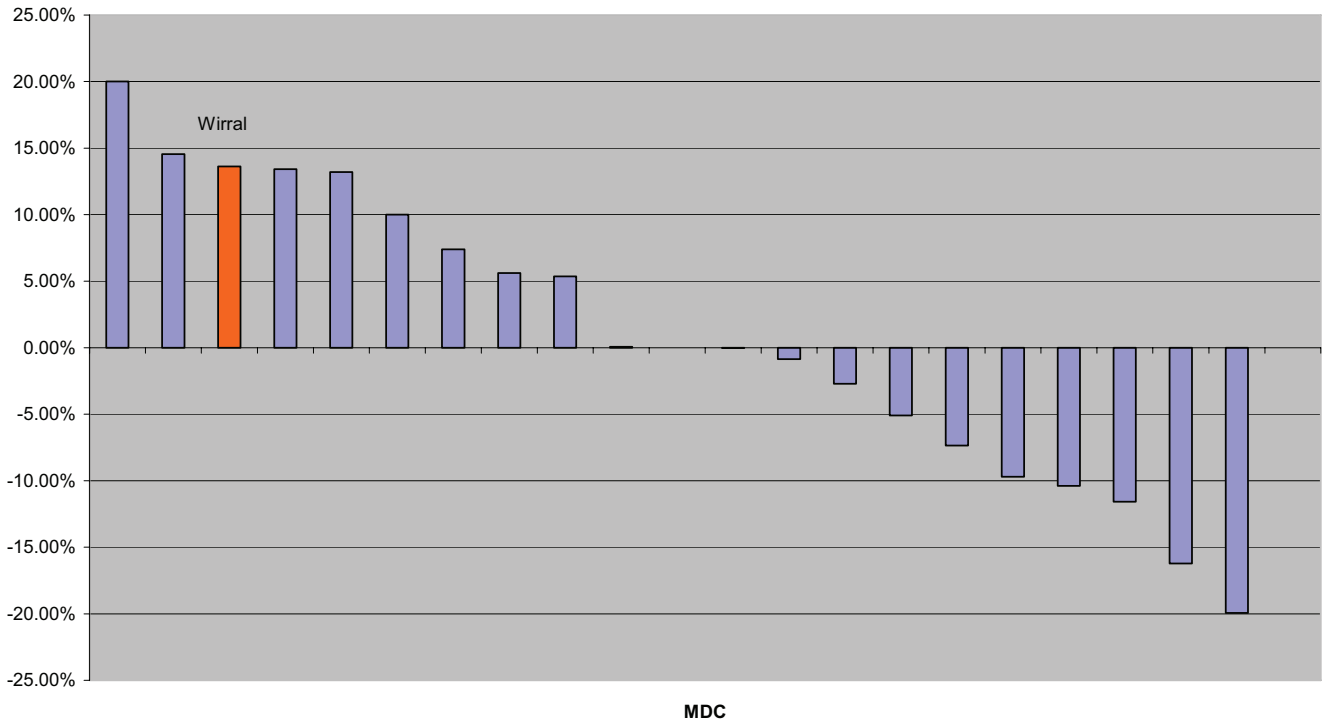
The graph below again shows Wirral's position compared to other metropolitan councils for 2009/10 (excluding firms) in terms of variance to last year's fees showing an overall reduction between the years.

Variance of proposed 2009/10 AUDIT fee to last year's submitted AUDIT fee



The final graph shows Wirral's position above the scale fee (13%) compared to other metropolitan councils for 2009/10 (excluding those audited by firms). The Commission has the power to determine the fee above or below the scale fee where it considers that substantially more or less work is required than envisaged by the scale fee. The Commission may therefore charge a fee which is larger or smaller than the scale fee to reflect the actual work that auditors need to do to meet their statutory responsibilities. It will do this on the basis of the auditor's assessment of risk and the scale and complexity of the audit at a particular body. The Commission normally expects to vary the scale fee by no more than 30 per cent (upwards or downwards). In 2008/09 the fee was 19% above the fee scale and it has been reduced to 13% for 2009/10. The fee scale reflects the type and size of the audited body as well as a fixed element to complete the required work.

% of proposed audit fee above/below the scale fee



Overall, it can be seen that Wirral's fee level is not out of line with other metropolitan borough councils and is at a level that reflects the complexity of the audit. It can also be seen that we have reduced the fee in overall terms from 2008/09 and in terms of percentage above the fee scale. However, as reported to members in June, we will continue to work with the Council to reduce the fee where appropriate.

Yours sincerely

Mike Thomas
District Auditor

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

25 NOVEMBER 2009

REPORT OF THE CHIEF INTERNAL AUDITOR

PROTECTING THE PUBLIC PURSE

1. EXECUTIVE SUMMARY

- 1.1. Internal Audit have undertaken a review of the governance and counter fraud arrangements in operation across the Council to ensure that they are working as intended and are in compliance with the 'Audit Commission National Report: *Protecting the public purse: Local government fighting fraud*' launched in September 2009.
- 1.2. Findings of the review indicate that there are many areas of good practice in operation although some areas where controls can be improved to ensure that all potential risks to the Council are minimised. These areas have already been identified by the Council following a more detailed self assessment review conducted by Internal Audit over the previous three months against the CIPFA publication 'Managing the Risk of Fraud'. The nature of the review work undertaken and the detailed findings including actions required to address issues identified and improve existing systems are included in a draft internal audit report currently being discussed with Chief Officers. A detailed report on this will be presented to the next meeting of this Committee.

2. BACKGROUND

- 2.1. The Audit Commission launched its National Report: *Protecting the public purse: Local government fighting fraud* in September 2009. The report considers key fraud risks and pressures facing councils and related bodies and identifies good practice for fighting fraud. A summary overview of this report produced by the Audit Commission is attached at Appendix 1.
- 2.2. The report identifies specific risks that are often not adequately addressed including the following areas:
 - Housing Tenancy Fraud – conservatively estimated to have reduced available social housing for allocation in England by nearly 50,000 properties worth over £2 billion.
 - False Claims for Single Person Discount on Council Tax – estimated to cost taxpayers £2 million a week.
 - Recruitment Fraud – can have severe outcomes and which fraudsters often exploit to commit other types of fraud.

- 2.3. The report also provides an overview of the continuing fraud threats facing council's and calls on them to urgently reassess their counter fraud plans and to ensure that staff understand, and have faith in, whistleblowing arrangements. To assist councils in undertaking this work a Checklist for those responsible for governance has been provided with the report and officers are encouraged to utilise this to attempt to identify any areas in need of improvement.

3. **WORK UNDERTAKEN AND FINDINGS**

- 3.1. The self assessment Checklist has been completed by Internal Audit and attached at Appendix 2. This indicates that the Council is fully compliant in many areas and operates some systems that are regarded as best practice, including:

- Well trained professional Fraud Investigators in certain areas,
- Excellence in some areas of fraud reduction,
- Established Service Level Agreements, with various external agencies,
- Active involvement in the National Fraud Initiative and Anti Fraud Network,
- An Internal Audit Section committed to counter fraud,
- Extensive written counter fraud policies.

However, a number of procedures and practices were identified as being in need of improvement to ensure continued compliance with the latest best practice available. These include:

- Redrafting the Anti Fraud policy to reflect a 'zero tolerance' to fraud,
- The visible endorsement of the redrafted policy by Officers and Members,
- The inclusion of fraud in the Council's Risk Registers,
- A Code of Ethics and refresher training for all relevant officers,
- The pursuit of opportunities to forge greater links with external counter fraud professionals,
- The identification of a centralised point for managing and monitoring fraud,
- The provision of fraud awareness training for all officers.

- 3.2. The issues identified as being in need of improvement are actually already being considered by the Council following an extensive review by Internal Audit over the previous three months to evaluate the effectiveness of the Council's counter fraud arrangements. This exercise involved utilising the CIPFA 'Managing the Risk of Fraud' publication, currently regarded as being the most up to date best practice available for council's in this area. The findings of this exercise are currently being discussed with Chief Officers and a timetable for implementing actions required to improve existing systems and reduce risks posed is in the process of being agreed. A report on this exercise is elsewhere on the agenda for this Committee entitled 'Managing Fraud' and includes detailed findings and a copy of the Internal Audit report.

3.3. A further update on this matter will be brought to this Committee later in the year identifying progress made by senior officers to address issues identified and any progress being made to improve existing arrangements.

4. FINANCIAL AND STAFFING IMPLICATIONS

4.1. There are none arising from this report.

5. LOCAL MEMBER SUPPORT IMPLICATIONS

5.1. There are no local member support implications.

6. LOCAL AGENDA 21 STATEMENT

6.1. There are no local agenda 21 implications.

7. PLANNING IMPLICATIONS

7.1. There are no planning implications.

8. EQUAL OPPORTUNITIES IMPLICATIONS

8.1. There are no equal opportunities implications.

9. COMMUNITY SAFETY IMPLICATIONS

9.1. There are no community safety implications.

10. HUMAN RIGHTS IMPLICATIONS

10.1. There are no human rights implications.

11. BACKGROUND PAPERS

11.1. Audit Commission National Report: *Protecting the public purse: Local government fighting fraud*

11.2. CIPFA Managing the Risk of Fraud publication.

11.3. Internal Audit Report – Managing Fraud.

12. RECOMMENDATION

12.1. That the report be noted.

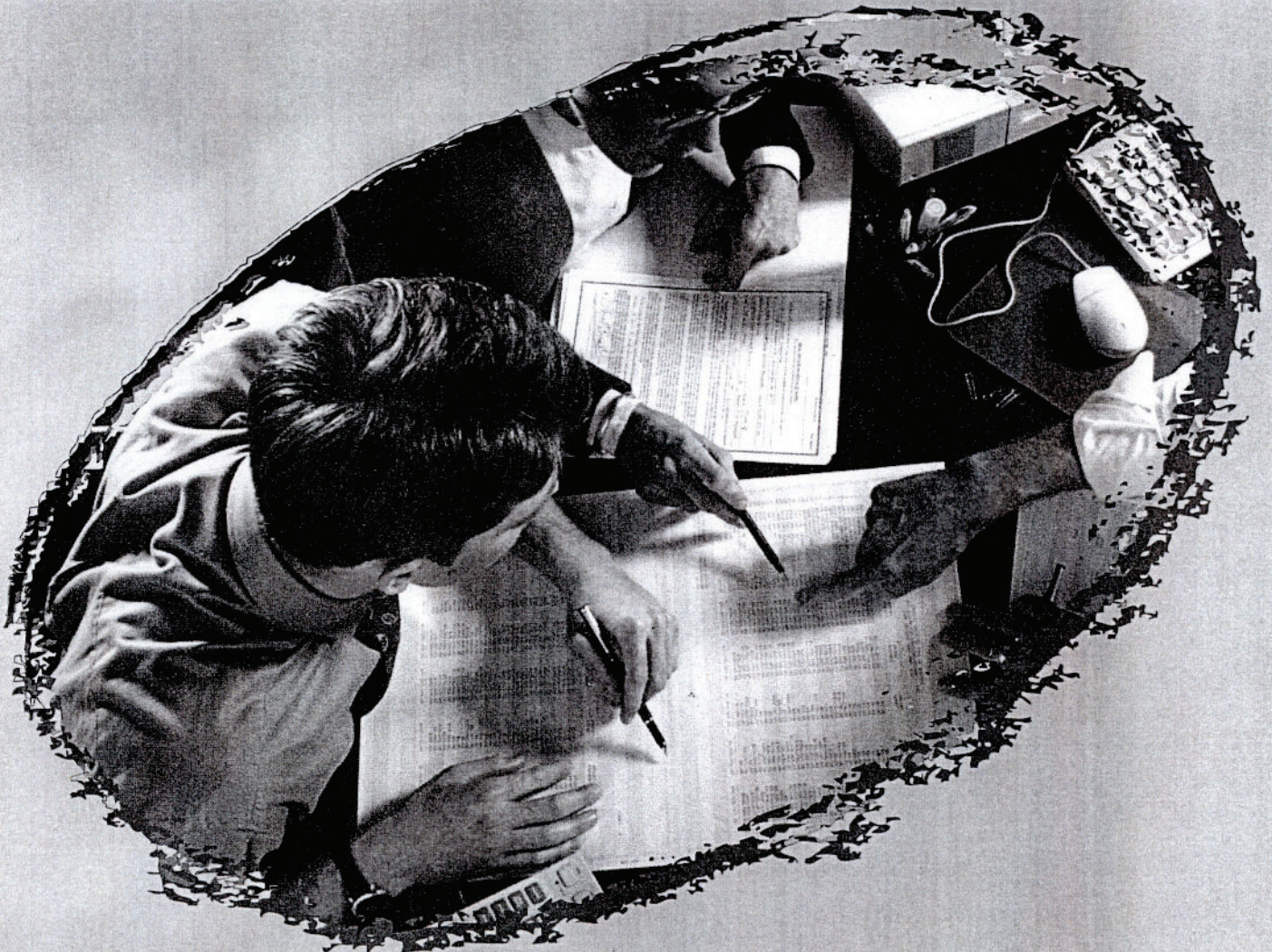
DAVID A GARRY
CHIEF INTERNAL AUDITOR

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DAG

In the public sector, every pound lost through fraud directly affects citizens by increasing national and local taxation levels or threatening essential services such as social care, housing and education.



Protecting the public purse

Local government fighting fraud

This summary report is an overview of our full national report published on 15 September 2009



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.

For the purpose of the report we define fraud as any intentional false representation, including failure to declare information, or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss. We include cases where civil, criminal or management action such as disciplinary action has been taken.

The financial cost of fraud does not fully reflect the personal impact it can have on victims. Councils in England spend £154 billion yearly on providing public services. Every pound that is lost through fraud directly affects citizens by increasing national and local taxation levels or threatening essential services such as social care, housing and education. There has been a growing recognition of the damaging impact that fraud has on the UK economy and on citizens. This recognition has been matched by some important initiatives to combat fraud.

Every pound lost through fraud affects citizens by increasing taxation and threatening essential services

Councils have done much in recent years to combat fraud and many are managing the risk well by:

- developing a zero-tolerance approach towards fraud;
- adopting good practice in managing the risk of fraud; and
- creating a strong counter-fraud culture and implementing counter-fraud policies and procedures.

Councils can do more

However, there is more that could be done to reduce the risk and incidence of fraud. We have identified three areas of fraud risk that are often not adequately addressed at a local level:



Housing tenancy fraud is conservatively estimated to have reduced available social housing for allocation in England by nearly 50,000 properties, worth over £2 billion.



False claims for single person discount (SPD) on council tax could be costing honest taxpayers almost £2 million a week.



Recruitment fraud can have severe outcomes and which fraudsters often exploit to commit other types of fraud.

Housing tenancy fraud

There is great demand across the country for social housing (both council and housing association homes), and there has been a significant increase in the housing waiting list in the last six years.

In the London area alone there are around 746,000 social housing properties – almost 20 per cent of England's total social housing stock. Housing tenancy fraud is a particular problem in London.

over 50% increase in housing waiting lists in the last six years

We identified three London boroughs which had reclaimed 274 homes in a year through targeting fraudulent tenancies. In the worst cases, some properties are being sub-let for personal profit.

A council housed a family, who were escaping civil war in their home country. When the war ended, the family moved back to their home country where the tenant became the director of a medical centre. However, the tenant sub-let, for profit, the property the family had previously occupied. After an investigation and legal action, the court granted the council a possession order for the property.

Case study

Almost 50,000 properties (with an asset value of more than £2 billion) could potentially be brought back into social use. This figure assumes a conservative estimate for tenancy fraud levels of 2.5 per cent in London and 1 per cent elsewhere, and that unlawful occupation of social housing is comprehensively tackled. More research is needed but this is undoubtedly a problem that affects those in need of social housing and the taxpayer.

Council tax single person discount fraud

Local council taxpayers meet the cost of the 25 per cent discounts payable to individuals who are the only adult over 18 living at an address. False claims for SPD are estimated at £90 million each year.

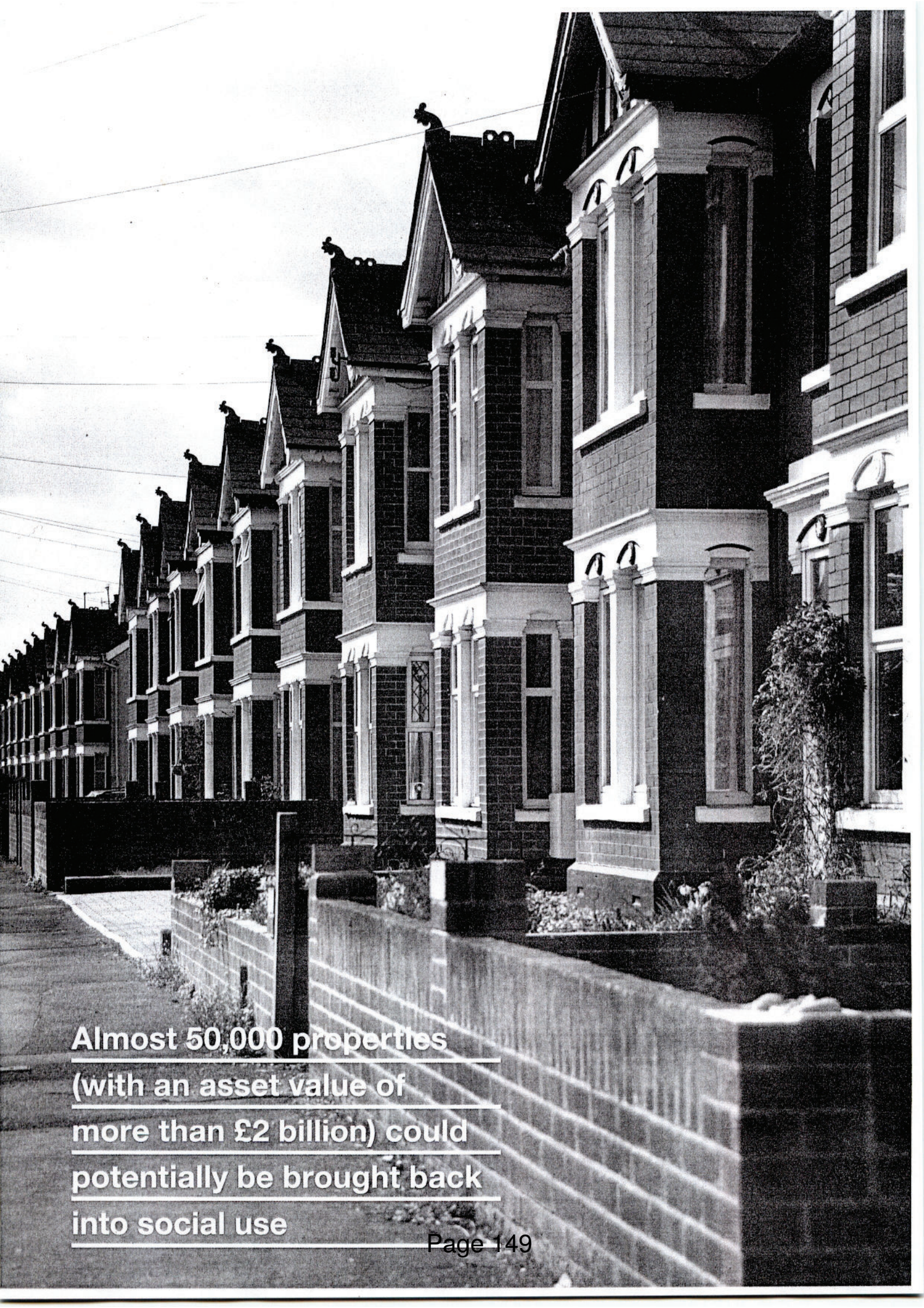
Our research found one council which used data matching and other IT checks to identify 657 SPD claimants in one year who were not entitled to claim the discount. The amount wrongly claimed totalled £235,000, most of which has already been repaid to the council. In one case, a resident had been wrongly claiming the discount since 2003 and has had to repay £2,460.

Recruitment fraud

Councils employ around two million permanent staff and many thousands of temporary and contract staff at any one time.

The importance of verifying the identity, qualifications, employment history and criminal record of those employed in, or applying for, posts is a key defence against fraud and other abuses.

It is fraudulent for job applicants to fail to declare a criminal record or make false statements about their qualifications, experience or their entitlement to work in the UK



Almost 50,000 properties
(with an asset value of
more than £2 billion) could
potentially be brought back
into social use

Suspicious about the activities of a cleaner were raised by a council employee, who noticed that the cleaner's birth certificate stated that he was born in 1977 at a hospital that was not actually built until 1986. A search warrant was executed at the cleaner's home and forged identity documents were recovered, as well as numerous items of council property. These included computers, hand-held devices, mobile phones, sim cards, memory sticks and software. The court sentenced the cleaner to three months' imprisonment.

Case study

Other risks

Our *Protecting the Public Purse* report highlights other significant fraud risks the Commission considers still need attention:

■ **Housing and council tax benefit**

Of the £18.5 billion spent every year, fraudulently obtained overpayments are estimated to exceed £200 million.

■ **Procurement**

Councils need to ensure that their procurement arrangements reduce the risk of fraud and are working as intended.

■ **Social care direct payments**

The move towards personalising social care involves important cultural and operational changes. It is important that councils implement appropriate and proportionate checks that balance the operational benefits of improved choice against the potential risk that fraudsters may attempt to misuse public funds.

■ **Disabled parking concessions (blue badges)**

Fraudsters use these badges to avoid parking charges.

■ **Insurance claims**

The UK insurance industry estimates losses of more than £1.9 billion a year, due to bogus or inflated claims, including those made against councils.

■ **Abuse of position frauds**

Although few in number, some frauds occur where weak internal controls allow individuals to abuse the trust placed in them.

Partnership working

The full report contains various case studies that highlight councils' successes in partnership working.

In one example, the London Borough of Croydon and anti-fraud colleagues from several public bodies in the area formed the Croydon Fraud and Enforcement Forum. This initiative arose out of a realisation that many of

£80 billion
annual spend by
councils on capital
projects and
buying goods
and services

the frauds and fraudsters the council encountered were common to other public sector organisations based in the same area.

Following a tip-off from a social worker, Croydon's corporate anti-fraud team discovered that a fraudster who had no right to work in the UK had claimed more than £135,000 in benefits from the council by using someone else's identity. A joint investigation with the UK Border Agency and the NHS Local Counter Fraud Specialist showed the fraudster was also working at a care home and receiving a £17,650 bursary from the NHS while studying to be a nurse. The investigation further found out the fraudster's sister was using the alternative identity to work illegally in a hospital. A police raid on the fraudster's home found prescription drugs worth around £12,000, and forged documents.

Case study

Data matching and whistleblowing

The London Public Sector Counter Fraud Partnership Annual Survey 2007/08 showed that, across London, the key sources of information leading to the discovery of frauds were data matching and whistleblowing.

Data matching includes exercises such as the National Fraud Initiative (NFI), the Department for Work and Pensions' Housing Benefits Matching Service and other local initiatives. The Commission has run the NFI data matching exercise once every two years since 1996 to compare sets of data in order to identify inconsistencies or circumstances that might suggest fraud or error. Since its launch it has helped identify an estimated £500 million of fraud and overpayments.

Fraud surveys also regularly identify whistleblowers as one of the principal sources of information by which public bodies identify and stop frauds. The Public Interest Disclosure Act 1998 set up protection for employees victimised or dismissed after raising a concern about wrongdoing or malpractice.

We urge councils to ensure that their whistleblowing arrangements are sound, embedded in their everyday procedures and are communicated to and understood by staff. They should also ensure that they engage local citizens properly in the fight against fraud.

Reporting suspicions

In recent years, money laundering legislation has significantly increased the ability of UK law enforcement agencies to tackle organised crime by requiring certain regulated bodies to report any known or suspected money laundering.

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laundering legislation has
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crime

**£500 million
seized since the
Proceeds of Crime
Act 2002 came
into force**

To support the collection of information on known or suspected money laundering, the Serious and Organised Crime Agency runs a national reporting system, which received around 220,000 suspicious activity reports in 2008.

However, for much of the public sector including local government there is no statutory requirement to comply with these reporting arrangements. In 2008, councils only submitted 55 suspicious activity reports.

We recommend that councils comply with the spirit and principles of the legislation, and do more to improve staff awareness of how to report any suspicions of money laundering and criminal activities.

Planning ahead

The best councils have counter-fraud plans based on a robust fraud risk assessment, regular reporting to those charged with governance, and qualified fraud investigators focused on both proactive and reactive work. We advise councils to set clear targets and expected outcomes for the work of counter-fraud teams and suggest that teams report regularly to management on their performance.

Culture is key

A strong counter-fraud culture is fundamental to reducing the harm caused by fraud and in ensuring that public confidence is not undermined.

This means the right tone from the top in an organisation is vital, as is a zero-tolerance approach towards fraud. Councils should be seen by their staff to have made a clear commitment to the fight against fraud.

We have developed the Changing Organisational Cultures toolkit to help public organisations improve their counter-fraud culture, compare themselves with others and chart their progress over time.

Our analysis of the use of the toolkit at public bodies so far shows that although many organisations have made a strong commitment to fight fraud, they still need to do more to ensure that:

- their commitment translates into action;
- staff at all levels are aware of and understand the organisation's values and what the council expects of them;
- everyone in the organisation is confident that whistleblowing arrangements are effective and preserve confidentiality; and
- controls are not being overridden.

**The organisations
that are most
at risk are those
where awareness
is low**

What councils can do

Tackling fraud effectively needs a collaborative response. Councils can maximise their counter-fraud activities and contribute to preventing and detecting fraud when they work with other public, private and voluntary organisations.

How the Commission can help

Our report highlights the significant benefits to both councils and taxpayers that can be achieved where councils adopt good practice and focus counter-fraud activities and resources on those areas of greatest financial risk or and social harm. At the end of this document we attach a checklist which councils can use to assess their organisation's fraud defences against the good practice we have identified.

We are launching an annual survey to monitor the levels of fraud in local Government. We will also help track frauds and emerging risks through our fraud reporting system and our work with the National Fraud Authority.

In addition, data matching capabilities such as the Audit Commission's NFI will continue to be used to help councils prioritise counter-fraud activities and highlight risk areas that have previously not been given enough attention.

As Steve Bundred, Chief Executive of the Audit Commission, concludes,

'It has never been more important that councils fight fraud because every pound lost to cheats is a pound that can't be used for people in real need. This report is a comprehensive look at existing and developing threats facing town halls which calls on councils to urgently reassess their counter-fraud plans.'

Since the Audit Commission launched the NFI, it has led to the identification of an estimated £500 million of fraud and overpayment

The full version of the *Protecting the Public Purse: Local Government Fighting Fraud* report can be downloaded from the Audit Commission's website at www.audit-commission.gov.uk/publicpurse

Checklist for those responsible for governance

General	Yes	No	Action
1 Have we committed ourselves to zero tolerance against fraud?	<input type="radio"/>	<input type="radio"/>	
2 Do we have appropriate strategies, policies and plans?	<input type="radio"/>	<input type="radio"/>	
3 Do we have dedicated counter-fraud resources?	<input type="radio"/>	<input type="radio"/>	
4 Do the resources cover all of the activities of our organisation?	<input type="radio"/>	<input type="radio"/>	
5 Do we receive regular reports on fraud risks, plans and outcomes?	<input type="radio"/>	<input type="radio"/>	
6 Have we assessed our management of counter-fraud resources against good practice?	<input type="radio"/>	<input type="radio"/>	
7 Do we raise awareness of fraud risks: <ul style="list-style-type: none"> • New staff (including agency staff)? • Existing staff? • Members? 	<input type="radio"/>	<input type="radio"/>	
8 Do we join in appropriately with national, regional and local networks and partnerships to ensure we are up to date with current fraud risks and issues?	<input type="radio"/>	<input type="radio"/>	
9 Do we have working arrangements with relevant organisations to ensure effective sharing of knowledge and data about fraud?	<input type="radio"/>	<input type="radio"/>	
10 Do we identify areas where internal controls may not be performing as intended?	<input type="radio"/>	<input type="radio"/>	
11 Do we maximise the benefit of our participation in the Audit Commission NFI and receive reports on outcomes?	<input type="radio"/>	<input type="radio"/>	

Fighting fraud in the recession		Yes	No	Action
12	Have we reassessed our fraud risks because of the recession?	<input type="radio"/>	<input type="radio"/>	
13	Have we amended our counter-fraud action plan as a result?	<input type="radio"/>	<input type="radio"/>	
14	Have we reallocated staffing as a result?	<input type="radio"/>	<input type="radio"/>	

Some current risks and issues		Yes	No	Action
15	Do we take effective action to ensure that social housing is allocated only to those in need?	<input type="radio"/>	<input type="radio"/>	
16	Do we take effective action to ensure that social housing is occupied by those to whom it is allocated?	<input type="radio"/>	<input type="radio"/>	
17	Are we satisfied that payment controls are working as intended?	<input type="radio"/>	<input type="radio"/>	
18	Have we reviewed our contract letting procedures against the good practice guidance issued by the Office of Fair Trading to reduce the risk of illegal practices such as cartels?	<input type="radio"/>	<input type="radio"/>	
19	Are we satisfied that our recruitment procedures are: <ul style="list-style-type: none"> • preventing employment of people working under false identities? • validating employment references effectively? • ensuring applicants are eligible to work in the UK? 	<input type="radio"/>	<input type="radio"/>	
20	Where we are moving to direct payments (for example, social care) have we introduced suitable and proportionate control arrangements in line with recommended practice?	<input type="radio"/>	<input type="radio"/>	
21	Are we effectively controlling the discounts and allowances we give to council taxpayers?	<input type="radio"/>	<input type="radio"/>	
22	Are we satisfied that we are doing all that we can to tackle housing and council tax benefit fraud?	<input type="radio"/>	<input type="radio"/>	
23	Do we have a reporting mechanism that encourages our staff to raise their concerns of money laundering?	<input type="radio"/>	<input type="radio"/>	

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We welcome your feedback. If you have any comments on this report, are intending to implement any of the recommendations, or are planning to follow up any of the case studies, please email: nationalstudies@audit-commission.gov.uk

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Protecting the public purse **Audit Commission**
APPENDIX 2

CHECKLIST FOR THOSE RESPONSIBLE FOR GOVERNANCE

	Yes	No	Comments	Action
1. Has Wirral Council committed itself to a zero tolerance approach to fraud.	✓		The current Wirral Anti Fraud and Corruption Policy does make reference to the sanctions to be imposed where fraud is proven.	The Anti fraud and Corruption Policy is being redrafted to reinforce the zero tolerance stance of the Council. The launch of the new policy should be accompanied by maximum publicity with the most senior executive and political support. This is included in the draft Managing the Risk of Fraud report currently being discussed with Chief Officers.
2. Does Wirral have appropriate strategies, policies and plans.	✓		Financial Regulations, Whistle-blowing Policy, Anti Fraud and Corruption Policy, Gifts and Hospitality Registers, Declaration of Interest forms, Conflict of Interest for Members	No further action required (but see 1 above)

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CHECKLIST FOR THOSE RESPONSIBLE FOR GOVERNANCE

	Yes	No	Comments	Action
3. Does Wirral have dedicated counter-fraud resources.	✓		Housing Benefit Fraud Investigators are PINS trained and work to a Code of Ethics. Internal Audit has a team whose roll includes countering fraud but not fraud investigation.	See Action at Q4 below.
4. Do the resources cover all of the activities of the Council.		✓		Although the Council does have dedicated Fraud Professionals to investigate Housing Benefit fraud, all other fraud is investigated by officers across the Council as an adjunct to their routine jobs. A number of issues relating to this are included in the draft Managing the Risk of Fraud report currently being discussed with Chief Officers.
5. Do officers receive regular reports on fraud risks, plans and outcomes.		✓	Fraud is not considered as part of the Risk Register. There is no central co-ordination of fraud investigations. Annually Internal Audit compile a listing of frauds committed against the Council that are greater than £10,000 which are included on the Audit Commission's AF70 declaration.	The Managing the Risk of Fraud report includes recommendations to improve the coordination of fraud reports which will enable greater identification of fraud risks, and outcomes which in turn will aid the planning process. This is included in the draft Managing the Risk of Fraud report currently being discussed with Chief Officers.

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CHECKLIST FOR THOSE RESPONSIBLE FOR GOVERNANCE

	Yes	No	Comments	Action
6. Has Wirral assessed it's management of counter-fraud resources against good practice.	✓		Completed (Protecting the Public Purse) questionnaire and the self assessment in line with CIPFA "Red Book" 'Managing the Risk of Fraud'	No further action required.
7. Does Wirral raise awareness of fraud risks with: <ul style="list-style-type: none"> - new staff (including agency) - existing staff - members 	✓	<ul style="list-style-type: none"> ✓ ✓ 		A number of issues relating to this are included in the draft Managing the Risk of Fraud report currently being discussed with Chief Officers.
8. Does Wirral join in appropriately with national, regional and local networks and partnerships to ensure that it is up to date with current fraud risks and issues.	✓		Member of NW Fraud forum. Member of CIPFA Better Governance Forum. The HB Fraud team belong to the National Anti Fraud network Internal Auditors regularly attend fraud seminars.	No further action required
9. Does Wirral have working arrangements with relevant organisations to ensure effective sharing of knowledge and data about fraud.	✓		HB section has Service Level Agreements with DWP and Merseyside Police and belongs to National Anti Fraud Network. The Chief Internal Auditor attends the Merseyside Audit Group.	No further action required

Protecting the public purse **Audit Commission**
APPENDIX 2

CHECKLIST FOR THOSE RESPONSIBLE FOR GOVERNANCE

	Yes	No	Comments	Action
10 Does Wirral identify areas where internal controls may not be performing as intended.	✓		We do this through effective Internal Audit.	A number of issues relating to this are included in the draft Managing the Risk of Fraud report currently being discussed with Chief Officers.
11. Does Wirral maximise the benefit of it's participation in the Audit Commission NFI and receive reports on outcomes.	✓		Wirral actively participates in and acts upon matches identified by NFI. NFI participation is coordinated by Internal Audit. There is a good working relationship between Internal Audit and the Audit Commission and between Internal Audit and the officers in departments who follow up matches.	No further action required.
Fighting fraud in the recession				
12. Has Wirral reassessed it's fraud risks because of the recession.	✓		Through completion of the Red Book exercise.	No further action required at this point in time.
13. Has Wirral amended it's counter-fraud action plan as a result.		✓		This is included in the draft Managing the Risk of Fraud report currently being discussed with Chief Officers.
14. Has Wirral reallocated staffing as a result.		✓		This is included in the draft Managing the Risk of Fraud report currently being discussed with Chief Officers.
Some current risks and issues				

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CHECKLIST FOR THOSE RESPONSIBLE FOR GOVERNANCE

	Yes	No	Comments	Action
15. Does Wirral take effective action to ensure that social housing is allocated only to those in need.	✓		The majority of social housing in Wirral is allocated through Wirral Partnership Homes, a choice based lettings scheme. This is a partnership between the Council and 11 Registered Social Landlords who have agreed a common allocations policy and housing register through which around 90% of the social housing is allocated. The policy includes a robust mechanism for awarding priority to applicants who are in housing need. Applicants in housing need are given preference for two thirds of advertised vacancies. The remaining third are allocated according to the length of time applicants have been registered on the database. Those with a recognised housing need may also apply for these vacancies although their priority will not be taken into account	No further action required.
16. Does Wirral take effective action to ensure that social housing is occupied by those to whom it is allocated.		✓		A number of Registered Social Landlords (RSLs) in Wirral currently undertake tenancy audits within their stock. The Council has recently expressed an interest in taking part in the Government's Tenancy Fraud Initiative and will be working with local RSLs to develop and

Protecting the public purse **Audit Commission**
APPENDIX 2

CHECKLIST FOR THOSE RESPONSIBLE FOR GOVERNANCE

	Yes	No	Comments	Action
				<p>adopt good practise in addressing unlawful sub-letting in Wirral. We await the Government's announcement on allocation of funding for this initiative.</p> <p>Internal Audit opinion is that this action is appropriate and will follow up on progress in this area during future audits.</p>
17. Is Wirral satisfied that payment controls are working as intended.		✓	NFI and IDEA testing have identified considerable number of apparent duplicate payments. Recent audit testing has also identified control weaknesses in payment systems.	A number of issues relating to this are included in the draft Managing the Risk of Fraud report currently being discussed with Chief Officers.
18. Has Wirral reviewed it's contract letting procedures against the good practice guidance issued by the Office of Fair Trading to reduce the risk of illegal practices such as cartels.	✓		Ray Williams (Corporate Procurement Manager) has confirmed that OFT good practice was taken into account during the annual revision of the Contract Procedure Rules	No further action required
19. Is Wirral satisfied that it's recruitment procedures are <ul style="list-style-type: none"> • Preventing employment of people working under false identities • Validating employment references effectively 	✓	✓	Pre employment screening checks do ensure that people are who they say they are, do have the right to work in UK and all offers of employment are subject to receipt of satisfactory references. A new addition to the application form (recommended by IA) ensures that the relationship between	No further action required.

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CHECKLIST FOR THOSE RESPONSIBLE FOR GOVERNANCE

	Yes	No	Comments	Action
Ensuring applicants are eligible to work in UK			referee and applicant is disclosed.	
20. Where Wirral is moving to direct payments (for example, social care) has it introduced suitable and proportionate control arrangements in line with recommended practice.	✓		All people in receipt of a direct payment in social services are subject to an annual audit to ensure that the money is being spent correctly. Clients are required to open a bank account and to pay their carers by either using a cheque or a standing order (cash is not allowed) to ensure that there is a clear audit trail of payments made. This is in line with current guidance. The department can stop the payments or ask for reimbursement if the money is not being used in the way it is intended.	No further action at this time.
21. Is Wirral effectively controlling the discounts and allowances it gives to council taxpayers.	✓		Council Tax officers have instigated a system of continuous review (a rolling programme) of ALL discounts offered to Council tax payers. Participation in the NFI process also means that anomalies can be identified for further investigation.	No further action required.
22. Is Wirral satisfied that it is doing all that it can to tackle housing and council tax benefit fraud.	✓		We have an excellent professionally trained disciplined team of Housing Benefit fraud investigators and a pro-active team of council tax officers.	No further action required.
23. Does Wirral have a reporting mechanism			We do have a Money Laundering policy	

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CHECKLIST FOR THOSE RESPONSIBLE FOR GOVERNANCE

	Yes	No	Comments	Action
that encourages it's staff to raise their concerns of money laundering.	✓		and Internal audit have received a small number of referrals from front line staff, which have given rise to a SAR (Suspicious Activity Report) to the Serious Organised Crime Agency.	No further action required.

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

25 NOVEMBER 2009

REPORT OF THE DIRECTOR OF FINANCE

RISK MANAGEMENT STRATEGY

1. EXECUTIVE SUMMARY

- 1.1 This is the annual update of the Risk Management Strategy which was agreed by Cabinet on 24 September 2009. There are only minor revisions to the Strategy from that agreed on 23 July 2008.

2. BACKGROUND

- 2.1 The effective management of risk is recognised as an essential feature of a well-run organisation. It is particularly important at a time when the Authority is making substantial changes in the drive to improve services.
- 2.2 The current approach to managing risks was defined in the Strategy approved by Cabinet on 23 July 2008. As part of the annual review the Risk & Insurance Team has referred to the Annual Governance Statement, the Audit Commission Use of Resources assessment and Action Plan and the Risk Management Strategy recently published by NHS Wirral.
- 2.3 The risk management arrangements were rated as 3 star (performing well) by the Audit Commission as part of the Use of Resources assessment 2008.
- 2.4 The approach adopted in identifying, managing and reporting risks to the priorities of the Wirral Local Strategic Partnership devised by the Risk & Insurance Team and the Partnership Performance Officers has placed Wirral ahead of other areas in the region.

3. THE RISK MANAGEMENT STRATEGY

- 3.1. Given that a major review was carried out in 2007 and a refresh undertaken in 2008 the main objective of the current review was to bring the Strategy up to date as regards changes in Authority arrangements and address any new areas for improvement. The principal amendments proposed are as follows
- (i) **Executive Summary**
There is a more substantive paragraph which explains the purpose of the Strategy and demonstrates the commitment to risk management and definitions of the terms 'risk' and 'risk management'.

- (ii) **Roles and Responsibilities**
The Strategy proposes that Chief Officers work together with Members to identify the corporate risks.
- (iii) **Risk Categories**
Specific reference is now included to risks associated with not responding well to issues of equality and diversity.
- (iv) **Risk Management Process**
The strategy now contains the same definition of what constitutes a partnership as that contained in the Wirral Council Partnership Governance Framework and Toolkit.
- (v) **Embedding**
Specific reference is made to the inclusion in reports to Cabinet of information on the risks and opportunities associated with decisions.
- (vii) **Priority and Action Table**
The Strategy indicates what broad action needs to be taken in relation to risks of differing levels of significance.

3.2. In accordance with the governance arrangements a draft of the revised Strategy was shared with the Corporate Improvement Group and their comments taken into account.

4. ACTION PLAN

4.1 The revised Strategy sets the intentions and provides a broad framework. However successful implementation is dependent on the individual activities which underpin the approach.

4.2. Some of the actions planned over the next twelve months are described in greater detail below:

- (i) **Corporate Risk Register**
Further review of the key corporate risks to be undertaken by Chief Officers and Members in the Autumn following confirmation of the 2010/11 Priorities for Improvement. The Corporate Improvement Group will continue to review the Corporate Risk Register each quarter.
- (ii) **Departmental Risks**
The Risk & Insurance Officer and Corporate Performance Manager are planning a series of visit to departmental management teams to ensure both consistency in the approach to identifying key departmental risks and the linkages between the Corporate Risks and actions in Departmental Service Plans.

(iii) **Inclusion of Risk Information in Committee Reports**

Guidance on improving the clarity and consistency of information on the risks and opportunities associated with key decisions has recently been approved by both the Corporate Improvement Group and Chief Officers. This will be implemented during the autumn with risk paragraphs included within reports involving Key Decisions.

5. FUTURE PROPOSALS

5.1 With the favourable evaluation of existing arrangements by the Audit Commission it is also clear that peer local authorities are also making great progress and that risk management as a discipline has developed substantially in recent years with the newly introduced BS 31100:2008 for risk management an example.

5.2 In order to ensure that the Wirral approach strives towards best practice and, more importantly, to ensure that arrangements add value to the Authority and the wider community a more fundamental review of the entire approach is needed in the longer term. Delivering substantial improvements is likely to require cultural change and possibly additional resources and initially the Risk & Insurance Team will produce a gap analysis and put forward comprehensive recommendations for consideration by Chief Officers and Members. It is unlikely that this exercise will be concluded before Summer 2010.

6. FINANCIAL AND STAFFING IMPLICATIONS

6.1 Improvements in managing risks will have a financial impact in areas such as the cost of staff absence and insurance.

7. EQUAL OPPORTUNITY IMPLICATIONS

7.1 There are none arising directly from this report.

8. COMMUNITY SAFETY IMPLICATIONS

8.1 Specific risk control actions should improve community safety.

9. HUMAN RIGHTS IMPLICATIONS

9.1 There are none arising directly from this report.

10. LOCAL AGENDA 21 IMPLICATIONS

10.1 There are none arising directly from this report.

11. PLANNING IMPLICATIONS

11.1 Risk implications will form part of planning strategy.

12. MEMBER SUPPORT IMPLICATIONS

12.1. There are none arising directly from this report.

13. BACKGROUND PAPERS

13.1 Risk Management Strategy - July 2008.

13.2 Annual Governance Statement - April 2009.

13.3 Audit Commission Use of Resources Assessment 2008.

14. RECOMMENDATION

14.1 That the revised Risk Management Strategy be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/279/09



WIRRAL COUNCIL

RISK MANAGEMENT STRATEGY

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**CABINET
SEPTEMBER 2009**

1.0 EXECUTIVE SUMMARY

1.1. Introduction

1.1.1. Wirral Council is committed to delivering its vision of “**a more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential**”. The Council believes that effective risk management will help ensure that it maximises its opportunities and minimises the impact of the risks it faces and that by managing risk effectively, the authority will be in a stronger position to deliver its vision and strategic and operational objectives. This is Wirral Council’s revised Risk Management Strategy. It explains the Council’s approach to risk management and the arrangements that we will operate to ensure that we identify and manage our risks effectively.

1.2. Objectives

- 1.2.1. For this Council the objectives of its Risk Management strategy are:
- To support informed risk-taking in order to improve services;
 - To place risk management at the heart of decision making within the organisation;
 - To implement cost-effective measures to minimise harm, losses and disruption to services;
 - To ensure that risks which could prevent the achievement of the Council’s Corporate Objectives and Priorities are identified and controlled;
 - To demonstrate to stakeholders and regulators compliance with good corporate governance; and to
 - To continuously improve the management of risk by all those connected with the delivery of the Council’s services.
 - To create a risk aware culture within the organisation

1.3. Scope

1.3.1 For the purpose of this strategy, a risk is the chance of something happening that will have an impact on the Council’s objectives and the continuity of service provision. As that impact may be positive or negative, risks will be considered as opportunities and not simply as threats. The strategy seeks to address all forms of risk, not simply those relating to health and safety, financial or insurable risks.

1.3.2 Furthermore, risks do not simply reside in any one level within the organisation and the Council’s approach to risk management will therefore consider all strategic, operational and project risks.

1.4 Definitions

1.4.1 Risk - The chance of something happening that will have an impact on objectives.

1.4.2 Risk Management - The process by which risks are identified, evaluated and controlled and which is directed towards the effective management of potential opportunities and threats to the Council achieving its objectives.

2.0 ROLES AND RESPONSIBILITIES

The effective management of risk is the responsibility of all officers and Members. However, we will be clear about 'who' does 'what' to avoid potentially significant risks going unmanaged. To assist with the implementation of the strategy, Members will appoint an individual to 'champion' the risk management process. Similarly COMT will select a lead Chief Officer for promoting risk management. The following tables set out these responsibilities in greater detail.

Cabinet

Role:	To oversee the effective management of risk by officers of the Council.
Responsibilities:	<ul style="list-style-type: none"> • To hold the Chief Officers Management Team (COMT) responsible for the effective management of risk within the Council. • To approve the risk management policy, strategy and processes determined by officers. • To work with Chief Officers to identify the key Corporate risks. • To monitor the management of key corporate risks. • To require officers to provide clear statements on risks and opportunities in Committee reports.

Audit & Risk Management Committee

Role:	To provide independent scrutiny of the adequacy of the risk management framework.
Responsibilities:	<ul style="list-style-type: none"> • To scrutinise the effectiveness of the overall strategy and compliance by officers. • To review the Council's approach to risk management and changes or improvements to processes. • To consider and approve the Annual Governance Statement.

Chief Officers Management Team (1st tier officers)

Role:	To ensure that the Council manages risk effectively.
Responsibilities:	<ul style="list-style-type: none"> • To agree the risk management framework, policy, strategy and processes. • To identify and analyse the key corporate risks. • To agree responsibility for control of these risks as appropriate and review the implementation of risk control action plans. • To oversee the communication and implementation of the Policy and Strategy by Members, managers and employees and its incorporation into the Council's business processes. • To report to external stakeholders on the Council's framework, policy, strategy and processes.

Corporate Improvement Group

Role:	To support the Council and its officers in the effective development, implementation and review of the risk management strategy, processes and standards and reporting arrangements.
Responsibilities:	<ul style="list-style-type: none">• To consider improvements to the risk management framework, policy, strategy and processes.• To assist the Chief Officers Management Team with the creation and maintenance of the register of key Corporate risks.• To monitor and review the implementation and effectiveness of the strategy.• To oversee the implementation of best practice.

Risk & Insurance Officer

Role:	To drive the effective management of risk within the Council
Responsibilities:	<ul style="list-style-type: none">• To develop and update the risk management strategy, processes and standards in accordance with best practice.• To provide advice and support to Members and officers at all levels regarding the identification, analysis and profiling of risks.• To promote and support the implementation of the strategy.• To facilitate and provide training as appropriate to Members and officers.• To support and co-ordinate the risk element of the work of the Corporate Improvement Group.• To support the development of a risk aware culture throughout the Council.

Corporate Health, Safety & Resilience Team

Role:	To provide specific advice and support to the organisation on Occupational Health & Safety, Emergency Planning and Business Continuity.
Responsibilities:	<ul style="list-style-type: none">• Support the development and implementation of the corporate strategy.• Assisting departments in the compilation of operational control measures relevant to the functions stated under the Role.

Internal Audit

Role:	To provide assurance to members and officers on the risk management mechanisms and their effectiveness in practice
Responsibilities:	<ul style="list-style-type: none">• To carry out a continuous independent review of the Risk Management Strategy and processes and report thereon.• To provide Chief Officers and Members with an annual overall assessment of the effectiveness of risk management practice (through the Annual Governance Statement).• To evaluate and report on attitudes to and management of risk.• To provide an annual audit plan that is based on a reasonable evaluation of risk.• Assist departments with risk identification and operational controls.• Assist the Risk & Insurance Officer through the sharing of good practice.

Departmental Management Teams (1st and 2nd tier officers)

Role:	To effectively manage risk in their department.
Responsibilities:	<ul style="list-style-type: none">• To identify and report risks of potential corporate significance to the Corporate Improvement Group.• To participate in action plans to address the key Corporate risks.• To review and report to the Corporate Improvement Group progress in implementing such actions.• To continuously identify, analyse and maintain a register of key departmental, operational and project risks.• To report regularly to members on the management of such risks.• To prioritise departmental actions to improve key risks and review their implementation.• To satisfy themselves as to the adequacy of the risk management arrangements of their department's service partners.• To delegate responsibility for risk control as appropriate within the department.• To empower staff to report risks.

Service Managers (3rd tier officers)

Role:	To effectively manage risk in their service area.
Responsibilities:	<ul style="list-style-type: none">• To implement the Corporate Risk Management Strategy.• To continuously identify, analyse and profile key operational and project risks affecting their service.• To report these risks to the Departmental Management Team.• To create and maintain a register of these risks.• To satisfy themselves as to the adequacy of the risk management arrangements of their service partners.• To share/exchange relevant information with colleagues in other service areas.• To prioritise risk improvement plans and implement agreed actions.• To review the implementation of actions to address key service risks and report progress to the Departmental Management Team.

Individual Employees

Role:	To contribute to the effective management of risk in their service
Responsibilities:	<ul style="list-style-type: none">• To identify risks in their everyday work processes and working environment.• To report risks to the Service Manager.• To have an awareness of the principal risks to their service.• To implement and maintain risk control mechanisms as part of the responsibility for achieving agreed objectives.• To demonstrate an awareness of risk and risk management.• To participate in any risk management training or guidance.

Service Delivery Partners

Role:	To assist the Council to manage risk effectively
Responsibilities:	To ensure that the partner organisation is committed to managing risk and that their accountabilities are clearly documented in a Service Level Agreement or contract.

3.0 RISK CATEGORIES

<p>STRATEGIC</p> <p><i>Risks that relate to doing the wrong things</i></p>	<p>OPERATIONAL</p> <p><i>Risks associated with the nature of each service or activity</i></p>
<ul style="list-style-type: none"> • Insufficient forward planning or horizon scanning (e.g. demographic changes) • Incorrect strategic priorities • Community planning oversight or errors • Policy decisions based on incomplete or faulty information • Failure to exploit opportunities • Inappropriate capital investment decisions 	<ul style="list-style-type: none"> • Poor partnership working • Failure to continuously improve / innovate • Inadequate service continuity planning • Over-reliance on contractors / suppliers • Breakdown of work system • Poor project planning and management
<p>INFORMATION / TECHNOLOGICAL</p> <p><i>Risks that relate to the loss of or inaccuracy of data and the use of / reliance on technology</i></p>	<p>REPUTATION</p> <p><i>Risks that relate to the organisation's image</i></p>
<ul style="list-style-type: none"> • Systems and management data not up to date • Ineffective prediction of trends and poor forecasting • Breaches of security of network and data • Obsolescence of technology • Lack of network resilience 	<ul style="list-style-type: none"> • Unfulfilled promises to the electorate • Ineffective PR / Media strategy • Association with unsuitable organisations • Poor standards of service • Failures in corporate social responsibility
<p>FINANCIAL</p> <p><i>Risks that relate to losing monetary resources or systems of financial planning and control</i></p>	<p>PEOPLE</p> <p><i>Risks associated with employees and the management structure</i></p>
<ul style="list-style-type: none"> • Occurrence of fraud • Unreliable accounting records • Failure to prioritise, allocate appropriate budgets and monitor / report • Failed resource bids • Sustainability of time limited funding 	<ul style="list-style-type: none"> • Over-reliance on key officers • Inefficient/ineffective management processes • Failure to recruit/retain qualified staff • Lack of investment in training • Poor absence management
<p>REGULATORY / LEGAL / STATUTORY</p> <p><i>Risks related to the legal and regulatory environment</i></p>	<p>PHYSICAL</p> <p><i>Related to fire, security, accident prevention and health & safety</i></p>
<ul style="list-style-type: none"> • Compliance failures (e.g. procurement, LA 21) • Inadequate response to/failure to prepare for/ implement legislative change • Intervention by Regulatory Bodies and Inspectorates • Failure to meet targets agreed with / imposed by Central Government (e.g. Equality & Diversity standard) • Breaches of contract, failures in duty of care, 	<ul style="list-style-type: none"> • Loss of intangible assets • Failures in health & safety management • Loss of physical assets

4.0 THE RISK MANAGEMENT PROCESS

4.1. Risk Identification

4.1.1 Corporate

Chief Officers and key Members will undertake an annual exercise to identify the key risks to achievement of the Council's corporate aims and the Priorities for Improvement in the forthcoming planning period (the corporate risks).

At quarterly meetings of the Corporate Improvement Group, individual representatives will report the significant new risks for their departments. The Group will examine them for potential corporate significance and present a quarterly report to COMT. Chief Officers will consider these for inclusion in the corporate risk register.

4.1.2 Departmental

Individual departmental management teams will conduct an annual review of the key risks to achieving the Departmental Aims in the forthcoming planning period. In doing so they will review the risks identified by each division, project and partnership for which they are responsible to identify -

- risks which are common to more than one area (and which cumulatively could be of great significance)
- risks which emanate from a particular area, but which could have a significant impact departmentally and/or corporately

During the course of the year, each management team will also identify new risks of departmental significance. Using its management / performance meetings, it will consider risks brought its attention by individual Heads of Service, project and partnership managers for their potential departmental impact.

4.1.3 Service / Team

Every service area will review on an annual basis the risks to achievement of its particular objectives in the forthcoming planning period. This will be undertaken by the Head of Service, managers and, where appropriate, representatives of service partners.

During the course of the year, each service area will also identify new risks using its management / performance meetings.

4.1.4 Project

For the purposes of this strategy, a project is - 'an activity outside "business as usual". Unless there are exceptional circumstances it excludes work that could be defined as "day to day operations". A project has a finite life. It achieves specific results that satisfy the needs of the organisation, through a series of linked activities carried out in an organised manner, with a clearly defined start point and finish point.

Every project will be considered to be the responsibility of a particular department. Prior to the initiation of any project, the project manager (or project sponsor) must confirm what project methodology and governance arrangements will apply. This will form part of the initial business case.

Individual project management arrangements will define the points or intervals at which formal exercises will be undertaken to identify risks to the delivery of the planned project outcomes and how these will be conducted.

4.1.5 Partnerships

For the purposes of this strategy, a 'partnership' is a joint working arrangement - which is not governed by the Partnership Acts - and where the partners:

- are otherwise independent bodies;
- agree to cooperate to achieve common goals and outcomes for the community;
- share accountability, risks, and resources;
- create an organisational structure with agreed processes and programmes

Wirral Council Partnership Governance Framework and Toolkit

Every partnership will be considered to be the responsibility of a particular department. Prior to entering into any partnership agreement, an assessment must be undertaken both of the risks which participation in the partnership presents to the Council and key risks to delivery of the objectives of the partnership itself. This should form part of the initial business case.

The governance arrangements will define the points or intervals during the lifetime of the partnership when exercises will be undertaken to identify the risks to the successful delivery of the partnership objectives and how these will be conducted.

- 4.1.6 Each risk will be allocated a risk 'owner', that is, an individual who is in a position to manage the risk and ensure it is controlled effectively.

4.2. Risk Analysis

- 4.2.1 Each risk identified will initially be examined for its **inherent** level of risk. That is, assuming the absence of any controls. Its significance will be judged in relation to its likelihood and impact.

- 4.2.2 The risk will then be re-evaluated for its **residual** level of risk using the same factors, but taking into account controls and mitigation already in place which affect the likelihood and impact.

- 4.2.3 A 5-point scale (impact x probability) model (Section 8.4) will be used to evaluate risks. Both gross and net risk scores will be in the range of 1 to 25.

- 4.2.4 Each risk will be plotted against a Risk Scoring Model. The model defines overall levels of risk of High, Medium and Low. It will show graphically which risks require the most urgent management attention and will also include a line of tolerance. Any risk above that line will be escalated to the next level of management.

4.3. Risk Control

- 4.3.1 Actions will be developed to 'manage down' those risks above the Council's tolerance threshold. The options available will be one or more of the following:

Tolerate. Where our ability to take effective action is limited or where the cost of mitigating the risk outweighs the potential benefit.

Treat. Take action to control the risk to an acceptable level by means of containment actions (before the risk materialises) or contingent actions (once the risk has happened)

Transfer. Pass some aspects of the risk to another party. This can take the form of a conventional insurance transaction or paying a third party to take on risk in another way (for example through out-sourcing services). We acknowledge that business and reputation risk cannot be transferred and that contracting can raise other risks to be managed.

Avoid (Terminate). Where it is feasible we will, by doing things differently, remove certain risks.

- 4.3.2 Most risks can be managed by 'treating' them. Relatively few risks have to be transferred.
- 4.3.3 Proposals to address risks must identify the resources required to deliver the improvements, the individual responsible for their implementation and the key dates(s) involved. They will be incorporated into service and project plans and recorded in the risk register.

4.4. Monitoring and Review

- 4.4.1 Regular reviews will be undertaken to identify new risks and any existing risks that no longer apply. Progress in managing existing risks will be also monitored to ensure that intended actions are achieved.
- 4.4.2 Once a risk has been identified, analysed, prioritised and further control actions agreed, it will be recorded in the relevant risk register. The total risk score will be used to measure performance in managing that risk and will be reviewed by the risk owner. High scoring risks will be subject to more frequent review.

Corporate risks. Reviews will be undertaken by the Corporate Improvement Group no less than once a quarter.

Departmental risks. Management Teams will carry out reviews of their key departmental risks no less than once a quarter.

Service Risks. Heads of Service will review the key risks to their services no less than once a quarter.

Project Risks. Project Managers will review the risks to individual projects at intervals specified by the project management arrangements.

Partnership Risks. Partnership managers will review the risks arising from partnership working at intervals specified by the partnership governance arrangements.

4.4.3 The relevant risk register will be updated following each review.

4.4.4 The Corporate Risk & Insurance Team will seek opportunities to benchmark with peer authorities, will continually monitor developing best practice in managing risk and suggest improvements to existing processes. It will undertake a formal review of the strategy every year, drawing upon the findings of any external inspections. The revised strategy will be communicated to Members and relevant officers.

4.5. Reporting

4.5.1 Regular reports will be provided to Members and Senior Managers to provide an understanding of the risks faced the organisation and to provide assurance on the management of individual risks and the effectiveness of the strategy as a whole.

4.5.2 Within the **Corporate Financial and Performance Monitoring Summary** the Chief Executive will confirm:

- Progress against individual actions required to manage the existing Corporate risks
- Any new risk issues of potential corporate significance.

4.5.3 Within each **Quarterly Performance Management Report** Chief Officers will indicate:

- progress against actions to control the key departmental risks (including relevant performance indicators) and actions planned for the forthcoming quarter;
- details of any significant new risks that have been identified since the previous report

4.5.4 Within the **Performance Year End Report**, Chief Officers will advise the relevant Overview and Scrutiny Committee the end of year outcomes for their department's existing key risks, including:

- a summary of additional control measures implemented and their effect, and for those not implemented, the reasons for this;

4.5.5 Within each **Departmental Plan** Chief Officers will include:

- the key risks faced by the department in the forthcoming planning period, including their risk scores;
- the additional control actions which it intends to implement to address these;
- a statement summarising the arrangements for managing risk within the department.

- 4.5.6 Progress in managing the risks associated with individual projects will be reported to the relevant project board and at such frequencies determined by with the agreed project governance arrangements.
- 4.5.7 Committee reports which relate to a key decision in the Forward Plan will confirm the main risks and opportunities and the principal controls.
- 4.5.8 Within the Annual Governance Statement the Director of Finance will report to the Audit & Risk Management Committee the effectiveness of risk management arrangements and areas for improvement.
The Director of Finance will also provide an annual report to Audit & Risk Management Committee on the performance indicators for the strategy and any changes to risk management procedures and processes.

5.0 EVALUATING PROGRESS

5.1.1 The Council has a number of measures that will be used to monitor the effectiveness of managing risks

5.2.1. As regards the success of the overall risk management strategy, the following qualitative measurements will be used:

- Score for Risk Management arrangements in the 'Use of Resources' element of Corporate Performance Assessment (Annual)
- Outcome of Internal Audit report the Risk Management Framework (Annual)
- Opinion of Chief Internal Auditor in the Annual Governance Statement (Annual)

5.3.1. The Corporate Risk & Insurance Team (through the Director of Finance) will provide an annual report to Audit & Risk Management Committee reporting these indicators and summarising any changes in risk management practice.

6.0 EMBEDDING

6.1.1 The authority will seek to bring about the cultural changes necessary to improve the effective management of risk through:-

- Revising key documents, such as the Constitution and the Statement of Accounts;
- Ensuring that risk management principles are incorporated into all significant plans and strategies, such as the Corporate Plan, Medium Term Financial Plan, Capital programme/strategy and the Best Value Performance Plan;
- Implementing a corporate strategy for service continuity management;
- Creating and revising guidance on managing risk in areas such as procurement and the management of projects and partnerships;
- Including risk management as a standard agenda item for meetings of COMT, Departmental Management Teams and Project Boards;
- Including risk management focussed objectives in Key Issues Exchanges for managers;
- Ensuring that explicit information on the risks and opportunities associated with the decisions to be taken by Members are included in committee reports;
- Providing training to those who have responsibilities for managing risk.

7.0 OUTPUTS AND BENEFITS

7.1 Outputs

7.1.1 Risk management is an integral aspect of good management, which should deliver a number of valuable and tangible benefits to the Council and individual managers and assist in the delivery of services in the most effective and efficient manner. It is recognised, however, that some of the benefits will accrue incrementally and only be fully realised after the Council has achieved full implementation and analysed the impact.

7.1.2. Outputs from the risk management process will provide valuable additional information that should assist the Council in attaining effective corporate governance.

7.1.3. Outputs

- Risk Registers – These will provide consistent information on each risk, its significance and the key controls relating to it. A standard risk register template is shown at Appendix A
- Performance Measures – Analysis of qualitative and quantitative measures will enable the Council and stakeholders to understand the effectiveness of the strategy.
- Risk Reports – regular reports on the Council's risks will enable officers and members to have a fuller awareness of those risks and any changes.

7.2. Benefits

7.2.1. The anticipated benefits of the formalised Risk Management process are: -

- A better understanding of risks and exposures faced by the Council.
- Ownership by managers of risks and the systems of control.
- The ability to better understand how the Council's risk profile is changing.
- Improved integration of risk management into systems, projects and contracting and partnership arrangements.
- Efficient and effective integration of recovery and contingency plans within the Council.
- The implementation of a more comprehensive and cost effective control environment.
- Improved communication on risk issues.
- More effective corporate governance arrangements.
- The development of a risk aware culture

8.0 APPENDICES

8.1: Key Actions 2009/10

Task	Date
Reporting of the revised Risk management Strategy to Cabinet	September 2009
Refresh of key corporate risks as per the Corporate Risk Register	September 2009
Introduction of improved risk information content in Cabinet reports	Autumn 2009
Identification of key departmental risks by Departmental Management Teams	Autumn 2009
Presentation of Departmental Service Plans for 2010/11 onwards to Cabinet	February 2010
Presentation of Annual Governance Statement to Audit & Risk Management Committee	March 2010
Presentation of 2009/10 year-end reports on Performance to Cabinet	June 2010

8.3: Impact and Likelihood Scores

Impact

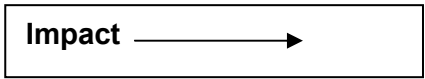
Description	Score	Impact – Financial (Council, department or service area)	Impact - Reputation	Impact – Service Delivery	Impact – Health & Safety (Employees or public)	Impact – Service Objectives
Very Low	1	<2% of annual budget	Letter(s) of complaint.	Minor, very short term (under 24 hours) disruption to a single team or section.	Minor injuries or illnesses, but not resulting in 'lost time'	Minor effect on achievement of a sectional aim
Low	2	<5% but >2% of annual budget	Single adverse report in local media	Some short-term (under 48 hours) disruption to a single team or section, manageable by altered operational routine	Minor injuries or illnesses that require first aid and result in lost time.	Serious effect on achievement of a sectional aim
Medium	3	<10% but >5% of annual budget	Significant adverse publicity in local media	Longer term disruption (up to 7 days) to a number of operational areas within a single location and possible flow on to other locations. <u>Or</u> short-term disruption to a service-critical team or section.	Injuries or illnesses that result in an 'over 3 day' injury, major injury or hospitalisation	Achievement of a sectional aim seriously compromised and / or significant effect on a Departmental aim.
High	4	<15% but >10% of annual budget	Significant adverse publicity in national media. Dissatisfaction with Chief Officer &/or Member	All operational areas of a single location compromised. Other locations may be affected. <u>Or</u> longer-term (up to 7 days) disruption to one or more service critical teams or sections.	Single case of injury or illness that could be fatal, life threatening or cause long-term disability	Achievement of one or more departmental aims compromised and / or significant effect on achievement of Corporate objective
Very High	5	>15% of annual budget	Sustained adverse publicity in national media. Chief Officer &/or Member removal or resignation	Multiple locations compromised. Council unable to execute numerous service-critical functions.	Multiple cases that could be fatal, life threatening or cause long-term disability	Achievement of one or more Corporate objectives seriously compromised

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Likelihood

Description	Score	Narrative	Quantitative (chance of occurrence within 3 years)
Very low	1	Extremely unlikely or virtually impossible	0-5%
Low	2	Unlikely, but not impossible	6-20%
Medium	3	Fairly likely to occur	21-50%
High	4	More likely to occur than not	51-80%
Very High	5	Very likely to occur	>80%

8.4: Risk Scoring Model



	Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Very High (5)	5 Very low impact but very high likelihood	10 Low impact but very high likelihood	15 Medium impact but very high likelihood	20 High impact and very high likelihood	25 Very high impact and very high likelihood
High (4)	4 Very low impact but high likelihood	8 Low impact but high likelihood	12 Medium impact but high likelihood	16 High impact and high likelihood	20 Very high impact and high likelihood
Medium (3)	3 Very low impact and medium likelihood	6 Low impact and medium likelihood	9 Medium impact and medium likelihood	12 High impact but medium likelihood	15 Very high impact and medium likelihood
Low (2)	2 Very low impact and low likelihood	4 Low impact and low likelihood	6 Medium impact and low likelihood	8 High impact but low likelihood	10 Very high impact but low likelihood
Very Low (1)	1 Very low impact and very low likelihood	2 Low impact and very low likelihood	3 Medium impact and very low likelihood	4 High impact but very low likelihood	5 Very high impact but very low likelihood

8.5: Priority and Action Table

Risk Colour	Risk Level	Descriptor	Action Required
Green	Low	Minor risks that are well controlled and/or which have a modest impact.	Additional control actions are unlikely to be needed. But the risk needs to be kept under periodic review.
Amber	Medium	Important risks that may potentially affect the achievement of departmental or corporate objectives and/or the delivery of key services	Consider additional control actions in the medium term. For risks with a high or very high impact, a contingency plan may be necessary
Red	High	Critical risks which are likely to significantly affect the achievement of departmental or corporate objectives and/or the delivery of key services.	Immediate action should be taken to address the risk

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WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

25 NOVEMBER 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 made against the existing objectives for this service and the anticipated developments in the coming months.

2. INSURANCE MANAGEMENT PROGRESS

- 2.1. Liability claim statistics for the quarter ending 30 September 2009 have been compiled. Overall performance continues to be encouraging and again shows a steady and relatively predictable trend which should enable competitive pricing in the forthcoming tenders. This continuing level of predictable performance has also provided sufficient confidence to revise the basis for assessing the sums held to meet actuarial liabilities and will form part of the Insurance Fund budget report to Cabinet on 26 November 2009.
- 2.2. Three responses to the Pre-Qualification Questionnaire for the Liability Insurance and Claims Handling contracts due for renewal from April 2010 were received and all were sent invitations to tender on 20 October 2009. Again considerable time and effort has been invested in producing accurate claims data and developing a sophisticated specification, evaluation process and a service level agreement. It has also produced a thorough document detailing the claims handling philosophy and approach to managing liability risk. All of this helps to generate the maximum competition for these contracts and makes clear the very high service levels that are expected to be provided.
- 2.3. A service closely associated with liability claims handling is the defence of any legal proceedings brought in relation to such claims. The current contract for this litigation defence service expires on 1 April 2010 and will also be the subject of a competitive tender. It is important that the liability insurers and solicitors work effectively together and the timetable for this contract follows those for Liability Insurance and Claims Handling. The process has begun with the publication of a Notice in OJEU on 9 November 2009.
- 2.4. The position in relation to historic abuse liability matters remains as before with such cases involving a substantial workload. Further to the previous report the Council has now received permission to seek leave to appeal to the Supreme Court as the case concerned is of considerable public interest. The insurers for the period in question (the 1970's) have agreed to fully fund this application in order that the insurance industry can obtain some certainty on how these claims should be handled.

- 2.5. The Deputy Risk & Insurance Officer was invited by the Civil Justice Council to represent the public liability interests of English and Welsh Local Government in the current costs review chaired by Lord Justice Jackson. This comprehensive re-evaluation of the civil costs system is examining the merits and practicalities of introducing fixed legal costs for certain categories of civil claims. Claimant solicitor legal costs currently represent in excess of 60% of the total claims spend and it is hoped that the recommendations contained within Lord Justice Jackson's final report, due to be published in January 2010, will assist to reduce this expenditure.
- 2.6. The control environment relating to insurance services has been evaluated by Internal Audit and was allocated a maximum 4 star rating. Only one low level recommendation was made which the Team intends to action promptly.

3. CORPORATE RISK MANAGEMENT – PROGRESS

- 3.1. Progress in the management of the Corporate Risks has been reviewed by the Corporate Improvement Group and by Chief Officers and included in the 2009/10 Second Quarter Performance and Financial Review that was reported to Cabinet on 15 October 2009.
- 3.2. An exercise was undertaken with the Local Strategic Partnership (LSP) Management Group on 28 September 2009 to review the issues which should feature on the register of over-arching risks to the objectives of the LSP. A thorough analysis of those risks is currently being undertaken.
- 3.3. Assistance with the implementation of the Strategic Change Programme continues including support for the Department of Law, Human Resources and Asset Management with risk management arrangements for the new HR and Payroll system project.
- 3.4. Guidance for officers on improving the quality of information on risks and opportunities relating to key decisions in Cabinet reports is being circulated. Members can in future expect to see specific 'Risk Assessment' paragraphs in reports containing Key Decisions in the Forward Plan.
- 3.5. The Risk Ranking exercise for Secondary Schools has been completed with schools provided with a summary report highlighting existing good practice in managing risks and areas for improvement. The exercise has provided an opportunity to share best practice amongst schools and identify actions that could be taken to benefit all schools. The output from the programme will also help to inform future investment decisions taken by the Department of Children & Young People.

4. INSURANCE MANAGEMENT – ISSUES FOR NEXT PERIOD

- 4.1. The next quarterly update for the liability claim statistics will be produced.
- 4.2. Historic abuse claims are expected to continue to provide a significant workload with the publicity surrounding a number of recent successful cases expected to increase the volume of such complex claims.
- 4.3. The submissions for the Liability and Computer tender will be evaluated. Site visits and interviews with short-listed claims handling teams form part of the evaluation framework and will take place in December. The outcome should be reported to Cabinet on 14 January 2010.
- 4.4. The deadline for the return of Pre-Qualification Questionnaires for the Legal Defence Services contract is 23 December 2009 with an Invitation to Tender to be sent to those successful at PQQ stage on 15 January 2010.
- 4.5. Preparation will begin for the renewal of the Motor insurance and the Engineering inspection and insurance policies which expire on 31 March 2010 but which are subject to existing Long Term Agreements.
- 4.6. The Insurance Fund Budget for 2010-11 should be presented to the Cabinet on 26 November 2009.
- 4.7. As with the current period the competing demands present a challenge for the Team which may, again, result in the deferral of some lower priority matters.

5. RISK MANAGEMENT – ISSUES FOR NEXT PERIOD

- 5.1. The completed register of over-arching risks to the objectives of the Local Strategic Partnership (LSP) will be presented to the LSP Executive Board.
- 5.2. Assistance with the implementation of the Strategic Asset Review in working with the Department of Law, Human Resources and Asset Management will continue.
- 5.3. The inclusion of more information on risk assessment within reports on Key Decisions in the Forward Plan will be reviewed with the findings used to develop this further.

6. FINANCIAL IMPLICATIONS

6.1. There are none arising directly from this report. The Insurance Fund Budget 2010/11 should be reported to Cabinet on 26 November 2009.

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. Data from the Figtree claims database

11.2. Liability claim statistics.

12. PLANNING IMPLICATIONS

12.1. There are none arising directly from this report.

13. RECOMMENDATION

13.1. That the report be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/307/09

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

25 NOVEMBER 2009

REPORT OF THE DIRECTOR OF FINANCE

MERSEYSIDE PENSION FUND RISK REGISTER

1. EXECUTIVE SUMMARY

- 1.1 This paper presents the Merseyside Pension Fund (MPF) risk register which was agreed by the Pensions Committee on 22 September 2009.

2. BACKGROUND

- 2.1 On 23 July, 2009 the Department for Communities and Local Government (DCLG) issued an advisory note and draft, 'Guidance on Publication of Pension Fund Annual Reports'. Although DCLG has yet to consult on the draft guidance, it has been issued in response to advice from the Audit Commission to external auditors "to check the progress Funds are making with publication of the 2008/09 Pension Fund Annual Report". Amongst other things, the draft guidance requires that "the report should contain a commentary on arrangements for the management of fund administrative, management and investment risk".

- 2.2 In order to comply with the guidance, MPF will be publishing the risk register as a part of the arrangements for the management of risk.

- 2.3 The risk register is attached at Appendix A.

3. FINANCIAL AND STAFFING IMPLICATIONS

- 3.1 There are none arising from this report.

4. EQUAL OPPORTUNITY IMPLICATIONS

- 4.1. There are none arising from this report.

5. COMMUNITY SAFETY IMPLICATIONS

- 5.1. There are none arising from this report.

6. LOCAL MEMBER SUPPORT IMPLICATIONS

- 6.1. This report has no particular implications for any Members or wards.

7. LOCAL AGENDA 21 IMPLICATIONS

7.1. There are none arising from this report.

8. PLANNING IMPLICATIONS

8.1. There are none arising from this report.

9. BACKGROUND PAPERS

9.1 Draft Guidance on Publication of Pension Fund Annual Reports –
DCLG July 2009.

10. RECOMMENDATION

11.1 That Members note the risk register.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/273/09

Risk Register: Merseyside Pension Fund (Updated on 26/03/09)

Sectional Objective/Departmental Aim		Responsible Officer		Risk Register												
Summary							Scores						Existing Controls	Additional Controls	Target Date	Status
Risk Factor No.	Date Raised	Date Last Reviewed	Risk Owner	Risk Category	High/Medium/Low	Description of Risk	Gross Scores			Net Scores						
							Likelihood	Impact	Total	Likelihood	Impact	Total				
1	28.01.09	26.03.09	GH	Information/Technological	Medium	Failure to keep abreast of technological innovations and maintain development of appropriate systems (We do not exploit all available resources, including technology) Refer to detailed IT risk register per Operations (attached)	Refer to the detailed risk register per operations						Refer to attached register.			
2	28.01.09	26.03.09	PJW	Physical	Low	Destruction of or inability to access premises (Key council services are not resilient to disruption and business continuity arrangements are inadequate)	2	5	10	1	5	5	IT continuity planning in place	MPF continuity Plan to be formalised	Dec 09	Started
3	28.01.09	26.03.09	PJW	Operational	Low	A significant loss through internal fraud damages the Fund's reputation.	3	4	12	2	3	6	1. Internal controls 2. Compliance manual 3. Procedure manual	Regular monitoring kept up-to-date		
4	28.01.09	26.03.09	PJW	Regulatory	High	A significant loss through external fraud damages the Fund's reputation.	3	4	12	2	3	12	Appropriate operational due diligence on appointment	Ongoing review of SAS 70	Dec 09	
5	28.01.09	26.03.09	PJW	Regulatory	Low	The Fund's investment policies generate adverse media coverage/publicity.	3	4	12	2	3	6	Clear policies in SIP LAPFF/PIRC affiliations P.R. Officer/media protocol in place.	Develop website to enhance information on policies and activities	Dec 09	Ongoing
6a	28.01.09	26.03.09	LO PGM GFM GH	People	Medium	Key skills / knowledge may be lost if key staff leave the Division <ul style="list-style-type: none"> Need to recruit and retain staff Investments Administration Accounting Operations 	3	4	12	3	3	9	KIE Pay scales are competitive and training & staff development is encouraged and supported	HR staff Development Policies Greater sharing of knowledge including Fire Pensions to be developed and central filing system making use of Civica General Filing module.	Implement general policy by Dec 09	
6b	28.01.09	26.03.09	LO PGM GFM GH	People	Medium	Staff are not given appropriate training and development to ensure appropriate technical knowledge and understanding of their roles <ul style="list-style-type: none"> Investments Administration Accounting Operations 	3	4	12	3	3	9	KIE/Training Training undertaken by Team Leaders with assistance from Training Officer & use of external expertise when needed (LGE). Information circulated widely at Team briefs and by email.	Attendance & Participation at conference/seminar Detailed procedure manuals to be developed for reference purposes	Ongoing Ongoing Dec 2009	

Summary						Scores						Existing Controls	Additional Controls	Target Date	Status	
Risk Factor No.	Date Raised	Date Last Reviewed	Risk Owner	Risk Category	High/Medium/Low	Description of Risk	Gross Scores			Net Scores						
							Likelihood	Impact	Total	Likelihood	Impact					Total
7	28.01.09	26.03.09	PGM	People	Medium	Fund Employers do not play their parts fully, in time and to the required standards	5	4	20	3	3	9	Training courses provided PLOG meetings with large employers and Update circulated with important information AEC Annual Report	Employers Guide to be updated and circulated Service Standards Agreement to be consulted on and produced	June 2010	7
8	28.01.09	26.03.09	PJW PGM	People	Medium	Departments / regulators do not play their parts fully, in time and to the required standards <ul style="list-style-type: none">WirralProcurementCLG	3	4	12	2	4	8	Oversight by DMT Oversight by DMT Oversight by LGE	Corporate performance management by DMT and Internal/external audit	Ongoing	8
9	28.01.09	26.03.09	LO	Financial	Medium	Adverse microeconomic factors hinder the Fund from achieving its projected investment returns.	4	4	16	3	3	9	Triennial ALM FSS./SIP Asset Allocation External and Internal Investment Manager Monitoring Performance Benchmarks WM Performance data Independent Advisers IMWP FOG	Heightened due diligence Re: External Managers.		
10	28.01.09	26.03.09	LO GFM	Financial	Medium	Management of Investment risks (including operational and counter-party investments) (Factors mainly beyond our control).	4	4	16	3	3	9	Triennial ALM Asset Allocation External and Internal Investment Manager Monitoring Performance Benchmarks WM Performance Independent Advisers IMWP FOG	Heightened due diligence Re: External Managers.		

Summary							Scores						Existing Controls	Additional Controls	Target Date	Status
Risk Factor No.	Date Raised	Date Last Reviewed	Risk Owner	Risk Category	High/Medium/Low	Description of Risk	Gross Scores			Net Scores						
							Likelihood	Impact	Total	Likelihood	Impact	Total				
11	28.01.09	26.03.09	PJW	Operational	Low	Failure of suppliers to perform to the required standards (non-IT/Investments) Actuary, AVC's, Custodian, Bank, Euraplan, Bloomberg, WM, Analytics, PIRC, Capital Dynamics, CBRE, Savills, Colliers, Brabners.	2	4	8	2	3	6	Procurement procedures Monitoring of service standards & delivery			
12	28.01.09	26.03.09	PJW	People	Low	Decisions taken by members without appropriate support or sufficient knowledge and experience.	3	5	15	2	3	6	IMWP Pensions Committee Internal training events Seminars/Conferences Induction pack	New training needs analysis in Induction pack		
13	28.01.09	26.03.09	PGM	Regulatory	Low	Failure to comply with Administration regulations	3	5	15	3	3	9	Specific responsibilities & Compliance requirements clearly defined. Checks built in to workflow processes. Internal checking of entitlements and payments	Detailed Procedures Manuals to be produced	Dec 09	Work Started
14	28.01.09	26.03.09	GFM	Regulatory	Low	Failure to comply with Accounting regulations	3	5	15	3	3	9	Annual accounts cross checked against Pensions SORP Annual accounts cross checked against DCLG guidance Liaison with Wirral Chief Accountant re: LA SORP Action participation in CIPEA Pension Network Investment accounting from Custodian	Awaiting final DCLE guidance re: Annual Report Use of Oracle for accounts	Oct 09 Oct 09	Awaiting guidance Ongoing
15	28.01.09	26.03.09	LO	Regulatory	Medium	Failure to comply with Investment regulations	3	5	15	3	3	9	Triennial ALM Asset Allocation External and Internal Investment Manager Monitoring Performance Benchmarks WM Performance Independent Advisers Specific responsibilities & Compliance Requirements clearly defined			

Summary							Scores						Existing Controls	Additional Controls	Target Date	Status
Risk Factor No.	Date Raised	Date Last Reviewed	Risk Owner	Risk Category	High/Medium/Low	Description of Risk	Gross Scores			Net Scores						
							Likelihood	Impact	Total	Likelihood	Impact	Total				
16	28.01.09	26.03.09	PJW	Operational / people	Medium	Failure to communicate MPF objectives and tasks to staff.	3	4	12	2	4	8	KIE FOG Investment Meetings Post FOG meetings Team Brief	Working with DMT to raise profile of departmental and divisional plans.		
17a	28.01.09	26.03.09	PJW	Operational / people	Medium	In respect of R.F. 16 above, failure to monitor and implement MPF objectives and tasks.	3	4	12	2	4	8	KIE FOG Investment Meetings Post FOG meetings Team Brief Compliance monitoring Managers Assurance Statement			
18	28.01.09	26.03.09	PJW	Operational	Medium	Failure to communicate and implement Corporate Policy e.g. HR, Diversity, H&S, Data Protection Act, FOI	3	4	12	2	4	8	Attendance at internal training events Team Brief to publicise changes and initiatives.		Ongoing	
19	28.01.09	26.03.09	GFM	Operational	Medium	Failure to communicate, implement and monitor Internal Compliance Manual.	3	4	12	2	4	8	Regular review of Compliance Manual.	Regular quarterly monitoring undertaken	Dec 09	Not yet in place
20	28.01.09	26.03.09	PGM GFM	Operational	Medium	Failure to deliver agreed levels of service. Pensioner Payroll, HMRC, VAT	4	5	20	3	3	9	Performance targets clearly defined, responsibilities separated and performance monitored	Service Standards Charter to be developed into new Service Standards Policy	Dec 09	To be started
21	26.02.09	26.03.09	GFM	Operational	Medium	Failure to implement Investment Accounting System.	3	5	15	2	4	8	Strong project management. Regular review meetings. Wirral involvement/support		Dec 2009	ongoing

ID	Risk	Updated	Description	Gross Score			Net Score			Mitigation	Further actions planned	Status
				Likelihood	Impact	Total	Likelihood	Impact	Total			
IT-R1	Connection with Birkenhead	25/10/05	access to	4	4	16	2	4	8	Backup microwave comms link		Monitored
IT-R2	Pensions4 - hardware fault	21/01/08	Windows based database+image servers with optical disk backup for images.	3	4	12	2	4	8	hardware refreshed as of 2007, part of Wirral Corporate IT contract with HP		Monitored
IT-R3	Pensions4 - software fault	25/10/05	No further development planned on Pensions4 (although it is supported).	2	4	8	2	4	8	Test system with rollback	Move to Pensions5 in Q2 2009	Monitored
IT-R4	Axis-e - hardware fault	01/04/07	IBM AIX specialist server in Birkenhead server room.	3	4	12	2	4	8	Specialist contract with bluechip for maintenance with provision for replacement server of similar spec on loan or permanent basis.		Monitored
IT-R5	Axis-e software fault	25/10/07	Pensions administration software including pensioner payroll. Heywoods core product although Altair being developed.	2	4	8	2	4	8	Test system with rollback	Planned tender for replacement Q3/4 2008 with proposed go live 01/01/2010	Monitored
IT-R6	Email (slow or downtime)	02/06/06	Corporate email system	2	3	6	2	3	6	Wirral have updated email infrastructure	WITS moved to cluster approach	Monitored
IT-R7	Axis Financials - software fault	25/10/05	Heywoods financial system is no longer being actively developed, but is maintained for any bugs/issues that occur.	2	3	6	2	3	6	No updates - relying on position that it has worked for a number of years with no development.	Planned replacement during 2008/09	Open
IT-R8	Telephone - downtime	25/01/08	Mitel digital telephone exchange held on 8th Floor, serviced by BT ISDN30. Hardware maintained by Wirral ITS.	2	3	6	2	3	6	Standalone BT phone lines exist for outgoing calls, if no foreseeable fix could arrange BT to redirect leased line to a dedicated reception phone.	ITS considering a new exchange switch under corporate resilience strategy.	Open
IT-R9	Website - downtime	11/09/06	Internet presence www.merseysidepensionfund.org.uk	2	4	8	2	2	4	Moved website from Demon to ZEN the foremost web hosting company in the UK - platinum support contract		Monitored
IT-R10	Website - corruption/attack	23/02/06	Could the internet website be compromised by "denial of service" or by maliciously changing the text.	2	4	8	2	2	4	Password security and software patching. ZEN also provide level of security to avoid denial of service attacks to its network.		Monitored
IT-R11	Data security	23/02/06	Includes data access and backup.	2	5	10	2	3	6	Multi-level passwords changed every 42 days; Full daily backups stored offsite; quarterly archive of a good backup (historic reference)		Monitored
IT-R12	Data integrity	23/02/06	Errors in data entered or imported into the systems.	4	5	20	2	3	6	Double entry; Quality control checking; In system checks; QA exception reporting		Monitored
IT-R14	Hazard - server room	28/04/06	8th floor of castle chambers.	2	4	8	2	4	8			Monitored
IT-R15	Hazard - electricity	28/04/06		2	4	8	2	4	8			Monitored
IT-R16	Staff - loss of key staff/skills	25/01/08	Operations IT Support Team - 4.8 FTE	3	4	12	3	2	6	Training and documentation. Create opportunities to share knowledge and responsibilities within the team.	Proposed integration with Wirral ITS.	Monitored
IT-R17	Data transportation	25/01/08	Providing data to employers and collecting data from employers.	2	5	10	2	5	10	Password protected floppy disks and CDROMs	Investigation of secure email solution	Open
IT-R18	Bloomberg - market monitoring	03/09/08	provides realtime market data for investment decision making (requires access to Wirral network so related to IT-R1)	4	4	16	2	4	8			Monitored
IT-R19	State Street - custodian	03/09/08	provides data and management tools required for investment management	2	4	8	2	2	4	internet delivered - requires internet connection	backup internet connections installed at Castle Chambers	Monitored
IT-R20	Euraplan - shareholder	03/09/08	investment accounting system that supports in-house monitoring and consolidation of investment activities and holdings.	2	4	8	2	2	4	single user system backed up every night	Looking at implementation of OpenAIR (networked version with enhancements)	Monitored

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Impact and Likelihood Scores

Impact

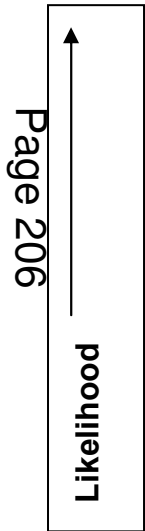
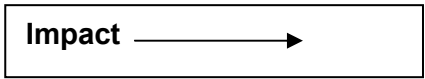
Description	Score	Impact – Financial (Council, department or service area)	Impact - Reputation	Impact – Service Delivery	Impact – Health & Safety (Employees or public)	Impact – Service Objectives
Very Low	1	<2% of annual budget	Letter(s) of complaint.	Minor, very short term (under 24 hours) disruption to a single team or section.	Minor injuries or illnesses, but not resulting in 'lost time'	Minor effect on achievement of a sectional aim
Low	2	<5% but >2% of annual budget	Single adverse report in local media	Some short-term (under 48 hours) disruption to a single team or section, manageable by altered operational routine	Minor injuries or illnesses that require first aid and result in lost time.	Serious effect on achievement of a sectional aim
Medium	3	<10% but >5% of annual budget	Significant adverse publicity in local media	Longer term disruption (up to 7 days) to a number of operational areas within a single location and possible flow on to other locations. <u>Or</u> short-term disruption to a service-critical team or section.	Injuries or illnesses that result in an 'over 3 day' injury, major injury or hospitalisation	Achievement of a sectional aim seriously compromised and / or significant effect on a Departmental aim.
High	4	<15% but >10% of annual budget	Significant adverse publicity in national media. Dissatisfaction with Chief Officer &/or Member	All operational areas of a single location compromised. Other locations may be affected. <u>Or</u> longer-term (up to 7 days) disruption to one or more service critical teams or sections.	Single case of injury or illness that could be fatal, life threatening or cause long-term disability	Achievement of one or more departmental aims compromised and / or significant effect on achievement of Corporate objective
Very High	5	>15% of annual budget	Sustained adverse publicity in national media. Chief Officer &/or Member removal or resignation	Multiple locations compromised. Council unable to execute numerous service-critical functions.	Multiple cases that could be fatal, life threatening or cause long-term disability	Achievement of one or more Corporate objectives seriously compromised

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Likelihood

Description	Score	Narrative	Quantitative (chance of occurrence within 3 years)
Very low	1	Extremely unlikely or virtually impossible	0-5%
Low	2	Unlikely, but not impossible	6-20%
Medium	3	Fairly likely to occur	21-50%
High	4	More likely to occur than not	51-80%
Very High	5	Very likely to occur	>80%

Risk Scoring Model



	Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Very High (5)	5 Very low impact but very high likelihood	10 Low impact but very high likelihood	15 Medium impact but very high likelihood	20 High impact and very high likelihood	25 Very high impact and very high likelihood
High (4)	4 Very low impact but high likelihood	8 Low impact but high likelihood	12 Medium impact but high likelihood	16 High impact and high likelihood	20 Very high impact and high likelihood
Medium (3)	3 Very low impact and medium likelihood	6 Low impact and medium likelihood	9 Medium impact and medium likelihood	12 High impact but medium likelihood	15 Very high impact and medium likelihood
Low (2)	2 Very low impact and low likelihood	4 Low impact and low likelihood	6 Medium impact and low likelihood	8 High impact but low likelihood	10 Very high impact but low likelihood
Very Low (1)	1 Very low impact and very low likelihood	2 Low impact and very low likelihood	3 Medium impact and very low likelihood	4 High impact but very low likelihood	5 Very high impact but very low likelihood

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

25 NOVEMBER 2009

REPORT OF THE CHIEF INTERNAL AUDITOR

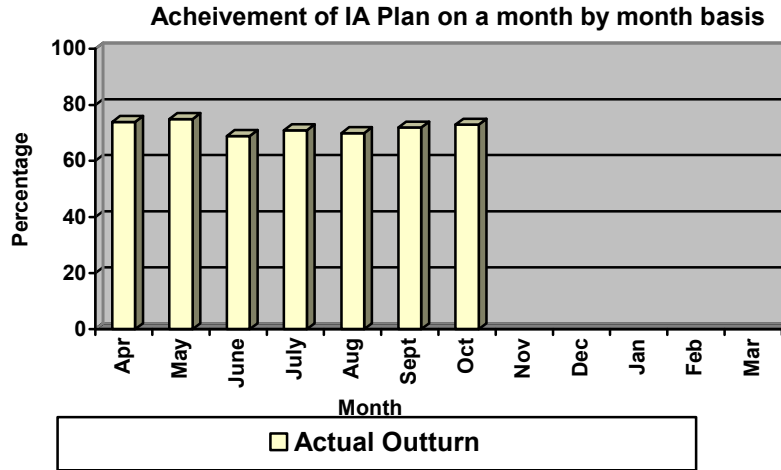
INTERNAL AUDIT WORK: SEPTEMBER TO OCTOBER 2009

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 at 2. and includes details of the actual work undertaken over the period and the number of 'High' risk recommendations identified in reports at 3. There are no items of significance identified during the audit process that require action by the Members for this period.

2. INTERNAL AUDIT – PERFORMANCE

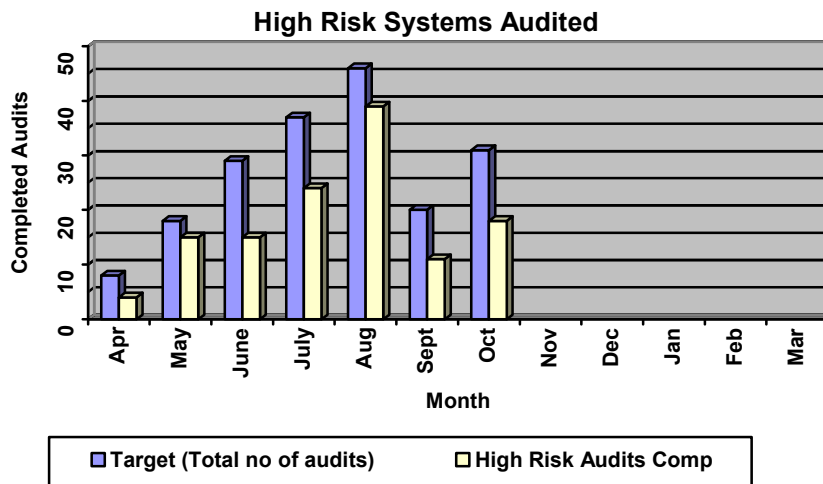
- 2.1. This report summarises the audit work completed between 1 September 2009 and 31 October 2009. The specific nature of the work that has been undertaken or is currently ongoing is identified in Appendix I. 51 audit reports were produced during this period. 49 high and 25 medium priority recommendations 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 Section constantly evaluates the effectiveness of its performance including a number of performance indicators in key areas as identified for the period 1st April to 31st October 2009:
 - 2.2.1. To ensure that 90% of the Internal Audit plan is completed by the 31 March 2010.



- 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 year to date achievement has averaged 72% 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, intermediate, medium or low priority. It is essential that all of the high risk audits are completed in the year.

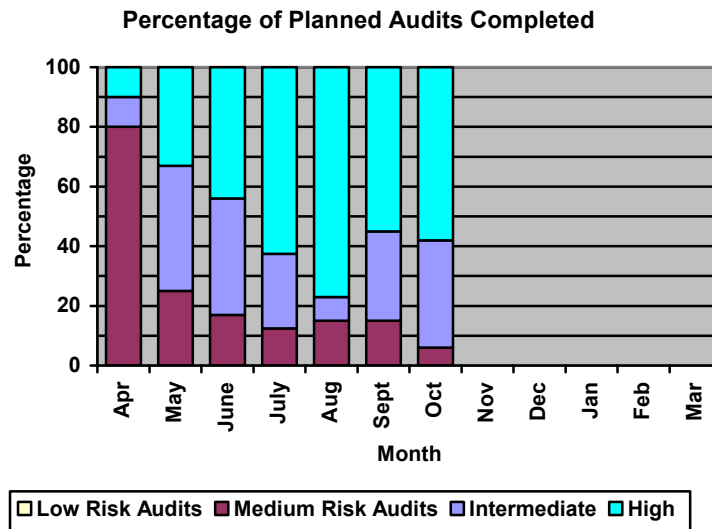
2.2.2. High Risk systems audited as a percentage of total audits completed.

- 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.



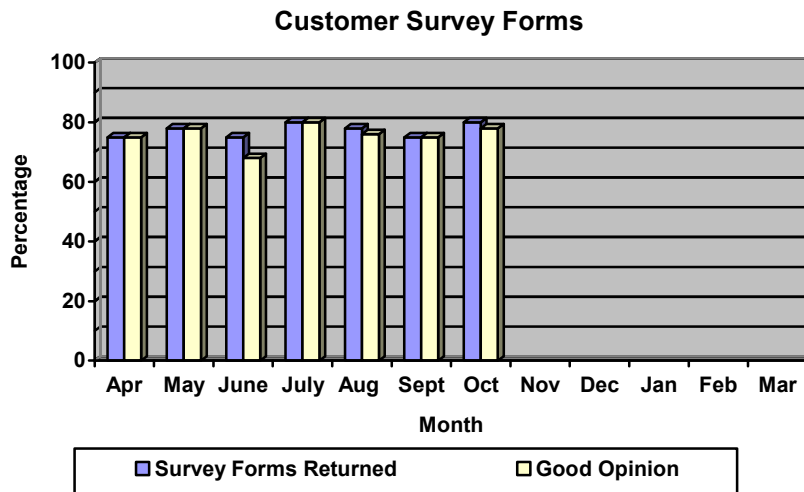
- b. The chart clearly identifies that the number of high risk audits undertaken is a reasonable proportion of the total number of audits completed at this stage of the year. The policy of the Internal Audit Section is to complete as many of these audits as early as possible, however for operational reasons a significant number of these audits cannot actually be completed until later in the year. Of the 113 high risk audits identified in the audit plan, 32 have now been completed representing 48% of the proportionate total and the Section has audits scheduled for the remainder of the year to ensure that it achieves the target of completing all of these audits by the year end.

2.2.3. Planned audits completed.



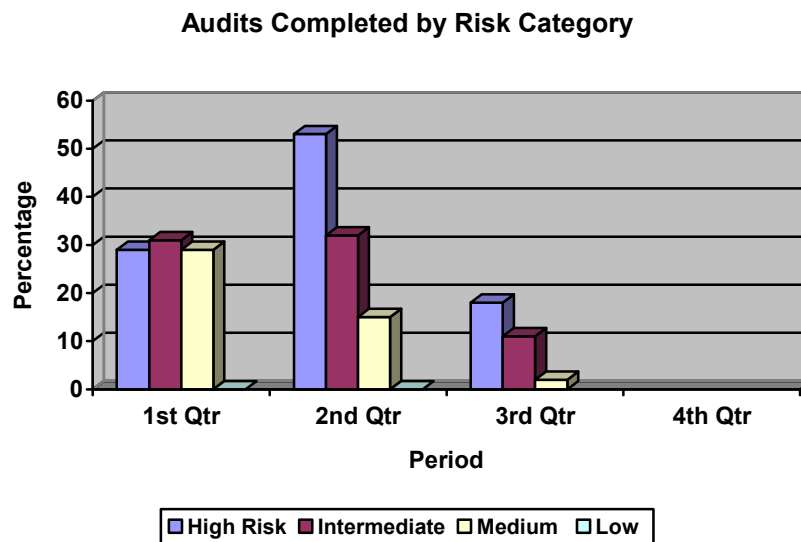
- a. I measure the estimated number of planned audit reports which will be completed each month, subject to variances arising from the changing dynamics of the Audit Plan, including requests from Chief Officers and Members for additional work. With a full complement of staff for the year it is expected that over 300 audit reports plus follow ups, some of which relate to the 2008/09 Audit Plan, will be issued. To date 122 reports have actually been produced. This figure does not though include a significant number of audits including follow ups that are currently ongoing and scheduled for completion later this period.
- b. The performance is however slightly below target for this time of the year and is related to a number of ongoing staffing issues which the Section has been experiencing. Various measures have been introduced to increase output during the year and attempts to recruit suitably experienced staff to ensure that the Section is able to achieve a significant proportion of the Audit Plan by the year end is ongoing.

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



- 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 re-occurrence.

2.2.5. The percentage of audits completed by risk category.



- a. This chart clearly demonstrates that whilst it is the deliberate policy of the Internal Audit Section to ensure that all high and intermediate risk audits are completed during the year, as it is essential to the well being of the Council to address risks in these

areas, it is not always possible to complete all of this work during the early part of the year. Due to a number of factors including systems that can only be audited at the year end and the differing needs of the clients it has not been possible to focus exclusively on these audits and consequently a significant number of medium risk audits have also been completed over the period. It is anticipated that all of the high and intermediate audits and a significant proportion of the medium risk will be completed by the year-end. Any audits that are unable to be undertaken during the year will be carried forward to the Audit Plan for 2010/11 and the risk to the effectiveness of Council systems in these areas 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 complete this period relate to work undertaken in the previous year. 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 at this time.

3. INTERNAL AUDIT PLAN - PROGRESS OF WORK

- 3.1 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 asterix.

Audit	Total Recs Agreed	Recs Not Agreed
Children Centres Review	13	-
* Coroners Review	1	-
Deferred Charges Review	4	-
Floral Pavilion Review	3	-
Records Management Review	1	-
Annual Governance Statement 08/09 – Follow Up	1	-

Kingsway Primary School - Follow Up Review	3	-
Calday Grange Grammar School Review	2	-
Car Mileage – Finance – Follow Up Review	1	-
Car Mileage – DASS – Follow Up Review	1	-
Calday Grange Grammar School – Financial Management Standard In Schools (FMSIS) Review	2	-
* Trees & Verges Service Contract - Review	1	-
Health & Safety – Finance - Review	1	-
Rock Ferry High School – FMSIS Review	3	-
Upton Hall School – FMSIS Review	3	-
Wallasey School – FMSIS Review	5	-
Rock Ferry High School Review	4	-
ICT Corporate Backups	1	-

3.2 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.

4. **FINANCIAL AND STAFFING IMPLICATIONS**

4.1. There are none arising from this report.

5. **LOCAL MEMBER SUPPORT IMPLICATIONS**

5.1. There are no local member support implications.

6. **LOCAL AGENDA 21 STATEMENT**

6.1. There are no local agenda 21 implications.

7. PLANNING IMPLICATIONS

7.1. There are no planning implications.

8. EQUAL OPPORTUNITIES IMPLICATIONS

8.1. There are no equal opportunities implications.

9. COMMUNITY SAFETY IMPLICATIONS

9.1. There are no community safety implications.

10. HUMAN RIGHTS IMPLICATIONS

10.1. There are no human rights implications.

11. BACKGROUND PAPERS

11.1. Internal Audit Annual Plan 2009/10.

11.2. Audit Reports.

12. RECOMMENDATION

12.1. That the report be noted.

DAVID A GARRY
CHIEF INTERNAL AUDITOR

FNCE/311/09

INTERNAL AUDIT PLAN 2009/10

WORK CONDUCTED/ONGOING – 1 SEPTEMBER to 31 OCTOBER 2009

1. SYSTEMS

- (a) Finance
 - Bank Reconciliation
 - Council Tax
 - Stock
 - Records Management
 - Creditors
 - Cashiers
 - Health and Safety
 - Housing Benefits
 - Call Centre
 - Debtors

- (b) Law, HR and Asset Management
 - Corporate Governance
 - Car Mileage
 - Payroll 3rd Party Claims
 - Health and Safety
 - Coroners
 - Hard to Fill Posts

- (c) Children & Young People
 - Schools
 - Financial Management Standard in Schools
 - Children's Centres
 - Schools – Statement on Internal Control
 - Contact Point

- (d) Technical Services
 - Final Accounts
 - Capital Contracts
 - Telecomms Antennae
 - Allotments
 - HESPE Team

- (e) Regeneration
 - Floral Pavilion

- (f) Adult Social Services
 - Charging Policy (PIDA)
 - Health and Safety

- (g) Corporate Services
 - Local Area Agreement
 - Wirral Direct

- (h) Corporate Systems
 - Corporate Governance
 - Annual Governance Statement
 - Partnerships
 - National Fraud Initiative
 - Health and Safety
 - Car Mileage
 - Strategic Change Program
 - Complaints

2. **SCHOOLS**

- (a) 8 FMSIS Schools (incl Follow Ups)
- (b) 7 Schools audited

3. **ICT**

- (a) ICT Governance
- (b) Schools ICT Governance

4. **PERFORMANCE AND BEST VALUE**

- (a) Local Area Agreements Reward Targets

5. **ANTI-FRAUD**

- (a) National Fraud Initiative
- (b) CIPFA Anti Fraud Self Assessment Exercise
- (c) Car Allowances/Mileage Claims
- (d) Creditor Payments Exercise

6. **INVESTIGATIONS**

- (a) PIDA – Adult Social Services
- (b) Procurement

7. **OTHER**

- (a) Wirral Methodist/Family Housing Association's
- (b) 2 Final Accounts (totalling £171k examined)

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WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE – 25 NOVEMBER 2009

REPORT OF THE DIRECTOR OF LAW, HR AND ASSET MANAGEMENT

REPORTS SUBMITTED AFTER DEADLINES - UPDATE

1.0 EXECUTIVE SUMMARY

- 1.1** At its meeting on 26th January 2009, Audit and Risk Management Committee considered a report produced by the Audit Commission on Data Quality. As a result of the discussion on this item, at its meeting on 31 March 2009, the Committee considered a report in relation to the number of late committee reports, which had been received by Committee Services for the cycle ended 9 February 2009. Members consequently requested the submission of further monitoring reports.
- 1.2** Consideration of this matter was deferred at the meeting of the Committee held on 23 September 2009. This report sets out a more up to date position.

2.0 BACKGROUND

- 2.1** The Council is required to ensure that Council and Committee agendas and reports are on deposit and available for inspection by members of the public for at least five clear days before a meeting (excluding the date of the meeting and the date on which notice is given). This period cannot include weekends. Members of the public must be able to see what items of business are to be considered at meetings and be able to access written reports. This is the so-called 'five day rule'.
- 2.2** Unless these requirements have been complied with, the business in question cannot normally be transacted. There are two exceptions to the 'five day rule'. Firstly, where the Chair of the meeting agrees that an item of business may be considered as a matter of urgency. In this situation, both the Chair's agreement to accept the report and the 'special circumstances' for its lateness must be recorded in the minutes. Secondly, where a meeting is convened on less than five clear days notice. Failure to observe the 'five day rule' may result in the decision in question being open to challenge in the courts. It is therefore essential that proper consideration is given to the procedure for the publication of agendas and reports.
- 2.3** Although a review of the overview and scrutiny structure reduced the number of meetings, it should be noted that the number of meetings scheduled by the Council causes a large number of reports to be generated across the democratic process as a whole.
- 2.4** Deadlines for all Committee reports are circulated to all Chief Officers and report authors at the beginning of the Municipal Year (and are available on the Council's Intranet site). If these deadlines are adhered to, agendas and reports will be published in accordance with the 'five day rule'. Failure to submit reports on time runs the risk that publication will be less than the statutory period laid down.

2.5 Appendix 1 to this report sets out the number of late reports, by Committee, received by Committee Services and indicates also the number of reports approved as items of 'any other urgent business'. The Committee cycle that ended with the meeting of the Council on 2 November 2009 has been used to provide this information and figures from earlier meetings are included for comparison purposes. In some instances the reports may have been received after the agenda had been published and therefore a supplementary agenda may have been produced.

2.6 It is fair to say that on occasion when reports have been submitted later than the published deadlines for the receipt of reports in Democratic Services, if it was not for Committee officers working long hours and being prepared to go the extra mile, agendas and reports may not have been published and made available five clear days before the meeting. This system of working has put staff under pressure. On a positive note however, overall, there has been a marked decrease in the number of late reports compared to the last monitoring report.

3.0 FINANCIAL IMPLICATIONS

3.1 There are no financial implications.

4.0 STAFFING IMPLICATIONS

4.1 There are no staffing implications.

5.0 EQUAL OPPORTUNITIES IMPLICATIONS

5.1 There are no equal opportunity implications.

6.0 COMMUNITY SAFETY IMPLICATIONS

6.1 There are no community safety implications.

7.0 LOCAL AGENDA 21 IMPLICATIONS

7.1 There are no Local Agenda 21 implications.

8.0 PLANNING IMPLICATIONS

8.1 There are no planning implications.

9.0 ANTI-POVERTY IMPLICATIONS

9.1 There are no anti-poverty implications.

10.0 HUMAN RIGHTS IMPLICATIONS

10.1 There are no human rights implications.

11.0 SOCIAL INCLUSION IMPLICATIONS

11.1 There are no social inclusion implications.

12.0 LOCAL MEMBER SUPPORT IMPLICATIONS

12.1 No specific wards are affected by the issues in this report.

13.0 BACKGROUND PAPERS

13.1 There are background papers.

14.0 RECOMMENDATION

14.1 That the report be noted.

BILL NORMAN

Director of Law, HR and Asset Management

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LATE REPORTS RECEIVED BY COMMITTEE

COMMITTEE	DATE	LATE REPORTS	AOB ITEMS
Council	13 July 2009	0	
	2 November 2009	0	
Cabinet	12 May 2009	3/36 (8%)	
	28 May 2009	7/19 (36%)	
	25 June 2009	4/18 (22%)	1
	23 July 2009	0	
	3 September 2009	0	
	24 September 2009	1/24 (4%)	
	1 October 2009	0	
	15 October 2009	0	
Audit and Risk Management	29 June 2009	2/16 (12%)	1
	23 September 2009	3/12 (25%)	2
Employment and Appointments	15 June 2009	3/13 (23%)	1
	15 September 2009	4/4 (100%)	1
Licensing H&S & General Purposes Committee	19 May 2009	0	
	28 July 2009	0	
	14 September 2009	0	1
Pensions Committee	18 June 2009	0	
	22 September 2009	0	1
Planning Committee	21 May 2009	0	
	11 June 2009	1/9 (11%)	2
	2 July 2009	0	
	22 July 2009	0	
	13 August 2009	0	1
	25 August 2009	0	
	10 September 2009	0	
	1 October 2009	0	
	22 October 2009	0	
Standards Committee	30 June 2009	0	
	7 August 2009	0	
	29 September 2009	0	
Children and Young People O&S	2 June 2009	0	
	17 September 2009	0	
Council Excellence O&S	1 July 2009	0	
	16 September 2009	0	1
Economy and Regeneration O&S	15 June 2009	0	1
	15 September 2009	0	
Health and Well Being O&S	22 June 2009	0	
	8 September 2009	0	
Sustainable Communities O&S	1 June 2009	1/4 (25%)	
	21 September 2009	1/10 (10%)	
Scrutiny Programme Board (O&S)	27 May 2009	0	
	14 September 2009	0	

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WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE - 23 NOVEMBER 2009

REPORT OF THE DIRECTOR OF LAW, HR AND ASSET MANAGEMENT

TRAINING PROGRAMME FOR OFFICERS ON THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

1. SUMMARY

This report summarises the training programme for staff who may be applicants or Authorising Officers for authorisation for covert surveillance granted under the Regulation of Investigatory Powers Act 2000 (RIPA). It was requested by the Audit and Risk Management Committee at its meeting on 23 September 2009.

2. BACKGROUND

- 2.1 At its meeting on 23 September 2009 the Committee considered the report of the Surveillance Commissioner on the results of the inspection carried out by his Inspectors on 1 July 2009 on the Council's use of its powers under RIPA to grant authorisations for covert surveillance.
- 2.2 One of the Surveillance Commissioner's recommendations was that training events for officers should focus more on the practical applications of the provisions of RIPA including in particular guidance regarding completion of applications and authorisations for covert surveillance. The training has hitherto been concentrated on the legal requirements of RIPA with less emphasis on its practical application.

3. TRAINING PROGRAMME

- 3.1 It is a requirement of the Council's Policy and Guidance Document on RIPA that all authorising and applying officers should receive adequate training on the use of the Council's powers under RIPA at least once every 2 years.
- 3.2 A training register has been kept which records the training received by each officer within the 2 year period.
- 3.3 Training has been provided by one of the leading experts in this field Mr Ibrahim Hasan. They include sessions on 7 October 2008, 21 April 2009, 18 May 2009 and 2 July 2009.
- 3.4 An illustration of the topics covered by the training is included in Appendix 1. It is an extract from the slides presented by Mr Hasan in his Power Point Presentation.

4. PROPOSED MODIFICATION TO THE TRAINING PROGRAMME

- 4.1 Mr Hasan has been asked to prepare a training session for officers who are already familiar with RIPA but who would benefit from more practical guidance on how to apply the law and complete correctly the authorisation forms.
- 4.2 A suggested course outline has been supplied by Mr Hasan in Appendix 2. It would be provided early in 2010 subject to the views of the Committee.
- 4.3 The aim of the course would be to reduce the likelihood of the recurrence of the deficiencies in the authorisations detected by the Surveillance Inspector and described in his report of 22 July 2009.
- 4.4 The course will also provide commentary on any changes in the Home Office Guidance on RIPA which are imminent.

5. FINANCIAL, STAFFING, LOCAL AGENDA 21, PLANNING, SOCIAL INCLUSION AND LOCAL MEMBER IMPLICATIONS

There are none other than the cost of the (essential) training on RIPA. This is likely to be in the region of £1500.

6. EQUAL OPPORTUNITIES IMPLICATIONS

The training should enable officers to strike a fair balance between the rights of individuals to privacy and the duty of the Council to act in the public interest to detect and prevent criminal behaviour.

7. COMMUNITY SAFETY IMPLICATIONS

The use of RIPA enables the Council to use covert surveillance to tackle the problems of anti social behaviour and disorder.

8. BACKGROUND PAPERS

The report to the meeting of the Audit and Risk Management Committee on 23 September 2009.

9. RECOMMENDATION

Members approve the modification to the RIPA training programme proposed in paragraph 4 above.

BILL NORMAN
Director of Law, H.R. and Asset Management

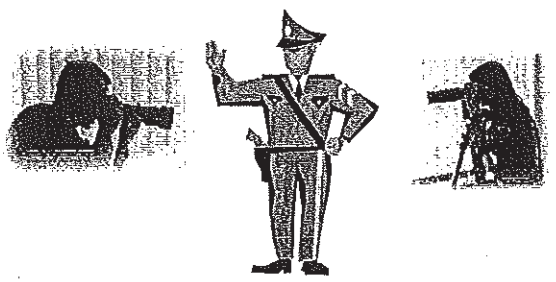
APPENDIX 1

Covert Surveillance and RIPA

Ibrahim Hasan
Act Now Training



RIPA 2000



What is RIPA?

1. Interception of Communications
2. Acquisition of Communications Data
3. Surveillance & Covert Human Intelligence Sources (CHIS)
4. Disclosure of Encrypted Data
5. Scrutiny

Background



- Interception of Communications Act 1985
- Halford v United Kingdom
- Human Rights Act 1998
- Permissive Legislation (S.80)



Need to be
 Human Rights compliant
 Fair trial
 Privacy

Section 80

Nothing in any of the provisions of this Act by virtue of which conduct of any description is or may be authorised by any warrant, authorisation or notice, or by virtue of which information may be obtained in any manner, shall be construed-

- (a) as making it unlawful to engage in any conduct of that description which is not otherwise unlawful under this Act and would not be unlawful apart from this Act;
- (b) as otherwise requiring-
 - (i) the issue, grant or giving of such a warrant, authorisation or notice, or
 - (ii) the taking of any step for or towards obtaining the authority of such a warrant, authorisation or notice,
 before any such conduct of that description is engaged in; or
- (c) as prejudicing any power to obtain information by any means not involving conduct that may be authorised under this Act.

with RIPA
 Failure to comply is not unlawful
 per se, but may render surveillance
 unlawful

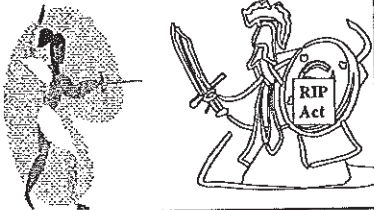
Case No: IPT/03/32/H

- 14th November 2006

“Although RIPA provides a framework for obtaining internal authorisations of directed surveillance (and other forms of surveillance), there is no general prohibition in RIPA against conducting directed surveillance without RIPA authorisation. RIPA does not require prior authorisation to be obtained by a public authority in order to carry out surveillance. Lack of authorisation under RIPA does not necessarily mean that the carrying out of directed surveillance is unlawful.”

The RIPA Shield

- Judicial Review
- Article 8
- Article 6
- PACE



Evidence can be excluded under PACE

The RIPA Shield

Section 27 (a) "lawful for all purposes."
(b) no civil liability re: incidental conduct



Human Rights Act 1998

2nd October 2000



The Convention Rights

- Art 1 - duty to secure rights & freedoms
- Art 2 - right to life
- Art 3 - prohibition on torture
- Art 4 - prohibition on slavery
- Art 5 - right to liberty and security
- Art 6 - right to a fair trial
- Art 7 - protection from retroactive criminal offences

The Convention Rights

- Art 8 - right to privacy
- Art 9 - freedom of religion
- Art 10 - freedom of expression
- Art 11 - freedom of assembly
- Art 12 - right to marry
- Art 13 - right to an effective remedy
- Art 14 - freedom from discrimination

The Act & Local Authorities

Section 6

“It is unlawful for a Public Authority to act or fail to act (whether deliberately or not) in a way which is incompatible with Convention Rights...”

Article 8 - Privacy

“Everyone has the right to respect for his private and family life his home and his correspondence.

There shall be no interference by a public authority with the exercise of this right except such as in accordance with the law and is necessary in a democratic society in the interests of public safety, for the protection of public order, health or morals, or for the rights and freedoms of others.”

Caselaw

Privacy

- Douglas & Zeta-Jones v Hello! Ltd (2000)
- David and Victoria Beckham v MGN Ltd (2001)
- Naomi Campbell v Mirror Group Newspapers (2002)
- David Murray v Big Pictures UK (2008)
- Von Hannover v Germany (2005)

Disclosure of Information

- Leander v Sweden (1987)
- MS v Sweden (1999)

CCTV

- Peck v United Kingdom (2001)

Public place right to privacy.
 but weaker than in home, - Campbell

balancing exercise, public interest

CCTV public safety: should have OK
 should have ~~for~~ deleted his face before
 disclosing CCTV footage of attempted suicide
 in street.

Key Human Rights Concepts

- Necessity
- Proportionality
- Collateral Intrusion

Key Human Rights Concepts

- Necessity
- Proportionality
- Collateral Intrusion

Best evidence

Key Human Rights Concepts

- Necessity
- Proportionality
- Collateral Intrusion

reduce number of cameras?

do cameras need to be operating

all the time?

Warning before surveillance?

TIC seriousness of offence

Covert Surveillance Code (Para 2.5)

"This involves balancing the intrusiveness of the activity on the target and others who might be affected by it against the need for the activity in operational terms. The activity will not be proportionate if it is excessive in the circumstances of the case or if the information which is sought could reasonably be obtained by other less intrusive means. All such activity should be carefully managed to meet the objective in question and must not be arbitrary or unfair."

DCA HR Guide (Pg 55)

“ When taking decisions that may affect any of the qualified rights, a public authority must interfere with the right as little as possible only going as far as is necessary to achieve the desired aim.”

- See R v. Secretary of State for the Home Department ex p Daly (2001)

MB

Is it Proportionate?

- Is the surveillance excessive in the circumstances?
- Is it arbitrary or unfair?
- Can you get information using less intrusive means/ overt methods?
- What other means have you tried?
- Factors to set out :
 - Amount of data to be gathered
 - Impact on subject of surveillance
 - Timing of surveillance
 - Effect on others (Collateral Intrusion)

- What you are seeking to achieve?
- Seriousness of the offence
- Impact of the offence on :
 - the victims
 - others/wider community
 - on the public purse

Wearing made surveillance laws more overt.

Key Human Rights Concepts

- Necessity
- Proportionality
- Collateral Intrusion

Covert Surveillance Code

2.7 An application for an authorisation should include an assessment of the risk of any collateral intrusion. The authorising officer should take this into account, when considering the proportionality of the surveillance.

2.8 Those carrying out the surveillance should inform the authorising officer if the investigation or operation unexpectedly interferes with the privacy of individuals who are not covered by the authorisation. When the original authorisation may not be sufficient, consideration should be given to whether the authorisation needs to be amended and reauthorised or a new authorisation is required.

2.9 Any person granting or applying for an authorisation or warrant will also need to be aware of particular sensitivities in the local community where the surveillance is taking place and of similar activities being undertaken by other public authorities which could impact on the deployment of surveillance.

Collateral Intrusion Considerations

What is the impact on third parties?
How have you tried to minimise it?

Consider :

- Timing of surveillance
- Amount of surveillance
- Method of surveillance
- Sensitivities of local community
- Operations by other public authorities

reduce impact on NHO

people who are not targets

A surveillance

Key Human Rights Concepts

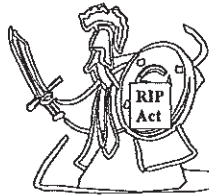
- Necessity
- Proportionality
- Collateral Intrusion

Conclusion

- Be aware - human rights angle/overlap
- Prepare justification/records
- Legal Aid - £50m

The RIPA Shield

- Judicial Review
- Investigatory Powers Tribunal
- Article 8
- Article 6
- PACE
- Ombudsman



The RIPA Shield

Section 27 (a) "lawful for all purposes."
(b) no civil liability re: incidental conduct



Surveillance of People and Places



RIPA Part 2 :

1. Directed Surveillance
2. Intrusive Surveillance
3. Covert Human Intelligence Sources (CHIS)

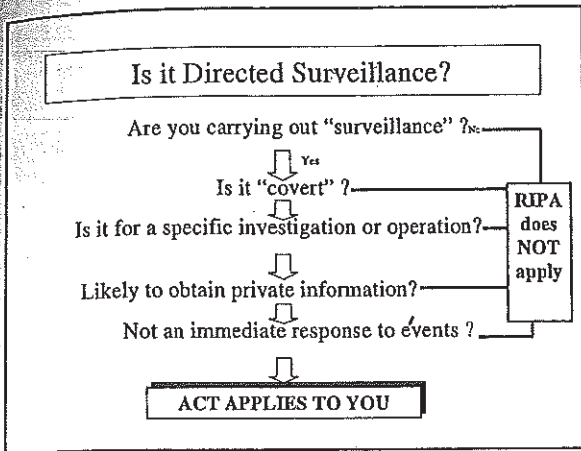
can't be authorised by LA's

Directed Surveillance Examples

- Fly tipping
- Benefit fraud
- Anti social behaviour
- Employee surveillance?
- Planning enforcement?

Directed Surveillance S. 26 (2)

1. Any covert surveillance that is not intrusive
2. Carried out for the purposes of a specific investigation or operation
3. Likely to result in the obtaining of private information about a person
4. Not an immediate response to events or circumstances where it would not be practical to seek authorisation

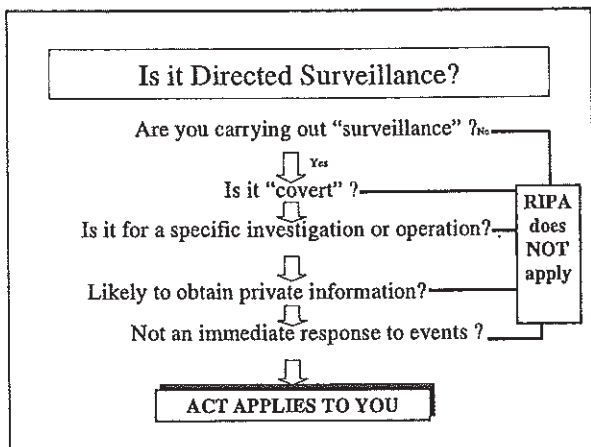


Are You Carrying Out "Surveillance" ?

"Surveillance" includes:

- Monitoring, observing or listening to persons, their movements, their conversations or their other activities or communication
- Recording anything monitored, observed or listened to in the course of surveillance; and
- Surveillance by or with the assistance of a surveillance device

very wide



Is the Surveillance "Covert" ?

Section 26 (9)

• Surveillance is covert if, and only if, it is carried out in a manner that is calculated to ensure that persons who are subject to surveillance are unaware that it is or may be taking place

- Dog patrol
- Refuse collection
- Litter enforcement



NA open: no prior warning
 hiding what you are doing.
 he planned targeted covert surveillance
 expectation of privacy gone.

Is it Directed Surveillance?

Are you carrying out "surveillance" ?
 Yes

Is it "covert" ?

Is it for a specific investigation or operation?

Likely to obtain private information?

Not an immediate response to events ?

RIPA does NOT apply

ACT APPLIES TO YOU

not CCTV or not
 + NA for specific investigation

Specific Investigation

Investigatory Powers Tribunal

Case No: IPT/03/32/H - 14th November 2006

C v. The Police and Secretary of State for the Home Department

Complains to IPT
 can avoid damages.
 Some investigation must be related to a core regulatory function of LA/Police
 e.g. surveillance of employees
 not core or regulatory function.
 no RIPA authorization obtainable

Purpose of Directed Surveillance

"Directed surveillance under RIPA is carried out by public authorities which are responsible for the discharge of the specific public functions and are equipped with investigatory powers for the performance of those functions.

Directed surveillance by specified public authorities can only be authorised on specified grounds. Those grounds are linked to the specific public functions of the public authority and vary according to the functions of the particular public authority."

"Core Functions"

"The specific core functions and the regulatory powers which go with them are identifiable as distinct from the ordinary functions of public authorities shared by all authorities, such as the employment of staff and the making of contracts.

There is no real reason why the performance of the ordinary functions of a public authority should fall within the RIPA regime, which is concerned with the regulation of certain investigatory powers, not with the regulation of employees or of suppliers and service providers."

Is it Directed Surveillance?

Are you carrying out "surveillance" ?

Yes

Is it "covert" ?

Is it for a specific investigation or operation?

Likely to obtain private information?

Not an immediate response to events ?

RIPA does NOT apply

ACT APPLIES TO YOU

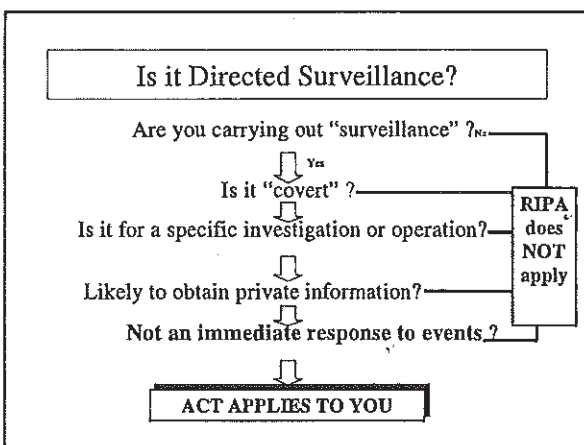
Private Information S.26(2)

Undertaken in such a manner as is likely to result in the obtaining of private information about a person (whether or not one specifically identified for the purposes of the investigation or operation)

Private Information

- 26 (10) - any information relating to a persons private or family life
- Amann v Switzerland (2000) - right to establish and develop relationships with other human beings; incl. professional/business activities
- "Likely" not calculated
- Any person

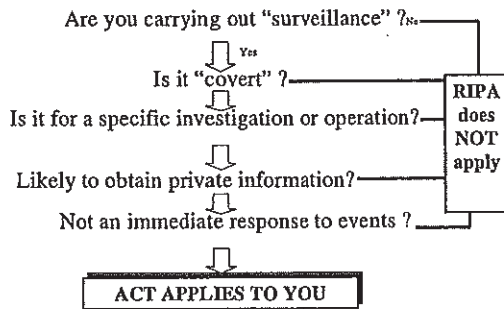
NB



Immediate Response

“otherwise than by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation ... to be sought ...”

Is it Directed Surveillance?



Surveillance & Covert Sources



1. Directed Surveillance
2. Intrusive Surveillance
3. Covert Human Intelligence Sources (CHIS)

Intrusive Surveillance s.26(3)

Covert Surveillance that-

(a) is carried out in relation to anything taking place on any residential premises or in any private vehicle; and

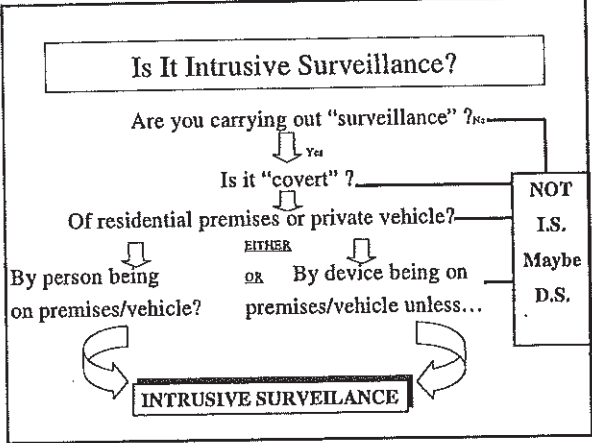
(b) involves the presence of an individual on the premises or in the vehicle or is carried out by means of a surveillance device

private vehicle not a ^{LA} residential vehicle

device on

outside the premises not intrusive

unless device gives quality & detail as if on the premises e.g. zoom camera



Surveillance Device

- Though surveillance device not present on the premises or in the vehicle,
- The device consistently provides information of the same quality and detail as from a device actually present on the premises or in the vehicle.

NB

Property Interference

- Part 3 Police Act 1997
- Vehicle Tracking Devices (VTD's)
- Councils have no statutory powers to undertake property interference

Intrusive Surveillance

- Check Definition/Flowchart
- Local Authority has no power to carry out intrusive surveillance
- Powers Reserved for Police, HM Customs and Security Services
- Maybe Reviewed

Surveillance & Covert Sources



1. Directed Surveillance
2. Intrusive Surveillance
3. Covert Human Intelligence Sources (CHIS)

CHIS - S.26(8)

A person who

- A. Establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating b or c below
- B. Covertly using such relationship to obtain information or provide access to information
- C. Covertly disclosing information obtained by the use of such a relationship

professional witness
 informant
 relationship necessary with a person
 e.g. confidential or private
 single purpose? definition is wide
 no invasion of privacy ∴ evidence would not be excluded
 see R v Chubb

What needs to be authorised?

- Inducing, Asking, Assisting
- Examples:
 - Professional witnesses
 - Test purchases
 - Police informants

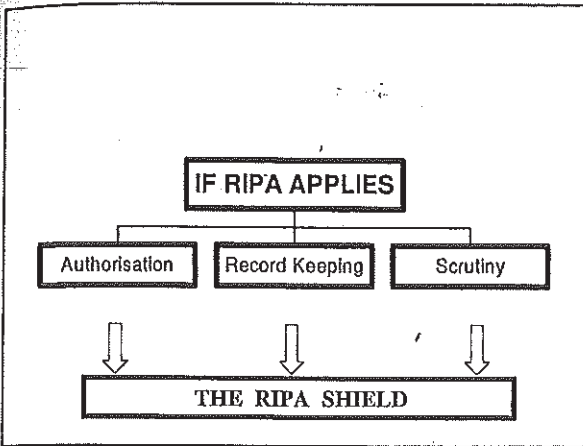


Volunteers

“The provisions of the 2000 Act are not intended to apply in circumstances where members of the public volunteer information to the police or other authorities, as part of their normal civic duties, or to contact numbers set up to receive information....”

- Crimestoppers

no arrangement to use the data for
 to act covertly



Authorisations

- Who can give it?
 - » "Assistant chief officer or service manager or equivalent or any more senior officer..."
- What criteria / considerations apply?

And an authorisation may be issued in public or (consultation takes place)

Confidential Information

- Confidential Personal/Journalistic Material or Legally Privileged information
- Inform OSC
- Higher Level of Authorisation
 - » "The Head of Paid Service or in his absence a chief officer."

Authorisation Considerations
(Directed Surveillance) S.28 (2)

1. Necessary on one of grounds s.28 (3)
2. Proportionate to what is sought to be achieved
3. Collateral Intrusion
4. Confidential Information
5. Review Date

Authorisation Grounds
S.28 (3) & S.29(3)

Must be necessary in the interests of :

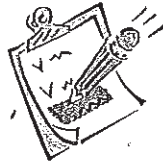
- [1. National security]
- 2. Prevention or detection of crime/disorder**
- [3. Economic wellbeing of UK]
- [4. Public safety]
- [5. Protecting public health]
- [6. Assessing/collecting tax,duty,levy etc.]
- [7. Specified by regulations] 5th Jan 2004

Authorisation Considerations
(CHIS) S.29 (2)

1. Necessary on one of grounds s.29 (3)
2. Proportionate to what is sought to be achieved
3. Special duties S.29 (5)

Special Duties S.29 (5)

1. Day to day responsibility for source's security and welfare
2. General oversight of source
3. Record of use
4. Security of source records



Authorisations

- Oral grants
- Written grants - forms
- Renewal - statutory review (CHIS)
- Cancellation

*must cancel authorisations
before 3 months if section comes
to end before then.*

Central Record

- 3 years – inspection by OSC
- Regulation of Investigatory Powers (Source Records) Regulations 2000, SI No 2725 of 2000
- Confidentiality must be maintained
- Designated person to maintain records
- See codes (paras 2.13/2.14)

*central record = info cleared
for law.*

Central Record Contents

- the type of authorisation;
- the date the authorisation was given;
- name and rank/grade of the authorising officer;
- the unique reference number (URN) of the investigation/operation;
- the title of the investigation or operation, including a brief description and names of subjects, if known;

Central Record Contents (2)

- whether the urgency provisions were used, and if so why.
- if the authorisation is renewed, when it was renewed and who authorised the renewal, including the name and rank/grade of the authorising officer;
- whether the investigation or operation is likely to result in obtaining confidential information as defined in this code of practice;
- the date the authorisation was cancelled.

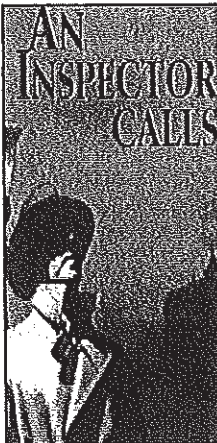
Documents to be Retained

- a copy of the application and a copy of the authorisation together with any supplementary documentation and notification of the approval given by the authorising officer;
- a record of the period over which the surveillance has taken place;
- the frequency of reviews prescribed by the authorising officer;
- a record of the result of each review of the authorisation;
- a copy of any renewal of an authorisation, together with the supporting documentation submitted when the renewal was requested;
- the date and time when any instruction was given by the authorising officer.

Scrutiny :

- Independent Oversight
- 4 Commissioners
 - Interception
 - Intelligence Service
 - Investigatory Powers Commissioner for NI
 - Chief Surveillance Commissioner
- Independent Tribunal





Common OSC Criticisms

- Use of out of date forms
- Use of cut and paste
- Repetitive narrative and rubber stamping
- Necessity, proportionality and collateral intrusion not fully considered
- Likelihood of obtaining Confidential Information not fully considered
- Central records not compliant with Code e.g URN's etc.
- Inadequate corporate policy/guidance documents
- No CCTV protocol/procedure

also under in central record.

Home Office web site

MPs

NS



Common OSC Criticisms (2)

- Confusion re: review and renewals
- Lack of understanding of when CHIS
- Monitoring, recording and audit of surveillance equipment
- Handling and storage of surveillance product/evidence
- Confusion about interference with property powers under Police Act 1997
- More robust management and quality assurance
- Lack of regular training/refresher trainer

review send after period expired

The RIPA Shield

- Judicial Review
- Article 8
- Article 6
- PACE



More Information

- Codes of Practice
- www.homeoffice.gov.uk/ripa/ripact.htm
- www.lacors.com.uk
- www.lga.gov.uk



consultation doc

RIPA Cases

- Amman v Switzerland (16/2/00) ECHR 27798/95
- R v Button and Tannahill (2005) All ER 75
- Gilchrist v HM Advocate (Scotland) Appeal (2004) SCCR595
- R v E (2004) EWCA Crim 1243
- R v Terry and others (8/8/2001) HH Judge Broderick

technical breaches

A.R.P.A not lead to

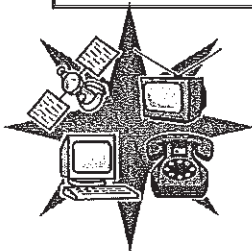
exclusion of evidence

but under App, cats are possible

More RIPA Cases

- PG and JH v UK (25/12/01) ECHR 44787/98
- McGowan v Scottish Water (2005) IRLR 167
- Jones v Warwick University (2003) 3 All ER 760
- Martin v McGuinness (2/4/03) (2003) ScotCS 96
- Grant v R (4/5/2005) CA Case no: 2003/04573

Data Protection: Employment Code Part 3



Employment Code Part 3

Surveillance

- Point of sales terminals
- CCTV
- E mails
- Auto checking software
- Website logs/Telephone logs
- Vehicle tracking

Key Recommendations

- Managing data protection
- The general approach to monitoring: monitoring is intrusive and employees are entitled to keep their private lives private.
- Monitoring should take place for a clear, justified purpose, and employees should be aware that it is taking place.

Key Recommendations

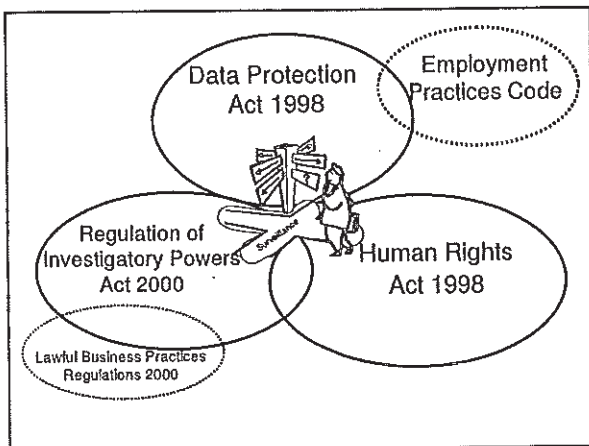
- Video and audio monitoring: tell employees
- Covert monitoring: authorisation
- In-vehicle monitoring: develop a policy
- Electronic communications: policy

Impact Assessment

- The purposes behind the monitoring;
- Any likely adverse impact on the employee(s) or others
- Alternatives to monitoring, or to the type of monitoring
- The legal obligations that will arise; and
- Whether the monitoring is justified

Adverse Impact

- Likely intrusion into employees' private lives
- Extent to which the employee will be aware
- Who will see the information
- Impact on the employment relationship
- The impact on other professionals – e.g. solicitors – who may have confidentiality issues
- How the monitoring will be perceived – e.g. will it be seen as "oppressive" or "demeaning"?



Practical Steps

- Brief management
- Assign responsibility
- Train staff
- Assess documentation
- See the big picture



APPENDIX 2

Practical RIPA and Covert Surveillance

Suggested Course Outline

We can discuss your precise requirements, make amendments and tailor the contents to suit your needs.

A full day course (10am to 4pm) on Part 2 of the Regulation of Investigatory Powers Act 2000 with an emphasis on practical guidance, form filling and discussion.

Suitability: Officers who need an in depth knowledge of the RIPA process and how to complete the authorisation forms. This course is also useful for those who advise in this area.

<p><u>10 am</u></p> <ul style="list-style-type: none">• Introduction, background and quiz• The Human Rights Act 1998 – Privacy (art 8) its implications on surveillance• Human Rights Concepts of Necessity, Proportionality and Collateral Intrusion full explained• How to address human rights issues within the RIPA application forms
<p><u>11. 15 Coffee (15 mins)</u></p> <ul style="list-style-type: none">• Directed Surveillance – What it is and is not• Covert Human Intelligence Sources – What exactly are they?• Protecting sources• Possible uses of above• Authorisation criteria for Directed Surveillance and CHIS
<p><u>12.45 Lunch (one hour)</u></p> <ul style="list-style-type: none">• How to complete RIPA forms• Mistakes to avoid• Practical form filling/reviewing exercise• Preparing for OSC inspections
<p><u>3pm Tea (15 mins)</u></p> <ul style="list-style-type: none">• Case Studies, group work and practical examples• Latest RIPA News• Feedback and open forum• Practical Steps & Action Plan
<p><u>4pm Formal Close</u></p>

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

25 NOVEMBER 2009

REPORT OF THE DIRECTOR OF FINANCE

MEMBERS TRAINING

1. EXECUTIVE SUMMARY

1.1. A Members training session was held on 29 September 2009. The Committee is now requested to agree to a more advanced training session.

2. TRAINING REQUIREMENT

2.1. It is recommended best practice that Members of Audit Committees receive specific training in their role. This has usually been undertaken by one of the authors of 'Audit Committees – Practical Guidance for Local Authorities' conducting two training sessions per annum.

2.2. The initial training session took place on 29 September 2009 and it is recommended that Members agree a date for a more advanced training session.

3. FINANCIAL IMPLICATIONS

3.1. The cost of the training session will be met from the Members Training budget.

4. STAFFING IMPLICATIONS

4.1. There are none arising directly from this report.

5. EQUAL OPPORTUNITY IMPLICATIONS

5.1. There are none arising directly from this report.

6. COMMUNITY SAFETY 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. PLANNING IMPLICATIONS

9.1. There are none arising directly from this report.

10. MEMBER SUPPORT IMPLICATIONS

10.1. There are none arising directly from this report.

11. BACKGROUND PAPERS

11.1. There were none used in the preparation of this report.

12. RECOMMENDATION

12.1. That Members agree to an advanced training session.

IAN COLEMAN
DIRECTOR OF FINANCE.

FNCE/287/09