# WIRRAL

# Audit and Risk Management Committee

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| **Date:** | **Wednesday, 30 June 2010** |
| **Time:** | **6.15 pm** |
| **Venue:** | Committee Room 1 - Wallasey Town Hall |

# 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 - 10)**

   To receive the minutes of the meeting held on 24 March 2010.

3. **APPOINTMENT OF VICE-CHAIR**

   The Committee is invited to appoint a Vice-Chair for the ensuing municipal year.

4. **STATEMENT OF ACCOUNTS**

   Report to be circulated separately

5. **PENSION FUND ACCOUNTS**

   Report to be circulated separately

6. **INTERNAL AUDIT ANNUAL REPORT (Pages 11 - 32)**

7. **INTERNAL AUDIT WORK - APRIL TO MAY 2010 (Pages 33 - 42)**

# AUDIT AND RISK MANAGEMENT COMMITTEE

Wednesday, 24 March 2010

| Present: | Councillor | P Southwood (Chair) | |
|---|---|---|---|
| | Councillors | P Reisdorf | C Povall |
| | | RL Abbey | J Crabtree |
| | | | |
| Deputies: | Councillors | G Watt (In place of L Fraser) | |

### 80 MEMBERS' CODE OF CONDUCT - 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.

### 81 MINUTES

**Resolved – That the minutes of the meeting held on 18 January 2010 be approved.**

### 82 DATA QUALITY ACTION PLAN AND PROGRESS REPORT

Further to minute 72 (18 January 2010), the Deputy Chief Executive/Director of Corporate Services presented Wirral's Data Quality Action Plan, which had been amended to identify completion dates for those actions, which had been completed. The action plan had been developed to address the Audit Commission's recommendations and it also included recommendations made by the Council's own internal audit function during 2007/2008 and any outstanding recommendations made by the Audit Commission in 2006/2007, where appropriate.

**Resolved – That the amended Data Quality Action Plan and the completion dates for actions contained within it, be noted.**

### 83 INTERNAL AUDIT UPDATE

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 provided a summary of work undertaken during January and February 2010 and indicated that there were no items of significance identified during the audit process that required action by Members. During the monitoring period, 46 audit reports were

produced with 44 high and 28 medium priority recommendations identified in the reports issued. He confirmed that management had agreed to implement all of the recommendations made within a satisfactory timescale.

The Chief Internal Auditor commented that, in accordance with views expressed by Members, the Plan had been presented in a revised format with more detail provided in relation to internal audit performance to ensure that 90% of the Plan was completed by 31 March 2010. He referred also to work that was progressing rapidly in relation to Managing Fraud, following the decision to create a dedicated Anti-Fraud Team in the Internal Audit Section. The terms of reference for the team had now been established and a plan had been prepared, which identified specific audits to be conducted during 2010/2011 that complied with the CIPFA best practice framework. He further reported that the development had been noted by an officer of the Audit Commission specialising in anti-fraud work and he wished to visit Wirral to consider using the work completed as an example of "good practice".

In response to a question from a Member concerning the investigation in relation to Brookfield Children's Unit, he proposed to circulate a briefing note to all Members of the Committee.

**Resolved –**

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

**(2)    That the revised format and content of the update report be agreed.**

84    **INTERNAL AUDIT PLAN 2010/2011**

The Chief Internal Auditor presented the Internal Audit Plan 2010/2011, which set out the plan of work to be undertaken by Wirral Council's Internal Audit Section for the coming year. He reported that regulation 4(2) of the Accounts and Audit (Amendment) (England) Regulations 2006 required the Council to conduct a review at least once in a year of the effectiveness of its systems of internal control and to prepare a statement of internal control in accordance with proper practices. CIPFA and SOLACE had jointly determined that the preparation and publication of an Annual Governance Statement, published with the financial statements, was necessary to meet the statutory requirement. The same regulations required the findings of the review to be considered by a committee of the Council – the Audit Committee – or else by the Council as a whole.

He reported that assurances on the effectiveness of systems of internal control were substantially drawn from the work of internal audit and the Internal Audit Plan was focused on providing those assurances to the Chief Executive and Leader of the Council who were jointly required to sign the Annual Governance Statement.

In developing the plan the Internal Audit Section had considered the Council's corporate and individual departments' risk registers; had met regularly with the Chief Executive, Chief Officers and departmental management teams to discuss their risks and related controls; and made its own assessment of the risks facing the Council. The format of the Plan had changed from previous years and there was an expectation from the Audit Commission that it would contain a more detailed narrative. It intended to provide clarity as to which audits had to be completed and

the Chief Internal Auditor highlighted the requirement for all audits to be completed in order for an unqualified opinion to be given. He commented that the Plan for 2010/2011 amounted to a total planned resource of 4650 audit days, of which 3230 days would support the provision of the annual assurance opinion on the effectiveness of the Council's control systems.

**Resolved –**

**(1)     That, subject to minor presentational amendment, the Internal Audit Plan for 2010/2011 be approved.**

**(2)     That the thanks of the Committee be accorded to the officers for the provision of a comprehensive and clear report.**

85     **ANNUAL GOVERNANCE STATEMENT**

The Director of Finance gave a presentation and reported to the Committee that the CIPFA/SOLACE Delivering Good Governance in Local Government Framework required the preparation and publication of an Annual Governance Statement by the Council in order to meet the statutory requirement set out in the Accounts and Audit Regulations 2006. He provided a definition of governance and set out the reasons to ensure that effective governance arrangements were in place. The Framework identified six core principles that were required to be considered when defining good practice and he indicated that, taking those into account, local authorities were expected to review their existing governance arrangements against the Framework; maintain an up to date local Code of Governance, including arrangements for ensuring its ongoing application and effectiveness; and, prepare an Annual Governance Statement to report publicly on the extent to which they complied with the core principles.

In presenting the draft Annual Governance Statement for 2009/2010, the Director commented that, whilst Internal Audit was responsible for undertaking the assurance work, it was important to recognise that it was not a document owned by the audit function but an Authority statement on the effectiveness of its governance processes. Commitment was therefore required by all services and senior officers involved with the process and he outlined the arrangements that had been developed to provide assurance from Chief Officers and at a corporate level to enable its production. In response to a comment from a Member, the Director provided an explanation in relation to the Single Status Review, which was anticipated to be completed during the forthcoming financial year.

**Resolved – That the Annual Governance Statement for 2009/2010 be submitted to Cabinet for consideration.**

86     **CORPORATE RISK AND INSURANCE MANAGEMENT**

The Director of Finance provided information to Members in relation to recent progress made against the existing objectives for corporate risk and insurance management and the anticipated developments in the coming months.

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

87    **DEVELOPMENT OF THE CORPORATE RISK REGISTER**

The Director of Finance set out the process for the identification of the issues contained in the Corporate Risk Register that had the greatest potential to prevent or frustrate the achievement of the Council's Strategic Objectives and Priorities for Improvement as set out in the Corporate Plan. He reported upon the development of the current register and indicated that a review by Chief Officers took place between July and September each year. Each risk on the existing register was considered as to whether it remained a significant threat and the Director outlined the factors that were taken into account in the evaluation. In response to a question from a Member with regard to the role of the Audit Commission in reviewing the content of the Risk Register, the District Auditor indicated that the prime role of external audit was to review the processes for the identification of risks. He commented that although there were bodies that could undertake the role, managers were best placed to consider risks to the Council. A review was undertaken by internal audit and as part of the Audit Commissions normal liaison with Chief Officers, he indicated that matters which appeared out of sync would be commented upon.

The Director commented upon improvements that had been made to the format of the register and indicated that Members had the opportunity to consider and comment on it. At present it was unusual for local authorities to involve Members directly in the identification process. However, he suggested that greater input would be desirable as it could lead to a more comprehensive analysis of the uncertainties facing the Authority. He highlighted different means by which Members could be involved and referred to the additional training that would be required.

**Resolved –**

**(1)    That the preferred means for Members to be involved in the development of the Corporate Risk Register is: –**

- **For a structured risk identification session focussed on the corporate objectives to be held with the Audit and Risk management Committee and the Cabinet as part of the refresh of the Corporate Plan. Output from that session to be combined with the output from the annual review by Chief Officers and the results presented to both forums for consideration.**

**(2)    That additional training be provided for Members of the Committee, to be combined with the risk identification exercise.**

88    **STRATEGIC ASSET REVIEW - RISK REGISTERS**

Further to minute 78 (18 January 2010), the Director of Law, HR and Asset Management reported upon the risk registers that were in place for the Strategic Asset Review (SAR) and provided an explanation of how risk was managed for the activities within the programme. He reported upon the management of each of the individual projects within the programme and commented specifically that the 'Office Rationalisation' project and the 'Re-provision – Neighbourhood Centres' project were key areas within the Strategic Change Programme, where the levels of risk dictated that their management was more formally documented.

He presented the risk register for 'Re-provision – Neighbourhood Centres' and for 'Office Rationalisation' and he indicated that although the registers were snapshots at a moment in time, they were intended to evolve as projects were further developed.

A Member expressed concern that the impact of the decision of the Secretary of State following the libraries inquiry had not been anticipated and that the risk of the development of neighbourhood centres not proceeding had not been included in the risk registers. In response, the Director indicated that the role of officers had been to focus upon the implementation of a decision of the Council. The action of the Secretary of State had not been envisaged and the cancellation of the project had not been anticipated.

The Chair also expressed concern that risk registers contained insufficient detail and proposed that a review should be undertaken by the Committee of departmental risk registers and those in place in relation to projects in the Change Programme.

**Resolved –**

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

**(2)  That a report be presented to the next meeting of the Committee, to include all current departmental risk registers and the risk registers in place for all projects within the Change Programme.**

89  **CIPFA AUDIT COMMITTEE UPDATE**

The Director of Finance referred to the CIPFA Better Governance Forum Audit Committee Update Issue 1, dated January 2010, which had been distributed to all Members of the Committee. Within the update was a section on recent developments and the Director provided a note of progress in relation to: –

- Responsibility for the effective scrutiny of Treasury Management strategy and policies;
- The Role of the Head of Internal Audit; and
- Protecting the Public Purse.

**Resolved – That the progress made on recent developments highlighted in the Audit Committee Update be noted.**

90  **THE ROLE OF CHIEF FINANCIAL OFFICER**

Further to minute 34 (23 September 2010), the Director of Finance reported that in June 2009, CIPFA had issued a statement on the Role of the Chief Financial Officer in Public Services and had now issued a consultation draft on the Role of the Chief Financial Officer in Local Government. The consultation was based on five principles and he outlined the proposed governance requirements for each, which were relevant to the role of the Committee. Implementation would be effective in time for inclusion with the Annual Governance Statement for 2011, which was signed by the Leader of the Council and the Chief Executive prior to audit by the Audit Commission. Any local authority which did not comply with the five principles would be required to provide an explanation in the Annual Governance Statement.

**Resolved – That the report, and compliance with the five principles contained within the draft consultation, be noted.**

91    **AUDIT COMMISSION REPORT - CERTIFICATION OF CLAIMS AND RETURNS**

The District Auditor presented the Audit Commission report 'Certification of Claims and Returns', which summarised the findings from the certification of 2008/2009 claims and included the messages from the assessment of the arrangements for preparing claims and returns and information on claims amended or qualified.

He reported that Wirral Council received over £239m of funding from various grant-paying departments and the Council was required to show that it had met the conditions attached to those grants to ensure the funding was not at risk. It was therefore important that the Council managed certification work properly and could demonstrate to auditors, that the relevant conditions had been met.

The concept of materiality did not apply to the certification of grants/returns as auditors were required to report all uncorrected errors and matters arising to the grant paying body regardless of their financial implications to the claim/return. Matters arising could include further background to issues identified during certification, which allowed the grant paying body to exercise judgement over, for example, eligibility of expenditure or the significance of the issue.

He outlined the revised format and structure of the report and highlighted the significant findings contained within it. It now reflected a new national template issued centrally by the Audit Commission and he commented that more detail was provided in the body of the report for individual claims/returns. This had resulted in an increase in the number of recommendations raised in the report in order for the Council to improve its current arrangements, to maximise the grant claimed and to minimise associated risks. He provided a comparison with the 2007/2008 audit and commented that although the certification fee had been reduced there was scope to further reduce fees through improvements to the control environment, working papers and quality assurance.

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

92    **CERTIFICATION OF GRANT CLAIMS AND RETURNS**

In response to the Audit Commission report 'Certification of Claims and Returns' (see minute 91 ante), the Director of Finance reported that considerable progress had been made in the past year and actions were in place to address all of the issues raised as well as those in the report on the 2007/2008 grant claim reported to Committee on 18 January 2010 (minutes 68 and 69 refer). In addition to the steps contained within the Action Plan, the Authority was continuing to take a pro-active approach to encourage good grant claim practice, which should reduce the need for future amendment.

However, the large and complex Housing Benefit claim was always likely to be subject to some form of amendment, as were those related to North West Development Agency grant support. The Director commented also upon the qualification letters that were produced, where the auditor wished to raise an issue with the paying body. Five were issued in 2008/2009 and he confirmed that the

issues raised had no impact on grant entitlement as in each case the grant paying body was satisfied with the action taken by the Council and paid out all money claimed.

**Resolved –**

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

**(2)   That the thanks of the Committee be accorded to the officers and to the District Auditor for the work undertaken and comprehensive report.**

93      **AUDIT COMMISSION: REVIEW OF INTERNAL AUDIT AND THE AUDIT FEE**

Further to minute 65 (18 January 2010), the Director of Finance reported that significant progress had been made on the implementation of the twelve recommendations contained within the Audit Commission Review of Internal Audit He reported also that the Audit Commission had agreed to work with Internal Audit, the Council's Finance Team, and other directorates to reduce the external audit fee and he highlighted a number of areas to be explored that he anticipated would reduce the fees for 2009/2010 and 2010/2011.

**Resolved – That the report be noted and the thanks of the Committee be accorded to the Audit Commission for their help in reducing the audit fee.**

94      **PETITION SCHEME**

The Director of Law, HR and Asset Management reported upon the new statutory duty on local authorities under section 14 of the Local Democracy Economic Development and Construction Act 2009 to have a scheme for handling petitions, including e-petitions. He presented a draft scheme, based on a Model Scheme issued by the Department for Communities and Local Government (DCLG), which he proposed to present to the Cabinet for consideration with a view to it being recommended to the Council on 19 April 2010 for immediate implementation.

He outlined the requirements on local authorities of the draft statutory guidance that had been issued for consultation and indicated that beyond the requirement to meet minimum standards, local authorities had discretion about how they approached the duty, leaving scope for local determination.

The Chair referred to an e-mail from a local resident that had been sent to all Members of the Committee in relation to the proposed scheme. The e-mail referred to advice from the Information Commissioners Office (ICO) in relation to the publication of personal information in petitions and how it complied with the requirements of the Data Protection Act. Members expressed the view that the draft scheme should be amended to incorporate the advice from the ICO. Members commented also upon the thresholds in the proposed scheme having been increased to take into account Wirral's population being larger than the 150,000 set out in the DCLG Model Scheme. A Member commented also upon planning and licensing decisions being excluded from the scheme, as well as other matters where there was another appeal, such as Council Tax banding. He expressed the view that although they were excluded from the scheme by the draft statutory instrument, the Council should have a single petitions document with subsets for those areas excluded.

In response, the Director reported that his report was based on the draft statutory guidance. In finalising the petition scheme the Council would be under a statutory duty to have regard to the statutory guidance issued in relation to this duty. As the statutory framework was not yet fully in place, he indicated that any amendments which would impact on the proposals set out in his report would be reported to the full Council in due course.

**Resolved –**

**(1)** That the following amendments to the proposed Petition Scheme be referred to the Cabinet for consideration prior to the referral of the Scheme to the Council for adoption –

**(a)** that the scheme be amended to take into account the advice from the Information Commissioners Office in relation to the publication of personal data.

**(b)** that the thresholds contained within the proposed scheme be amended to mirror the lower thresholds contained within the DCLG Model Scheme;

**(c)** that the document be amended to include subsets for those petitions specifically excluded from the scheme by the draft statutory instrument.

**(2)** That, subject to the views set out at (1) above, the proposed adoption of the Petition Scheme and its inclusion within the Council's constitution, with effect from 20 April 2010 be endorsed.

**(3)** That Committee supports the proposed delegation to the Director of Law, HR and Asset Management in consultation with the three Group Leaders the authority to make any minor amendments to the Petition Scheme, reasonably required to comply with the emerging legislative framework.

95  **ADULT SOCIAL SERVICES: CHARGING POLICY - PROGRESS REPORT ON REIMBURSEMENT IN RELATION TO PUBLIC INTEREST DISCLOSURE ACT (PIDA) 1998**

Further to minute 47 (25 November 2009), the Director of Law, HR and Asset Management presented a report of the Director of Adult Social Services to update the Committee upon progress in the implementation of re-imbursement to certain residents and former residents of Bermuda Road, Curlew Way and Edgehill Road following the agreement of the Cabinet (minute 256 (14 January 2010) refers) to the recommendations of the Committee.

**Resolved –**

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

**(2)** **That final details of reimbursements to individuals be reported to a future meeting of this committee**

96    **MEMBERS TRAINING**

The Director of Finance reported that the CIPFA guidance Audit Committees – Practical Guidance for Local Authorities recommended that the Members of an Audit Committee should receive specific training in their role and responsibilities as Members of that Committee. Since 2006 the training requirements had been comprehensively achieved by the appointment of Anna Klonowski, one of the Members of the working party who wrote the document. The course had previously been supplied over two sessions at a cost of £2,500 and the Director proposed the retention of the existing trainer in 2010/2011.

**Resolved –**

**(1)** **That the existing trainer be retained in 2010/2011**

**(2)** **That the first training course be held on 7 June 2010.**

97    **REPORTS SUBMITTED AFTER DEADLINES - UPDATE**

Further to minute 58 (25 November 2010), the Director of Law, HR and Asset Management presented an updated monitoring report in relation to the receipt of reports by Committee Services after specified deadlines. The deadlines imposed by Committee Services were intended to ensure that the Council published agendas and reports in accordance with the statutory period laid down and he commented that failure to do so could result in a decision in question being open to challenge in the courts.

He provided details of late reports, by Committee, received by Committee Services for meetings up to 1 March 2010 and indicated the number of reports approved as items of 'any other urgent business'. For comparison purposes, he presented information considered by the Committee in November 2009 and commented that overall, there had been a further significant decrease in the number of late reports.

**Resolved –**

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

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

98    **VOTE OF THANKS**

Members thanked the officers for their work during the past year and also accorded their best wishes to the Chair, who was not seeking re-election to the Council in the forthcoming municipal elections.

**WIRRAL COUNCIL**

**AUDIT AND RISK MANAGEMENT COMMITTEE**

**30 JUNE 2010**

**REPORT OF THE CHIEF INTERNAL AUDITOR**

**INTERNAL AUDIT ANNUAL REPORT**

**1      EXECUTIVE SUMMARY**

1.1    The Internal Audit Section of the Finance Department plans and completes audits to review all relevant areas of risk.

1.2    Reports, including recommendations produced following audits are presented to managers. An overall report is produced annually.

1.3    This report presents the Annual Audit Report for 2009/10.

**2.     BACKGROUND**

2.1    The Accounts and Audit Regulations require that a local authority "shall maintain an adequate and effective system of internal audit".

2.2    In order to meet the statutory requirements the Internal Audit Section has conducted audits to review the operation of the internal control systems. The work has been conducted in accordance with professional standards set by the Audit Practices Board, CIPFA and the Institute of Internal Auditors.

**3.     ANNUAL INTERNAL AUDIT REPORT 2009/10**

3.1    The attached Internal Audit Annual Report specifies the Internal Audit assurance opinion on key areas of the Council's activity for 2009/10.

3.2    The audits conducted during the year were principally planned to review the financial control systems in compliance with the requirements of the Accounts and Audit Regulations. However significant attention was also paid to the following areas:

Performance Management,
Local Public Service and Area Agreements,
Anti Fraud and Corruption
Corporate Governance,
Risk Management,
Financial Management Standards in Schools,
ICT Systems,
Service Delivery.

3.3     The Audit Plan was compiled on a risk assessment basis that included consideration of the sensitivity and complexity of all risks identified. Client requests, systems being developed and the availability of resources were also other factors also taken into account during the yea.

3.4     The Internal Audit Plan for 2010/11 was approved by this Committee on the 24 March 2010.

## 4     FINANCIAL AND STAFFING IMPLICATIONS

4.1     There are no financial and staffing implications.

## 5.     LOCAL MEMBER SUPPORT IMPLICATIONS

5.1     There are no local member support implications.

## 6.     LOCAL AGENDA 2I STATEMENT

6.1     There are no Local Agenda 21 implications.

## 7.     PLANNING IMPLICATIONS

7.1     There are no planning implications.

## 8.     EQUAL OPPORTUNITY IMPLICATIONS

8.1     There are no equal opportunity 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     Code of Practice for Internal Audit in Local Government: CIPFA

## 12.     RECOMMENDATION

12.1     This report should be noted.


DAVID A GARRY
CHIEF INTERNAL AUDITOR
FNCE/100/10

**Wirral Council
Internal Audit Service**

**Annual Internal Audit Report
2009/2010**

**June 2010**

# Contents

# 1    Introduction

### Purpose of This Report

1.1    As part of Wirral Council, the Internal Audit Service is an assurance function that primarily provides an independent and objective opinion on the adequacy of the organisation's control environment.  The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom requires the head of internal audit to provide a written report to those charged with governance, timed to support the Statement on Internal Control – now subsumed into the Annual Governance Statement – which includes an opinion on the overall adequacy and effectiveness of the organisation's control environment. This report presents my opinion based upon the work the Internal Audit Service has performed.

1.2    This report covers the period 1 April 2009 to 31 March 2010 and is timed to support the Annual Governance Statement for that year.

1.3    The scope of our work, management and audit's responsibilities, the basis of the assessment, and access to this report are set out in Appendix A to this report.

### Interim Reports

1.4    This report builds on the matters reported previously, which remain relevant and have been the subject of discussions throughout the year with the Chief Executive, Chief Officer's and individual senior management teams.

1.5    I have also reported summaries of the key areas of our work to the Audit and Risk Management Committee as they have been completed.

David A Garry
Chief Internal Auditor
Wirral Council

## 2      Summary Assessment

### Overall Opinion

2.1    On the basis of our programme of work for the year, I can conclude that the Council's internal control environment, risk management process and corporate governance, taken as a whole are ***adequate and generally effective***.   I have identified individual themes that present limited exceptions to this broad conclusion, and have set these out below.

2.2    Whilst recognising that there are control issues which need to be addressed, our work during the year has identified good areas of effective control and the Council continues to operate well in a very challenging environment.

### Key Issues and Themes

2.3    The Council's agenda has been challenging for some years and will remain so for the foreseeable future. This is due to changes in legislation, policy, and structural changes within the Council and its partners that have been in hand for a number of years.  It is also due to the increasingly difficult economic situation. It is expected that the Council's funding situation will be tight as local communities place increasing demands on Council's services.

2.4    The Council is highly regarded and continues to achieve a lot, providing valuable services to a large and diverse community. However, much will be required of staff at a time when many will be concerned for their job security and when many are under pressure arising from the changes already in hand. It will be vitally important to ensure that the Council's most basic financial and operational controls are robust, consistent, widely understood and consistently applied.

2.5    I have previously reported my concerns regarding the lack of consistently documented and communicated controls and the resulting lack of consistency in the controls operated between departments and even within individual departments and service areas. It is to be expected that the benefits available from the integration of the Human Resources and Payroll functions, and from the implementation of the Strategic Change Programme will be fully realised in the not to distant future.

2.6    There is a pressing need to ensure that sufficient focus is given to the Council's on-going activities and its infrastructure as well as in the areas subject to the greatest change. This will be particularly relevant to the information and technology systems infrastructure, which is expected to underpin much of the Council's work and efficiency savings in the near future.

2.7    Increasing demands are being placed on the Council's services by the changing national agenda, the strategic change programme, customer access strategy and many other similar initiatives and developments

scheduled. Service specific drivers will undoubtedly require significant enhancements to be made to key service-specific applications and service deliverers must continue to adapt and develop to ensure that they can sustain these services.

2.8 Additional information and a short summary of all our work for each area of the Council is provided in section 3.

### Implications for the Annual Governance Statement

2.9 In making its Annual Governance Statement the Council considers the Chief Internal Auditors opinion in relation to its internal control environment, risk management processes and corporate governance. The Annual Governance Statement will therefore refer to the need for further work to implement and ensure compliance with consistent control policies and procedures across the Council.

### Implications for the review of the effectiveness of the System of Internal Audit

2.10 The Council is required by legislation to undertake an annual review of the effectiveness of its system of internal audit and to report the findings of this review to the audit committee. Since the term "system of internal audit" does not have a commonly understood meaning, the Technical Audit Panel of the Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance which defines it as:

> *"The framework of assurance available to satisfy a local authority that the risks to its objectives, and the risks inherent in undertaking its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation."*

2.11 This guidance regards the head of internal audit as central to this framework of assurance and requires them to acquire an understanding of both the Council's risks and its overall control environment and also of the sources of assurance available to it.

2.12 As we have implemented the audit plan during the year we have taken into consideration the assurance also provided to the Council by external bodies, including the Audit Commission, Ofsted, the Care Quality Commission, the Office of Surveillance Commissioners and various other external bodies.

2.13 The Audit Commission's most recent Comprehensive Performance Assessment scorecard for Wirral notes that this is a Council that is improving adequately and demonstrating a 3 star overall performance.

# 3 Summary of Internal Audit Work Undertaken

3.1 In forming my opinion on the Council's internal control environment, risk management process and corporate governance, I have considered the work undertaken by the Internal Audit Service throughout the year (as well as, to a more limited extent, that of external providers of assurance) and I have set out below short summaries of the reports we have made to individual service areas within the Council.

### Management's Responses to our Findings

3.2 Each of the issues I have set out in this report has been discussed with the relevant management teams as well as with the Chief Executive and Chief Officers. Action plans have been agreed and actions are already being taken; the Internal Audit Service will follow up our findings during the course of 2010/11 and provide further support to managers to implement pragmatic solutions to the control issues identified.

## 3.A. Cross-Cutting Issues

3.3 The Council's risk management process is continuing to develop well, with an increasing understanding amongst the senior management teams of what is required in practice. The Council has adopted a pragmatic approach to risk management, although the corporate Risk and Insurance Manager is well aware that there is a need for more widespread ('embedded') understanding of the Council's approach within all levels of management.

3.4 A fundamental external review of risk management systems across the whole of the Council is scheduled for 2010/11 and the Internal Audit Service will work very closely with the organisation undertaking this exercise, along with the Risk and Insurance Manager, to ensure that all the necessary benefits are realised and significant developments are made in this important area of operations.

3.5 We have likewise continued to be involved in the development of the Council's corporate governance. The Internal Audit Service is represented on the Council's Corporate Governance working group chaired by the Chief Executive and in particular has worked with all Chief Officers to ensure that each of them has been able to provide an assurance statement to the Chief Executive.

3.6 Work is undertaken annually by the Internal Audit Service to provide the evidence required to support the production of the Annual Governance Statement in compliance with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework.

## 3.B.  Corporate or Common Control Systems

3.7    The Internal Audit Service has undertaken a substantial amount of work on the controls that under-pin the Council's work whatever operational service is being provided and in whatever service area or department. These controls manage the risks of the Council's day to day operations that are operated in common across the whole organisation.

3.8    In 2009/10 we focussed on the corporate Financial control systems, corporate Human Resources control systems, ICT systems, and other controls operated over the whole of the Council.

### Key Issues in relation to Corporate or Common Control Systems

3.9    I have previously reported that a wide range of controls and different procedures designed to achieve the same objectives across the Council is supported by diverse documentation, much of it not always readily accessible to staff. Senior managers have agreed that documented governance procedures should be collated and made consistent across the Council, where possible and that the accessibility of information (particularly though use of the intranet) should be improved.

3.10    The integration of the Human Resources and Payroll functions was intended to support consistent human resources processes across the Council. Significant work has been completed to achieve this objective during the year and the Internal Audit Service has provided substantial input to this process (See 3.19).

3.11    The Service has continued to support the implementation of the Strategic Change Programme across the Council, providing assurance regarding progress for each of the individual projects identified in the programme. More work of this nature is included in the Internal Audit Plan for 2010/11.

### Corporate Financial Control Systems

3.12    Financial control is a key element of the Council's overall control environment and the key financial systems include, for example, the Council Tax, Payroll and Benefits systems, Cash and Treasury Management, controls over the General Ledger, and Grant Funding.

3.13    Whilst we are able to provide assurance that there is an adequate level of control in the majority of the key financial systems, some issues were identified this year that required management action.

3.14    We have developed and continue to develop a suite of computer assisted audit techniques that enable us to test whole databases as well as samples of individual transactions. These techniques will become an important element of our counter-fraud work, but are already in use to support our work on key financial systems.

3.15    We used computer assisted auditing techniques to identify potential duplicate Creditor payments over the period and identified a number of instances in which duplicate payments had been made through the

creditors system. Separate testing of the Payroll system has also identified a small number of other anomalies that are currently being investigated by management. Internal Audit has worked with management in the respective service areas to identify controls required to prevent any recurrence of these issues in the future. More work of this nature is included in the Internal Audit Plan for 2010/11 across all of the main financial systems.

3.16 It is acknowledged that controls in operation across the Council to manage creditor payments systems and prevent any potential duplicate payments are improving and management are committed to addressing this problem. However, further work is required to ensure that these controls operate to full effect in the future.

3.17 Our review of the Main Accounting system undertaken during the year included assessments of the policies and procedures and financial information systems in place and included an evaluation of the adequacy of the controls in operation over budgetary control and suspense accounts. Procedures governing bank reconciliation and capital and final accounts management were also evaluated against current best professional practice. Overall, the opinion provided on the effectiveness of these arrangements was that they were good and provided senior management with an effective level of assurance.

3.18 We have also undertaken work on the Council's key financial systems and have concluded that overall each of the following systems are adequately designed and effectively operated in practice:

- Cash and Banking
- Payroll
- Expenses
- Council Tax
- General ledger
- Creditors
- Insurance

- Procurement
- Pensions
- Treasury Management
- Housing Benefits
- VAT Compliance
- NNDR
- Debtors

**Corporate Human Resources Systems, including Payroll**

3.19 The restructuring of Payroll and Human Resources (HR) services has been completed during 2009/10 and involved a number of key actions being undertaken. To enable this to be completed effectively a robust system of internal control has been required and procedures in need of updating. This process has made 2009/10 a critical year although work has progressed well. Internal Audit Services has supported this initiative through input to the process and the completion of timely audits to provide management with relevant assurances regarding the

effectiveness of controls in place. This work will continue into 2010/11 whilst these systems continue to 'bed in'.

3.20    We have completed extensive reviews of the Payroll procedures in operation within departments during the year and identified a number of issues relating to the phased implementation of the new automated Documentum system, specifically regarding document access and storage. Detailed discussions have taken place with senior management regarding appropriate actions required to strengthen controls and it is anticipated that these issues will be resolved when the new system 'settles down'. We will continue to monitor progress made in this area during 2010/11 and have scheduled more detailed testing and review work to assess this.

### ICT Systems and Controls

3.21    There have been significant developments in the area of Information Security and Governance with the publication of data handling guidelines by the Local Government Association (LGA) and the security requirements relating to the government 'connect secure' extranet. In addition, the Council continues to develop its information security management systems including updating the ICT Security Policy and bringing it to the attention of all stakeholders. However, some concerns still exist regarding the security arrangements in operation over the Transfer of Data around the organisation. Improvements are also required to strengthen the arrangements in place over the use of Removable Media.

3.22    Our work has therefore been geared to addressing these key themes as well as providing assurance that the Council's critical ICT infrastructure is secure and robust through ongoing work involving Business Continuity, Disaster Recovery and Physical Security including arrangements over Information and Server Management.

3.23    We concluded that the Council is making good progress in developing controls over information security in general, but further work is still required to develop an effective information governance structure. The findings from the reviews undertaken are currently being addressed by senior management in conjunction with the Information Strategy Group, within an agreed timescale.

3.24    During 2010/11 we plan to return to follow up these issues.

3.25    Significant development work is also continuing in a number of other areas, particularly in response to key central government drivers. However, at this point controls over these critical systems are still developing and we will revisit these during 2010/11.

### Counter Fraud and Investigatory Work

3.26    During 2009/10 a detailed review was completed to assess the effectiveness of the Council's counter fraud and corruption arrangements in operation against CIPFA and Audit Commission best practice publications. Following the preparation and presentation of a

report on this to Chief Officers and the Audit and Risk Management Committee, the formulation of a proactive Anti Fraud Team based within the Internal Audit Section was agreed to be undertaken during 2010/11. The remit for this team is to proactively manage the risk of fraud to the Council by undertaking targeted audits in high risk areas, the preparation of relevant best practice policies and procedures, changing the culture of the organisation by raising awareness amongst the workforce of fraud and corruption and through targeted training. Also included in the remit is the investigation of any serious financial frauds perpetrated against the Council and subsequent reporting to senior management. These investigations will be undertaken by a small team of auditors who have relevant investigation experience and are currently studying for the CIPFA investigative practice qualification.

3.27    An Anti Fraud and Corruption Policy has subsequently been prepared for the Council and approved by Cabinet in April 2010 and a series of training sessions and a publicity campaign to promote the policy are scheduled for 2010/11.

3.28    We are continuing to develop a suite of computer assisted audit techniques that are used to identify potential financial irregularities by interrogating financial and other databases and which closely links our audit and investigatory work.   These tests will generate data throughout 2010/11 and we will investigate the issues as they arise.

3.29    A number of unplanned special investigations were conducted during the year following referrals from Chief Officers and Members that resulted in significant staffing resources being utilised and some scheduled audits included within the Internal Audit Plan having to be re-prioritised and carried forward into 2010/11 to accommodate this additional work. These audits resulted in detailed reports being prepared for management and the Audit and Risk Management Committee identifying actions required to alleviate weaknesses in systems reviewed.

### Confidential Reporting (Whistle-blowing)

3.30    The Council's Confidential Reporting policy provides Council employees with a structured process where they can raise concerns in confidence.  During 2009/10 an audit was conducted to ascertain the level of awareness of and understanding of the policy amongst Wirral Council staff. The main findings from the review indicated that more work needs to be undertaken corporately to promote the policy and clarify the process to be followed by staff. Management have agreed to undertake these actions with immediate effect. More audit work is scheduled to evaluate the effectiveness of these measures during 2010/11.

### National Fraud Initiative

3.31    The Audit Commission requires all local authorities to participate in its biennial National Fraud Initiative (NFI), which is a national exercise in using computer assisted audit techniques, and specifically data

matching. The 2007/08 NFI exercise resulted in significant savings to the Council, arising largely from payments recovered or stopped where the Council had made payments in error.

3.32    We collated and submitted the required data to the Audit Commission for the NFI 2009/10 exercise and have received reports highlighting areas for further investigation. A summary report will be provided to the Director of Finance in due course.

## 3.C.    Service Specific Controls

### Adult Social Services Department

3.33    The department's internal control environment has been adequately designed and operated overall, although there are some areas where controls should be strengthened further.  Management responses to the findings from our work have been positive and indicate that action has or will be taken where issues have been identified.

3.34    The department is very active in driving forward the government's social care change agenda and in implementing more effective ways of working. In particular, progress on the implementation of self-directed support as part of the wider personalisation agenda is gaining momentum in the areas of both personal social care and commissioning.

3.35    Significant improvements have been made to the operation of the non-residential care system, although at the time of our audit, progress on debt management has been slow. Discussions have taken place with senior management from the department regarding this and actions required to develop more effective systems agreed.

### Children and Young People Department

3.36    Overall, the departments internal control environment is generally adequate; controls are adequately designed and effectively operated, although there are some areas where controls should be strengthened further including the systems in place for Leaving Care Grants and Instrumental Music Services. Issues were also identified with many Schools regarding the effectiveness of the Statement of Internal Control prepared for 2008/09. Detailed discussions have taken place with senior management from the department and various actions agreed to address all of the issues identified and improve the systems of control in operation.

### Technical Services Department

3.37    Overall, the internal control environment in operation within the department is generally considered to be effective, with controls over systems being well designed and managed. Management response to our work has been good and action is always taken promptly in response to the findings of our work. The Director contributes very actively to the preparation of the annual internal audit plan and operates a very 'hands on' approach to subsequent review and

inspections. All internal audit reports are personally considered jointly by the Director and the Head of the relevant Service and appropriate actions delegated to responsible officers and implementation monitored accordingly.

3.38    Some areas for improvement were identified following audits conducted during the year and appropriate actions taken to address issues raised within agreed timescales. These systems included Variations to Works Contracts, Car Parking and the new Highways Maintenance Contract recently entered into.

### Finance Department

3.39    Overall the departments internal control environment is considered to be effective with controls well designed and operated. In some areas, including a number of key systems the control environment is assessed as being excellent. Management are largely very proactive when considering and designing necessary controls and are aware of the value of having strong systems in operation. Audits and inspections are mainly welcomed as an opportunity to seek assurances regarding the adequacy and effectiveness of systems in place.

3.40    Some areas for improvement were identified and meaningful discussions have taken place with management regarding the most effective methods of reducing risks and developing more robust systems. Issues identified following audits have in the main been addressed and where this is not the case work is currently in progress.

### Pension Fund

3.41    On the basis of the work undertaken during the year, overall the internal control environment is adequately designed and operated, with some areas such as the Benefits and Payroll services being particularly well controlled.

3.42    However, given the nature of the Pension Fund operations and the significance of the finances involved the risks are considerable for this type of business and in some areas such as compliance with Council policy and procedure further improvements are required to ensure that the control environment remains efficient and effective. Management are committed to working with us to ensure that these issues are addressed and that the controls in operation are improved.

### Corporate Services

3.43    Overall, the departments internal control environment is generally sound; controls are adequately designed and effectively operated with some areas such as Invest Wirral and LA Rewards Targets able to demonstrate very effective systems of control in operation. However there are still some areas where the systems of control should be strengthened further. Management response to the findings from our work has been positive and indicate that action has or will be taken where issues have been identified.

3.44   The department continues to be very active in driving forward positive change as evidenced by the implementation of the new Community Engagement Strategy and the Performance Management Internet facility.

3.45   Procedures for the award of Grants to Voluntary Organisations both within the department and across the Council as a whole have a number of acknowledged problems, mostly relating to the consistency of approach and implementation of procedures. Recommendations arising from work conducted within Corporate Services have been put on hold for the time being pending a more detailed and wide ranging review to be undertaken as part of the Internal Audit Plan for 2010/11.

**Law, HR and Asset Management**

3.46   Extensive reorganisation and the appointment of a number of key members of staff at senior management level during the period have presented a significant challenge for the department. However, things are now starting to settle down and management are implementing systems necessary to comply with legislative and best practice requirements and drive the department forward. Consequently, the overall control environment is currently assessed as improving although it is acknowledged that further improvements are required for this progress to continue.

3.47   As a result of the issues identified problems have been experienced in attempting to audit some of the systems in operation during the year. Auditors have been unable to provide management with an opinion on the effectiveness of the Risk Management systems in operation and consequently this work has had to be rescheduled and included in the Internal Audit Plan for 2010/11. The resulting outcome for the Council being that a comprehensive opinion on the effectiveness of the whole of the Risk Management arrangements was not possible at the time of the audit. Management from within the department have been notified of this and the resulting action and are eager to assist in the completion of this work at the earliest opportunity.

**Regeneration**

3.48   Overall, the internal control environment was assessed as being generally adequate following work conducted throughout the year. However, following the retirement of the Director towards the end of the year some disruption has occurred to well established systems as individual work divisions have been temporarily relocated within other departments. In the future the Regeneration Department will cease to exist in its previous form having been significantly restructured and its workload largely incorporated into the structure of other departments on a more permanent basis. It is very important therefore, that during this ongoing transition the control environment does not become overly destabilised and that the Housing and Regeneration, Cultural Services, and Regulation divisions are quickly established and the new arrangements formalized within the Council's overall organizational structure early in the new financial.

3.49    Work is scheduled for 2010/11 to evaluate the revised arrangements for the delivery of these services during this transitional phase and the Internal Audit Service will be providing ongoing advice and guidance regarding appropriate controls, with more emphasis on the robustness and flexibility of controls in operation during this developmental period.

3.50    A number of control issues of a high level nature were identified during audits conducted of the Tendering and Contracting procedures and processes in operation at the Floral Pavilion and appropriate actions taken immediately by management to address these issues. Follow up audit work is scheduled for 2010/11 to assess the effectiveness of these actions.

### Wirral Schools

3.51    The 2009/10 audit plan included 122 days for work relating to internal control frameworks and governance arrangements in schools and 146 days have been spent visiting 22 Schools to conduct this work. We have considered financial management, ICT security, corporate governance, safeguarding assets, health and safety engagement, extended services and voluntary fund management as part of this work.

3.52    We undertook 38 visits to Schools and assessed them for compliance with the Financial Management Standard in Schools (FMSIS) initiative in accordance with the timescale identified in the Education Act. Following these visits the Section worked with Schools to ensure that the required standard was achieved and all required actions implemented by the target deadline.

3.53    All of the issues identified in reports were discussed with Headteachers and Governors were appropriate and required actions subsequently taken by them to improve the systems in operation. Further work is included in the Internal Audit Plan for 2010/11 to ascertain the ongoing effectiveness of these arrangements and any improvements made.

### Follow-up Work

3.54    We have undertaken work to ascertain progress in implementing agreed recommendations resulting from earlier reviews. All of the recommendations we have agreed with management have either been implemented as agreed or are in the process of being implemented. Revised action plans have been obtained detailing the progress to date and a timescale for full implementation were this has not already been achieved.

### Audit Work for Other Organisations

3.55    The Internal Audit Service also undertakes a small amount of audit works for two local Housing Associations, Wirral Methodists and Family Housing. The provision of this work is regarded as being an

excellent opportunity for training and developing audit staff although is undertaken on a commercial fee basis.

# 4      Internal Audit Inputs

4.1     The outputs of our audit work have been reported in detail to the senior management teams of individual service areas, and the key themes arising for them and for the Council as a whole are set out in Section 3 above.   However, in fulfilling its duty to consider the performance of the Internal Audit Service, all of our stakeholders will be interested, on behalf of the Council, to understand the way that the Internal Audit Service has been staffed and its resources deployed.

**Internal Audit Service Establishment - 2009/10**

4.2     The Internal Audit Service has a very professionally competent and committed workforce that has adapted well to enforced changes and developments in working practices implemented during the year to increase efficiency. These measures were necessary to address a significant shortfall in staffing resource experienced throughout the year.

4.3     The service has again experienced a high staff turnover during the year, on account of the experience, competency and marketability of the majority of the workforce. It is however hoped that the establishment will begin to again settle down after some recent changes and in the current economic climate.

4.4     The Internal Audit Service has particularly felt the loss of a Senior ICT Auditor for the majority of the year, although an appointment was made to this post in December 2009. However, the Principal ICT Auditor and team leader has recently been called up for active service with the Royal Naval Reserve and will be absent for the majority of 2010/11. It is our intention to purchase some ICT audit services from outside of the organisation to assist in the delivery of the plan in this area during the forthcoming year.

4.5     The Section was also without the services of a further two Senior Auditors for a large part of the year, although appointments have now been made to both these posts. However one of these appointments has now opted to work in a part time capacity.

4.6     A number of vacancies have also existed at Assistant Auditor level during the year although internal appointments have now been made creating vacancies at Audit Assistant level. It is anticipated that appointments will be made to these posts shortly.

4.7     Sickness levels amongst the internal audit workforce are amongst the lowest in the Council and compare very favourably with all national indicators for this type of profession, a considerable achievement given the very stressful nature of the audit work at times. The total number of days lost due to sickness during the year is minimal

### Internal Audit Plan - 2009/10

4.8 Due to the very high staff turnover experienced, and as reported to senior management and the Audit and Risk Management Committee during the year, we were unable to deploy the full number of audit days planned this year and consequently did not complete the number of audits that we would have liked. We planned to provide 6786 days input but actually only provided 5133 equating to 76% and allowing us to complete 303 audits against a target of 458 equating to 66%.

4.9 **This is still a significant achievement and importantly the Section has completed all of the high and intermediate priority audits identified in the Audit Plan as being essential to the provision of our 'annual assurance opinion' on the effectiveness of the Council's control environment**.

4.10 This work is required by the Audit Commission and essential to the well being of the organisation. The actual work conducted has involved audits of the Council's corporate Financial and ICT systems, and its Governance and Risk Management arrangements. Completion of this work should allow the Audit Commission to gain a reasonable level of assurance whilst undertaking their external audit work and formulating an opinion of the Council's overall control and governance environment.

4.11 The total time involved in managing the Internal Audit Service and providing support to the senior management team and members together amounts to 544 days against a plan of 625 days.

4.12 The individual audits completed and days spent on each area of our audit plan, by service area, are set out in the table on the next page:

Wirral Council Internal Audit Service
Annual report for the year ended 31 March 2010

| Audit Area | Planned Audits | Planned Audit Days | Actual Outturn | | Variance (%) | |
|---|---|---|---|---|---|---|
| | | | Audits | Days | Audits | Days |
| **CORPORATE RISK** | | | | | | |
| Corporate Governance | 6 | 219 | 6 | 286 | - | 30 |
| Risk Management | 1 | 33 | 1 | 42 | - | 27 |
| Anti Fraud | 40 | 403 | 40 | 359 | - | -11 |
| Works Contracts | 55 | 312 | 55 | 289 | - | -7 |
| **SUB-TOTAL** | **102** | **967** | **102** | **976** | **-** | **10** |
| **PERFORMANCE** | | | | | | |
| Performance Management | 2 | 60 | 2 | 48 | - | -20 |
| Local Area Agreements | 2 | 56 | 2 | 57 | - | 2 |
| **SUB-TOTAL** | **4** | **116** | **4** | **105** | **-** | **-9** |
| **DEPARTMENT SYSTEMS** | | | | | | |
| Adult Social Services | 22 | 254 | 9 | 271 | -59 | 7 |
| Children and Young Peoples | 71 | 473 | 29 | 400 | -59 | -15 |
| Corporate Services | 6 | 93 | 3 | 98 | -50 | 5 |
| Finance | 70 | 840 | 36 | 821 | -48 | -2 |
| Law, HR & Asset Management | 43 | 383 | 20 | 187 | -53 | -51 |
| Regeneration | 45 | 406 | 26 | 291 | -42 | -28 |
| Technical Services | 20 | 154 | 11 | 126 | -45 | -18 |
| **SUB-TOTAL** | **277** | **2603** | **134** | **2194** | **-52** | **-15** |
| **ICT SYSTEMS** | 30 | 526 | 18 | 326 | -40 | -38 |
| **EXTERNAL CONTRACTS** | 45 | 352 | 45 | 416 | - | 18 |
| **SUB TOTAL** | **75** | **878** | **63** | **742** | **-16** | **-15** |
| Development/Training | | 2226 | | 1116 | - | -50 |
| **TOTAL AUDIT DAYS** | | **6786** | | **5133** | | **-24** |
| **TOTAL AUDITS** | **458** | | **303** | | **-33** | |

## 1.     Scope, Responsibilities and Assurance

### 1.1.     Approach

1.1.1.    In accordance with the CIPFA Code of Audit Practice, the scope of internal audit encompasses all of the Council's operations, resources and services including where they are provided by other organisations on their behalf.

### 1.2.     Responsibilities of Management and Internal Auditors

1.2.1    It is management's responsibility to maintain systems of risk management, internal control and governance. Internal audit is an element of the internal control framework assisting management in the effective discharge of its responsibilities and functions by examining and evaluating controls. Internal auditors cannot therefore be held responsible for internal control failures.

1.2.2.    However, we have planned our work so that we have a reasonable expectation of detecting significant control weaknesses. We have reported all such weaknesses to Chief Officers as they have become known to us, without undue delay, and have worked with them to develop proposals for remedial action.

1.2.3.    Internal audit procedures alone do not guarantee that fraud will be detected. Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud or other irregularities which may exist, unless we are requested to carry out a special investigation for such activities in a particular area.

1.2.4.    Internal audit's role includes assessing the adequacy of the risk management processes, key internal control systems and corporate governance arrangements put in place by management and performing testing on a sample of transactions to ensure those controls were operating for the period under review.

### 1.3.     Basis of Our Assessment

1.3.1.    My opinion on the adequacy of control arrangements is based upon the result of internal audit reviews undertaken and completed during the period in accordance with the plan approved by the Audit and Risk Management Committee. We have obtained sufficient, reliable and relevant evidence to support the recommendations that we have made.

### 1.4.     Limitations to the Scope of Our Work

1.4.1.    There have been no limitations to the scope of our work.

### 1.5.     Limitations on the assurance that internal audit can provide

1.5.1.    There are inherent limitations as to what can be achieved by internal control and consequently limitations to the conclusions that can be

drawn from our work as internal auditors. These limitations include the possibility of faulty judgement in decision making, of breakdowns because of human error, of control activities being circumvented by the collusion of two or more people and of management overriding controls. Also there is no certainty that internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks which may arise in future.

1.5.2. Decisions made in designing internal controls inevitably involve the acceptance of some degree of risk. As the outcome of the operation of internal controls cannot be predicted with absolute assurance any assessment of internal control is judgmental.

## 1.6. Access to this Report and Responsibility to Third Parties

1.6.1. I have prepared this report solely for Wirral Council. As you are aware, this report forms part of a continuing dialogue between the Internal Audit Service, the Director of Finance, Chief Executive, Audit and Risk Management Committee and management of the Council. It is not therefore intended to include every matter that came to our attention during each internal audit review.

1.6.2. I acknowledge that this report may be made available to other parties, such as the external auditors. I accept no responsibility to any third party who may receive this report for any reliance that they may place on it and, in particular, I expect the external auditors to determine for themselves the extent to which they choose to utilise our work.

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**WIRRAL COUNCIL**

**AUDIT AND RISK MANAGEMENT COMMITTEE**

**30 JUNE 2010**

**REPORT OF THE CHIEF INTERNAL AUDITOR**

**INTERNAL AUDIT WORK:  APRIL TO MAY 2010**

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' and 'Medium' 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.

1.3.    The Internal Audit Plan for 2010/11 was approved by this Committee at it's meeting in March 2010.

1.4.    The Internal Audit Plan identifies all of those audits required to provide the Council with adequate assurance regarding the effectiveness of its systems in operation to manage and mitigate all of the identified risks to the achievement of the Council's objectives. It is essential therefore that the audit plan is delivered to ensure that the 'annual assurance opinion' on the effectiveness of the Council's control environment is not qualified and supports the delivery of the Annual Governance Statement. Although in the very early stages of the delivery of the plan, the Section is confident of achieving this objective by year end.

2.      **INTERNAL AUDIT – PERFORMANCE**

2.1.    This report summarises the audit work completed between 1 April 2010 and 31 May 2010. The specific nature of the work that has been undertaken or is currently ongoing is identified in Appendix I. 30 audit reports were produced during this period identifying 31 high and 26 medium priority recommendations. Management has agreed to implement all of the recommendations made within a satisfactory timescale. Those reports identifying high and medium 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 2010 to 31$^{st}$ May 2010:

2.2.1. To ensure that the Internal Audit Plan is delivered by the 31 March 2011.

**Acheivement of IA Plan on a monthly basis**
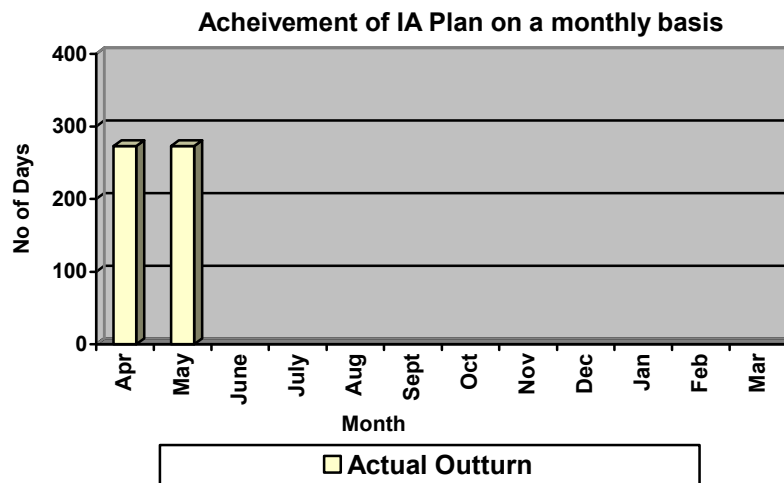


2.2.1.a. This is an input based measure i.e. the estimated number of days required each month to deliver the whole of the Internal Audit Plan. 4250 days are actually required to deliver the plan for this year, equating to approximately 355 days per month. As can be seen from the graph, no more than 77% (273 days) of the resource days have been available each month to date. This is mainly due to staff resources being unavailable as a result of vacancies and some members of staff being deployed undertaking investigations that were not included in the plan. This shortfall is not considered significant at the moment and the Section remains confident that its targets can still be achieved, provided that the situation does not deteriorate. This will continue to be very closely monitored by management and any appropriate actions taken as needed and reported to this Committee.

2.2.2. To ensure that all planned audits are completed.

The Internal Audit Plan comprises a substantial number of audits essential to the provision of the 'annual assurance opinion' and are designed to review the key risks to Council systems. Delivery of these audits accounts for 3030 days of the plan. The remainder of the plan, 1220 days relates to audits designed to evaluate the effectiveness of the Council and the achievement of its overall objectives and whilst important are not necessary to support the actual assurance opinion. This 'other' work is considered essential to the well being of the organisation and complies with CIPFA best practice guidance. Work identified in this area includes the Strategic Change Programme, Managing Fraud audits and some ICT projects. It is essential that all of the assurance opinion work is completed in the year to enable the opinion on the effectiveness of the Council's control environment to be provided. The graph below identifies the planned audits completed each

month for the year to date, subject to variances arising from the changing dynamics of the plan, including requests from Chief Officers and Members for additional work. With a full complement of staff for the year it is expected that nearly 600 audit reports including follow ups, some of which relate to the 2009/10 Audit Plan, will be issued.

**Planned Audits Completed**
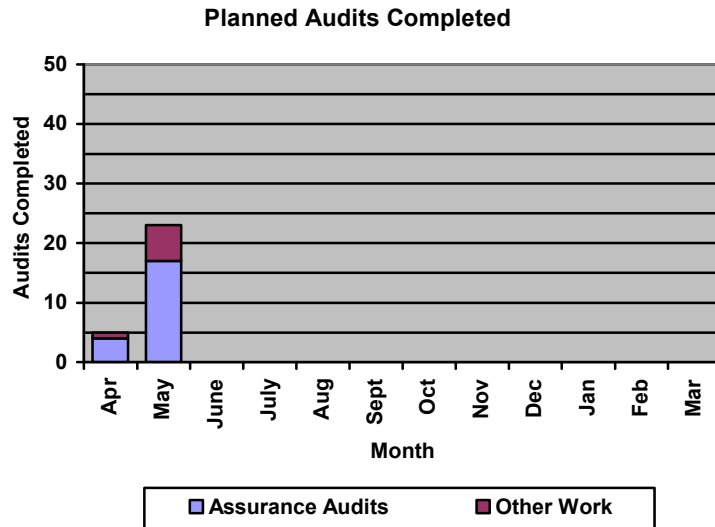


2.2.2.a. To date 30 reports plus follow ups have actually been produced representing 30% of those planned for the period. This figure might appear low, however it does not though include a significant number of audits, including follow ups, that are currently ongoing and scheduled for completion later this period and as identified at Appendix I. It also does not take account of a large number of jobs that were included in the previous year's plan and have been brought forward for finalisation during the early part of the current year. This anomaly should be addressed at the end of the current financial year when a proportion of jobs being worked on from the current years plan are carried forward into 2011/12 for completion.

2.2.2.b. Overall performance is however slightly below target for the time of year, primarily as a result of requests for audits and investigations not originally included in the audit plan. This is not considered serious at this stage and it is my opinion that this shortfall can be made up during the remainder of the year. The position will continue to be monitored and any appropriate actions taken to ensure continued delivery of the plan and these actions notified to this Committee in due course.

2.2.2.c. The chart also clearly indicates that of the audits completed to date, a significant proportion represent work undertaken to support the 'annual assurance opinion'. This reflects the deliberate policy of the Internal Audit Section to complete as many of these audits as early as possible, however for operational reasons some of these audits cannot be delivered until later in the year. The Section has all of these audits scheduled for the remainder of the year and is confident that the target of completing these by the year end will be achieved.

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

**Customer Survey Forms**
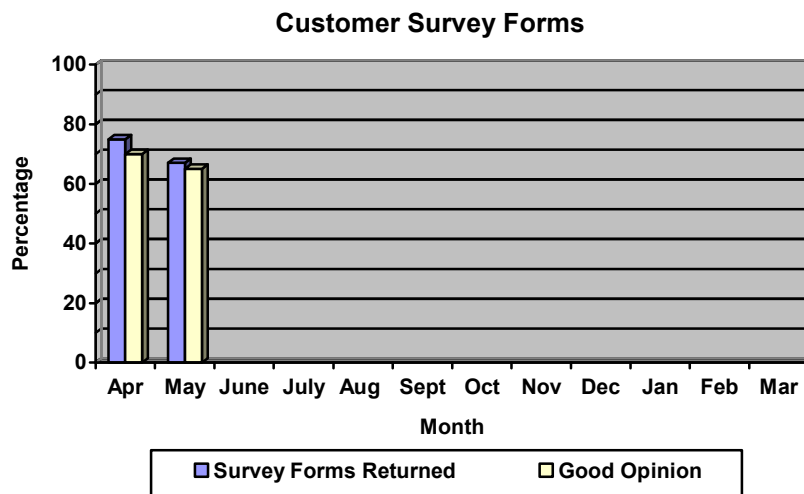


2.2.3.a. Customer survey forms are completed by the clients following the completion of an audit and pose a number of questions relating to the actual audit, its findings and the conduct of the auditor. The chart identifies the percentage of those forms returned that indicate a positive opinion of the 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.

2.2.4 Follow up Audits

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 completed 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 and Medium priority nature. The table also indicates the audit opinion provided on the effectiveness of the control environment, where 4* indicates an excellent rating.

| Audit | Total Recs Agreed | Recs Not Agreed | Audit Opinion Provided |
|---|---|---|---|
| Floral Pavilion – Follow Up Review | 2 | - | 3* |
| Cashiers Imprest Account | 1 | - | 4* |
| Mount Primary School – Financial Management Standards In Schools Audit (FMSIS) | 9 | - | 2* |
| Wirral Tennis Centre – Final Account audit | 1 | - | 3* |
| COLAS Contract Evaluation Review | 1 | - | 3* |
| Mount Primary School – Routine Audit | 7 | - | 3* |
| Park Primary School – Routine Audit | 2 | - | 3* |
| Park Primary School – FMSIS Audit | - | - | 4* |
| Housing Benefits Assessments - Review | 2 | - | 3* |
| Pensions Liaison | 7 | - | 2* |
| Data Protection | 2 | - | 3* |
| Debtors – Civic Halls | 4 | - | 2* |
| Europa Pools | 3 | - | 3* |
| Wirral Tennis Centre | 1 | - | 3* |
| Pensby Girls Lift Installation – Final Account | 1 | - | 3* |
| Prenton High School – Routine Audit | 6 | - | 3* |
| Coroners | 2 | - | 2* |
| Departmental Risk Management | 1 | - | 3* |
| Bidston Avenue School – FMSIS Audit | 1 | - | 4* |
| Dawpool Primary School – FMSIS Audit | 7 | - | 4* |
| Oxton St Saviours Primary School – FMSIS Audit | 4 | - | 4* |
| St Georges Primary School – FMSIS Audit | 3 | - | 4* |
| St Georges Primary School – Routine Audit | 4 | - | 3* |
| St Mary's College – Routine Audit | 5 | - | 2* |
| Egremont Primary School | 2 | - | 4* |
| Annual Governance Statement | 6 | - | 3* |

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 recommendations agreed to mitigate or remove weaknesses.

## 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 2010/11.

11.2.   Audit Reports.

## 12.   RECOMMENDATION

12.1.   That the report be noted.


DAVID A GARRY
CHIEF INTERNAL AUDITOR

FNCE/99/10

**INTERNAL AUDIT PLAN 2010/11**

**WORK CONDUCTED/ONGOING – 1 APRIL to 31 MAY 2010**

1. **SYSTEMS**

   (a)   Finance
   - Cashiers
   - Housing Benefits Assessments
   - Housing Benefits Data Quality
   - Pensions Liaison
   - Payroll Control
   - Debtors – Civic Halls
   - Treasury Management
   - Leasing
   - NNDR Recovery
   - Banking Services Contract

   (b)   Law, HR and Asset Management
   - Corporate Governance
   - Payroll Testing
   - Asset Management
   - Members Allowances
   - Coroners
   - Income

   (c)   Children & Young People
   - Schools - Reviews
   - Financial Management Standard in Schools assessments
   - Instrumental Music Service
   - Procurement
   - Children's Centres
   - Contact Point
   - Social Care Contracts
   - Transport
   - Governors CRB

   (d)   Technical Services
   - Final Accounts
   - COLAS
   - Building Security
   - Service Contract – Trees & Verges
   - Greenwaste
   - Coastal Defences
   - Graffiti Contract

   (e)   Regeneration
   - Floral Pavilion
   - Europa Pools
   - Wirral Tennis Centre

|  |  | - Williamson Art Gallery |
|  |  | - Grants |
|  |  | - Libraries |
|  |  | - General Licensing |

| (f) | Adult Social Services | - Procurement |
|  |  | - Permanent Residents Care |
|  |  | - Debtors |

| (g) | Corporate Services | - Local Area Agreement |
|  |  | - Performance Management |
|  |  | - Wirral Direct |
|  |  | - Contracts |
|  |  | - Income |

| (h) | Corporate Systems | - Corporate Governance |
|  |  | - Annual Governance Statement |
|  |  | - Risk Management |
|  |  | - National Fraud Initiative |
|  |  | - Audit Commission Reports |
|  |  | - Strategic Change Program |
|  |  | - Complaints |

2.  **SCHOOLS**

   (a)   8 FMSIS Schools (incl Follow Ups)
   (b)   11 Schools audited

3.  **ICT**

   (a)   Change Program
   (b)   Data Protection
   (c)   Removable Media
   (d)   Data Transfer Security
   (e)   Computer Forensics
   (f)   BACS
   (g)   Governance
   (h)   Members ICT
   (i)   HR Self Service/Aurora
   (j)   ICT Helpdesk

4.  **PERFORMANCE AND BEST VALUE**

   (a)   Local Area Agreements Reward Targets
   (b)   Performance Indicator's

5.  **ANTI-FRAUD**

   (a)   National Fraud Initiative
   (b)   Anti Fraud Team set up.

        (c)      IDEA - Payroll

        (d)      Overseas Travel

6.      **INVESTIGATIONS**

        (a)      Pensions

        (b)      Financial Services

        (c)      DASS

7.      **OTHER**

        (a)      Wirral Methodist Housing Association – Repairs and Maintenance

        (b)      4 Final Accounts (totalling £500k examined)

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**WIRRAL COUNCIL**

**AUDIT & RISK MANAGEMENT COMMITTEE**

**30 JUNE 2010**

**REPORT OF THE DIRECTOR OF FINANCE**

**CORPORATE RISK AND INSURANCE MANAGEMENT**

1. **EXECUTIVE SUMMARY**

1.1. This report provides information to Members on the objectives for corporate risk and insurance management for 2010/11, details recent progress made against the existing objectives and the anticipated developments in the coming months.

2. **OBJECTIVES FOR 2010/11**

2.1. The principal areas of responsibility for the Corporate Risk and Insurance team remain:-

(i) Procuring appropriate, cost effective, external insurance cover and claims handling service.
(ii) Managing the Insurance Fund.
(iii) Handling internally insured claims.
(iv) Management of liability litigation.
(v) Managing the performance of outsourced claims handlers and legal providers.
(vi) Managing the insurance budget.
(vii) Facilitating and providing training as appropriate to Members and officers.
(viii) Supporting Members Chief Officers and the Local Strategic Partnership in improving the approach to managing risk and opportunity.
(ix) Supporting Council Departments and the Local Strategic Partnership in the identification, analysis and management of risk.

2.2. In relation to the above there are a number of significant individual activities which need to be addressed during 2010/11. A major new initiative beginning this financial year will involve a fundamental review of the approach to risk in relation to a new British Standard. This will be informed by the views of Members and officers and will lead to the introduction of a revised risk management policy and Risk Management Strategy. Several of the tasks set out in the table form components of that project.

| Tasks | Target date |
|---|---|
| Negotiate annual renewal of the Property Money Fidelity Guarantee and Personal Accident insurance contracts. | June 2010 |
| Conduct risk management maturity survey | June 2010 |
| Review of funding for insured liabilities | July 2010 |
| Conduct business context interviews with Members and Chief Officers | August 2010 |
| Audit of external liability claims handlers' performance | August 2010 |
| Support Chief Officers in reviewing the Corporate Risks | October 2010 |
| Produce 2011/12 insurance budget | November 2010 |
| Review of key departmental risks for 2011/12 | February 2011 |
| Negotiate annual renewal of the Liabilities Motor Computer and Engineering insurance contracts | March 2011 |
| Produce proposals for a new approach to risk | March 2011 |

3.  **INSURANCE MANAGEMENT PROGRESS**

3.1.  Liability statistics for the final quarter of 2009/10 have been produced which confirmed the expected increase in claims due to the severe winter conditions. The resulting impact on the Insurance Fund will be limited as the approaches and practices in place provide the evidence to defend the majority of the weather related liability claims.

3.2.  On 18 March 2010 Cabinet agreed to the awarding of the Legal Defence Services contract to two companies. These contracts are now in place. Renewal terms for the Professional Indemnity insurance for the year commencing 1 April 2010 were confirmed with Aviva. Reflecting a reduction in activity the premium has fallen by approximately £2,700 to £13,600. Zurich Municipal has confirmed its renewal terms for the Property Money Fidelity Guarantee and Personal Accident insurance contracts for the year commencing 1 July 2010.

3.3.  Every two years an external actuarial study is commissioned to assess the amount needed to fund anticipated liability claims for previous years. The study also provides an indication as to the scale of the contributions needed to fund liabilities expected for the forthcoming financial year. In the intervening years a self-evaluation is undertaken which was the case at the end of March 2009. An external study has been commissioned for 2010 and the outcome of the study will be reported to the Cabinet.

3.4.  The Insurance Fund accounts have been completed for 2009/10 within the agreed timetable with the Insurance fund annual report presented to Cabinet on 24 June 2010. This included an internal reassessment of liability fund requirements and whilst the results of the actuarial study are not due until July / August 2010, the relative stability of the liability account has resulted in increased optimism of future performance and therefore £2.47 million has been released from the Insurance Fund to the General Fund Balance.

3.5. Two abnormally large liability claims have been received which have the potential to significantly exceed the insurance deductible of £250,000. Both cases will be managed in co-operation with the relevant insurers for the periods in question. In terms of the ultimate financial exposure this is limited to the policy deductible.

4. **CORPORATE RISK MANAGEMENT – PROGRESS**

4.1. In relation to the study detailed in section 2.2 of this report progress has been made in a number of areas. The content of the survey relating to risk management maturity has been agreed and a list of relevant managers compiled. Initial dates have been set for the business context interviews with Members and Chief Officers as part of the review of the Risk Management Strategy.

4.2. An update on progress made in improvements to the management of corporate risks was included within the 2009/10 End of Year Performance and Financial Review.

4.3. Assistance with the implementation of the Strategic Change Programme continues including support for the Department of Law, Human Resources & Asset Management with risk management arrangements for the new Human Resources and Payroll system project.

4.4. The introduction of risk assessment paragraphs in reports to Cabinet has yet to be formally implemented. However, analysis undertaken by the Risk & Insurance Officer has shown that clearer information on risks and opportunities associated with the decisions to be taken by Members is being provided within more reports.

4.5. The individual risk registers for each Local Area Agreement (LAA) priority area have been reviewed and significant risks incorporated into the LAA Quarter 4 Performance and Risk Report.

4.6. The Risk & Insurance Officer has worked with the Performance Management Group to identify key indicators for the Corporate Risks. This information will be included in the future quarterly Performance and Financial Review reports.

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

5.1. Liability claim statistics for the first quarter of 2010/11 will be produced.

5.2. The actuarial funding study will be received and analysed before being reported to the Cabinet.

5.3. Historic abuse and old employers' liability claims are expected to continue to provide a significant ongoing workload.

5.4. Information will be collated to enable insurers to produce renewal terms for the Marine insurance policy ahead of its expiry on 30 September 2010.

5.5    The July schedule for liability trials is unusually busy with five cases already listed for hearings together with a High Court appeal.

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

6.1.    The survey of risk management maturity will be conducted and the output analysed, and the business context interviews with senior Members and Chief Officers will be held.

6.2.    The register of over-arching risks to the objectives of the Local Strategic Partnership (LSP) will be reviewed by the LSP Management Group and reported to the Executive Board.

6.3.    The individual risk registers for each Local Area Agreement (LAA) priority area will be reviewed and significant risks incorporated into the LAA quarterly Performance and Risk Report.

6.4.    Progress on the management of Corporate Risks will be reviewed by the Corporate Improvement Group and by Chief Officers and included in the 2010/11 First Quarter Performance and Financial Review. For the first time this will include key indicators for each of the Corporate Risks.

6.5.    Assistance will continue to be given in relation to the implementation of projects within the Strategic Change Programme working with the appropriate departments within the Council.

7.    **FINANCIAL IMPLICATIONS**

7.1.    There are none arising directly from this report.

8.    **STAFFING IMPLICATIONS**

8.1.    There are none arising directly from this report.

9.    **EQUAL OPPORTUNITIES IMPLICATIONS**

9.1.    There are none arising directly from this report.

10.    **ENVIRONMENTAL IMPACT STATEMENT**

10.1.    There are none arising directly from this report.

11.    **LOCAL MEMBER SUPPORT IMPLICATIONS**

11.1.    There are none arising directly from this report.

12.    **BACKGROUND PAPERS**

12.1.  Data from the Figtree claims database

12.2   Liability claim statistics.

13.    **PLANNING IMPLICATIONS**

13.1.  There are none arising directly from this report.

14.    **RECOMMENDATION**

14.1.  That the report be noted.


                            IAN COLEMAN
                            DIRECTOR OF FINANCE



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**WIRRAL COUNCIL**

**AUDIT AND RISK MANAGEMENT COMMITTEE**

**30 JUNE 2010**

**REPORT OF THE DIRECTOR OF FINANCE**

**DEPARTMENTAL AND CHANGE PROGRAMME RISK REGISTERS**

**1        EXECUTIVE SUMMARY**

1.1      At the meeting on 24 March 2010 the Committee requested sight of the risk registers prepared by individual departments and for each project within the Strategic Change Programme.  Copies of those documents are appended to this report.

**2        BACKGROUND**

2.1      In relation to departmental plans the Corporate Risk Management Strategy states that.

*'Individual departmental management teams will conduct an annual review of the key risks to achieving the Departmental Aims in the forthcoming planning period.'*

*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.'*

2.2      In relation to individual projects the Corporate Risk Management Strategy states that.

*'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'.*

Detailed guidance as to the tools and processes to be used are contained within the Project Management Handbook.

**3        DEPARTMENTAL RISK REGISTERS 2010/11**

3.1.     The identification and analysis of risks is linked directly to the planning process. Identification activity began in autumn 2009.

3.2.     Departments are required to use a common approach to the evaluation of their risks (see Appendix 1) and include a core set of information for presentation to Members.

3.3. Early versions of each departmental register were shared with the Corporate Risk and Insurance Officer. He considered the content of each document and provided feedback in relation to the quality of the analysis and the content.

3.4. The final versions of the registers were incorporated into Departmental Service Plans for 2010/11 submitted to Cabinet on 18 March 2010. Copies are attached in Appendix 2.

## 4    STRATEGIC CHANGE PROGRAMME (SCP)

4.1    The risk register for the SCP overall is attached as Appendix 3.

4.2    The risk registers for those projects having the most significant financial implications are provided in Appendix 4.  It should be noted that the Handbook for Project Management includes the requirement for all projects to be risk evaluated and this has been applied to all the projects in the SCP but for brevity the less significant risk registers have not been included.  These can be provided if required.

4.3    All project risks are also evaluated in accordance with a common standard. (See Appendix 1).

## 5    FINANCIAL IMPLICATIONS

5.1    There are none arising from this report.

## 6    STAFFING IMPLICATIONS

6.1    There are none arising from this report.

## 7    EQUAL OPPORTUNITIES IMPLICATIONS

7.1    There are none arising from this report.

## 8    COMMUNITY SAFETY IMPLICATIONS

8.1    There are none arising from this report.

## 9    LOCAL AGENDA 21 IMPLICATIONS

9.1    There are none arising from this report.

## 10    HUMAN RIGHTS IMPLICATIONS

10.1    There are none arising from this report.

## 11    PLANNING IMPLICATIONS

11.1    There are none arising from this report.

## 12    LOCAL MEMBER SUPPORT IMPLICATIONS

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

**13     BACKGROUND PAPERS**

13.1   Corporate Risk Management Strategy - September 2009.

13.2   Project Management Handbook.

**14     RECOMMENDATION**

14.1   That the content of the registers be noted.

<div align="right">
IAN COLEMAN
DIRECTOR OF FINANCE
</div>

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APPENDIX 1 – SCORING TABLES

Risk Scores and Descriptions – <u>Service Planning Risks</u>

**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 |

**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 Scores and Descriptions – <u>Project Risks</u>

**Impact**

| Description | Score | Budgetary Impact | Schedule Impact | Impact on Requirements |
|---|---|---|---|---|
| Very Low | 1 | Negligible effect on projected cost: 0 to 3% | No effect on projected schedule: < 3% | System will fully meet mandatory requirements |
| Low | 2 | Small increase on projected cost: 3 to 10% | Small schedule slip: 3 to 10% | A few shortfalls in desirable functionality |
| Medium | 3 | Significant increase on projected cost: 10 to 30% | Significant schedule slip: 10 to 30% | Minor shortfalls in one or more key parameters |
| High | 4 | Large increase on projected cost: 30 to 75% | Large delay: 30 to 50% | Major shortfalls in one or more key parameters |
| Very High | 5 | Major increase on projected cost: > 75% | Major delay: > 50% | Major shortfall in any of the critical requirements |

**Likelihood**

| Description | Score | Narrative |
|---|---|---|
| Very Low | 1 | Virtually impossible (within the lifecycle of the project) |
| Low | 2 | Unlikely, but not impossible (within the lifecycle of the project) |
| Medium | 3 | Fairly likely to occur (within the lifecycle of the project) |
| High | 4 | More likely to occur than not (within the lifecycle of the project) |
| Very High | 5 | Almost certain (within the lifecycle of the project) |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

### Risk Register – Department of Technical Services

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Work with other Merseyside Partners to deliver food waste minimisation campaigns and promote home composting | Non-delivery of named initiatives resulting in failure to maximise recycling | Tara Dumas | Loss of funding and increased disposal costs | Financial | Regular performance reporting Regular senior management review of Action Plan | 2 | 3 | 6 | Annual | N/A | Jan 2010 |
| Continue to enforce use of site waste management plans through construction contracts | Ineffective management of site waste leading to increased construction costs | Simon Fox | Inefficiency leading to loss of business and job losses | Operational | Contractual arrangements and site monitoring | 2 | 2 | 4 | Annual | N/A | Jan 2010 |
| Implementation of C ed Initiative | Insufficient or inadequate membership of scheme resulting in less carbon reduction in Wirral than would otherwise have been achieved | Tony Dodd | Fewer energy savings | Financial | Budget & expenditure monitoring | 2 | 2 | 4 | Annual | N/A | Jan 2010 |
| Review and implement strategies for road safety education for specific targeted groups | Poor or insufficient coverage of targeted groups giving no reduction in casualties in them. | Dave Rees | Failure to meet LTP objectives and targets Imposition of special measures | Operational Reputation | Regular performance reporting Regular senior management review of Action Plan | 4 3 | 3 4 | 12 12 | Half-yearly Half-yearly | To be assessed at review | Sep 2009 |
| Continue the agreed communications activities with regard to local and | Poor or insufficient response to publicity giving no reduction in | Dave Rees | Failure to meet LTP objectives and targets Imposition of special measures | Operational Reputation | Regular performance reporting Regular senior management | 4 3 | 3 4 | 12 12 | Half-yearly Half-yearly | To be assessed at review | Sep 2009 |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| national publicity campaigns | casualties | | | | review of Action Plan | | | | | | |
| Continue to implement engineering measures including local Safety Schemes Programme, Safer Routes to Schools Programme and associated community projects. | Inability to deliver agreed engineering solutions leading to no reduction in casualties | Dave Rees | Failure to meet LTP objectives and targets<br><br>Imposition of special measures | Operational<br><br>Reputation | Regular performance reporting<br><br>Regular senior management review of Action Plan | 4<br><br>3 | 3<br><br>4 | **12**<br><br>**12** | Half-yearly<br><br>Half-yearly | To be assessed at review | Sep 2009 |
| Improve the highway network through implementation of the Capital Programme | Budget pressures affect funding or poor management results in failure to deliver the agreed programme resulting in no reduction in road traffic collisions or no reduction in congestion | Geoff Bell | No reduction in casualties<br><br>More congestion | Operational | Regular performance monitoring.<br>Regular Senior management review of programme | 3 | 3 | **9** | Annual | N/A | Jan 2010 |
| Income from Professional Fees | The recession reduces the department's income from professional fees | | Significant reduction in fees from B Control and Planning Apps | Financial<br><br>Operational | Monitoring of fee income and budget expenditure | 4 | 4 | **16** | Monthly through SMT | Increased monitoring & reporting | Mar 2009 |
| Management of HESPE contract with Colas | Colas' failure to perform to agreed standards results in deterioration of roads & highways | Mike Wilkinson | Poor public perception and failure to meet NI targets resulting in detrimental CAA & LAA outcomes | Financial<br><br>Operational | HESPE governance structure<br><br>Dedicated Contracts Manager & Team | 2<br><br>2 | 3<br><br>3 | **6**<br><br>**6** | 6 monthly (as new contract from April 1st) | N/A | Sep 2009 |

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## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | infrastructure | | | | | | | | | | |
| Death or serious injury to a service user, staff member, or anyone to whom the Council owes a duty of care. | Death or serious injury to an employee of the council through breech of health & safety legislation or inappropriate control of health & safety risk | Mark Camborne | Possible prosecution and major reputational risk | Legal | Health & safety Management systems. H&S audit programme.<br><br>H&S Governance structure<br>H&S Training programme | 2 | 5 | **10** | Annually | | Jan 2010 |
| Failure to prepare adequately for/manage the impact of a pandemic. | No. 1 risk on National, Regional and Local Community Risk Registers. | Mark Camborne | Catastrophic business continuity impact with estimated absenteeism rates of 40 – 50% | Operational Service Delivery | National,Regional and County plans and a joint Wirral Council and PCT plan (Draft)<br>A full testing and exercising programme with all agencies. | 4 | 5 | **20** | 6 Monthly | Continued enhancement work on the proactive planning and collaborative working agendas. | Sep 2009 |
| Key Council services are not resilient to disruption and business continuity arrangements are inadequate. | Failure of critical service delivery function affecting the client groups. | Mark Camborne | Could lead to loss of life depending upon the length of time of disruption. | Operational | Workshops to identify the critical council functions. The establishment of enhanced business continuity plans and arrangements for those areas. | 3 | 4 | **12** | 6 monthly | Establishment of a testing and exercising programme of the departmental plans. | Sep 2009 |
| Budgets reduced to support other Council services or Departments | The recessionary pressures result in a reduction in the Department's ability to support other Council services | David Green | Significant reduction in services adversely affecting the condition of the highway network | Financial<br><br>Operational | Monitoring of fee income and budget expenditure | 4 | 4 | **16** | Monthly through SMT | Increased monitoring & reporting | Mar 2009 |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS
## Risk Register – Regeneration Department

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Prevent homelessness | Economic downturn results in increased homelessness through repossessions and relationship breakdown | Catherine Green | NI156 adversely affected | Regulatory/Legal /Statutory | Housing Advice and Homelessness prevention activity | 3 | 3 | 9 | Quarterly | Reorganisation of staffing resource if and when required | Quarterly |
| Implement new Choice based lettings system | New policy is not responsive to people with Severe and Urgent Housing Need | Catherine Green | NI156 adversely affected (homeless applicants in temporary accommodation for longer ) | Operational | Operational procedures | 2 | 4 | 8 | Monthly | Weekly monitoring of homeless applicants and adjustments to policy as required | Dec 2010 |
| Family Safety Unit | Only one member of staff within this unit does not rely upon external grant funding to fund their post. Withdrawal of external funding leads to closure of the Unit. | Steve Mc.Gilvray | Closure of unit if funding ceases The consequence for the community of Wirral is that some of its most vulnerable people are placed at increased risk by the closure. | Operational | Priorities and funding approved by CDRP on annual basis. | 3 | 5 | 15 | | CDRP monitors finance quarterly | |

# APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Analysis of violent crime | All staff within this unit relies upon external grant funding to fund their post. Withdrawal of external funding leads to closure of the Unit. | Steve Mc.Gilvray | Closure of analyst unit if funding ceases Consequences for the community are that this unit helps to direct in an intelligence-led way partnership resources to areas of proven need. Failure to identify this will lead to an increase in the gap between the most vulnerable communities and the remainder of Wirral. | 5 | Priorities and funding approved by CDRP on annual basis. | 3 | 5 | **15** | CDRP monitors finance quarterly | | |
| Business Start Up Service | Currently a 3 year rolling programme. Therefore there is a potential lack of funding beyond 2012 | Ray Squire | Service may have to be suspended. | Financial | On-going dialog with funding bodies | 2 | 4 | **8** | Quarterly | Additional lobbying to be undertaken | March 2012 |
| Working Wirral Programme | Failure of Project owners to deliver the projects associated outcomes and outputs | John Crutchley | Failure to contribute to LAA targets | Financial | Performance management systems embedded in detailed contracting progress. Grant allocation can be refocused to achieve outcomes. | 4 | 4 | **16** | Quarterly | Reviews and reports to LAA Programme Board &Cabinet. Detailed summary monitoring reports and regular project reviews and visits. | March 2011 |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Healthier Takeaway Food Project | Insufficient funding for sampling and analysis to evaluate effect of project | John Malone | Unable to evaluate and report on project | Financial | Carry forward from current sampling budget. | 2 | 2 | 4 | 6 monthly | Identify funding for sampling | June 2010 |
| Underage sales prevention programme | Cessation of PCT funding | Andy Bushell | Inability to continue with a comprehensive package of measures after 2010/11 | Financial | Funding identified to maintain one post for 20010/11 | 4 | 2 | 8 | 6 monthly | Explore opportunities for funding to continue project in 2011/12 | September 2010 |
| Deliver the HMRI Programme | Inability to deliver the HRI Programme due to reduction in funding | Chris Bowen | Limited impact upon failing housing markets and regeneration | Financial | Robust programme management and risk control of HMRI Programme | 3 | 3 | 9 | Monthly via the HMRI Implementation Group | Produce joint investment plans to support the case for future investment | Sept 2010 |
| Safety Campaigns | Marketing and officer resources not available | Colin Clayton | Delay in project | Operational | Diary dates agreed and monitored | 2 | 3 | 6 | Quarterly | Task identified in Key Issues Exchange | September 2010 |
| Review Licensing Policy | Unable to meet deadline due to other demands | Margaret O'Donnell | Judicial Challenges | Statutory | Key dates identified | 1 | 5 | 5 | 6 monthly | Key Issues Exchange | September 2010 |
| Investigate use of Red and Yellow card System | Staff Resources to undertake investigation | Margaret O'Donnell | Unable to determine effectiveness of System | Operational | Key Issues Exchange | 3 | 1 | 3 | Quarterly | Key dates identified | June 2010 |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Improve access to and maintaining independence in settled accommodation for vulnerable groups | Possible reduction in grant would result in a reduction in t he supported housing service available to vulnerable groups | Ian Grindrod/ Sheila Jacobs | Less preventative services could result in a greater demand for more expensive statutory provision and have an adverse effect on meeting NI141, 142 and PSA 16 targets | Regulatory/Legal (Contractual obligations) | Contract negotiations to identify potential savings, however existing control measures would not be sufficient if budget is substantially reduced | 5 | 4 | 20 | Monthly | Effective consultation and communication with relevant stakeholders. However the result would still be a reduction in services | April 2010 |
| Deliver adaptations Programme including the HUB system and RSL Protocol | Potential reduction in funding & a greater demand on the service | Ian Grindrod/Sheila Jacobs & Wayne Tsoi | Breech of statutory duty | Statutory | Development of service to improve processes and allocation of funding to include; development of DPHR, Joint funding arrangement with RSLs and introduction of a panel review process | 3 | 4 | 12 | Quarterly | Continued negotiations with RSLs continuing improvement to panel process | April 2010 |
| Museum's review | Review not completed | Rob Smith | No development plan for Museums | Strategic | Project timetable | 1 | 1 | 1 | Every 3 months | none | December 2010 |
| Energy conservation in Leisure centres | Work not implemented | Damian Walsh | Increased energy costs | Operational | Project timetable | 2 | 1 | 2 | Every 3 months | none | |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Heritage strategy | Strategy not commissioned | Jim Lester | Unable to apply for grants | Strategic | ------------- | 2 | 1 | 2 | Every 3 months | none | |
| RFID in libraries | RFID not installed | Sue Powell | No improvement in service | Operational | None | 3 | 2 | 6 | Every 3 months | None | |
| PACSPE | Project not progressed | Jim Lester | Unable to realise benefits | Strategic | Project Group | 2 | 3 | 6 | Every 2 weeks | None | |
| Community Asset Transfer | Assets not transferred | Jim Lester | Budget Overspend | Strategic | Project Group | 2 | 3 | 6 | Every month | Monitoring by Finance | |
| Green Flag applications | Award not achieved | Dave Cowling | No improvement to service | Operational | ------------- | 2 | 1 | 2 | Every 3 months | None | |
| Quest Accredition | Award not achieved | Damian Walsh | No improvement to service | Operational | Project Group | 2 | 1 | 2 | Every 3 months | None | |
| On line booking for Leisure centres | Not commissioned | Damian Walsh | Loss of income | Technological | ------------- | 2 | 3 | 6 | Every 3 months | None | |
| Library Health Projects | Not commissioned | Sue Powell | Reduced Service | Operational | None | 1 | 1 | 1 | Every 3 months | None | |
| SPAA projects | Not completed | Damian Walsh | Targets not achieved | Operational | Project Group | 1 | 3 | 3 | Every 3 months | None | |
| Get Into Reading | Not commissioned | Sue Powell | Reduced Service | Operational | None | 1 | 1 | 1 | Every 3 months | None | |
| Advancing Assets Programme | Assets not transferred | Lynn Williams | Budget Overspend | Operational | Project Group | 2 | 3 | 6 | Every 3 months | None | |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

## Risk Register – Department of HR, Law and Asset Management

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Implementation of HCM/Payroll system | Savings may not be achieved or potential benefits not fully realised. | Chris Hyams | Savings not achieved | Information Technology | Implementation plan and risk register already in place | 2 | 4 | 8 | Quarterly | | March 2011 |
| Implement an effective people strategy & workforce plan to anticipate and manage future workforce requirements | Shortage of appropriate employees to undertake current or emerging roles | Chris Hyams | Critical projects may fail | People | Appropriate policies and procedures | 2 | 4 | 8 | Quarterly | | April 2010 |
| Review Electoral Services (in particular practices and procedures for elections) | Over-reliance on key staff  Insufficient documented practices and procedures | Surjit Tour | Presentation of an election petition at the High Court.  Significant reputational harm  Financial loss | Operational  People | Some documented procedures  Some experienced electoral staff | 3 | 5 | 15 | Quarterly | Prepare Project Plan (to include Action Plan, Contingency Plan, Training Register, Count Plan/Manual, Risk Register and Timetable) | Dec 2010 |
| Implementation of Case Management System | IT infrastructure inadequate  Insufficient financial resource | Surjit Tour | Savings not achieved Implications to available resources/ capacity and adverse impact | IT | Project Team established to monitor and undertake procurement | 3 | 2 | 6 | Quarterly | Proactive monitoring of project | January 2011 |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | available | | on service delivery<br><br>Service targets not achieved | | exercise and delivery of project | | | | | | |
| Provide Asset Management and legal support for key transformational partnership projects such as New Brighton Phase 2, Hoylake Golf Resort, Birkenhead Town Centre, Sail Project, Wirral Waters, Hind Street redevelopment and HMRI initiative | Insufficient staff capacity to provide the support | Surjit Tour and Ian Brand | Delay in completion of projects. Susceptibility to challenge or failure to meet Council objectives. | Strategic | Review of structure to be carried out. Regular reviews of workloads. | 2 | 4 | 8 | Quarterly | Updates on progress to COMT/Cabinet | Various |
| Provide Asset Management, HR and legal support for Strategic Change Programme | Insufficient staff capacity to provide the support required | Surjit Tour , Ian Brand and Chris Hyams | Delay in completion of projects. Susceptibility to challenge or failure to meet Council objectives | Strategic | Review of all Departmental structures and capacity to be carried out. Regular reviews of workloads to ensure high priority objectives are met | 2 | 3 | 6 | Quarterly | Programme Board reviews. | Ongoing |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | |
| Review of the Council's Property Strategy and Asset Management Plan | Insufficient capacity to complete the review | Ian Brand | Delay in or inability to achieve desired outcomes | Strategic | Regular review of workloads. | 3 | 5 | **15** | Quarterly | Updates on progress to COMT/Cabinet | Sept 2010 |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

## Risk Register – Finance Department

| Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|
| Potential shortage of skills in key areas due to age profile and staff turnover | SR | Poor standards of service; cost and negative publicity from errors made; major activities / projects not completed to specification | People | Discipline of workforce planning process Equality and Diversity Action Plan | 3 | 4 | 12 | every quarter | Revision of Workforce Development Plan; revision of Equality and Diversity Action Plan | |
| Over reliance on key personnel | SR | Major activities / projects not completed to specification; health impact on staff involved | People | Workforce planning and training | 2 | 5 | 10 | every quarter | Revision of Workforce Development Plan | |
| Failure to identify and respond effectively to changing priorities and legislation | SR | Central Government targets not met; fines / penalties imposed; poor publicity; negative impact on CAA score; IFR standards not met | Regulatory | Awareness of changes maintained through relevant professional bodies and information sharing; key members of staff are trained to deal with changes; EIA programme | 2 | 4 | 8 | every quarter | Revision of Workforce Development Plan; policy scanning function; revision of Equality and Diversity Action Plan | |
| Failure to manage fluctuations in volumes of work | SR | Backlog and inability to access service at a key time | Operational | Regular communication with service providers | 3 | 4 | 12 | every quarter | Revision of Workforce Development Plan | |
| Project and service delivery limited by IT capacity | JC | Failure to deliver projects and services in department and corporately; negative impact on reputation | Information | ICT Development Strategy; Information Strategy Group | 4 | 4 | 16 | every quarter | Management review of IT services | |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|
| Failure to respond to issues raised by staff and to engage effectively | IEC | Low morale, leading to reduction in productivity, service delivery errors | People | Roadshow programme and action plan; team briefing and Key Issues Exchange; workforce development plan | 2 | 4 | 8 | every quarter | Revision of Workforce Development Plan | |
| Death or serious injury to a member of staff | SR | Injury to life or limb; potential compensation claims; breach of legislation | People | Departmental Health and Safety Policy; Health and Safety awareness training; risk assessment process | 2 | 4 | 8 | every quarter | Roadshow Action Plan | |
| Insufficient / incomplete market information for treasury and pension funds | PW TS | Negative impact on investment returns | Information | MPF Investment Strategy; use of external fund managers; continuous review of all information sources; standing item on monthly investment team meeting agenda | 2 | 5 | 10 | every quarter | | |
| Financial failure of an institution in which funds have been invested | TS PW | Financial loss; impact on reputation through negative publicity | Operational | Counterparty list; Treasury Management Policy; MPF Investment Strategy | 3 | 5 | 15 | every quarter | Regular review of counterparty list | |
| Investment returns behind benchmark | TS PW | Budget impact with higher contributions | Financial | Treasury Management Policy; MPF Investment | 3 | 5 | 15 | every quarter | | |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Strategy - use of external advisers, regular monitoring by Pensions Committee; standing item on monthly FOG agenda | | | | | | |
| Failure of key suppliers to deliver. | IEC | Potential disruption to service provision; poor bargaining position | Operational | Development of robust contracts and collaborative arrangements; defined project management approach | 2 | 5 | 10 | every quarter | Reciprocal agreements for service provision; further embed project management approach | |
| Failure of management to prepare for major interruptions to service provision. | IEC | Greater / longer disruption to service; increased costs to restore service | People | Contingency plans in some sections / services. Succession planning. Specific arrangements for IT resilience. | 4 | 5 | 20 | every quarter | Management review of IT services; revision of Workforce Development Plan | |
| Inability to deliver change management programme | DS | Failure to maximise opportunities / improve service provision; increased costs | People | Defined project management approach; key staff trained in project management techniques; enhanced governance and assurance processes | 4 | 5 | 20 | every quarter | Further embed project management approach | |
| Poor contract management e.g. pension fund mandates, | IEC | Maximum value not derived from contractors; negative publicity | Operational | Defined project management approach; specific | 3 | 4 | 12 | every quarter | Further embed project management approach; | |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|
| partnership arrangements | | (mistakes, poor service levels) | | performance management arrangements for some contracts. | | | | | further develop role of Corporate Procurement Unit | |
| Failure by Chief Officers to effectively control expenditure | IEC | Service and financial impact; reputation of the Council | Financial | Financial Strategy; regular review; scrutiny by Cabinet; responsibilities in Constitution; monthly member statement | 3 | 4 | 12 | every quarter | | |
| Major failure in data security | SR | Reputational risk; potential legal action | Operational | ICT security policy; communications policy; dedicated press/PR officer | 2 | 5 | 10 | every quarter | Wider use of encryption | |
| Failure to communicate with and manage the involvement of stakeholders (inc other departments) | IEC | Failure to complete projects and activities to specification | Operational | Use of key corporate groups to drive through | 3 | 4 | 12 | every quarter | | |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS
### Risk Register – Department of Adult Social Services

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Implementing Personal Budgets (1) | Resources Allocation System (RAS) may not be correct and cause over / underpayment in funds | Francesca Tomlin | Impact on financial expenditure and income | Financial | Pilot through the WISP project so that amendments can be made as and when necessary. | 2 | 5 | **15** | Quarterly | | |
| Implementing Personal Budgets (1) | Failure to achieve performance targets against NI 130. | Francesca Tomlin | If target not met performance levels of all LAA indicators will be reduced across the averages. | Strategic | Work stream Leads to monitor performance. Core project in corporate plan. | 4 | 5 | **20** | Quarterly | | |
| Access to Services | Agree which self assessment document is to be used | Francesca Tomlin | Changes required to ACAF /RAS may be affected by inability to reach agreement on the format with NHS WIRRAL colleagues | Operational | Pilot proposed form via the WISP pilot and test out. Make the necessary amendments as and when necessary. | 2 | 4 | **8** | Quarterly | | |
| Access to Services (5) | Increased demand for services. | Rick O'Brien | Increased financial expenditure. | Financial | Careful allocation of service to meet FACS criteria only | 2 | 4 | **8** | Quarterly | | |
| Reablement and Assessment (4) | Informal (staff generated) resistance to Project change agenda. | Rick O'Brien | | People | 1. Change agenda is clear and well communicated. 2. Integrated services job descriptions and person specifications are clear and properly constructed. | 2 | 3 | **6** | Quarterly | | |
| Integrated Commissioning (6) | Governance and pooled budget arrangements | Tina Long | | Strategic | Governance and pooled budget arrangements | 4 | 2 | **8** | Quarterly | | |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | unclear, not agreed or not adhered to | | | | prioritised, properly negotiated and monitored. | | | | | | |
| Integrated Commissioning (6) | Integration with Health Services slows down developments | Tina Long | | Strategic | Clarity regarding governance arrangements, priorities, culture and eligibility | 2 | 4 | 8 | Quarterly | | |
| Safeguarding (8) | Increased number of referrals | Rick O'Brien | Cases not processed and investigated within set timescales | People | Set process in place with all partners engaged in the process. Staff trained to deal with cases. | 3 | 5 | 15 | Quarterly | | |
| Market Management (7) | Existing providers do not keep pace with expectations of people using services | Mike Fowler | Poor standards of services. Fewer options of service available. | Reputation | All providers to be included in development of changing nature of services | 2 | 3 | 6 | Quarterly | | |
| Market Management (7) | Reduction in business for existing services and organisations | Mike Fowler | Under provision of services and increased demand. | Strategic | Development of new ways of work; de-commission some existing services. | 3 | 3 | 9 | Quarterly | | |
| Market Management (7) | Economic climate may impact on DASS and Wirral Budgets. | Mike Fowler | Reduced fees may result in providers ceasing to trade. | Financial | % for inflation need to be examined within Contracts. | 4 | 3 | 12 | Quarterly | | |
| Market Management (7) | Economic climate may impact on DASS and Wirral Budgets. | Mike Fowler | Potential increase in levels of debt for non residential charges and impact on deferred charges on properties. | Financial | Undertake assessments in a timely manner | 4 | 5 | 20 | Quarterly | | |
| Carers (10) | Economic climate may impact on implementation of | Maura Noone | Potential impact on family carers and demands on | Strategic | | 3 | 4 | 12 | Quarterly | | |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Carers Strategy. | | Mental Health support services. Increased risk of family/social tensions. | | | | | | | | |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS
## Risk Register – Department of Children and Young People

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Learning and Achievement (Improve accessibility to post 16 learning) | Failure to smoothly transfer 16 -18 responsibilities from the LSC to the Council from September 2010. | Mark Parkinson | Disruption of post 16 learning in schools and colleges across the region. | Statutory | Cross cutting group to be established within CYP LSC Toolkits with 16-18 data. Shadow arrangements in place. Timescale to be agreed for transfer of staff and resources from LSC Amend Departmental Plan. | 3 | 5 | 15 | Monthly | Continuing discussion with Merseyside authorities regarding transfer arrangements and equity of financial provision. | Sept 2010 |
| Safeguarding (Implement multi agency plans to safely support more children on the edge of care and in care, incorporating measures to be implemented through the Children in Care Act) | Possible serious incident with a child or young person. Including young people where information about them is known to a number of different agencies. | Julia Hassall | Harm to the child or young person. Damage to Corporate reputation. | Statutory | Reviews carried out by District Managers of known children / young people likely to fall into this category. High-level multi-agency review of individuals leading to improved, and consistently applied multi-agency risk management | 3 | 5 | 15 | Monthly | Monthly meetings of all senior staff with Director Annual Independent Reviewing Officer report presented to Director and Chief Executive. Multi-agency risk management framework approved and | Conti. Process March 2010 June 2010 |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | process.<br><br>Targeted support to be put in place to pre-empt, where possible, escalation of identified areas of concern. | | | | | implemented<br><br>Review of efficacy of Child in Need system and process completed and action plan in place | Sept 2010 |
| **Departmental Budget** | Risk of spend not being contained within resources allocated to department (excluding schools delegated budgets ) | David Armstrong | Overspend calling upon Council balances. Overall worsening of Council's forward position. | Strategic | Monthly monitoring and quarterly reporting to members | 5 | 4 | 20 | Monthly to Director/ DMT | Individual meetings with budget managers; consideration of vacancy freeze,; restrictions on travel, courses and other discretionary budget headings | March 2010 |
| **Changed Status of Schools** | | David Armstrong | Impact on Council of failure to properly transfer assets.<br><br>Impact on admission arrangements and pupil allocations | Regulatory / Legal/ Statutory | Asset Management team act immediately they are alerted to potential change.<br><br>School admission documents reviewed and individual admission | 2<br><br>2 | 4<br><br>1 | 8<br><br>2 | Monthly | Schools visited and level of asset transfer assessed. Expected arrangements agreed immediately Jeannette Royle<br><br>Admissions Officer visits school and clarifies | As required<br><br>As required |

**APPENDIX 2 – DEPARTMENTAL RISK REGISTERS**

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | arrangements checked against permitted criteria. | | | | | contact of parental information. John Bulmer | |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

### Risk Register – Corporate Services Department

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic Recovery Plan for Wirral | Strategy for recovery, investment and growth fails | Kevin Adderley | Planned impact of increased prosperity on the Borough, including reduced inequalities between east and west, is not realised | Strategic | Regular monitoring of Recovery Plan activity | 2 | 5 | **10** | Quarterly | Targeted action where Recovery Plan activity is failing to meet required objectives | Ongoing |
| Business support activities | Support for businesses not appropriate, accessible and / or effective | Kevin Adderley | Businesses which could have been supported fail to be set up and / or grow; Potential opportunities to develop Wirral's economy are missed | Strategic / operational | Regular monitoring of effectiveness of business support activities; Targeted marketing and communications with business sector (e.g. Wirral Business Forum) | 2 | 5 | **10** | Quarterly | Continue to work closely with the private sector and key regional agencies | Ongoing |
| Implementation of the new Growth Point Development Programme | Growth Point Development Programme fails to be implemented | Kevin Adderley | Vision for Wirral and strategy for regenerating areas of deprivation is negatively impacted | Strategic / operational | Robust project planning / project management in place; Partners / developers engaged | 3 | 4 | **12** | Quarterly | Continue to work closely with partners / developers | Ongoing |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Investment Strategy projects, including Wirral Waters | Investment Strategy projects fail | Kevin Adderley | Planned impact of increased prosperity on the Borough, including reduced inequalities between east and west, is not realised | Strategic / operational | Project management in place for key projects; partners / developers engaged | 2 | 5 | 10 | Quarterly | Continue to work closely with partners / developers | Ongoing |
| Progressing the Local Development Framework | Failure to achieve the milestones set out in the Local Development Framework | Kevin Adderley | Delay in the appropriate planning framework being in place to support the delivery of the Council's vision for regenerating Wirral | Strategic / regulatory | Regular and responsive updates on progress; additional capacity now in place | 2 | 5 | 10 | Quarterly | Targeted action where milestones are not being met | Ongoing |
| Integrated Regeneration Strategy for Birkenhead | Failure to take into account existing evidence base to support strategy; failure to integrate regeneration approaches into a single, cohesive strategy | Kevin Adderley | Strategy is not evidence-based; regeneration approaches are not integrated | Strategic / operational | Range of consultation activities planned to engage stakeholders and assess evidence | 1 | 4 | 4 | Quarterly | Targeted action to embed Integrated Strategy with other plans and strategies which set out the long-term vision for Wirral, including the SCS | June 2010 |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Implementing the International Links Strategy | Failure to implement strategy | Kevin Adderley | Benefits of international links are not realised | Strategic / operational | Capacity in place to support delivery of strategy | 1 | 3 | **3** | Quarterly | Targeted action to ensure progress on key projects is reflected in international links activities | Ongoing |
| Leading the development of Local Economic Assessments, linked to the development of Wirral's evidence base and other needs assessments such as child poverty | Failure to produce statutory Local Economic Assessment | Kevin Adderley | Council fails in its statutory duty; Wirral does not have a Local Economic Assessment to underpin its regeneration ambitions | Strategic / regulatory | Initial planning undertaken; linkages with key stakeholders established | 2 | 5 | **10** | Quarterly | Additional linkages to be made with stakeholders such as via Joint Strategic Needs Assessment work | Ongoing |
| Wirral Business Forum, engaging with Wirral businesses and key sectors | Forum not appropriate, accessible and / or effective | Kevin Adderley | Potential opportunities to develop businesses in Wirral are missed | Strategic / operational | Regular monitoring of effectiveness of Forum | 1 | 5 | **5** | Quarterly | Continue to work closely with the private sector in Wirral to develop Forum | Ongoing |
| Refreshing and monitoring Wirral's Employment and Skills Strategy | Failure to develop, co-ordinate and monitor employment and skills activities | Kevin Adderley | Appropriate interventions are not put in place; Council and partners fail to understand impact of activity | Strategic / operational | Stakeholders engaged; robust monitoring of the impact of activities | 2 | 4 | **8** | Quarterly | Continue to work closely with partners; ensure that strategy is reviewed in light of economic needs assessment | Ongoing |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Leading on the strategic development of Working Wirral activities | Failure to put in place suitable policy frameworks for implementation of Working Wirral | Kevin Adderley | Working Wirral programme does not delivery appropriate interventions needed for economic and employment growth | Strategic / operational | Regular and responsive updates on progress and refresh of appropriate policies | 1 | 4 | **4** | Quarterly | Continue to maintain close working relationship with partner organisations | Ongoing |
| Maximising tourism in 2010 | Failure to deliver successful core and other events, and other marketing activities relating to tourism and investment | Emma Degg | The Investment Strategy is not adequately supported by appropriate marketing activity, thereby reducing its potential impact | Strategic / operational | Robust programme management, with clear objectives, targets and mechanisms | 2 | 3 | **6** | Quarterly | Continue to maintain close working relationships with the private sector | Ongoing |
| Programme of activity in response to the organisational assessment element of CAA, including managing performance and use of resources | Failure to engage CAA framework and ensure that the Council is taking appropriate action | Carolyn Curr | Poor CAA rating | Strategic / regulatory | 2009/10 CAA findings aligned with Corporate Plan framework to ensure robust monitoring in 2010-11 performance reports | 1 | 4 | **4** | Quarterly | Additional action planning to ensure that the Council is improving in key areas | April 2010 |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Activity to improve co-ordination and use of customer intelligence and performance data to drive planning and service improvement | Failure to use information effectively in strategic planning and service improvement | Carolyn Curr | Plans are not evidence-based and activity is not targeted appropriately | Strategic / operational | Improvements in performance monitoring in place to ensure that the Council understands the impact of activity | 2 | 3 | **6** | Quarterly | Process for improved co-ordination of customer intelligence to be put in place including quarterly monitoring of consultation and engagement outcomes | April - May 2010 |
| Council's Equality Watch Scheme | Failure to deliver the Council's Equality Watch Scheme | Carolyn Curr | The Council does not deliver on its commitment to fair and equitable service delivery and recruiting a diverse workforce | Operational / Reputation / People | Robust programme management in place, monitored at appropriate levels | 1 | 4 | **4** | Quarterly | Establishment of an Equality Watch Monitoring / Review Group, which includes community members | May 2010 |
| Community engagement review | Failure to complete review and make recommendations | Carolyn Curr | Opportunities to join up engagement activity for the benefit of Wirral residents are not realised | Strategic / operational | Consultation undertaken with key stakeholders; mapping of engagement activities in place | 1 | 4 | **4** | Quarterly | Further consultation and review report | May 2010 |

## APPENDIX 2 – DEPARTMENTAL RISK REGISTERS

| Project / Activity | Description of Risk | Officer Responsible | Consequences | Category | Existing Control Measures | Net Likelihood Score | Net Impact Score | Net Total risk score | Risk Review Frequency | Additional Control Measures Planned | Target Date |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Corporate marketing plan | Failure to implement corporate marketing plan | Emma Degg | Increasing costs incurred by departments due to lack of corporate co-ordination/failure to promote Council activities leading to lack of understanding of services / reputational issues | Strategic / operational | Marketing plan in place | 2 | 2 | **4** | Quarterly | Monitoring of marketing activity in line with plan | Ongoing |
| Internal communications programme to support the Council's change activities | Failure to communicate effectively with staff about the Council's change activities | Emma Degg | Lack of staff engagement in change activities | People | Ongoing involvement in strategic change management to ensure key messages are communicated consistently through appropriate mechanisms, e.g. OneCouncil | 1 | 3 | **3** | Quarterly | Further work to develop internal communications | Ongoing |
| Redevelopment of the Council's website to allow more effective online interaction with the Council's customers | Council's website is not redeveloped | Emma Degg | Council is not utilising web technologies effectively to interact with customers; benefits and efficiencies not realised | Operational | Project near completion | 1 | 3 | **3** | Quarterly | Monitoring of effectiveness of site | Ongoing |
| Implementing the Comprehensive Engagement Strategy | Failure to deliver Comprehensive Engagement Strategy | Carolyn Curr | Engagement with local people and the development of the third sector is not developed strategically; benefits of joined | Strategic / operational | Structure in place to support delivery of strategy included refreshed Steering Group | 1 | 4 | **4** | Quarterly | Action planning for individual strands; further development of Steering Group | Ongoing |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | up approaches, including efficiencies, not realised | | | | | | | | |
| Improvement programme relating to the LSP / SCS / LAA | Failure to put in place actions to improve partnership working and delivery mechanisms; failure to engage with area assessment element of CAA framework and ensure that the Council and partners are taking appropriate action | Carolyn Curr | Lack of added value in relation to partnership working / reduced ability to deliver quality of life outcomes for local people; opportunity to raise profile of improvements happening in Wirral not realised | Strategic / operational | Governance review undertaken; Community Strategy adopted providing clear vision | 1 | 4 | **4** | Quarterly | Work to review and refresh Community Strategy; revisit governance review to ensure structures remain fit for purpose | June 2010 |

## APPENDIX 3 – RISK REGISTER FOR THE STRATEGIC CHANGE PROGRAMME BOARD.

| Date Last Reviewed | Risk Owner | Description of Risk | Gross Scores | | | Net Scores | | | Existing Controls | Additional Controls | Responsibility | Target Date | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Likelihood | Impact | Total | Likelihood | Impact | Total | | | | | |
| **STRATEGIC CHANGE PROGRAMME BOARD LEVEL RISKS** ( JW = Jim Wilkie Deputy Chief Executive & Director of Corporate Services) | | | | | | | | | | | | | |
| 20/5/10 | JW | SCPB not directing available resources to the greatest effect by making the best choice between alternative projects. | 3 | 5 | 15 | 2 | 5 | **10** | COMT strategy days Heads of Service away days Departmental management teams Corporate planning | Outline Business Case Options appraisal Detail project initiation documents SCPB Gateway framework | JW | Ongoing | Open |
| 20/5/10 | JW | SCPB not directing or taking corrective action to keep the programme on target due to inappropriately skilled people being appointed to SCPB programme or project management roles. | 4 | 5 | 20 | 4 | 5 | **20** | Governance and assurance arrangements | Advice & guidance from a dedicated team with the ability to step in and assume project control (subject to capacity) | JW | 30/07/2010 | Open |
| 20/5/10 | JW | SCPB not clearly communicating its decisions to programme managers. | 5 | 3 | 15 | 1 | 3 | **3** | Governance and assurance arrangements | Detail explicit responsibility for communicating SCPB decisions. | JW | 30/07/2010 | Open |
| 20/5/10 | JW | SCPB not providing sufficient capacity to effectively control the programme (Experience has shown that SCPB members cannot be expected to supply the detailed day-to-day managerial support for the whole programme). | 5 | 5 | 25 | 2 | 5 | **10** | Governance and assurance arrangements | Dedicated team to offer day-to-day managerial directives and support on behalf of SCPB to those delivering the programme. | JW | 30/07/2010 | Open |
| 20/5/10 | JW | SCPB not providing sufficient capacity to deliver the programme | 5 | 5 | 25 | 2 | 5 | **10** | Project deliverer's ability to raise issues through highlight reports. | Establish a dedicated team to support SCPB and programme managers in delivery. Improved project planning and resource allocation | JW | 30/07/2010 | Open |

# APPENDIX 3 – RISK REGISTER FOR THE STRATEGIC CHANGE PROGRAMME BOARD.

| | | | Gross Scores | | | Net Scores | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 20/5/10 | JW | SCPB not providing sufficient capacity for ICT to support the programme | 3 | 3 | 9 | 2 | 3 | **6** | ICT Strategy & development planning process | Single programme of ICT delivery that includes the change programme. | JW | Ongoing | Open |
| 20/5/10 | JW | SCPB not directing and taking corrective action to keep the programme on target due to poor project planning and target setting leading to unachievable expectations | 5 | 5 | 25 | 1 | 5 | **5** | Governance and assurance arrangements | Improved project planning including robust plans for base lining, budget identification and benefits realisation.<br><br>COMT to maintain an overview | JW | Ongoing | Open |
| 20/5/10 | JW | SCPB not directing or taking corrective action to keep the programme on target due to a lack of information from programme managers. | 5 | 5 | 25 | 1 | 5 | **5** | Governance and assurance arrangements | SCPB to address and deal with any project manager's failing to meet corporate standards of managing projects.<br><br>COMT to maintain an overview | JW | Ongoing | Open |
| 20/5/10 | JW | SCPB not directing and taking corrective action to keep the programme on target due to the inability of SCPB to address the issues raised by project managers | 5 | 5 | 25 | 3 | 5 | **15** | Cabinet monitoring the performance of SCPB | SCPB will maintain an issues log and record resolutions.<br><br>Assurance will monitor the effectiveness of SCPB in this matter and report as necessary to COMT. | JW | 30/07/2010 | Open |
| 20/5/10 | JW | SCPB not enforcing their standards and instructions on those developing, controlling or delivering the projects. | 5 | 5 | 25 | 3 | 5 | **15** | COMT strategy days<br><br>Heads of Service away days<br><br>Departmental management teams<br><br>Corporate planning | SCPB to develop suitable strategies and managerial style.<br><br>Assurance will monitor the effectiveness of SCPB in this matter and report as necessary to COMT. | JW | 30/07/2010 | Open |

**APPENDIX 3 – RISK REGISTER FOR THE STRATEGIC CHANGE PROGRAMME BOARD.**

| | | | Gross Scores | | | Net Scores | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 20/5/10 | JW | SCPB not fully engaging with key stakeholders such as partners, elected members, NHS, LSP etc. | 3 | 4 | 12 | 1 | 4 | **4** | COMT strategy days<br><br>Heads of Service away days<br><br>Departmental management teams<br><br>Corporate planning | Ensure suitable communication plans are maintained as part of the overall change programme. | JW | Ongoing | Open |
| 20/5/10 | JW | SCPB not ensuring that the change programme mechanism embraces or at the least engages with all of the corporate and departmental strategic activities. | 4 | 4 | 16 | 3 | 4 | **12** | COMT strategy days<br><br>Heads of Service away days<br><br>Departmental management teams<br><br>Corporate planning | A single group or officer to bring about a mechanism for mandatory and effective consultation between plans and strategies. At a project level, for planning to inform and be guided by related strategies. | JW | 30/07/2010 | Open |
| 20/5/10 | JW | SCPB not communicating or marketing the wider benefits of the change programme or the challenges that it is designed to overcome resulting in the change programme being seen as a peripheral interference. | 3 | 4 | 12 | 1 | 4 | **4** | COMT strategy days<br><br>Heads of Service away days<br><br>Departmental management teams<br><br>Corporate planning | Ensure suitable communication plans are maintained as part of the overall change programme. | JW | 30/07/2010 | Open |

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## APPENDIX 4 – RISK REGISTERS FOR PROJECTS WITH MAJOR BUDGETARY IMPLICATIONS.

| Date Last Reviewed | Risk Owner | Description of Risk | Gross Scores | | | Net Scores | | | Existing Controls | Additional Controls | Responsibility | Target Date | Status |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Likelihood | Impact | Total | Likelihood | Impact | Total | | | | | |
| **ASSISTIVE TECHNOLOGY PROJECT** (AC = Angie Carter - Strategic Development Manager) | | | | | | | | | | | | | |
| 03/05/10 | AC | Failure to realise revenue savings | 4 | 5 | 20 | 2 | 5 | **10** | Current financial monitoring arrangements | Evaluation Model under development (NHS Wirral) | AC | 30/06/10 | Open |
| 03/05/10 | AC | Failure to recruit to key posts | 2 | 5 | 10 | 2 | 5 | **10** | Interim secondment from NHS Wirral | | | | Open |
| 03/05/10 | AC | Health and safety of equipment used | 1 | 5 | 5 | 1 | 5 | **5** | Contract with service provider (Eldercare) | Review contract | AC | 30/06/10 | Open |
| 03/05/10 | AC | Key staff remain in post | 2 | 5 | 10 | 2 | 5 | **10** | Monitor | | | | Open |
| 03/05/10 | AC | AT does not become universal offer as part of SDA | 1 | 5 | 5 | 1 | 5 | **5** | Monitor | | | | Open |
| **MARKET MANAGEMENT PROJECT** (MF = Mike Fowler – Head of Finance & Performance Branch) | | | | | | | | | | | | | |
| 2/6/2010 | MF | Failure to realise revenue savings due to Double counting savings in overlapping projects | 4 | 5 | 20 | 2 | 5 | **10** | Current financial monitoring arrangements | 1. Engage .with other DASS project managers  2. Develop and use suitable financial monitoring. | MF | 1. 30/06/10  2. 30/06/10 | Open |
| 2/6/2010 | MF | Risk of litigation under the Competition Act | 4 | 5 | 20 | 2 | 5 | **10** | 80% of providers are engaged in co-production of framework agreement  Legal advisor on steering group | Take legal advice | MF | Ongoing | Open |
| 2/6/2010 | MF | Failure to realise revenue savings due to providers being unwilling to contract with the council. | 4 | 5 | 20 | 4 | 5 | **20** | Market influence | | | | Open |

# APPENDIX 4 – RISK REGISTERS FOR PROJECTS WITH MAJOR BUDGETARY IMPLICATIONS.

| | | | Gross Scores | | | Net Scores | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2/6/2010 | MF | Failure to realise revenue savings due to people with a personal budget not requiring the extended services from residential homes. | 4 | 5 | 20 | 2 | 5 | **10** | | 1. Marketing & awareness<br><br>2. Framework agreement | MF | 1. Ongoing<br><br>2. 31/12/10 | Open |
| 2/6/10 | MF | Failure to realise revenue savings due to lack of sufficient capacity to deliver project. | 4 | 5 | 20 | 2 | 5 | **10** | DASS Strategic Leadership Team (SLT) to allocate appropriate resources and support training programmes. | Report any issues to DASS SLT | MF | Ongoing | Open |
| 2/6/10 | MF | Failure to deliver the objectives because of the absence of key team or steering group members | 4 | 5 | 20 | 2 | 5 | **10** | DASS Strategic Leadership Team (SLT) to allocate appropriate resources and support training programmes.<br><br>The use of the corporate project management framework and supporting documents. | Project manager to ensure that the corporate project management framework is being adhered to. | MF | Ongoing | Open |
| **PEOPLE WITH LEARNING DISABILITIES PROJECT** (PT = Peter Tomlin – Principal Manager - Access & Assessment Branch) | | | | | | | | | | | | | |
| 2/6/10 | PT | Failure to realise revenue savings due to accounting issues such as:<br><br>● Lack of precision in understanding current funding arrangements between Council & NHS.<br><br>● Double counting savings in overlapping projects<br><br>● A shift in funding, grants or benefits | 4 | 5 | 20 | 2 | 5 | **10** | Current financial monitoring arrangements<br><br>Joint Savings Group established for the Partnership | 1. Create a Council Savings Group<br><br>2. Engage .with other DASS project managers<br><br>3. Develop and use suitable financial models. | PT | 1. 30/06/10<br><br>2. 30/06/10<br><br>3. 30/06/10 | Open |

# APPENDIX 4 – RISK REGISTERS FOR PROJECTS WITH MAJOR BUDGETARY IMPLICATIONS.

| | | | Gross Scores | | | Net Scores | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2/6/10 | PT | Failure to realise revenue savings due to lack of political, corporate, management & staff engagement | 4 | 5 | 20 | 2 | 5 | **10** | Approval of the SCP | 1. Suitable communication plan<br><br>2. Report any issues to SCPB | PT | 1. 30/06/10<br><br>2. Ongoing | Open |
| 2/6/10 | PT | Failure to realise revenue savings because of overlap with Wirral NHS summit projects | 4 | 5 | 20 | 2 | 5 | **10** | DASS Transformation Board | 1. Suitable communication plan<br><br>2. Define the project parameters as part of the PID and ongoing project controls. | PT | 1. 30/06/10<br><br>2. Ongoing | Open |
| 2/6/10 | PT | Failure to realise revenue savings because of delivery timetable is not achievable for 2011/12 | 4 | 5 | 20 | 2 | 5 | **10** | DASS Transformation Board | 1. Suitable project plan<br><br>2. Initial Financial Assessment | PT | 1. 30/06/10<br><br>2. 30/06/10 | Open |
| 2/6/10 | PT | Failure to realise revenue savings due to public misinterpretation of the project impact, objectives and benefits. | 4 | 5 | 20 | 2 | 5 | **10** | Highlight reports to SCPB<br><br>Press and Communications represented at SCPB | 1. Suitable communication plan<br><br>2. Report any issues to SCPB<br><br>3. Stakeholders engaged & represented in project | PT | 1. 30/06/10<br><br>2. Ongoing<br><br>3. Ongoing | Open |
| 2/6/10 | PT | Failure to realise revenue savings due to providers being unwilling to reduce unit costs of placements. | 4 | 5 | 20 | 4 | 5 | **20** | Ability to terminate contracts | | | | Open |
| 2/6/10 | PT | Failure to realise revenue savings due to lack of capacity and/or appropriate skills | 4 | 5 | 20 | 2 | 5 | **10** | DASS Strategic Leadership Team (SLT) to allocate appropriate resources and support training programmes.<br><br>Dedicated training resources within DASS | 1. Suitable training plan<br><br>2. Report any issues to DASS SLT | PT | 1. 30/06/10<br><br>2. Ongoing | Open |

**PROCUREMENT PROJECT** (RW – Ray Williams - Corporate Procurement Manager)

# APPENDIX 4 – RISK REGISTERS FOR PROJECTS WITH MAJOR BUDGETARY IMPLICATIONS.

| | | | Gross Scores | | | Net Scores | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2/6/10 | RW | Failure to realise revenue savings due to double-counting elsewhere. | 4 | 5 | 20 | 2 | 5 | **10** | Current financial monitoring arrangements | 1. Specific contract re-let financial appraisal monitoring & reporting (Yr 1&2)  2. Year 3 & 4. | RW | 1. 30/06/10  2. 24/08/10 | Amber |
| 2/6/10 | RW | Failure to realise revenue savings due to lack of political, corporate, management & staff engagement | 4 | 5 | 20 | 2 | 5 | **10** | Approval of the SCP | 1. Suitable communication plan  2. Establish Procurement Programme Board.  3. Report any indiscipline as issues to SCPB | RW | 1. 30/06/10  2. 20/07/10  3. Ongoing | Amber |
| **RE-PROVISION OF IN-HOUSE SERVICES PROJECT** (JR = Jenny Ricketts – Head of Service - Direct Locality Support Services) | | | | | | | | | | | | | |
| 2/6/10 | JR | Project does not deliver savings due to lack of member approval | 2 | 5 | 10 | 1 | 5 | **5** | Agreement in principle November 2009 Cabinet  Agreed as part of the strategic change programme  COMT approval in place  SLT/Transformation Board approval | PID to be approved by SLT/SCPB  Cabinet reports seeking approval | JR | Ongoing | Open |
| 2/6/10 | JR | Project does not deliver savings due to adverse reaction from service users | 4 | 5 | 20 | 3 | 5 | **15** | Consultation process undertaken August-November 2009 | Communications and marketing plan | JR | Ongoing | Open |
| 2/6/10 | JR | Project does not deliver savings due to adverse reaction by staff | 5 | 5 | 25 | 3 | 5 | **15** | Consultation process undertaken August-November 2009  Regular JCC to keep staff representatives updated. | Communications and marketing plan | JR | Ongoing | Open |

## APPENDIX 4 – RISK REGISTERS FOR PROJECTS WITH MAJOR BUDGETARY IMPLICATIONS.

| | | | Gross Scores | | | Net Scores | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2/6/10 | JR | Project does not deliver savings because the homes cannot be disposed of | 1 | 3 | 3 | 1 | 3 | 3 | Supply & demand for property | Seek advice from Asset manager | JR | Ongoing | Open |
| 2/6/10 | JR | Project does not deliver savings due to non-identification of all associated costs of de-commissioning services | 4 | 5 | 20 | 1 | 5 | 5 | General support from finance section | Specific research to develop a robust financial model | JR | Ongoing | Open |
| 2/6/10 | JR | Project does not deliver savings due to commercial failure of the Local Authority Trading Company | 2 | 5 | 10 | 1 | 5 | 5 | Feasibility study seeking best practice undertaken<br><br>Legal advice sought | Ensuring sufficient business skills exist within the company<br><br>Further work on the feasibility study | JR | Ongoing | Open |
| 2/6/10 | JR | Project does not deliver savings due to the inability of the market to respond to the needs of service users thus prohibiting closure of services | 2 | 5 | 10 | 1 | 5 | 5 | Current market analysis suggests capacity is available within the independent sector | Further market testing | JR | Ongoing | Open |
| 2/6/10 | JR | Project does not deliver full savings as these have been attributed to other transformation project (double counting) | 5 | 5 | 25 | 4 | 5 | 20 | General support from finance section | Specific research to develop a robust financial model<br><br>Robust integrated project planning for all related projects within DASS | JR | Ongoing | Open |
| 2/6/10 | JR | Project does not deliver full savings as some work streams are dependent on partner activity and requires sign up. | 3 | 5 | 15 | 1 | 5 | 5 | Wirral Health representation on SLT<br><br>NHS summit<br><br>Wider representation on DASS Transformation Board | Communication plan | JR | Ongoing | Open |

## APPENDIX 4 – RISK REGISTERS FOR PROJECTS WITH MAJOR BUDGETARY IMPLICATIONS.

| | | | Gross Scores | | | Net Scores | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2/6/10 | JR | Project does not deliver savings due to the capacity to deliver the project as well as day-to-day operations. | 5 | 5 | 25 | 3 | 5 | **15** | Extra capacity being sought from reform Unit | Request made for sufficient resources to manage the project (£100k)<br><br>Temporary assistance from Assurance team | JR | 22/06/10 | Open |
| **LOOKED AFTER CHILDREN PROJECT** (JH – Julia Hassall - Head of Branch - Children's Social Care) | | | | | | | | | | | | | |
| 2/6/10 | JH | Failure to realise revenue savings due to increase in demand for children's social services. | 4 | 5 | 20 | 4 | 5 | **20** | | | | | Open |
| 2/6/10 | JH | Failure to realise revenue savings due to a lack of political, corporate, management & staff engagement | 4 | 5 | 20 | 2 | 5 | **10** | Approval of the SCP | 1. Suitable communication plan | JH | 1. 30/6/10 | Open |
| 2/6/10 | JH | Failure to realise revenue savings due to lack of dedicated capacity to run the project. | 4 | 5 | 20 | 2 | 5 | **10** | Part of the current workplan<br><br>Delivery mechanisms already in place | 1. Identify potential problems as part of the initial project planning and refer to SCPB. | JH | 1. 30/6/10 | Open |
| **TRANSPORT REVIEW** (JR = Jenny Ricketts – Head of Service - Direct Locality Support Services) | | | | | | | | | | | | | |
| 2/6/10 | JR | Project does not deliver savings due to lack of member approval | 2 | 5 | 10 | 1 | 5 | **5** | Cabinet approval<br><br>Agreed as part of the strategic change programme<br><br>COMT approval in place<br><br>SLT/Transformation Board approved PID | Cabinet reports advising on progress and issues | JR | Ongoing | Open |
| 2/6/10 | JR | Project does not deliver savings or service due to adverse reaction from service users to proposals | 3 | 5 | 15 | 2 | 5 | **10** | Communications and marketing plan. | Review feedback and revise communications and marketing plan or take corrective action | JR | Ongoing | Open |

## APPENDIX 4 – RISK REGISTERS FOR PROJECTS WITH MAJOR BUDGETARY IMPLICATIONS.

| | | | Gross Scores | | | Net Scores | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2/6/10 | JR | Project does not deliver savings or service due to adverse reaction by staff to proposals | 2 | 5 | 15 | 1 | 5 | 5 | Communications and marketing plan  Regular JCC to keep staff representatives updated. | Review feedback and revise communications and marketing plan or take corrective action | JR | Ongoing | Open |
| 2/6/10 | JR | Project does not deliver savings or service due to adverse reaction of providers to proposals | 5 | 5 | 25 | 3 | 5 | 15 | Meetings with providers  Procurement processes ensure open competition | Review feedback and revise communications and marketing plan or take corrective action  Evaluate tender responses  Seek advice from Procurement | JR | Ongoing | Open |
| 2/6/10 | JR | Project does not deliver savings or service due to proposals being inappropriate or unworkable. | 5 | 5 | 25 | 1 | 5 | 5 | Business Planning, Gateway processes and governance structure | Ensuring sufficient business skills exist within the team  Specific research to develop robust proposals  Support from other departments | JR | Ongoing | Open |

## APPENDIX 4 – RISK REGISTERS FOR PROJECTS WITH MAJOR BUDGETARY IMPLICATIONS.

| | | | Gross Scores | | | Net Scores | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2/6/10 | JR | Project does not deliver savings or service due to policy changes reducing demand. | 4 | 5 | 20 | 3 | 5 | 15 | Cabinet engagement<br><br>Agreed as part of the strategic change programme<br><br>COMT approval in place<br><br>SLT/Transformation Board approval | Assess impact of policy change<br><br>Monitoring changes<br><br>Sensitivity testing<br><br>Flexible planning | JR | Ongoing | Open |
| 2/6/10 | JR | Project does not deliver savings or service due to the inability of providers to provide contingency plans. | 3 | 5 | 15 | 1 | 5 | 5 | Procurement processes to include clear specification for planned contingencies | Evaluate tender responses<br><br>Seek advice from Procurement | JR | Ongoing | Open |
| 2/6/10 | JR | Project does not deliver full savings as these have been attributed to other transformation project (double counting) | 5 | 5 | 25 | 4 | 5 | 20 | General support from finance section | Specific research to develop a robust financial model<br><br>Robust integrated project planning for all related projects within DASS | JR | Ongoing | Open |
| 2/6/10 | JR | Project does not deliver savings due to the capacity to deliver the project as well as day-to-day operations. | 5 | 5 | 25 | 2 | 5 | 10 | Project managed by the operational staff delivering the service. | Temporary assistance from Assurance team | JR | Ongoing | Open |
| **BENEFITS REVIEW PROJECT** (MJF – Malcolm Flanagan -  Head of Service - Benefits Revenues & Customer Services | | | | | | | | | | | | | |
| 2/6/10 | MJF | Failure to realise revenue savings due to the predicted assumption that best practice used elsewhere will apply to Wirral | 4 | 5 | 20 | 2 | 5 | 10 | DWP have experience of successful implementation elsewhere | 1. Engage totally with DWP<br>2. Apply DWP advice and methodology | MJF | 1.30/6/10<br><br>2.20/12/10. | Open |

## APPENDIX 4 – RISK REGISTERS FOR PROJECTS WITH MAJOR BUDGETARY IMPLICATIONS.

| | | | Gross Scores | | | Net Scores | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2/6/10 | MJF | Failure to realise revenue savings due to lack of political, corporate, management and staff engagement | 4 | 5 | 20 | 2 | 5 | **10** | Approval of the SCP | 1. Suitable communication plan<br>2. Establish project board<br>3. Report any issues to DOF | MJF | 1.30/6/10<br>2.30/6/10<br>3. Ongoing | Open |
| 2/6/10 | MJF | Failure to realise service improvement due to the predicted assumption that best practice used elsewhere will apply to Wirral | 4 | 5 | 20 | 2 | 5 | **10** | DWP have experience of successful implementation elsewhere<br>Customer satisfaction intelligence gathering | 1. Engage totally with DWP<br>2. Apply DWP advice and methodology | MJF | 1.27/4/10<br>2.20/12/10 | Open |
| 2/6/10 | MJF | Failure to realise savings due to unexpected caseload increase ( ongoing recessionary impact) | 3 | 5 | 15 | 3 | 5 | **15** | Performance measurement systems<br>Trend analysis | | | | Open |
| 2/6/10 | MJF | Cultural and organisational fears and barriers about change | 4 | 5 | 20 | 2 | 5 | **10** | Divisional team briefing process, management meetings , TU briefings | 1. Staff awareness workshops and TU consultation<br>2. Key selection of project team members, include operational staff, consistent and comprehensive communication throughout project. | MJF | 1.29/7/10.<br>2. Ongoing | Open |
| 2/6/10 | MJF | Organisation and individuals not able to cope with the demands of the new way of working and the speed of developments | 2 | 5 | 10 | 1 | 5 | **5** | Appropriate organisational skills and resource | Excellence of DWP's proven techniques/processes. Training.<br>Robust testing | MJF | Ongoing | Open |

**APPENDIX 4 – RISK REGISTERS FOR PROJECTS WITH MAJOR BUDGETARY IMPLICATIONS.**

| | | | Gross Scores | | | Net Scores | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2/6/10 | MJF | Ongoing service delivery demands/ requirements may impact on the progress of the project | 4 | 5 | 10 | 3 | 5 | **15** | Project plan is regularly monitored | Discuss resource issues with Project sponsor/ divisional operational managers | MJF | Ongoing | Open |
| **CYPD MANAGEMENT REVIEW** (DA = David Armstrong – Head of Branch Planning and Resources, AR – Andrew Roberts - Principal Manager-Finance in Planning and Resources ) | | | | | | | | | | | | | |
| 2/6/10 | DA | Failure to realise revenue savings due to not establishing the baseline staffing establishment, revenue and grant funding arrangements: Or capture all relevant savings such as car allowances & subsistence | 4 | 5 | 20 | 2 | 5 | **10** | Existing budgetary arrangements | 1. Initial validation of the savings set out in the SCP. 2. Validation of the baseline | AR | 1. 30/06/10  2. 01/08/10 | Open |
| 2/6/10 | DA | Failure to realise revenue savings due to not lack of political, corporate, management & staff engagement | 4 | 5 | 20 | 2 | 5 | **10** | Approval of the SCP | 1. Suitable communication plan 2. CYPD service managers conduct the branch reviews. 3. SCPB approval of the final implementation plan. | DA | 1. 30/06/10  2. 31/08/10  3. 23/11/10 | Open |
| 2/6/10 | DA | Failure to realise revenue savings due to unsupportive HR policies | 4 | 5 | 20 | 2 | 5 | **10** | Existing HR policies including the 2010 EVR experiences | 1. Identification of potential improvements to HR policies as part of the initial project planning. | DA | 1. 30/06/10 | Open |
| 2/6/10 | DA | Failure to realise revenue savings due to lack of dedicated capacity to run the project. | 4 | 5 | 20 | 2 | 5 | **10** | Part of the current workplan | 1. Identify potential problems as part of the initial project planning and refer to SCPB. | DA | 1. 30/06/10 | Open |
| 2/6/10 | DA | Failure to evidence revenue savings due to growth of services. | 4 | 5 | 20 | 2 | 5 | **10** | Current financial monitoring arrangements | 1. Specific financial modelling, monitoring & reporting. | AR | 1. 01/08/10 | Open |
| 2/6/10 | DA | Failure to realise revenue savings in 2010/11 due to long lead in resulting in 4 month delivery window. | 4 | 5 | 20 | 2 | 5 | **10** | Appropriate project & financial planning | 1. Minimise delay in start up 2. Adjust the financial model. | AR | 1. 30/06/10  2. 01/08/10 | Open |

| | | | Gross Scores | | | Net Scores | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2/6/10 | DA | Failure to realise revenue savings due to double-counting elsewhere. | 4 | 5 | 20 | 2 | 5 | **10** | Current financial monitoring arrangements | 1. Specific financial modelling, monitoring & reporting. | AR | 1. 01/08/10 | Open |
| **SAR: Office Review** (IB = Ian Brand Head of Asset Management)  Note that the risks of Implementing the review's approved findings will be detailed as part of planning that part of this project) | | | | | | | | | | | | | |
| 3/6/10 | IB | Project Start delayed awaiting planning and resources | 2 | 3 | 6 | | | | None | • Develop plan, allocate staff and initiate project | IB | Done | Closed |
| 3/6/10 | IB | Staff and industrial unrest affecting services and project | 5 | 5 | 25 | | | | None | • Engage TU and HR<br>• Develop suitable HR policies<br>• Design and use communications that mitigate problems | IB | As required | Open |
| 3/6/10 | IB | Inadequate skills and resources to deliver project | 2 | 5 | 10 | | | | None | • Employ Project Management techniques and skills.<br>• Develop clear plans.<br>• Use proven experience and knowledge | IB | Done | Closed |
| 3/6/10 | IB | ICT not delivered on time | 3 | 3 | 9 | | | | None | • Develop plan,<br>• Engage ICT | IB | Ongoing | Open |
| 3/6/10 | IB | Un-coordinated actions by DASS and CYPD | 4 | 5 | 20 | | | | None | Engagement of DASS and CYPD | IB | Ongoing | Open |
| 3/6/10 | IB | Budgetary impact not as expected | 3 | 5 | 15 | | | | Budget Monitoring | Revise and report on financial plans in light of changing circumstances | IB | Ongoing | Open |
| 3/6/10 | IB | Staff and managers resisting open plan offices and intense occupancy | 3 | 3 | 9 | | | | None | Develop a clear corporate standard supported by COMT and Cabinet | IB | As required | Open |

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**WIRRAL COUNCIL**

**AUDIT AND RISK MANAGEMENT COMMITTEE**

**30 JUNE 2010**

**REPORT OF DIRECTOR OF FINANCE**

**ANTI-FRAUD AND CORRUPTION POLICY**

1. **EXECUTIVE SUMMARY**

1.1. This report summarises a review of the Anti Fraud and Corruption Policy. Having such policies documented, up to date and drawn to the attention of all stakeholders is a fundamental requirement of one of the six core principles of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework.

1.2. The revised Anti-Fraud and Corruption Policy was endorsed by Cabinet on 15 April 2010. The meeting of this Committee on 18 January 2010 requested that the revised policy be submitted to a future meeting.

2. **BACKGROUND**

2.1. CIPFA and the Society of Local Authority Chief Executives (SOLACE) have produced the "Delivering Good Governance in Local Government Framework". The purpose is to enable local authorities to maintain a code of governance and to discharge accountability for the proper conduct of public business, through the publication of an annual governance statement that will make the adopted practice open and explicit.

2.2. Effective local government relies on public confidence in Councillors and officials. Good corporate governance underpins credibility but the processes involved must be transparent to all stakeholders to be effective and to give a lead in community governance e.g. making potential partners in the public, private and voluntary sectors, as well as local citizens, aware of the concept.

2.3. The fundamental principles of governance must be reflected in the core activities of Council business. These are defined in the framework as

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

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

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

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

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

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

2.4.    With regard to the third principle, the Council should have in place formal codes of conduct and protocols defining the standards of personal behaviour to which individual Members, officers and agents of the Authority are required to follow and appropriate systems to ensure they are implemented. Consequently, it is necessary that there is an up to date documented Anti-Fraud and Corruption Policy.

3.     **FINDINGS**

3.1.    The Anti Fraud Policy and Corruption Policy has been reviewed by Internal Audit to confirm that it complies with current best practice and CIPFA/SOLACE guidance during an exercise undertaken to assess the effectiveness of the overall arrangements for managing the risk of fraud. This involved undertaking a detailed exercise to examine the counter fraud policies that the Council has in place and an evaluation against current best practice contained in the 'Managing the Risk of Fraud – Actions to Counter Fraud and Corruption publication produced by CIPFA. A report on this was presented to the Audit and Risk Management Committee on 18 January 2010.

3.2.    The policy was found to be in need of updating to be compliant with all available best practice and guidance. An updated Anti Fraud and Corruption Policy has been prepared and attached at Appendix A.

3.3.    It is essential that the Policy is embedded within the culture of the organisation and pro-actively drawn to the attention of all members of staff, officers and Members of the Council. To facilitate this, the Policy will be made available on the Council Intranet and Internet and will be drawn to the attention of all Chief Officers via all available Council communication channels. Awareness training is also scheduled for later in the year including targeted sessions with relevant members of staff and the utilisation of on line training packages.

4.     **FINANCIAL AND STAFFING IMPLICATIONS**

4.1.    There are none arising from this report.

5.     **LOCAL MEMBER SUPPORT IMPLICATIONS**

5.1     There are no particular local Member support implications for any particular wards but the Policy is of relevance to all Members.

6.     **LOCAL AGENDA 21 IMPLICATIONS**

6.1.    There are none arising from this report.

7. **PLANNING IMPLICATIONS**

7.1. There are none arising from this report.

8. **EQUAL OPPORTUNITIES IMPLICATIONS**

8.1. There are none arising from this report.

9. **COMMUNITY SAFETY IMPLICATIONS**

9.1. There are none arising from this report.

10. **HUMAN RIGHT IMPLICATIONS**

10.1. There are none arising from this report.

11. **BACKGROUND PAPERS**

11.1. CIPFA/SOLACE - Delivering Good Governance in Local Government – 2007.

11.2. CIPFA - Managing the Risk of Fraud – Actions to Counter Fraud and Corruption

12. **RECOMMENDATIONS**

12.1. That the Anti-Fraud and Corruption Policy be endorsed.

12.2. That the Anti-Fraud and Corruption Policy be made available to all Members, officers, and citizens by being included on the Council Internet site and that awareness training be scheduled to promote compliance across the Council.


IAN COLEMAN
DIRECTOR OF FINANCE.


FNCE/66/10

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# ANTI FRAUD AND CORRUPTION POLICY

### 1.      Introduction

1.1.    Wirral Council employs 12,500 staff and spends many millions of pounds of public money every year delivering services to Wirral residents, Wirral businesses and visitors to Wirral. In addition the Council commissions work from other service providers.

1.2.    The size and nature of Council services mean that there is an ever present risk of loss due to Fraud and Corruption, from both internal and external sources. Fraud and Corruption undermine standards of service and reduce the resources available for the good of the whole community.

1.3.    This document, which has the full backing of Cabinet, sets out the Council's policy in relation to countering Fraud and Corruption across all Council services except Housing Benefit. The Council has a separate policy which specifically deals with Housing Benefit fraud, which can be viewed here

   **http://www.wirral.gov.uk/LGCL/100001/200008/726/ProsecutionPolicy.pdf**.

### 2.      Zero Tolerance

2.1.    Wirral Council has a zero tolerance policy to all fraud whether perpetrated by Councillors, employees, suppliers, contractors or service users.The Council is committed to the eradication of fraud and corruption and to the promotion of the highest standards of integrity. The Council will not be afraid to tackle difficult or uncomfortable cases and will take a robust line and seek maximum appropriate sanctions and redress.

   The Council is committed to delivering the corporate plan and states;

   **'Our vision is of a more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential.'**

2.2.    To do so it is essential that the resources available to the Council are maximised. Reducing fraud and the misappropriation of Council funds to an absolute minimum will ensure that Wirral will maximise resources available.

2.3.    This policy should be read in conjunction with the range of interrelated policies and procedures of the Council that provide a corporate framework to counter fraud and corruption (Appendix 1).

## 3. Definitions

3.1. The Fraud Act 2006 came into force on 15 January 2007. The Act repeals the deception offences enshrined in the 1968 and 1978 Theft Acts and replaces them with a single act of Fraud which can be committed in three separate ways:

- False representation
- Failure to disclose Information where there is a legal duty to do so
- Abuse of Position

3.2. Corruption can be defined as the giving or acceptance of inducements designed to influence official action. The law relating to Corruption is set out in the Public Bodies Corrupt Practices act 1889, the 1905 and 1916 Prevention of Corruption acts and the Local Government act 1972. In essence it is a criminal offence under the 1905-1916 legislation to corruptly receive directly or indirectly(or give) any gift, loan, fee, reward or advantage as an inducement to do or not do anything as an officer of a Local Authority. Under the 1972 Act it is an offence for an officer to accept any fee or reward other than proper remuneration under course of his her office of employment.

## 4. A Holistic Approach

4.1. The Council has adopted an integrated and holistic approach to countering fraud and corruption.The approach is built upon the key areas of deterrence, prevention, detection, investigation, sanctions and redress.

## 5. Deterrence - Maintaining an Anti Fraud Culture

5.1. The most preferable way of minimising fraud is to ensure that fraudsters and potential fraudsters are deterred from even trying to perpetrate fraud. The most effective fraud deterrent is peer group pressure, within a culture where the idea of fraud is unacceptable and in which would-be fraudsters incur the disapproval of others.

5.2. The Council expects all elected Members and employees to carry out their duties in accordance with appropriate legal requirements, professional codes, internal codes, rules and procedures and to act at all times with honesty and probity in the discharge of their functions. Codes of Conduct for Members and employees are based on the Nolan Principles of standards in Public Life and for Members, the Local Authorities (model Code of Conduct) order 2007.

5.3.   A programme of fraud awareness training will ensure that all employees are aware of their roles and responsibilities with regard to fraud. The awareness campaign will reinforce the anti fraud culture within the Council.

5.4.   Wirral Council acknowledges the hostility of the honest majority of employees, Members, residents and suppliers to the dishonest few and will take every opportunity to reinforce this view through maximising the publicity and communication of the Council's strong fraud prevention, detection, investigation, sanction and redress processes.

5.5.   The Council also expects that all outside individuals and organisations, including suppliers and contractors will act towards them with honesty and integrity.

## 6.   Prevention

6.1.   If it is not possible to deter fraudsters, then the next most preferable course of action is to prevent fraud from succeeding before there is any loss to Wirral Council funds. This can be achieved by developing systems with administrative or technical features which make them less vulnerable to fraud. These are referred to as Internal Controls.

6.2.   It is management's responsibility to establish and maintain systems of internal control and to ensure that the Council's resources are applied appropriately. Internal Audit operates as an aid to management to give assurance as to the effectiveness of Internal Control and to make recommendations for improvement. Management should strive to design the potential for fraud out of all new policies and procedures.

6.3.   It is recognised that in organisations in which fraud occurs, frauds are often perpetrated by employees who familiarise themselves with controls in order that they can circumvent these controls for personal gain. The honesty and integrity of staff is therefore paramount. It is management's responsibility to ensure that in line with the Council's Recruitment Policy appropriate pre employment screening is operated diligently to prevent unsuitable candidates from securing positions within the Council. (This includes agency staff)

## 7.   Detection

7.1.   All staff and Members should be aware of the possibility of fraud and corruption. The Council operates a Confidential Reporting (whistle-blowing) system in accordance with the Public Interest Disclosure Act 1998. Through this all employees can make referrals about suspected fraud without fear of recrimination. Once reported, suspected fraud will be investigated in line with the Council's Investigation Procedures (see 8. below).

7.2. The Council is committed to data exchange with external parties such as other local authorities and other public bodies which is aimed at detecting fraud. In line with the requirements of the Data Protection Act the Council has in place fair processing notices to facilitate this data exchange. Wirral Council fully participates in the Audit Commission's National Fraud Initiative (NFI); a biennial data matching exercise aimed at detecting fraud.

7.3. All Internal Audit reviews will have regard to the possibility of fraud. In Addition, a series of pro-active anti fraud audits are undertaken annually in areas of known fraud risk.

## 8. Investigation

8.1. In accordance with Financial Regulation 4.4.6 all Chief Officers must ensure that all suspected Irregularities and Financial Improprieties are reported to the Director of Finance. This should be done via the Anti Fraud team in the Internal Audit section.

This is essential to our approach to fraud and corruption and ensures:

- Consistent treatment of information regarding fraud and corruption,
- Proper investigation by professionally trained investigators, where necessary,
- A channel is established through which fraud Intelligence can be quickly disseminated around the Authority where necessary.

8.2. Information regarding the alleged fraud will be logged in the Internal Audit section and the severity of the alleged misdemeanor will be assessed. In consultation with the Director of the relevant Department the Chief Internal Auditor will decide whether a full investigation by Internal Audit Anti Fraud staff is required or whether the matter would be better dealt with by a trained departmental Investigating Officer (in accordance with the Disciplinary Procedure).

8.3. At the conclusion of the investigation, the disciplinary hearing will be heard by the departmental Nominated Officer. Investigating officers may be called upon to give oral as well as written evidence at the disciplinary hearing. At the conclusion of the hearing the outcome should be notified to the Internal Audit Anti Fraud team. The report and all evidence should be retained in accordance with the Council's Retention Policy.

8.4. Larger Frauds will always be investigated by professionally trained Fraud Investigators in the Internal Audit Anti Fraud team. Such investigations will be carried out in accordance with all relevant legislation including the Data Protection Act, the Police and Criminal

Evidence Act, the Proceeds of Crime Act and the Regulation of Investigatory Powers Act to ensure that any evidence obtained is fully admissible in court.

8.5.    There is a duty for all staff to assist the Council with any matter under investigation. Failure to assist with an investigation may be seen as a breach of trust or failure to comply with Financial Regulations. This could lead to disciplinary action being taken.

8.6.    All Investigators must

- Comply with the Investigating Officers Code of Ethics
- Deal promptly with the matter in accordance with a standardised time frame
- Record all evidence received appropriately
- Ensure the security and confidentiality of all evidence
- Work closely with senior managers, HR officers, the Police (where necessary) and the Courts(where appropriate)
- Ensure that maximum recoveries are made where possible on behalf of the Council

## 9.    Sanctions and Redress

9.1.    The Council will seek the strongest sanctions against staff who commit fraud against the Council. This may include any combination of the following:

- Disciplinary action in accordance with the Council's Disciplinary Procedure. An employee found guilty at a disciplinary hearing of fraud, theft or financial malpractice against the Council, may be summarily dismissed.
- Criminal prosecution – Investigations by Internal Audit are conducted to criminal standards The Council aims to prosecute anyone who commits fraud against the Council as this will act as a deterrent to other fraudsters.
- Civil proceedings to recover all amounts due to the Council.

## 10.    Summary

10.1.   The Council is committed to creating a real anti fraud and corruption and zero tolerance culture. The Council has a framework of interrelated policies and procedures which combine with this Anti Fraud and Corruption Policy to deter fraud. However, where fraud is suspected against the Council there are arrangements in place to ensure that robust investigations are conducted and where fraud is proven, all possible sanctions are considered.

# WIRRAL

**Appendix 1**

**Corporate Framework to Counter Fraud and Corruption**

- Codes of Conduct for Members and officers.

- Financial Procedure Rules.

- Accounting procedures and records.

- Sound Internal Control systems.

- Effective Internal Audit which is annually reviewed by the External Auditor. The Internal Audit Section includes officers specifically trained in fraud investigation

- Effective Recruitment and Selection procedures.

- Disciplinary Procedure.

- Fraud Investigation Protocol

- Housing Benefits and Council Tax Policy.

- Benefits Fraud Investigation Team with trained investigators.

- Risk Management Policy.

- Confidential Reporting (Whistleblowing) Policy.

- Participation in the Audit Commission's National Fraud Initiative.

- Procedures for the Declaration of Conflict of Interests, Gifts and Hospitality and Pecuniary Interests.

- Money Laundering Policy

March 2010

**WIRRAL COUNCIL**

**AUDIT AND RISK MANAGEMENT COMMITTEE**

**30 JUNE 2010**

**REPORT OF THE CHIEF INTERNAL AUDITOR**

**AUDIT COMMISSION REPORTS**

1.      **EXECUTIVE SUMMARY**

1.1     This report details the recommendations arising from reviews undertaken by the Audit Commission between April 2009 and March 2010, and also details those reports dating from 2006/07 where recommendations were previously found to be outstanding.  The report and attached Appendix details the action that Wirral Council has taken to implement the listed recommendations.

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.

3.      **FINDINGS**

3.1     The Audit Commission issued 13 final reports for the period 1$^{st}$ April 2009 to 31$^{st}$ March 2010 in respect of Wirral Council and 2 in respect of Merseyside Pension Fund. The reports and corresponding recommendations are listed in full in Appendix 1 to this report.

3.2     All reports had been reported to the appropriate Committee, with an attached action plan where required.

3.3     Assurances were obtained from responsible officers that all recommendations are either implemented or are in the process of implementation.  However, at this stage an assurance has not been able to be provided for the recommendations that are for the attention of the Director of Law, HR and Asset Management.

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 (see Appendix 1).

12. **RECOMMENDATION**

12.1. That the report is noted.

DAVID A GARRY
CHIEF INTERNAL AUDITOR

FNCE/101/10

**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 | **R1 (High)** 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. **R2 (High)** Assign responsibility for corporate co-ordination of partnership issues to one officer. (Implementation corporate guidance to remain responsibility of relevant chief officers). **R3 (High)** Draw up corporate guidelines for entering into a partnership. This should include a risk analysis of partnership working. **R4 (High)** Complete memorandum of agreements for SureStart partnerships as a matter of urgency. **R5 (High)** Ensure memorandum of agreements is prepared for future partnerships before they begin operating. **R6 (Medium)** Periodically clarify to partnership board members and partnership staff, the roles and responsibilities of partnership board members. **R7 (Medium)** Periodically check partnerships comply with Wirral's governance requirements, - for example, standing orders, ethical frame work, and declaration of interests. **R8 (High)** Ensure legal representation is available, as appropriate, to partnership board meetings. **R9 (Medium)** 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 the timeliness and quality of supporting records for grant claims. | Bill Norman Director Law, HR & Asset Management | Reports to Executive Board 2/11/06, 8/2/07 and Audit and Risk Management 28/9/06. Awaiting an assurance as to whether the recommendations made have now been fully implemented. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer providing assurance | Comments |
|---|---|---|---|---|---|---|---|
| | | | No | High | | | |
| 2. | September 2006 | Annual Governance Report | 2 | 2 | R1(High)<br>Improve year end and qualitative process for producing the financial statements to ensure the accounts presented for approval are free from significant errors.<br>R2 (High)<br>Ensure consistent accounting treatment of balances due to and from health partners in the 2006/07 accounts. | Peter Molyneux Chief Accountant Finance | R1<br>An assurance has been provided that recommendation R1 is ongoing.<br>Quality control and review processes enhanced and appropriate training provided.<br>R2<br>An assurance has been provided that recommendation R2 has been implemented. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer providing assurance | Comments |
|---|---|---|---|---|---|---|---|
| | | | No | High | | | |
| 3. | December 2006 | Working in Partnership – Health Improvement | 6 | 5 | **R1** (High)<br>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. | Sue Drew Wirral PCT | **R1**<br>An assurance has been provided that recommendation R1 has been implemented. The Terms of Reference for the Health and Well-being Partnership Co-ordination Group have been reviewed and revised. This includes clearly stating which strategic areas the group are responsible for and the governance arrangements. A performance dashboard has been implemented and ensures performance is scrutinised quarterly and there is a programme of presentations to the group on each of the strategic areas. |
| | | | | | **R2** (High)<br>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. | Tina Long Wirral PCT | **R2**<br>An assurance has been provided that recommendation R2 has been implemented. As part of the Health and Well-being Partnership Co-ordination group review of terms of reference, a commissioning sub group was established with a commissioning framework. There are now three Commissioning Managers for Health and Well-being who ensure that there are clear specifications for any funding agreements and that contracts are developed, signed and monitored. |
| | | | | | **R3** (Medium)<br>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. | Sue Drew Wirral PCT | **R3**<br>An assurance has been provided that recommendation R3 is an ongoing process. 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. |
| | | | | | **R4** (High)<br>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. | Tina Long Wirral PCT | **R4**<br>An assurance has been provided that recommendation R4 has been implemented. |
| | | | | | **R5** (High)<br>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. | Sue Drew Wirral PCT | **R5**<br>An assurance has been provided that recommendation R5 has been implemented. The Health and Well-being Partnership now has a clear framework for leading and reviewing key strategies. This is through the performance dashboard and regular reports from strategy leads. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer providing assurance | Comments |
|---|---|---|---|---|---|---|---|
| | | | No | High | | | |
| | | | | | R6 (High)<br>Building upon the neighbourhood renewal commissioning approach, all initiatives aimed at improving health need to be:<br>• clearly linked to achievement of agreed outcomes (including interim measures of achievement where overall aims are long term);<br>• clearly linked to organisational plans;<br>• regularly monitored against outcomes;<br>• assessed at least annually to ensure they are providing value for money and having sufficient impact to justify their cost; and<br>• reformed or discontinued if impact is insufficient. | Sue Drew<br>Wirral PCT | R6<br>An assurance has been provided that recommendation R6 has been implemented. |

**AUDIT COMMISSION REPORTS ISSUED 2007/2008**

**Wirral Council**

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|-----|---------------------|--------------|------|------|-----------------|----------------------------|----------|
| | | | No | High | | | |
| 1.. | May 2007 | Grant Claims and Returns | 5 | 0 | R1 (Medium) 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. R2 (Medium) 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. R3 (Medium) Review the claim and accompanying working papers for completeness i.e. no missing documents. R4 (Medium) Prepare a self assessment of the control environment and submit the assessment with the grant claim. R5 (Medium) Identify weaknesses in the grant claim control environment and discuss appropriate action with the claim preparer. | Tom Sault Head of Financial Services Finance Department | R1 An assurance has been provided that recommendation R1 has been implemented. R2 An assurance has been provided that recommendation R2 has been implemented. R3 An assurance has been provided that recommendation R3 has been implemented. R4 An assurance has been provided that recommendation R4 has been implemented. Undertaken and control environment assessments have further developed in line with Audit Commission advice. R5 An assurance has been provided that recommendation R5 has been implemented. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|---|---|---|---|---|---|---|---|
| | | | No | High | | | |
| 2. | September 2007 | Annual Governance Report | 3 | 2 | R1 (Medium)<br>Ensure the Authority's reserves and provisions are classified in accordance with appropriate accounting requirements.<br><br>R2 (High)<br>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.<br>R3 (High)<br>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. | Peter Molyneux<br>Chief Accountant<br>Finance | R1<br>An assurance has been provided that recommendation R1 has been implemented. Reserves and provisions are subject to a minimum twice yearly review and reported to members.<br><br>R2<br>An assurance has been provided that recommendation R2 has been implemented.<br><br>R3<br>An assurance has been provided that recommendation R3 has been implemented. |
| 3. | November 2007 | Final Accounts Memorandum | 11 | 6 | R1 (High)<br>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.<br>R2 (High)<br>Review brought forward provisions, contingencies, and reserves to ensure their treatment is consistent to the requirements of FRS12.<br>R3 (High)<br>Provide a reconciliation of all cash and related account balances throughout the year.<br>R4 (High)<br>Complete a full inventory of community assets held by the museum and art gallery and consolidate into the accounts and asset register. | Reg Huyton<br>Group Accountant<br>Finance | R1<br>An assurance has been provided that recommendation R1 has been implemented.<br><br>R2<br>An assurance has been provided that recommendation R2 has been implemented.<br><br>R3<br>An assurance has been provided that recommendation R3 has been implemented.<br><br>R4<br>An assurance has been provided that recommendation R4 has been implemented. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|-----|---------------------|--------------|------|------|-----------------|------------------------------|----------|
| | | | No | High | | | |
| | | | | | R5 (High)<br>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.<br>R6 (Medium)<br>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.<br>R7 (Medium)<br>Ensure that Social Services debtors for statemented direct and indirect payments are fully supported.<br>R8 (Medium)<br>Apply the Community Fund provision to redeem the WPH set up costs loan.<br>R9 (Low)<br>Communicate to all affected managers the arrangements for strengthening related party transaction disclosures.<br>R10 (High)<br>Reconcile Housing Benefit total awards to the total paid; reconcile housing benefit overpayments to the total amount of debtors raised.<br>R11 (Medium)<br>Develop the production of the Whole of Government Accounts return. | | R5<br>An assurance has been provided that recommendation R5 has been implemented.<br><br>R6<br>An assurance has been provided that recommendation R6 has been implemented.<br><br>R7<br>An assurance has been provided that recommendation R7 has been implemented.<br><br>R8<br>An assurance has been provided that recommendation R8 has been implemented.<br>R9<br>An assurance has been provided that recommendation R9 has been implemented.<br><br>R10<br>An assurance has been provided that recommendation R10 has been implemented.<br><br>R11<br>An assurance has been provided that recommendation R11 has been implemented.<br>An update session organised by CIPFA has been attended. DCLG are also running a training day which we will be attended. The system for ensuring year end accruals has been improved, is now better and reflects the information needed to complete the Counter Party data contained in the return. |

**AUDIT COMMISSION REPORTS ISSUED 2008/2009**

**Wirral Council**

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|---|---|---|---|---|---|---|---|
| | | | No | High | | | |
| 1. | July 2008 | Democratic Arrangements | 5 | 2 | R1 (Medium) Assess and review the amount of senior officer time spent on serving the current democratic arrangements and whether that currently provides value for money. R2 (High) 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. R3 (Medium) Review the current scrutiny committee structure and clearly identify the remit of each committee in order to reduce duplication of activity and review. Including: • 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. R4 (High) Continue to review the arrangements for Cabinet in order to further reduce the number of items considered. Including: • 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. R5 (Medium) Review current performance indicators to ensure they enable members to understand the impact and value for money of the Council activities. | Bill Norman Director Law, HR & Asset Management | Awaiting an assurance as to whether the recommendations made have been implemented. |
| 2. | August 2008 | Adult Social Services – | - | - | | - | A report detailing actions for improvement to controls |

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| | | | No | High | | | |
| | | Follow Up of PIDA Disclosure | | | | | was presented to the Audit and Risk Management Committee 3 November 2009, and encompassed recommendations from Internal and External Audit with the view to strengthening processes. |
| | | | | | **Update 03/11/2009**<br>**ACR1(Medium)**<br>**Complete the outstanding matters in respect of the supported living contracting process, including the completion of contracts by current providers.** | Mal Price Principal Manager (Overarching Responsibility for this action) | |
| | | | | | 1. Establish a Learning Disability Review Team to review all supported living arrangements. | Rick O'Brien Head of Service Access and Assessment | R1.1<br>An assurance has been provided that recommendation R1.1 has been implemented. |
| | | | | | 2.Second experienced Contracts Manager to LD Review Team | Rick O'Brien Head of Service Access and Assessment | R1.2<br>An assurance has been provided that recommendation R1.2 has been implemented. |
| | | | | | 3.Second a member of the Supporting People Team into the LD Review Team | Gerry Flanagan Commissioning Manager (Please note that this officer left the Department in January 2009) | R1.3<br>An assurance has been provided that recommendation R1.3 has been implemented. A member of staff from the Regeneration Department Supporting People Team was seconded to the LD Review Team for 6 months to May 2009. This allowed for the development of enhanced contract monitoring processes and provided the LD Review Team with a much improved insight into Supporting People Issues and has subsequently facilitated improved cross-department working. |
| | | | | | 4.Review all LD people who use services | Rick O'Brien Head of service Access and Assessment | R1.4<br>An assurance has been provided that recommendation R1.4 is an ongoing process. The Specialist Adult Learning Disabilities Review Team is working through a scheduled programme of reviews of all people with Learning Disabilities in Supported Living tenancies where the Department funds their support. The team has robust written procedures and staff from a number of |

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| | | | | | | | disciplines (social care, contracts, and finance) to ensure that the needs and outcomes of people receiving services are met. There is robust senior operational management oversight and quality control of the Team with the Supported Living providers involved and targets have been set for the completion of these reviews. As part of the continuing transformation agenda all people with a learning disability will be offered the opportunity to have a personal budget by 31 March 2011. The programme for the review of adults with learning disabilities has continued throughout the year. Measurement of completed reviews in adult learning disabilities as of the year end March 2010 showed that 74.16% of people receiving a service had received a review and 73.24% of adults with learning disabilities (581 people) had received a review. This figure was an improvement of last year's performance where 44.6% (331 people) received an annual review. A structured programme of reviews for supported living providers is now established. The DASS programme to offer personalised support has prioritised adults with learning disabilities under phase 2 of its pilot. The piloting of the self assessment and resource allocation system within the current statutory assessment arrangements is now being offered to adults with learning disabilities. A Transitions Team across DASS and CYPD has also been established to assist young people into adulthood and supported accommodation where appropriate. |
| | | | | | 5.Ensure a signed contract is in place for all independent sector providers with whom people are placed. | Mal Price Principal Manager Quality Assurance and Customer Care | R1.5 An assurance has been provided that recommendation R1.5 has been implemented. |
| | | | | | 6. Apply the accreditation process to in-house provision of supported living. | Gerry Flanagan Commissioning Manager | R1.6 An assurance has been provided that recommendation R1.6 has been implemented. |
| | | | | | 7.Apply full accreditation process to all existing providers (With Business) | Mal Price Principal Manager Quality Assurance and Customer Care | R1.7 An assurance has been provided that recommendation R1.7 has been implemented. |

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| | | | | | **ACR2(Medium)**<br>**Clarify plans for the subsequent re-tendering of Domiciliary Care Contract.** | Mal Price Principal Manager Quality Assurance and Customer Care | |
| | | | | | 1. Undertake a value for money appraisal of existing contracting arrangements for domiciliary care. | Mal Price Principal Manager Quality Assurance and Customer Care | R2.1<br>An assurance has been provided that recommendation R2.1 has been implemented. A single fee was approved by Cabinet on 19 March 2009 and implemented from April 2009 as a result of this action. |
| | | | | | 2. Review current contract in terms of personalisation agenda and context of individual budgets. | Mal Price Principal Manager Quality Assurance and Customer Care | R2.2<br>An assurance has been provided that recommendation R2.2 is an ongoing process. Options to develop contracts to reflect personalisation, for implementation in 2010.<br>Report was taken to Cabinet in December 2009 outlining arrangements to consult and develop a new contract in consultation with all independent sector providers including supported living which is registered as a domiciliary care service. A series of four workshops has been arranged to develop an outcome based specification that delivers personalised services. See attached presentation for workshop dates and details. The existing contract will be terminated with the new contract in place from 1 April 2011. |
| | | | | | **ACR3(Medium)**<br>**Formalise and embed contract monitoring arrangements for supported living contracts** | Gerry Flanagan Commissioning Manager | |
| | | | | | 1. Develop a Quality Assessment model for Wirral. | Gerry Flanagan Commissioning Manager | R3.1<br>An assurance has been provided that recommendation R3.1 has been implemented. |
| | | | | | 2. Develop a Monitoring schedule of all Supported Living Providers. | Gerry Flanagan Commissioning Manager | R3.2<br>An assurance has been provided that recommendation R3.2 has been implemented. |
| | | | | | 3. Undertake ten spot check inspections to test monitoring framework. | Gerry Flanagan Commissioning Manager | R3.3<br>An assurance has been provided that recommendation |

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| | | | | | 4. Report on the key findings of spot check inspections to Strategic Leadership Team.<br>To be used to inform the approach being taken when the schedule of full inspections commences in January 2009. | Mal Price Principal Manager Quality Assurance and Customer Care | R3.3 has been implemented.<br><br>R3.4<br>An assurance has been provided that recommendation R3.4 has been implemented. |
| | | | | | 5.Inform all Accredited Providers in writing how the contract monitoring framework will be implemented. | Gerry Flanagan Commissioning Manager | R3.5<br>An assurance has been provided that recommendation R3.5 has been implemented. |
| | | | | | **ACR4(High)**<br>**Complete outstanding financial assessment reviews for service users with Learning Disabilities, ensuring required financial compensation is provided** | Sandra Thomas Principal Manager Resources | |
| | | | | | 1. Undertake Financial Assessments for all 83 people supported in-house supported living services. | Sandra Thomas Principal Manager Resources | R4.1<br>An assurance has been provided that recommendation R4.1 has been implemented. All people who use services who are being reviewed are offered access to Advocacy Services and a benefit check prior to the commencement of the review. |
| | | | | | 2. Undertake a Financial Review for people supported in independent supported living provision. | Sandra Thomas Principal Manager Resources | R4.2<br>An assurance has been provided that recommendation R4.2 has been implemented. |
| | | | | | **ACR5 (High)**<br>**Ensure appropriate safeguards are applied to protect vulnerable service users from the risk of any potential financial abuse** | Mal Price Principal Manager Quality Assurance and Customer Care (Overarching Responsibility for this action) | R5<br>An assurance has been provided that recommendation R5 has been implemented. All desktop evaluations should be validated by a second member of the panel. This should be evidenced with a signature and date.<br>Only two evaluations have taken place since this action was put in place. These were signed off on 9 March 2010 prior to the companies proceeding to the interview stage. |
| | | | | | 1. Revise LD Review Team letter informing people about their pending review to include an offer to facilitate a review of their personal finances and details of how to access advocacy support. | Gerry Flanagan Commissioning Manager | R5.1<br>An assurance has been provided that recommendation R5.1 has been implemented. |
| | | | | | 2. Develop and distribute a guidance note to | Gerry Flanagan | |

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| | | | | | all providers on Daily Living Allowances in supported accommodation. | Commissioning Manager | R5.2<br>An assurance has been provided that recommendation R5.2 has been implemented. |
| | | | | | 3. Develop an "Easy read" guide to Daily Living Allowances for people who use services in consultation with people who use services. To include information on how to access advocacy services for assistance. | Gerry Flanagan Commissioning Manager | R5.3<br>An assurance has been provided that recommendation R5.3 has been implemented. |
| | | | | | 4. Obtain confirmation in writing from providers of the numbers and details of people placed with them for whom they act as appointees. | Gerry Flanagan Commissioning Manager | R5.4<br>An assurance has been provided that recommendation R5.4 has been implemented. |
| | | | | | 5. Service Manager for Safeguarding to review the issues at the heart of the original concern and confirm improvements have been made. | Steve Passey Service Manager Safeguarding | R5.5<br>An assurance has been provided that recommendation R5.5 has been implemented. |
| | | | | | 6. Ensure that all safeguarding requirements are robust at the interview stage of the accreditation process. | Gerry Flanagan Commissioning Manager | R5.6<br>An assurance has been provided that recommendation R5.6 has been implemented. |
| | | | | | 7. Confirm that all accredited providers are working to the protection of Vulnerable Adults/Safeguarding Policy for Wirral. | Gerry Flanagan Commissioning Manager | R.5.7<br>An assurance has been provided that recommendation R5.7 has been implemented. |
| | | | | | 8. Service Manager and Safeguarding Officer undertaking further review of accreditation process and contract monitoring framework. | Steve Passey Service Manager Safeguarding | R5.8<br>An assurance has been provided that recommendation R5.8 has been implemented. A further full review of the Safeguarding process was completed in September 2009 which has been reported to Members separately. |
| | | | | | 9. Ensure that Contracting, Quality Assurance and Safeguarding functions of DASS are brought together within a single portfolio managed by a Principal Manager. | John Webb Director of DASS | R5.9<br>An assurance has been provided that recommendation R5.9 has been implemented. |
| | | | | | **Internal**<br>**Audit R1(High)**<br>**Written procedures should be compiled for the accreditation process. They should be comprehensive and ensure fair competition and a consistent approach is maintained. They should be authorised** | Gerry Flanagan Commissioning Manager (Overarching Responsibility for this action) | |

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| | | | | | by the DASS Strategic Leadership Team and be readily available to all relevant staff | | |
| | | | | | 1. Develop comprehensive accreditation procedures. | Gerry Flanagan Commissioning Manager | IAR1.1 An assurance has been provided that recommendation IAR1.1 has been implemented. |
| | | | | | 2.Obtain DASS Strategic Leadership Team approval for accreditation procedures. | Gerry Flanagan Commissioning Manager | IAR1.2 An assurance has been provided that recommendation IAR 1.2 has been implemented. |
| | | | | | 3. Ensure accreditation procedures are available to all contract and commissioning staff. | Gerry Flanagan Commissioning Manager | IAR1.3 An assurance has been provided that recommendation IAR 1.3 has been implemented. |
| | | | | | **Internal Audit R2 To ensure a fair and consistent desktop evaluation and interview process, the same panel should be involved in both** | Gerry Flanagan Commissioning Manager (Overarching Responsibility for this action) | |
| | | | | | 1. Ensure that the accreditation procedures clearly state that the desktop evaluation and accreditation panel interviews must involve the same officers. | Gerry Flanagan Commissioning Manager | IAR2.1 An assurance has been provided that recommendation IAR 2.1 has been implemented. |
| | | | | | 2. Ensure that records evidence that the same officers have undertaken desktop evaluations and were involved in the interview panel for all completed assessments. | Gerry Flanagan Commissioning Manager | IAR2.2 An assurance has been provided that recommendation IAR 2.2 has been implemented. |
| | | | | | **Internal Audit R3 All desktop evaluations should be validated by a second member of the panel. This should been evidenced with a signature and date** | Gerry Flanagan Commissioning Manager (Overarching Responsibility for this action) | |
| | | | | | 1. Ensure that the procedure requires desktop evaluations to be validated by a | Gerry Flanagan Commissioning | IAR3.1 |

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| | | | | | second panel member, dated and signed. | Manager | An assurance has been provided that recommendation IAR3.1 has been implemented. |
| | | | | | 2. Ensure that records evidence validation signatures have been provided for all panels held to date. | Gerry Flanagan Commissioning Manager | IAR3.2 An assurance has been provided that recommendation IAR3.2 has been implemented. |
| | | | | | **Internal Audit R4 Each interview sheet should be scored, signed and dated by the individual undertaking the interview. This should be completed at the conclusion of the interview.** | Gerry Flanagan Commissioning Manager (Overarching Responsibility for this action) | |
| | | | | | 1. Ensure that the procedure includes a requirement that interview panel members must score and sign their interview sheet. | Gerry Flanagan Commissioning Manager | IAR4.1 An assurance has been provided that recommendation IAR4.1 has been implemented. |
| | | | | | 2. Ensure that all interview records to date have been scored and signed. | Gerry Flanagan Commissioning Manager | IAR4.2 An assurance has been provided that recommendation IAR4.2 has been implemented. |
| | | | | | 3. Ensure that all accreditation documents are kept on file to maintain an audit trail. | Gerry Flanagan Commissioning Manager | IAR4.3 An assurance has been provided that recommendation IAR4.3 has been implemented. |
| | | | | | **Internal Audit R5 The service provider should return a signed General Service Agreement prior to the inclusion of the Accredited List** | | |
| | | | | | 1. Ensure General Service Agreements have been signed for accredited providers. | Gerry Flanagan Commissioning Manager | IAR5.1 An assurance has been provided that recommendation IAR 5.1 has been implemented. |
| | | | | | 2. Provide evidence of signed contracts for specific providers identified by internal audit in March 2008. | Gerry Flanagan Commissioning Manager | IAR5.2 An assurance has been provided that recommendation IAR 5.2 has been implemented. |
| | | | | | **Internal Audit R6** | | |

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| | | | | | **A formal system for contract monitoring and the standard of care being proved by the service providers, should be introduced** | | |
| | | | | | 1. Introduce a formal contract monitoring process. | Gerry Flanagan Commissioning Manager (Overarching Responsibility for this action) (Contract Monitoring Arrangements have been introduced as outlines in AC R3 of this report). | IAR6.1 An assurance has been provided that recommendation IAR 6.1 has been implemented. |
| | | | | | **Internal Audit R7 A record of the Panel's decision on which service provider to procure services from should be retained to ensure an effective audit trail exists** | Gerry Flanagan Commissioning Manager (Overarching Responsibility for this action) | |
| | | | | | 1. Ensure that the Accreditation procedure clearly states the requirement for all panel decisions to be recorded and retained on file for each provider as an audit trail. | | IAR 7.1 An assurance has been provided that recommendation IAR 7.1 has been implemented. |
| 3. | September 2008 | Annual Governance Report | 13 | - | R1 Build on your arrangements for the AGS by involving members at an earlier stage and strengthening corporate ownership: • 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 | Peter Molyneux Chief Accountant Finance | R1 An assurance has been provided that recommendation R1 has been implemented. |

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| | | | | | • ensure the drafting of the AGS is done by a corporate group rather than being the responsibility of Internal Audit within the Finance Directorate.<br>R2<br>Ensure supporting records for community assets are complete and are accurately reflected in the financial statements.<br><br>R3<br>Consider the issues at paragraph 14 where we have asked for specific representations and respond in the letter of representation.<br>R4<br>Further improve the quality assurance processes that underpin the production of information for the statement of accounts.<br>R5<br>Review the underlying records and the accounting treatment of infrastructure assets to ensure strict compliance with the SoRP.<br><br><br>R6<br>Review reserves and provisions to ensure they are at an appropriate level and remain prudent.<br><br><br>R7<br>Ensure the Whole of Government Accounts consolidation pack is produced earlier in future years to ensure the department's deadline is met.<br>R8<br>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.<br><br>R9<br>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.<br>R10 | | R2<br>An assurance has been provided that recommendation R2 is ongoing. Work has been undertaken by Wirral Museum Service.<br><br>R3<br>An assurance has been provided that recommendation R3 has been implemented.<br><br>R4<br>An assurance has been provided that recommendation R4 has been implemented.<br><br>R5<br>An assurance has been provided that recommendation R5 is a continuous ongoing process. Still on-going. Review undertaken in 2008/09 of infrastructure assets. Further work undertaken 2009/10 in advance of expected national guidance is being issued.<br>R6<br>An assurance has been provided that recommendation R6 has been implemented. Reserves and provisions are subject to a minimum twice yearly review and reported to members.<br><br>R7<br>An assurance has been provided that recommendation R7 has been implemented.<br><br><br>R8<br>An assurance has been provided that recommendation R8 has been implemented.<br><br><br><br>R9<br>An assurance has been provided that recommendation R9 has been implemented. |

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| | | | | | Improve internal controls in respect of payroll procedures and ensure consistent compliance across the Council.<br><br>R11<br>Review schools bank accounts to ensure funds are held and applied for proper purposes.<br><br><br><br>R12<br>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.<br><br><br><br><br><br>R13<br>Consider the finance and governance implications of the PIDA report. | | R10<br>An assurance has been provided that recommendation R10 has been implemented.<br><br>R11<br>An assurance has been provided that recommendation R11 has been implemented. A list of all school bank accounts and what they are used for is kept.<br>On an annual basis schools are written to with a list of their accounts to ask if there are any changes. This process has been done for the current year.<br><br>R12<br>An assurance has been provided that recommendation R12 is ongoing. The profile for both Officers and Members is trying to be raised. The importance of completing the returns has been raised at some Departmental management meetings. Director of Law, HR and Asset Management has been contacted to get him to use his influence to ensure Members complete the declarations. Contacts at party offices have also been used. Reminders are sent out as necessary.<br>R13<br>Please see "Follow Up of PIDA Disclosure" report August 2009. |
| 4. | November 2009 | Progress report on Action Plan in relation to PIDA report | - | - | Please see report of August 2008 above | - | - |
| 5. | January 2009 | Access to Services | 3 | - | R1<br>Consolidate existing plans for improving access to services within an overarching strategy that defines:<br>• users that are, and are not, accessing services;<br>• how the Council intends to achieve its aims and targets for further improving access and reducing the gap between users and non-users;<br>• the wider implementation of customer relationship management across services;<br>• access channels that will be supported, including emerging technologies; and<br>• timescales for implementing resourced improvements over the short, medium and long-term.<br>R2<br>Review the means of access across all | Malcolm Flanagan<br>Head Of Service Finance | R1<br>An assurance has been provided that recommendation R1 has been implemented. A Customer Profiling Policy which links to the overarching Customer Access Strategy is in place.<br>The Council has signed up to a Home Access Scheme to provide PC and internet access for low income families.<br>The Customer Relationship Management System has extended through further Streetscene related services.<br>SMS text messaging went live for Bulky Waste collection reminders in February 2010. This facility has now extended further to include notification of fraud and School Governor Meeting reminders.<br><br><br>R2<br>An assurance has been provided that recommendation |

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| | | | | | services to ensure that opening times, access channels and outreach facilities meet users' needs and preferences.<br><br>R3<br>Strengthen the approach to accessibility and user-focus by ensuring that performance management frameworks include:<br>• analysis of the access to, and standard of services experienced by, different groups and communities; and<br>• indicators that measure the speed and quality of service responses against aims, objectives, service standards and targets that are publicised to users. | | R2 is ongoing. The section have completed a resident's survey, independent survey and developed a Customer Focus Group to gain stakeholder feedback in relation to opening hours. The division are currently collating feedback from these.<br>In addition, the current ITS review will need to be finalised prior to progress of extended hours.<br>R3<br>An assurance has been provided that recommendation R3 is ongoing.<br>A steering group has been formed to ensure uniformity of measures for service standards within the Authority's Customer Care Standards. A number of initiatives are already underway to begin monitoring of these. |
| 6. | January 2009 | Use of Resources | - | - | - | - | Report is for information only. |
| 7. | January 2009 | Data Quality | 11 | 3 | R1 (High)<br>Strengthen arrangements for providing leadership and governance on data quality by:<br>• clarifying the respective roles and responsibilities of the CIG and PMG specifically for championing data quality;<br><br>• 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;<br><br>• 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<br>• producing an annual report on progress against the action plan and targets for the Audit and Risk Management Committee. | Lucy Beed<br>Corporate Performance Manager<br>Corporate Services | Each recommendation has been broken down into a number of actions. Please see below for the action and also the completion date(s) of the corresponding action.<br>R1<br>An assurance has been provided that this action has been implemented. The Terms of Reference have been refreshed for Performance Management Group (PMG) and Corporate Improvement Group (CIG) and have been included in the refreshed Data Quality Policy. This was completed in May 2009.<br><br>An assurance has been provided that this action has been implemented. The development of the Data Quality Action Plan to address Audit Commission's findings / recommendations and report progress through PMG, CIG and Audit & Risk Management Committee was completed and reported to A&RM Committee: 26th January, 29th June, 23rd September, 25th November, and 18th January.<br>An assurance has been provided that this is ongoing. The completion of the Performance Indicator reviews for all National Indicators which were able to be reviewed at this stage was completed for those which could be done at 2008/09 year end in June 2009. Remaining PIs will be reviewed by June 2010.<br>An assurance has been provided that this action has been implemented. The development of the data collection database for Performance Indicator reviews |

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| | | | | | | | was completed in September 2009. The analysis of common themes from reviews, and the subsequent escalating of these to Internal Audit as appropriate was completed in November 2009.<br><br>An assurance has been provided that this has been implemented. The revised Performance Indicator review procedure was reflected in the Data Quality Policy which was completed as part of the Data Quality Policy, refreshed in July 2009. |
| | | | | | 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. | | |
| | | | | | R2 (High)<br>Refine the corporate data quality policy by:<br>• documenting the respective roles and responsibilities of CIG and PMG for championing data quality (see also recommendation 1);<br>• clarifying the respective roles and responsibilities of Internal Audit and of PMG in reviewing data quality at service level; and<br><br>• defining the requirements for validating third party data and arrangements for data sharing to support partnership working. Implementing this recommendation will help the Council realise the full potential of the data quality policy in supporting and facilitating improvements. We do not anticipate that implementing this recommendation will incur significant cost. | | R2<br>An assurance has been provided that this action has been implemented. The refreshment of the Performance Management Group and Corporate Improvement Group Terms of Reference and their inclusion in the refreshed Data Quality Policy was completed in May 2009.<br>An assurance has been provided that this action has been implemented. The inclusion of information regarding the role of Internal Audit and others in the Data Quality Policy was completed in July 2009.<br>An assurance has been provided that this action has been implemented. The Partnership Data Quality Agreement was completed and reported to the LSP Executive in July 2009. Issues were raised regarding alignment with others' Data Quality and arrangements which required further discussion were input into a revised agreement issued in January 2010. |
| | | | | | R3 (Medium)<br>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.<br>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. | | R3<br>An assurance has been provided that recommendation R3 has been implemented. The adaptation of the Performance Indicator Review process to include consideration of systems was completed in May 2009. |

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| | | | | | R4 (Medium)<br>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.<br><br>R5 (Medium)<br>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.<br>R6 (Medium)<br>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.<br>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.<br>R7 (Medium)<br>The Council should review its compliance testing arrangements to ensure that data collected and reported for Housing Benefits PIs is robust.<br>R8 (Medium)<br>The Council have improved in their reporting | | R4<br>An assurance has been provided that recommendation R4 has been implemented. The agreement with Corporate Improvement Group for Data Quality to be covered in Key Issues Exchange process for relevant staff to identify any development needs and for it to be reflected in Data Quality Policy was completed in March 2009. The Data Quality Policy refresh was embarked upon in March and completed in July 2009. It has been issued for consultation with PMG and the Audit Commission with the final version incorporating implemented actions from the Data Quality Action Plan reported to CIG on the 3rd February and will be made available on the Council's Intranet.<br>R5<br>An assurance has been provided that recommendation R5 has been implemented. The development of a data quality workshop to provide guidance/support to relevant staff was completed in February 2009 and June 2009.<br><br>The communicating of feedback from Performance Indicator reviews to Performance Management Group and Corporate Improvement Group was completed in January 2009.<br><br><br>R6<br>An assurance has been provided that recommendation R6 has been implemented. Performance reports have been placed on the electronic members' library two weeks after the quarter end and a report was presented to the next available Cabinet meeting. This was completed in May 2009.<br><br>The production of one performance report for each of the five revised Overview and Scrutiny Committees was completed from June / July 2009.<br>R7<br>An assurance has been provided that recommendation R7 has been implemented.<br><br><br>R8<br>An assurance has been provided that recommendation R8 has been implemented. |

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| | | | No | High | | | |
| | | | | | of HIP HSSA - Private sector homes vacant; however they are continuing to experience considerable difficulties in compiling the indicator which could be easily remedied by setting up queries (SQLs) to interrogate the Council Tax system (Academy). More effective use could also be made of officer time in validating the data on empty properties, again through improved working with staff within the Council Tax section. | | |
| | | | | | R9 (High) Our spot check testing found HIP HSSA repeat homelessness indicator was fairly stated. However, we found that the corporate DQ policy has not yet been fully implemented. Guidance/procedures for calculating the indicator are not yet documented in all service areas. There is further scope to make more effective use of IT in the calculation of indicators. Data has required some manual manipulation which has demanded officer time and increased the risk of error. In addition there is scope to extend corporate training/briefing on common DQ issues. | | R9 An assurance has been provided that recommendation R9 has been implemented. |
| | | | | | R10 (Medium) 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. | | R10 An assurance has been provided that recommendation R10 has been implemented. |
| | | | | | R11 (Medium) 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. | | R11 An assurance has been provided that recommendation R11 has been implemented. |

**AUDIT COMMISSION REPORTS ISSUED 2009/10**

**Wirral Council**

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|---|---|---|---|---|---|---|---|
| | | | No | High | | | |
| 1. | June 2009 | Ethical Governance | 7 | 3 | R1 (High)<br>Emphasise to members and officers that they can:<br>• make allegations of misconduct by a member or an officer without fear of reprisal; and<br>• be confident in the actions they should take as individuals if they become aware of such misconduct.<br>R2 (Medium)<br>Raise the profile of the Standards Committee by:<br>• developing a work programme and action plan;<br>• undertaking an annual assessment of standards of conduct of Members and Officers and taking action as appropriate;<br>• learning from and using the findings of the allegations it receives, reviews, determinations and reports from the<br>Local Government Ombudsman, Internal and External audit, complaints and whistleblowing to plan and evaluate its work; and<br>• communicating its work to a wider public.<br>R3 (High)<br>Review the level of training for Members and Officers on the ethical agenda and: | Bill Norman<br>Director<br>Law, HR & Asset Management | Awaiting assurance as to whether the recommendations have been implemented. |

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|---|---|---|---|---|---|---|---|
| | | | No | High | | | |
| | | | | | • 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<br><br>• 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.<br><br>R4 (Medium)<br>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.<br><br>R5 (Medium)<br>Clarify the circumstances in which the use of council resources would constitute improper use for party political purposes within the Members' Code of Conduct.<br><br>R6 (Medium)<br>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. | | |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|---|---|---|---|---|---|---|---|
| | | | No | High | | | |
| | | | | | R7 (High)<br>Increase awareness of the Whistleblowing Policy and reinforce assurances that reporting through this mechanism can be done without fear of reprisal. | | |
| 2. | June 2009 | Governance of Partnerships | 8 | 3 | R1 (High)<br>Establish a Corporate Framework for governing partnerships, including the following.<br>• Roles and responsibilities of corporate and service based officers and councillors.<br>• Establishing effective links between Council departments particularly the Legal Department (governance), Finance Department (risk and financial accounting) and Corporate Services (corporate policy).<br>• 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.<br>• Policy and guidance for relevant officers, including those in service departments.<br>• 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.<br>• Review and challenge of partnerships to ensure value for money is achieved and risks are manageable. | Bill Norman<br>Director<br>Law, HR & Asset Management | Awaiting assurance as to whether the recommendations have been implemented. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|-----|---------------------|--------------|------|------|-----------------|----------------------------|----------|
| | | | No | High | | | |
| | | | | | • Developing appropriate reporting processes, including reporting to members, partners, service users and the wider public.<br>• 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.<br>R2 (High)<br>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.<br>R3 (Medium)<br>Create a partnership database to ensure the following are satisfied.<br>• Completeness of details of existing partnerships.<br>• Accurate and up to date records including review of protocols and governing documents with partners.<br>• All relevant information captured, in compliance with good practice.<br>• Facility to enable drill down to supporting records, including risk assessment and accounting treatment.<br>R4 (High)<br>Review the adequacy of the capacity to establish and take forward robust corporate arrangements and provide subsequent maintenance and support once established.<br>R5 (Medium)<br>Review whether the roles and responsibilities assigned by the previous Executive Board remain fit for purpose and establish clear corporate leadership. | | |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|-----|---------------------|--------------|------|------|-----------------|----------------------------|----------|
| | | | No | High | | | |
| | | | | | R6 (Medium) 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. R7 (Medium) 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. 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. | | |
| 3. | August 2009 | Performance Management Stage 1 | - | - | No recommendations. | - | - |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|---|---|---|---|---|---|---|---|
| | | | No | High | | | |
| 4. | September 2009 | Annual Governance Report | 7 | 2 | R1 (Medium) Strengthen quality assurance to ensure errors on the accounts are minimised.<br><br>R2 (High) 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: • 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. | Peter Molyneux Chief Accountant Finance<br><br><br>Sam Hird, Asset Manager<br><br><br><br><br>Mike Wilkinson, Service Manager | R1 Procedures are subject to annual review with updates made to closure of financial accounts procedure manuals and training updated.<br>R2 New computerised asset management system introduced March 2010.<br>Review undertaken. VPE asset information updated to include location and identification details.<br>Infrastructure assets has seen further work undertaken 2009/10 in advance of expected national guidance is being issued.<br>For Community Assets work has been undertaken by Wirral Museum Service and is ongoing.<br>Asset Management is responsible for the Land and Buildings element of the Council's Corporate Asset Register. The information held on all land and buildings has been checked for accuracy and crossed referenced with Director of Finance, in the production of the Council's Financial Statements year ending 31st March 2010.<br><br>Technical Services department is currently undertaking a procurement exercise for an integrated highway asset management system which it is intending to have in place by April 2011. This system requires an up to date inventory to enable its functionality. These systems will be able to contain the complete asset inventory for all items within the highway, street lighting, coastal and bridge areas. It will issue works orders make payments, update asset records and provide valuations and depreciations.<br>As part of the procurement exercise there is an ongoing updating of the inventory, which will be complete before the system is commissioned.<br>With regard to a current asset valuation we are engaged on a joint HAMP exercise with our LA Merseyside colleagues which will help us all produce a estimated valuation of the asset. Discussions are ongoing between the Audit Commission and Technical Services regarding the disposal element of the infrastructure assets recommendation. |

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| | | | No | High | | | |
| | | | | | • Community assets, including complete the cataloguing of community assets held in museums and art galleries and ensure that the asset register is subsequently updated | Colin Simpson , Curator of Museums & Jim Lester, Head of Cultural Services. | Progress has been made against the cataloguing of assets. Oil paintings have been reviewed with the help of the Public Catalogue Foundation.

Achieved Museums Accreditation in 2009. Work to be undertaken in 2010-11 includes **a)** purchase and install the required software to contain our entire documentation needs, including a facility to enable public availability of collection information, **b)** recruit a (temporary) member of staff to input and coordinate collection records. The draft Documentation Report suggested that the bulk of the backlog of collection data could be dealt with within a year, and is expected to be completed by March 2011. |
| | | | | | R3 (Medium)
Members should comply with the process for making related party disclosure declarations. | | Director of Law, HR, Asset Management has been contacted to get him to use his influence to ensure Members complete the declarations. Contacts at party offices have also been used.  Reminders are sent out as necessary. |
| | | | | | R4 (High)
Ensure overspending in Adult Social Services is addressed. | | R4
R4 is a continuous ongoing process.  The DASS gross budget for 2009-10 was £145m. The Council agreed budget efficiencies of £4m plus £2m bridged from 2008-09. Additionally, new demand from the increasing older population and young adults with complex needs moving from education presented a further financial pressure of £2.8m. These budget savings and the cost of the extra demand have largely been met in 2009-10 with the current projected overspend reported to Council being £2.5m (1.7% of the grooss budget). The controllable outturn for DASS for 2009/10 was an overspend of £2.4m which represents 1.7% of the gross budget. |
| | | | | | R5 (Medium)
Ensure that the links between costs and performance are consistently made at service level and unit costs used to measure service performance. | | R5
An assurance has been provided that R5 is a continuous ongoing process. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
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| | | | No | High | | | |
| 5. | September 2009 | Improvement Through Better Financial Management | 1 | 0 | R6 (Medium) 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. R7 (Medium) Ensure the Partnership Toolkit which was approved in April 2009 is launched, supported by training and fully implemented. R1 (Medium) Consider the responses from all the surveys and: • 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 | R6 An assurance has been provided that R6 is a continuous ongoing process. The revised Corporate Procurement Strategy was approved by Cabinet on 4 February 2010 which identifies the relationship between Commissioning and Procurement. Following on from this, a Commissioning and Procurement Review has been undertaken and, proposals to corporately align Commissioning and Procurement activity across the Council, to optimise outcomes and ensure VFM, are under consideration. R7 An assurance has been provided that R7 is a continuous ongoing process. R1 An assurance has been provided that R1 is a continuous ongoing process. Combined performance and financial management workshop facilitated with the Audit Commission in November 2009. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
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| | | | No | High | | | |
| 6. | December 2009 | Commissioning and Procurement Review | 17 | 7 | **(R1 High)** **Update the Corporate Procurement Strategy (CPS) to address the following.** • Create an action plan with milestones to drive the implementation of the strategy and provide the basis of subsequent performance monitoring. | Corporate Procurement Manager | The revised Corporate Procurement Strategy was approved by Cabinet on 4 February 2010: R1 An assurance has been provided that this action has been implemented. The Key Priorities and Action Plan now show milestones dates for implementation and benefits reporting. |
| | | | | | • Ensure procurement and commissioning are aligned to optimise outcomes for service users and deliver better VfM, and facilitate closer working between CPU and commissioning activity. | Corporate Procurement Manager | An assurance has been provided that the implementation of this action is ongoing. A Commissioning and Procurement Review has been undertaken and, proposals to corporately align Commissioning and Procurement activity across the Council, to optimise outcomes and ensure Vfm, are under consideration. |
| | | | | | • Map the CPS against the government's procurement agenda to ensure alignment. | Corporate Procurement Manager | An assurance has been provided that this action has been implemented. The revised Corporate Procurement Strategy has been aligned with the government's procurement agenda. |
| | | | | | • Ensure there are robust performance measures for subsequent performance reporting, including delivery of sustainable outcomes and VfM. | Corporate Procurement Manager | An assurance has been provided that this action has been implemented. Performance measures have been implemented for all High Risk/ High Value projects. |
| | | | | | • Specify the requirements for reporting progress and responsibility for monitoring implementation of the CPS. | Corporate Procurement Manager | An assurance has been provided that this action has been implemented. Reporting requirements and process are clearly specified within the revised Corporate Procurement Strategy. |
| | | | | | • Require robust post contract evaluations to be undertaken, for contracts over a pre-determined value, to ensure envisaged benefits are delivered. | Corporate Procurement Manager | An assurance has been provided that the implementation of this action is ongoing. A comprehensive guidance document is being produced by Corporate Procurement for use by officers to measure and report on project outcomes against perceived expected benefits. |
| | | | | | **(R2 High)** Clarify the role and authority of CPU regarding provision of advice and guidance to service areas. | Corporate Procurement Manager | R2 An assurance has been provided that recommendation R2 has been implemented. A policy document, from the Director of Finance and endorsed by COMT, was circulated to all departments clearly defining Corporate Procurement and departmental responsibilities in December 2009. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|---|---|---|---|---|---|---|---|
| | | | No | High | | | |
| | | | | | (R3 High)<br>Clarify responsibility for creation and retention of contract documentation, pre and post contract award. | Corporate Procurement Manager | R3<br>An assurance has been provided that recommendation R3 has been implemented. All contract documentation will be centrally held by Corporate Procurement through the new electronic contracts management system 'Due North', which went live in December 2009. |
| | | | | | (R4 Low)<br>Continue to embed sustainable procurement, alongside the development of equality and diversity within procurement procedures and practice. | Corporate Procurement Manager | R4<br>An assurance has been provided that R4 is a continuous ongoing process. Equality and Diversity in contracts monitoring process commenced in January 2010. |
| | | | | | (R5 High)<br>Routinely monitor expenditure to ensure orders, wherever appropriate, are processed using the Oracle procurement system to ensure the benefits of using e-procurement are maximised across the Council, including schools. | Corporate Procurement Manager | R5, R6, R7 – R5/R6/R7 are ongoing. As part of the Common Administrative Practices project (CAP) Corporate Procurement are changing process and procedures that will ensure that all appropriate procurement activity will be conducted through the Oracle system, this project will include the establishment of targets and will ensure that system efficiencies are optimised. |
| | | | | | (R6 High)<br>Investigate and take relevant action, where appropriate, to address expenditure which has not been processed through the Oracle procurement system. | Corporate Procurement Manager | |
| | | | | | (R7 High)<br>Establish targets for the utilisation of Oracle to form the basis of performance monitoring to help maximise the use of e-procurement. | Corporate Procurement Manager | |
| | | | | | (R8 Medium)<br>Continue to develop benchmarking as a tool for improving procurement and basis of monitoring performance. | Corporate Procurement Manager | R8<br>An assurance has been provided that recommendation R8 is ongoing. Benchmarking has already been initiated through the CIPFA / KPMG benchmarking club, The Merseyside Procurement Group are developing further options based on unit costs and procedures. |

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| | | | No | High | | | |
| | | | | | (R9 Medium)<br>Clarify the financial and other benefits of collaboration, including impact on the Council's procurement arrangements, including resources. This should be used to inform the CPS and to monitor progress and delivery of outcomes. | Corporate Procurement Manager | R9<br>An assurance has been provided that recommendation R9 is underway. In progress as above, the Forward Plan of contracts is under review within the Merseyside Procurement Group to measure future input requirements and impact on staff resources. |
| | | | | | (R10 Low)<br>Consider providing refresher training to users of the i-procurement system to ensure the full benefits of the system are utilised, in addition to reinforcing compliance with procedures. | Corporate Procurement Manager | R10<br>An assurance has been provided that recommendation R10 is an ongoing process. A schedule of refresher training commenced in January 2010, and will continue as required by users. |
| | | | | | (R11 Low)<br>Provide relevant members with training regarding procurement. | Corporate Procurement Manager | R11<br>An assurance has been provided that recommendation R11 is ongoing. As part of Corporate Procurements roles and responsibilities agenda a series of Workshops and Roadshows have been scheduled which will include Member participation. |
| | | | | | (R12 Medium)<br>Ensure the HESPE contract is routinely evaluated to ensure the financial and other benefits are delivered over the life of the contract. Ensure attention is given to the role of the client, in addition to the contractor, to ensure benefits are delivered. | Head of Streetscene and Waste Services | R12<br>An assurance has been provided that recommendation R12 is ongoing. Existing Benefits Realisation Plan to be evaluated by end June 2010. This covers a qualitative and quantitative assessment. Annual report to Cabinet will include a summary of review. |
| | | | | | (R13 Medium)<br>Continue to develop risk management as part of the contract management arrangements for the HESPE contract, in particular risk associated with delivery of financial and other benefits. | Head of Streetscene and Waste Services | R13<br>An assurance has been provided that recommendation R13 is ongoing. Risk register still in operation, detailing risks and potential costs to contract. Risks reviewed at regular Project Board meetings. |

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| | | | No | High | | | |
| | | | | | (R14 Medium)<br>Ensure the performance management arrangements for the HESPE contract are fully implemented. | Head of Streetscene and Waste Services | R14<br>An assurance has been provided that recommendation R14 has been implemented. Performance Management Framework now fully implemented. Regular performance reports to Project Team and Board meetings. |
| | | | | | (R15 High)<br>Strengthen the governance arrangements relevant to procurement activity and ensure compliance, in particular clarify roles and ensure full compliance with policies and procedures. | Director of Technical Services/Corporate Procurement Manager | R15<br>An assurance has been provided that recommendation R15 is ongoing. As part of Corporate Procurement's roles and responsibilities agenda a series of Workshops and Roadshows have been scheduled for the coming year. All tender activity is now processed through the central sourcing system, Due North, by Corporate Procurement ensuring compliance with policies and procedures. |
| | | | | | (R16 Medium)<br>Ensure all relevant contracts make provision for performance measures to subsequently monitor the delivery of outcomes. This should include outcomes for service users in addition to financial savings in order to demonstrate VfM, while meeting wider social, economic and environmental objectives. | Mal Price Principal Manager Quality Assurance and Customer Care<br><br>Corporate Procurement Manager | R16<br>An assurance has been provided that recommendation R16 is ongoing. A comprehensive guidance document is being produced by Corporate Procurement for use by officers to measure and report on project outcomes against perceived expected benefits. A Community Benefits in Contracts Strategy is at present being written by Corporate Procurement, this will include a monitoring procedure. |
| | | | | | (R17 Medium)<br>Review the delivery of financial and other outcomes resulting from the current Assistive Technology contract. | Mike Fowler, Head of Branch, Finance and Performance | R17<br>An assurance has been provided that recommendation R17 is an ongoing process. A project evaluation agreement is being prepared with NHS Wirral Informatics Service which will ensure outcomes for people who use services are measured as well as the cost avoidance and cashable efficiencies attributable to the application of assistive technology. This will be used to inform the Council and NHS Wirral of future Invest to Save opportunities. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|---|---|---|---|---|---|---|---|
| | | | **No** | **High** | | | |
| 7. | December 2009 | Annual Audit Letter | 0 | 0 | - | - | Report is for information only. |
| 8. | December 2009 | Grant Claims and Returns | 4 | 0 | (R1 Medium)<br>Ensure that the control environment for all claims and returns is robust and that this is adequately demonstrated when the claim or return is submitted for certification. | Grants Coordinator/ Project Manager | R1<br>An assurance has been provided that recommendation R1 has been implemented. Review process demonstrated through Control environment check sheet and completion checklist, this ensure review by Claim compilers and Grant Co-ordinator. |
| | | | | | (R2 Medium)<br>Ensure all expenditure included in the claims and returns is eligible under the terms and conditions specified by the grant paying body. | Grants Coordinator/ Claim Compiler | R2<br>An assurance has been provided that recommendation R2 has been implemented. Certificate instructions to be included on claims file. Grant Application and terms to be included on file. These documents are to be read and understood by project managers and claim compilers to ensure the terms are met and not breached. |
| | | | | | (R3 Medium)<br>Ensure consistently strong internal quality assurance processes and coordination arrangements. | Grants Coordinator | R3<br>An assurance has been provided that recommendation R3 has been implemented. Grants Manual comprehensively updated to include new procedures for 2008/09. This was circulated to all claim compilers and Project Managers. Review of claims undertaken by claim co-ordinator before submission. |
| | | | | | (R4 Medium)<br>Ensure working papers provided are consistently of good quality and provide a clear audit trail between the amounts in the claim or return and supporting financial documentation. | Claim Compiler/Grants Coordinator | R4<br>An assurance has been provided that recommendation R4 has been implemented. Training provided to Claim Compilers and Project Officers. Check lists introduced to ensure working papers are trailed to ledger. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
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| | | | No | High | | | |
| 9. | January 2010 | Audit Commission review of Internal Audit | 12 | 2 | (R1 Medium) Strengthen the independence of Internal Audit • Review the structure of the Internal Audit department and in particular management and reporting lines and ensure it is shown on the Council's organisation chart. • Consider the results of the IA survey in relation to independence. | Deputy Chief Internal Auditor | R1 An assurance has been provided that R1 has been implemented. |
| | | | | | (R2 Medium) Strengthen arrangements for ensuring ethical standards are met • Consider the results of the survey in respect of improving trust and confidence. • Improve Internal Audit knowledge of; • The organisation's aims objectives, risks and governance arrangements. • The purpose, risks and issues of the service area. | Deputy Chief Internal Auditor | R2 An assurance has been provided that R2 has been implemented. |
| | | | | | (R3 Medium) Carry out an annual review of the effectiveness of the Audit and Risk Management Committee to demonstrate how it has strengthened the Council's control environment. | Deputy Chief Internal Auditor | R3 An assurance has been provided that R3 will be implemented by 30/06/2010. |
| | | | | | (R4 High) Review the organisational structure and staffing of Internal Audit to ensure that it is at an appropriate level to give a safe opinion to management and members on the control environment. | Deputy Chief Internal Auditor | R4 An assurance has been provided that R4 has been implemented. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|---|---|---|---|---|---|---|---|
| | | | No | High | | | |
| | | | | | (R5 Medium) Review the factors that may be hindering the recruitment and retention of appropriate staff. | Deputy Chief Internal Auditor | R5 An assurance has been provided that R5 will be implemented by 30/06/2010. |
| | | | | | (R6 High) The CIA should strengthen the approach to determining the strategy and risk based planning to focus on including work in the plan to ensure he can demonstrate how he meets his responsibility to provide a safe opinion to the organisation on the control environment. The planning process should take account of: • the adequacy and outcomes of the organisation's risk management. • performance management and other assurance processes. • Internal Audit's independent risk assessment. • stakeholders views - they should be consulted on the draft plan - but should not determine it. • the resources required to deliver the strategy and plan. The Plan should differentiate between assurance and other work. | Deputy Chief Internal Auditor | R6 An assurance has been provided that R6 has been implemented. |
| | | | | | (R7 Low) Ensure key issues are consistently brought to the attention of the relevant manager during assignments to enable them to take corrective action and to avoid any surprises at the end of the audit. | Deputy Chief Internal Auditor | R7 An assurance has been provided that R7 has been implemented. |
| | | | | | (R8 Low) Spread good practice with regard to testing schedules, such as those used in the "payroll procedures" file. | Deputy Chief Internal Auditor | R8 An assurance has been provided that R8 has been implemented |

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| | | | No | High | | | |
| | | | | | (R9 Medium)<br>Consider what training is required to improve auditor consideration of evidence, audit skills and judgement.<br>(R10 Medium)<br>Review the format of and information contained in the Annual Report to clearly show the actual work completed against the planned work, differentiate between assurance and other work and how quality targets have been met.<br>(R11 Medium)<br>Ensure all reports are quality assured before being finalised and reported to Members.<br>(R12 Medium)<br>Ensure adequate supervision and review of all work. | Deputy Chief Internal Auditor<br><br>Deputy Chief Internal Auditor<br><br><br>Deputy Chief Internal Auditor<br><br>Deputy Chief Internal Auditor | R9<br>An assurance has been provided that R9 has been implemented.<br><br>R10<br>An assurance has been provided that R10 has been implemented.<br><br><br>R11<br>An assurance has been provided that R11 has been implemented.<br><br>R12<br>An assurance has been provided that R12 has been implemented. |
| 10. | January 2010 | Data Quality Spot Checks | 1 | 0 | (R1 Medium)<br>Improve data quality and ensure that individual claimants receive the correct benefit:<br>• continue to quantify the results from QA testing, consider the reasons for errors and the impact, including on claimants;<br>• monitor performance over time; and<br>• identify and implement appropriate training and other corrective action. | Housing Benefits Operational Manager | R1<br>An assurance has been provided that the implementation of this recommendation is not necessary as the recommendation made reflects current embedded practice. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|---|---|---|---|---|---|---|---|
| | | | No | High | | | |
| 11. | January 2010 | Audit Opinion Plan | - | - | - | - | Report is for information only. |
| 12. | January 2010 | Use of Resources Plan | - | - | - | - | Report is for information only. |
| 13. | March 2010 | Certification of Claims and Returns | 11 | 3 | (R1 Medium)<br>Investigate and address for future years the reasons for amendments to the claim having to be made by the Council after submission of the claim to DWP and for audit. | Housing Benefit Manager | R1<br>An assurance has been provided that recommendation R1 is ongoing. There is insufficient time from the date the subsidy reports are produced and the deadline for submitting the claim to analyse in any significant depth the expenditure cells to ensure subsidy is maximized. This is realistically achieved once the claim has been sent and this is done. An analysis is then undertaken on underlying reasons for changes to rectify in following years. To continue to look at whether this is capable of being done in this time slot. |
| | | | | | (R2 Low)<br>Liaise with the software supplier to investigate and resolve the difference between:<br>• the headline cell and the reconciliation cell<br>• the amount awarded and the amount paid to claimants. | Housing Benefit Manager | R2<br>An assurance has been provided that recommendation R2 is ongoing. The software supplier strives to ensure that relevant transactions are included in the calculation of both the headline cell and the in year reconciliation cells. Discrepancies between these, the amount awarded and the amount paid are not always easily identifiable and the level of further investigation and resources employed depend on the significance of the value of any such discrepancies. To continue to work to supply to minimise these along with the other 100+ local authority users of this system. |
| | | | | | (R3 Low)<br>Ensure that the information contained in the asset register satisfies the requirements of the DCSF in respect of the Sure Start, Early Years and Childcare grant. | Financial Grant Co-ordinator | R3<br>An assurance has been provided that recommendation R3 is ongoing. Asset registers are a condition of the grant and it is the responsibility of each Children's Centre to ensure that any assets are recorded over a certain value. Following the Audit it was decided that a more co-ordinated approach was needed to ensure that the correct information is being recorded. Devised two spreadsheets for each Centre one sheet to cover official assets as described in the Memorandum of Grant and the second sheet acts as an Inventory List to record items of worth but which are not classified as an asset. The section have asked that these spreadsheets be returned by the end of May 2010 – these will then be kept on file and resent by the individual centres if there are any additional purchases to be logged throughout the year. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|-----|---------------------|--------------|------|------|------------------|------------------------------|----------|
| | | | No | High | | | |
| | | | | | (R4 Medium) Review the year end process followed for the production of the Sure Start, Early Years and Childcare grant claim to allow submission to the DCSF and audit by the specified deadline. | Financial Grant Co-ordinator | R4 An assurance has been provided that recommendation R4 is ongoing. Unfortunately during 2008/09 Audit the final claim was submitted to the DCSF on time to meet the deadline, however, at this time the Annual Financial Statement should have also been returned to the nominated auditor. This was sent as part of the Audit preparation pack at a later date, which has been the process followed in previous financial years. The original plan for 2009/10 was that the paperwork would all be sent to Carl Gurnell (Grant Co-ordinator) for checking on Monday 24th May and then forwarded on to the Auditor by the deadline of Friday 28th May. Since this recommendation has been made an email has been circulated by DCSF (Peter Rooney – 12.04.10) which states: 'In the 2009-10 MoG, you were required to complete and submit the AFS by 29 May 2010. Due to the introduction of the Achievement for All project, we have reviewed this timing and consequently extended the submission of the AFS. You are now required to submit your unaudited AFS to your appointed auditor by the end of July. Further details including the final AFS form to be completed will be sent to you in May.' As a team they have agreed to continue to work towards the original date, however, now have additional flexibility. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|---|---|---|---|---|---|---|---|
| | | | No | High | | | |
| | | | | | (R5 High)<br>Review and improve the arrangements in place to ensure completeness and accuracy of the information provided by external payroll providers for inclusion into the Teachers' Pension Return.<br>(R6 Medium)<br>Confirm that for all teachers who are currently treated as having opted out of the Teachers' Pensions scheme there is sufficient documentation to demonstrate that the teacher has formally opted out.<br>(R7 Medium)<br>Confirm and conclude on the decision whether or not backdating of membership is necessary in the case identified during testing of the Teachers' Pension return.<br>(R8 High)<br>Amend Contract Standing Orders to include specific reference to the number of tenders that the Council expects to receive prior to the award of a contract and the process to follow in instances where only a single tender is received.<br>(R9 High)<br>Ensure that a written report is submitted to Cabinet or other relevant regulatory committee to explain the contract overspend identified during our testing of the LRP grant claim. | Tax Compliance Manager<br><br>Tax Compliance Manager<br><br>Tax Compliance Manager<br><br>Corporate Procurement Manager<br><br>Economic Manager | R5/R6/R7<br>An assurance has been provided that this recommendation is ongoing. All five schools appear to have accepted the situation as well as the authority to request the additional information so it is hoped they will be fully cooperative. Looking at the Audit Commission qualification and deciding the best course of action agreed the Tax Compliance Manager was probably the best person to carry out these extra checks since he is aware of the tests the Audit Commission perform on the Authority payroll.<br>Any resistance or problems with the schools are to be reported to Internal Audit but the signs so far point to a positive response.<br><br>R8<br>An assurance has been provided that this recommendation is ongoing. A review of the Council's Standing Orders procedures is underway.<br><br>R9<br>An assurance has been provided that recommendation R9 is ongoing. A report had been prepared but was awaiting completion of the scheme before a report was presented to Cabinet. |

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|---|---|---|---|---|---|---|---|
| | | | No | High | | | |
| | | | | | (R10 Medium) Review and improve the quality assurance process to reduce the number of compilation errors present in claims submitted to audit. The quality assurance process needs to involve key officers at each stage of the stage from original compiler through to final signatory. Responsibilities for quality assurance should be set out in the Grants Manual. | Project Officer/ Claim Compiler/Grants Coordinator | R10 An assurance has been provided that recommendation R10 has been implemented. Delivered through Additional training / support for Project Officers and Claim Compilers which will further raise the profile of these issues as well as making the amendments to the Grants Manual. |
| | | | | | (R11 Medium) For all grant claims and returns, ensure there is an adequate audit trail that clearly supports key decisions and judgments made in respect of grant expenditure and demonstrates how data from the general ledger supports the financial entries in the claim/return. | Project Officer/ Claim Compiler/Grants Coordinator | R11 An assurance has been provided that recommendation R11 has been implemented. Additional training / support for Project Officers and Claim Compilers is regularly provided and will further raise the profile of these issues. |

**Merseyside Pension Fund 2009/2010**

| Ref | Date of Final Issue | Report Title | Recs | | Recommendations | Officer Providing Assurance | Comments |
|---|---|---|---|---|---|---|---|
| | | | No | High | | | |
| 1. | September 2009 | Annual Governance Report - MPF | 4 | 1 | (R1 High)<br>Strengthen internal quality assurance to ensure errors in the accounts are minimised. | Financial Controller MPF | R1<br>An assurance has been provided that recommendation R1 is ongoing. MPF will close its 2009/2010 accounts using, for the first time, the Administering Authority's Oracle accounting platform, so new procedures have been identified and followed. This has improved the robustness of certain aspects of the closure of accounts programme, but, with any such change of this magnitude, has brought its own set of challenges, which will be subject to an Autumn internal review of performance. |
| | | | | | (R2 Medium)<br>Members should ensure they comply with the process for making related party declarations. | Financial Controller MPF | R2<br>An assurance has been provided that recommendation R2 will be implemented shortly. At the time of writing, a handful of declarations are outstanding, but are expected to be received prior to completion of the draft accounts. |
| | | | | | (R3 Medium)<br>Ensure audit trails are available to support year end balances. | Financial Controller MPF | R3<br>An assurance has been provided that recommendation R3 is ongoing. The Fund continues to diversify, and remains heavily dependent upon the timely receipt of accurate information and evidence from an increasing number of external sources. The audit trial for a specific internal balance, identified as inadequate last year, has been strengthened. |
| | | | | | (R4 Medium)<br>Improve procedures within the pension fund to ensure compliance with the SORP aided by improved communication with other pension funds and government to ensure interpretation is clear and consistent. | Financial Controller MPF | R4<br>An assurance has been provided that recommendation R4 has been implemented. This has been achieved. MPF helped frame an appropriate agenda and the Financial Controller of MPF chaired a meeting of The Audit Commission and 13 selected local authority pension funds, under the auspices of CIFPA. Although unable to attend the meeting, a senior representative from the Department of Communities and Local Government subsequently was able to clarify the two reaming outstanding issues. CIPFA subsequently released the outcomes in time to inform the closure of local authority pension fund accounts for 2009/2010. |
| 2. | December 2009 | Audit Opinion Plan - MPF | 0 | 0 | - | - | Report is for information only. |

**WIRRAL COUNCIL**

**AUDIT AND RISK MANAGEMENT COMMITTEE**

**30 JUNE 2010**

**REPORT OF THE DIRECTOR OF FINANCE**

**ANNUAL AUDIT FEES 2010/11**

**1. EXECUTIVE SUMMARY**

1.1. This report outlines the planned Audit Commission fees for 2010/11.

**2. INTRODUCTION**

2.1. The Audit Commission fee is based upon a risk based approach to audit planning as set out in the Code of Audit Practice. It reflects only the audit element of the work. Excluded are any inspection and assessment fees and work for the Merseyside Pension Fund.

| 2.2 **Audit Area** | **Planned Fee 2010/11** | **Planned Fee 2009/10** |
|---|---|---|
| | **£** | **£** |
| Financial Statements | 257,612 | 256,298 |
| Use of Resources/VFM Conclusion | 126,922 | 126,274 |
| Whole of Government Accounts | 7,466 | 7,428 |
| **Total Audit Fee** | **392,000** | **390,000** |
| Grant claims and returns | 128,000 | 125,000 |
| **Total** | **520,000** | **515,000** |

2.3 Whilst Audit fees were expected to increase by 6% because of the introduction of International Financial Reporting Standards the Audit fee shows an increase of only 0.5% for 2010/11.

2.4 In looking at the Audit Commission scale of fees for 2010/11 the scale fee for Wirral Council is £363,000. The planned fee of £392,000 is 8% above this figure. This compares favourably with the 13% above the scale fee charged in 2009/10 and reflects the on-going work between the Council and the Audit Commission, and their commitment to seek to reduce their fees.

2.5     The audit fee for individual local authorities can vary from the scale fee by up to 30% depending upon the risks associated with the local authority. For Wirral Council the factors that require the undertaking of more work include:-

        a.      the political structure of the Council means that the Auditors have more meetings/communication with Members than in other councils and they also attend more committee meetings.

        b       there are ongoing capacity issues in Internal Audit as Internal Audit also needs to respond to reactive work. The Audit Commission has not been able to rely on Internal Audit work to the extent that they would wish to inform their opinion, grants and other work.

        c       The Audit Commission receives a relatively high number of questions from members of the public on an ongoing basis.

2.6     Additional work is undertaken in respect of the certification of grant claims and returns which is variable depending upon the numbers and types of grant as well as any specific requirements of the grant-paying body. The planned fee for 2010/11 is £128,000 being an increase of £3,000 on the 2009/10 fee.

2.7     The Audit fee for 2009/10 was reported to this Committee on 29 June 2009 and a report showing how Wirral compared with the other Merseyside authorities was the subject of a further report presented on 25 November 2009.

## 3.     FINANCIAL IMPLICATIONS

3.1.    The total Audit Fees for 2010/11, including grant claims and returns, but excluding inspection and assessment fees and Merseyside Pension Fund work, is projected to be £520,000 an increase of £5,000 on 2009/10.

## 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 Letter from the Audit Commission dated 15 April 2010.

**12. RECOMMENDATION**

12.1. That the Audit fee for 2010/11 be agreed.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/90/10

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**Our ref**        VE/WBC

16 April 2010

Mr S Maddox
Chief Executive
Wirral Council
Wallasey Town Hall
Brighton Street
Wallasey
Wirral
CH44 8ED

Dear Mr Maddox

## Annual inspection fee 2010/11

I am writing to confirm the assessment and inspection work that we propose to undertake during the 2010/11 financial year at Wirral Borough Council. The inspection fee:

- is based on the risk-based approach to inspection planning as set out in the Comprehensive Area Assessment (CAA) framework and associated guidance; and

- reflects only the Audit Commission's inspection work, excluding any audit fees. Mike Thomas will be writing to you separately on fees for audit work.

CAA will deliver a more proportionate and risk based approach to inspection, targeting only high risk services and outcomes for inspection where alternative improvement activity is not appropriate. The inspection plan will be reviewed and updated as necessary.

The total indicative fee for inspection for 2010/11 is and is £49,153 and is shown in the table below. The inspection fee has been set in accordance with the Audit Commission's work programme and scales of fees 2010/11.

**Assessment and inspection work plan and fee**

| Assessment / inspection activity | Planned fee for 2010/11 |
|---|---|
| Area assessment of local partnership | n/a (CLG grant funded) |
| Managing performance theme of organisational assessment | £16,630 |
| Inspection – Economic Development | £32,523 |
| **Total inspection fee** | **£49,153** |

Audit Commission, 1st Floor, Millbank Tower, Millbank, London, SW1P 4HQ
**T** 0844 798 1212  **F** 0844 798 6187  www.audit-commission.gov.uk

If I need to make any significant amendments to the inspection plan and fee during the course of the year, I will first discuss this with you and then confirm in writing outlining the reasons for the change, including the proposed scope for the work.

The above fee excludes any work you requested and the Commission has agreed to undertake using its advice and assistance powers.

If you have any questions regarding this letter, please contact me in the first instance. Alternatively you may wish to contact the Northern Region Head of Operations, Terry Carter.

Yours sincerely,



Valerie Edmonds
Comprehensive Area Assessment Lead

**Our reference**     Ltm10/11A.5

15 April 2010

Stephen Maddox
Chief Executive
Wirral Council
Wallasey Town Hall
Brighton Street
Wallasey
Wirral
CH44 8ED

| | |
|---|---|
| **Direct line** | 0844 798 7043 |
| **Mobile** | 07879 667712 |
| **Email** | m-thomas@audit-commission.gov.uk |

Dear Stephen

## Annual audit fee 2010/11

I am writing to confirm the audit work that we propose to undertake for the 2010/11 financial year at Wirral Council. The fee

- is based on the risk-based approach to audit planning as set out in the new Code of Audit Practice and work mandated by the Audit Commission for 2010/11

- reflects only the audit element of our work, excluding any inspection and assessment fees. Your Audit Commission Comprehensive Area Assessment Lead will be writing to you separately on these fees

- does not include the fees for the audit of Merseyside Pension Fund. I will be writing to you separately on these fees.

As I have not yet completed my audit for 2009/10, the audit planning process for 2010/11 including the risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary.

The total indicative fee for the audit for 2010/11 is for £392,000 (excluding VAT), a 0.5% increase on the planned fee of £390,000 for 2009/10. This is less than the Audit Commission's anticipated 6% increase for 2010/11 for the first year of International Financial Reporting Standards (IFRS) and is in line with our commitment to reduce the 2010/11 fee as noted at meetings with officers and members. A summary of this is shown in the table below.

**Audit fee**

| Audit area | Planned fee 2010/11 | Planned fee 2009/10 |
|---|---:|---:|
| Financial statements | £257,612 | £256,298 |
| Use of Resources/ VFM Conclusion | £126,922 | £126,274 |
| Whole of government accounts | £7,466 | £7,428 |
| **Total audit fee** | **£392,000** | **£390,000** |
| **Grant claims and returns** | **£128,000** | **£125,000** |

The Audit Commission has published its work programme and scales of fees 2010/11. The Audit Commission scale fee for Wirral Council is £363,000. The audit fee proposed for 2010/11 is +8 per cent compared to the scale fee (+13 per cent in 2009/10) and is within the normal level of variation specified by the Commission.

The published fee scale for 2010/11 included a 6% increase to cover the costs of additional audit work arising from the introduction of International Financial Reporting Standards. In July 2009, in recognition of the financial pressures that public bodies are facing in the current economic climate, the Commission confirmed that it would subsidise the 'one-off' element of the cost of transition to International Financial Reporting Standards (IFRS) for local authorities and police and fire and rescue authorities from 2010/11. You will therefore receive a refund from the Audit Commission of £21,904 in April 2010.

In setting the fee at this level, I have assumed that, apart from the introduction of IFRS, the general level of risk in relation to the audit of the financial statements is not significantly different from that identified to 2009/10 and internal control, working papers and quality assurance processes continue to improve. As we have not yet completed the 2009/10 audit, a separate plan for the audit of the financial statements will be issued in December 2010. This plan will detail the risks identified, planned audit procedures and any changes in fee. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with the Director of Finance and then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit and Risk Management Committee.

My use of resources assessments will inform my value for money conclusion and will be based on the evidence from three themes:

- Managing finances;

- Governing the business; and

- Managing resources.

The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2010/11. My work on use of resources informs my 2010/11 value for money conclusion. I have not identified any significant risks in relation to my value for money conclusion for 2010/11 and am currently progressing our 2009/10 assessment. The Audit Commission is also during 2010 committed to fundamentally reviewing its current approach to value for money audit work, including use of resources, with a view to making changes during 2010/11. This fee letter assumes the continuation of the current approach until the review is complete. A separate plan for the use of resources assessment and value for money conclusion will be issued in December 2010.

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1.

The above fee excludes any work requested by you that the Commission may agree to undertake using its advice and assistance powers.  If any such work is identified then each piece of work will be separately negotiated and a detailed project specification agreed with you.

The key members of the audit team for the 2010/11 are:

Audit Manager – Liz Temple-Murray      0151 666 3483

Team Leader – Rob Metcalf                   0151 666 3484

Performance Manager – David Wilson    0774 893 0598

I am committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Terry Carter, the North West Region Head of Operations: t-carter@audit-commission.gov.uk.

Yours sincerely



Michael Thomas
*District Auditor*

**cc**    Ian Coleman, Director of Finance
          Paula Southwood, Chair of Audit & Risk Management Committee
          Liz Temple-Murray, Audit Manager

# Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee.

## Table 1

| Planned output | Indicative date |
|---|---|
| Opinion plan | December 2010 |
| Use of resources plan | December 2010 |
| Interim audit memorandum (if required) | April 2011 |
| Annual governance report | September 2011 |
| Auditor's report giving the opinion on the financial statements and value for money conclusion | September 2011 |
| Whole of government accounts | October 2011 |
| Opinion report (if required) | October 2011 |
| Use of Resources report | October 2011 |
| Annual audit letter | November 2011 |
| Grant claims and returns certification, Director of Finance letters and any qualification letters | As individual deadlines |
| Grants report | February 2010 |

**WIRRAL COUNCIL**

**PENSIONS COMMITTEE**

**28 JUNE 2010**

**AUDIT AND RISK MANAGEMENT COMMITTEE**

**30 JUNE 2010**

**REPORT OF THE DIRECTOR OF FINANCE**

**AUDIT COMMISSION FEES**

**1.      EXECUTIVE SUMMARY**

1.1     The purpose of this report is to inform Members of a reduction in the fee levels of the Audit Commission for MPF for the audit of the annual accounts for the financial years 2009-2010 through to 2012-2013.

**2.      BACKGROUND**

2.1     As reported to Pensions Committee on 13 January 2010, the approach of the Audit Commission regarding fees for the audit of the 2009-2010 accounts was to refer to a "scale fee", based on a number of variables, including the type, size and location of the audited body. For MPF a scale fee of £70,900 was indicated in the report.

2.2     In addition to the scale fee, a joint review of additional risks in any particular year could result in an additional charge if additional audit work was required. During 2009-2010 MPF migrated to a new accounting and budgeting system using the Oracle financial package. It was therefore prudent to budget in 2010-2011 above this scale fee to allow for the extra audit work involved. Consequently, a budget of £73,000 was approved.

**3.      RECENT DEVELOPMENTS**

3.1     In May 2010, the Audit Commission advised of a change in approach to the basis of charging fees, which would contain three elements, and would apply to the Audit of the Accounts for the year ended 31 March 2010, and thereafter.

3.2     A statutory scale fee of £33,300 per annum will apply to multi-employer funds for the 2009-2010 and 2010-2011 audits. The previously announced scale fee for MPF was £70,900. The additional costs of auditing the transition in 2010-2011 to International Financial Reporting Standards (IFRS) will be absorbed within the current fee envelope. Scale fees will be kept under review.

3.3    A new variable element is now introduced, to reflect the size of the pension fund, as a proxy for the amount of auditing involved. For the 2009-2010 audit, this is based on 0.00055% of net Fund assets as at 31 March 2009 of £3,521,496,000.  Hence a variable fee of £19,365 is expected for two years.

3.4    In addition, a joint annual identification of additional risks by MPF and the Audit Commission will take place relating to any exceptional changes and transitions in a particular year. As detailed in paragraph 2.2, an additional budgetary provision has been made in the 2010-2011 budget to reflect the additional auditing required to gain assurance on the accounting transition.  In future years, issues such as any change of custodian, changes of valuation software, or major transitions of portfolios could also account for a supplementary charge to reflect the associated additional audit work.

**4.    FINANCIAL IMPLICATIONS**

4.1    In January 2010, the Committee agreed a budget of £73,700 for the audit and opinion on the accounts for the year ended 31 March 2010.

4.2    Fees for the audit of the 2009-2010 accounts, which are charged against the 2010-2011 budget, are expected to total £54,068 which would represent a saving of £19,632 against the budget.

**5    STAFFING IMPLICATIONS**

5.1    There are none directly arising from this report.

**6.    EQUAL OPPORTUNITY IMPLICATIONS**

6.1.    There are none arising from this report.

**7.    COMMUNITY SAFETY IMPLICATIONS**

7.1.    There are none arising from this report.

**8.    HUMAN RIGHTS IMPLICATIONS**

8.1    There are none arising from this report.

**9.    LOCAL AGENDA 21 IMPLICATIONS**

9.1.    There are none arising from this report.

**10.    PLANNING IMPLICATIONS**

10.1.    There are none arising from this report.

**11. MEMBER SUPPORT IMPLICATIONS**

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

**12. BACKGROUND PAPERS**

12.1 Audit Commission correspondence.

**13. RECOMMENDATION**

13.1 That Members note the reduction in the Audit Commission fees for auditing the accounts from the financial year 2009-2010 onwards.


IAN COLEMAN
DIRECTOR OF FINANCE


FNCE/103/10

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**Our reference**     MPF fee 2010/11

14 June 2010

Mr I Coleman
Director of Finance
Merseyside Pension Fund
Treasury Building
Cleveland Street
Birkenhead
Wirral
CH41 6BU

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

## Merseyside Pension Fund Annual Audit fee 2010/11

I am writing to confirm the audit work that we propose to undertake for the 2010/11 financial year at Merseyside Pension Fund (MPF) and to set out the fee implications. Our proposed fee for 2010/11 is £54,065

The audit of MPF is now treated as a separate audit, recognising its importance in the functioning of local government. This requires me to issue a separate plan for the audit of the fund's accounts and a separate auditor's report to those charged with governance for the fund, the Audit and Risk Management Committee and to the Pension's Committee. I do not form a value for money conclusion for the pension fund. The proposed work and fee reflects our risk-based approach to audit planning as set out in the Code of Audit Practice.

As I have not yet completed my audit for 2009/10, the audit planning process for 2010/11 including my audit risk assessment will continue as the year progresses and audit fees will be reviewed and updated as necessary.

The Commission published its Work Programme and Scales of Fees for 2010/11 and indicative fee proposals for 2011/12 and 2012/13 in October 2009. It deferred setting the 2010/11 fee scales for local government pension funds, pending a review of the costs of the 2008/09 audits.

This review is now complete, and in the light of the analysis, the Audit Commission Board has approved a scale fee formula to be applied to both large multi-employer and small multi-employer funds with effect from the 2009/10 audit year. For large multi-employer funds, the formula results in an average scale fee of £47,000, compared to a previous single scale fee of £70,900, a reduction of some 33 per cent. There is a variable element of the scale fee formula, which applies to the closing net assets of the scheme reported in the latest audited Fund Account. The 2010/11 variable element of the scale fee is calculated by reference to the 2008/09 closing net assets balance in the audited fund account.

The new statutory scale of fees is:

| Fund type | 2009/10 scale fees | 2010/11 scale fees |
|---|---|---|
| *Multiple employer funds* | | |
| fixed element | £33,300 | £33,300 |
| variable element  (applied to net assets) | 0.00055% | 0.00055% |

Based upon the formula the total indicative fee for the MPF audit for 2010/11 would be £52,665 (exclusive of VAT) which is slightly above the average of £47,000 due to the size of the fund.

For 2010/11, the Audit Commission will absorb the extra audit costs arising from the transition to IFRS within the current fee envelope. The Commission will keep the scale of fees under review and will carry out a further analysis of the costs of 2009/10 pension fund audits. This analysis will help to determine any updated fee scale for 2010/11.

We will issue a separate detailed plan for the audit of the financial statements in December 2010 or early 2011. At this stage of the planning process we have identified the following audit risks in relation to our opinion on the financial statements for 2010/11.

| Risk area | Planned work |
|---|---|
| The Fund will complete a Triennial Actuarial Valuation Review reflecting the position of the Fund at 31 March 2010. Whilst this is not a direct audit opinion risk, it is a key issue as regards the ongoing governance of the Fund.<br><br>Results of the triennial actuarial valuation will impact on the 2010/11 audit year.<br><br>There are risks of increased deficits leading to additional costs from increased employer contributions. | Review of the results of the actuarial valuation and the MPFs response to changes in valuation. |
| MPF have planned to replace its current system used to monitor and control internally managed investments (Shareholder) to the OpenAir system in 2010/11.<br>This system replacement was initially planned for 2009/10.<br><br>There is a risk that the balances will not be accurately transferred between systems; and a risk that effective controls are not in place in the new system. | We will review:<br>• the arrangements put in place by the Fund to ensure that balances are correctly transferred from the outgoing Shareholder system to the new OpenAir system; and<br>• the adequacy of controls in place in the new system and testing of the effectiveness of those controls as necessary. |

To recognise the additional work proposed to review of the system change from Shareholder to OpenAir we propose an additional fee of £1,400. This brings the total proposed fee for 2010/11 to **£54,065**.

The above fee excludes any work requested by you that the Commission may agree to undertake using its advice and assistance powers.

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1.

The key members of the audit team are:

| | | | |
|---|---|---|---|
| Audit Manager | – | Caroline Davies/Liz Temple-Murray | 0151 666 3481/3483 |
| Team Leader | – | Martin Nuttall | 0151 666 3244 |

This letter will be presented to the members of the Audit and Risk Management Committee in its capacity as those charged with Governance. In considering this letter the Committee should make reference to the new Audit Commission Code of Audit Practice 2010 and to the Statement of Responsibilities of Auditors and Audited Bodies. Copies have been attached to the Wirral Council audit update report, June 2010 and can be found on the Commission's website.

I am committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact the Head of Operations, Terry Carter on 0844 798 7150.

Yours sincerely




Mike Thomas
*District Auditor*

| | |
|---|---|
| **cc** | Councillor Simon Mountney, Chair of Audit and Risk Management Committee |
| | Councillor Geoffrey Watt, Chair of the Pensions Committee |
| | Peter Wallach, Head of Pensions |
| | Gerard Moore, Financial Controller |

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WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE - 30 JUNE 2010

REPORT OF THE DEPUTY CHIEF EXECUTIVE/DIRECTOR OF CORPORATE SERVICES

**AUDIT COMMISSION – PERFORMANCE MANAGEMENT REVIEW**

_____

1. **Executive summary**

1.1 Wirral Council has made some significant steps to improve performance management in recent years.  In April 2009, the Audit Commission began a review of the Council's performance management arrangements, in order to work with the authority to deliver further improvements.

1.2 This report provides the Audit Commission's final report on the findings of the review with an action plan attached at appendix 1.  Full copies of the Audit Commission's reports for each stage of the review have been placed in the electronic library on Wirral Council's website.  The areas for focus emerging from the review are as follows:

- Further develop the Council's management information arrangements to help services monitor and manage improvements.
- Review arrangements to ensure that key strategic documents intended to support the delivery of the Corporate Plan are fully aligned to both the Corporate Plan and each other.
- Strengthen arrangements to promote shared learning, both internally and externally.
- Review the way that the Corporate Improvement Group (CIG) and Performance Management Group (PMG) function and contribute to the improvement of corporate performance management arrangements.

1.3 Much work has already been put into place to address these areas for focus, prompted by the Council's recognition and understanding of what needs to be done to improve its performance management arrangements.  However, the review has been a useful catalyst to drive further improvements and an action plan has been developed in response to the Audit Commission findings and is attached as part of appendix 1.  The plan has been developed by the Council's Performance Management and Corporate Improvement Groups with approval by the Chief Officers Management Team.

2. **Background**

2.1 Wirral Council has significantly strengthened its approach to performance management and this can be evidenced through the following developments:

- The production of Wirral's sustainable community strategy which sets out a 2025 vision and a three year local area agreement (LAA) to deliver improvements in

partnership priorities.  The partnership's approach to performance management has been frequently praised by external bodies including Government Office for the North West during the annual review of Wirral's local strategic partnership / LAA in January 2010.

- The launch of Wirral's 2008/11 Corporate Plan  in April 2008 which sets out 5 clear strategic corporate objectives, medium term aims and annual priorities for improvement.
- The development and adoption of a consistent format for departmental business planning to fully reflect the contribution which departments will make towards the Corporate Plan.
- Revisions to both the format and timetable of reports to elected members to combine financial, performance and risk information to enable effective decision making.
- The launch of a revised data quality policy in 2009 and roll-out of data quality training workshops.
- A robust approach to target setting implemented across the Council which has been strengthened through the Council's involvement in benchmarking clubs.
- A range of innovative activity within departments to drive improvements in service delivery including robust project planning, a variety of benchmarking activity and staff engagement through development days.

2.2   The Audit Commission's review was intended to test these developments.  The review was divided into a number of stages, the first of which involved an online survey with a range of managers across the Council, and a baseline questionnaire exercise to obtain an initial picture of performance management arrangements within departments.  The second stage consisted of a detailed review of arrangements within two Council departments, and a series of focus groups with managers and elected members to seek a wider range of views.  The third and final stage of the review culminated with a workshop to identify actions to further improve the Council's performance management arrangements.

## 3.   Findings from Stage One

3.1   The online survey was distributed to a sample of 705 staff comprising chief officers and senior, middle and first line managers.  442 responses were received, giving an excellent response rate of just under 63%.

3.2   The findings reflect the significant improvements Wirral Council has made in performance management, with the overwhelming majority of the 442 respondents consistently agreeing or strongly agreeing with nearly all of the questions in the online survey which probe the corporate direction, the shared vision, the approach to managing service performance, improving services, improving performance management and improving people management.

3.3   Specific findings of the survey which the Audit Commission draw out in their review include the following:

- The sustainable community strategy and corporate plan are generally recognised as strategic drivers (91.9% of respondents either agreed or strongly agreed that there are clear Council-wide strategic objectives, aims and improvement priorities which set out an overall direction for the Council.  Also, 85.3% either agreed or

strongly agreed that there are clear departmental and corporate targets for performance and 87.6% of the 442 respondents agreed or strongly agreed that there are clear objectives, standards and targets for their service.)

- The Key Issues Exchanges (KIE) are clearly given high priority throughout the Council and provide an effective means of promoting ownership of corporate and partnership priorities. (81% of respondents either agreed or strongly agreed that they understand how the work they do contributes to delivering our vision and shared priorities. Also, 79.5% either agreed or strongly agreed that they have personal objectives which are linked to service objectives, targets and standards and 79.9% of respondents either agreed or strongly agreed that there is a service / team plan which sets out how service objectives will be achieved).

- Departments are working in a wide range of partnerships and delivering many national and regional imperatives. (71.6% of respondents agreed or strongly agreed that the Council works constructively with its partners to deliver on its vision and shared priorities).

- The Council has a generally strong approach to people management. (94.1% of respondents either agreed or strongly agreed that they understand their role and responsibilities for managing employees in their service, and 80.4% either agreed or strongly agreed that they are familiar with and understand the Council's HR policy frameworks, procedures and processes for managing people).

**4.    Findings from Stage Two**

Departmental tracers

4.1    The Audit Commission visited the Technical Services and Children's Services departments to undertake a detailed review of their performance management arrangements.    The Audit Commission provided positive feedback regarding the robustness of the arrangements and the enthusiasm displayed by officers in the departments.

4.2    Details of the Audit Commission findings are provided below.

- Departments have established clear priorities which are being delivered through regular monitoring of action plans.  The project planning methodology was considered to be well embedded within Technical Services with elected members actively involved.

- Leadership capacity and development is clearly an important factor in the department's performance management arrangements.  Technical Services have developed a management charter which is a commitment to the style of leadership and behaviour of managers.  The department also has a commitment to allocate managers a series of benchmarking days to learn from other authorities.  This approach to benchmarking has now been rolled out across the organisation.  Children's Services also give leadership a high priority ensuring that there is clear leadership at all levels of the department.

- Partnership working is considered to be critical to both departments with benefits identified as; increased capacity, joint decision making and working with partners towards consistent priorities. Children's Services highlighted a focus on improved outcomes through partnership working, with integrated services being developed with dedicated resources.

- Engagement with staff is given a high priority including communicating information on departmental priorities.

- Support from corporate services including Finance, Human Resources and the Corporate Performance Team were cited as essential for consistent working across departments. The Council's Performance Management Group was highlighted as an important mechanism for cross-department discussion and decision making.

- Some issues were identified regarding IT support, with limitations cited regarding the functionality of the Council's performance management system.

<u>Focus groups</u>

4.3 Focus groups were held with first line, middle and senior managers and elected members. The purpose of the sessions was to probe the initial survey findings further.

4.4 The following **strengths in performance management** where identified by the focus groups held with first line, middle and senior managers:

- Council and partnership performance and planning frameworks described as a "golden thread", meaning that there are clear objectives in place with action planning at all levels and ownership of plans. Partnership working is considered to be a real strength in the organisation.
- Customer focus was considered to be a key strength within the organisation and a clear commitment to equality is demonstrated by the Council.
- Staff are engaged and involved in business planning and delivery with increased engagement with members.
- Improved approach to performance reporting with links between performance and finance. Reports are clear for staff to identify opportunities for improvement and take ownership of issues.
- There is a more visual approach to performance reporting in some services which makes it easier for staff to make links between finance and performance, take ownership of issues and identify opportunities for improvement. Data quality training has been rolled out across the Council and partners.
- The corporate role of Chief Officers and the corporate groups established to facilitate the sharing of best practice between departments was identified as a strength.
- Management and leadership development are considered to be strengths within the organisation

4.5 The following **opportunities for improvement in performance management** where identified by the focus groups held with first line, middle and senior managers:

- A greater understanding is needed of the Council's priorities amongst all staff including front line services.
- A clearer alignment between business plans and the corporate plan was identified as a further opportunity for improvement including alignment of the workforce strategy with the corporate plan, although it was acknowledged that there has been progress in this area.
- Further opportunities should be considered for cross-working across Council departments.
- Value for money was considered to be an opportunity for improvement with further opportunities to be explored across Wirral's strategic partnership. A greater confidence about decommissioning services was also raised.
- Capacity issues were highlighted and further training for new managers and budget holders was requested.
- IT infrastructure issues were identified with a request for more integrated systems.
- Celebrating success was identified as an area which the Council needs to promote further. There is a lot of good practice in the services that are delivered and there is a need to raise its profile and celebrate achievements.

4.6 **Elected members** provided the following feedback to the Audit Commission at the focus group:

- There is a good understanding of personal contribution to corporate objectives and Cabinet members receive regular briefings on areas of responsibility. Action plans required where areas of under-performance are identified.
- The financial performance summary was considered useful with elected members advising that investment has been made in under-performing areas however the impact of this in some cases is yet to be felt.
- A strong process was put into place for determining Wirral's local area agreement priorities.
- Scrutiny committees have developed their own work programmes and are setting up working parties. This arrangement was considered to be working well.
- There is a clearer distinction now being made between reports for information and for decision-making with information items placed in a virtual library, this has enabled committee meetings to be more focused.
- The Council has subscribed to the PricewaterhouseCoopers benchmarking club which will help the Council benchmark performance and ensure that targets are sufficiently challenging.

## 5 Findings from Stage Three

5.1 The final stage of the review was a workshop session involving Chief Officers, Corporate Improvement and Performance Management Groups, and a range of middle managers across the Council. The workshop was designed to consider the findings from the previous two stages of the review to identify actions for improvement. The feedback from the workshop session was extremely positive by the attendees advising

that the workshop had provided an improved understanding of the challenges faced both corporately, and in departments.   Attendees felt that the shared learning aspect of the workshop really helped them to discover about methods used in other departments, which can assist them to improve in their own area of work.

5.2   Key elements of performance management which were identified as learning areas by attendees included realising the importance of accurate and relevant data.  The group also provided positive feedback on the opportunity to understand more about the good practice that is carried out across the Council and its partners.  Overall, the participants felt they gained a greater understanding of performance within different departments, and that they received evidence of improvements within performance management across the whole Council.

## 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 / Equality Impact Assessment

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

## 9   Health Impact Assessment

9.1 There are no health implications for Wirral resulting from this report

## 10  Community Safety implications

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

## 11  Local Agenda 21

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

## 12  Planning implications

12.1  There are no planning implications for Wirral resulting from this report.

## 13  Anti-poverty implications

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

## 14  Social inclusion implications

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

## 15 Local Member Support implications

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

## 16 Background Papers

16.1 Audit and Risk Management Committee – Performance Review Stage 1 report. 23rd September 2009

## 17 Recommendations

17.1 Audit and Risk Management Committee note the findings of the review outlined within this report.

17.2 Committee members note the Audit Commission's final report and action plan attached at appendix 1.


**J. WILKIE**
Deputy Chief Executive/Director of Corporate Services

This report was prepared by Lucy Beed, who can be contacted on 0151 691 8006.

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# Performance Management

**Summary Report**

Wirral Metropolitan Borough Council

Audit 2009/10

May 2010
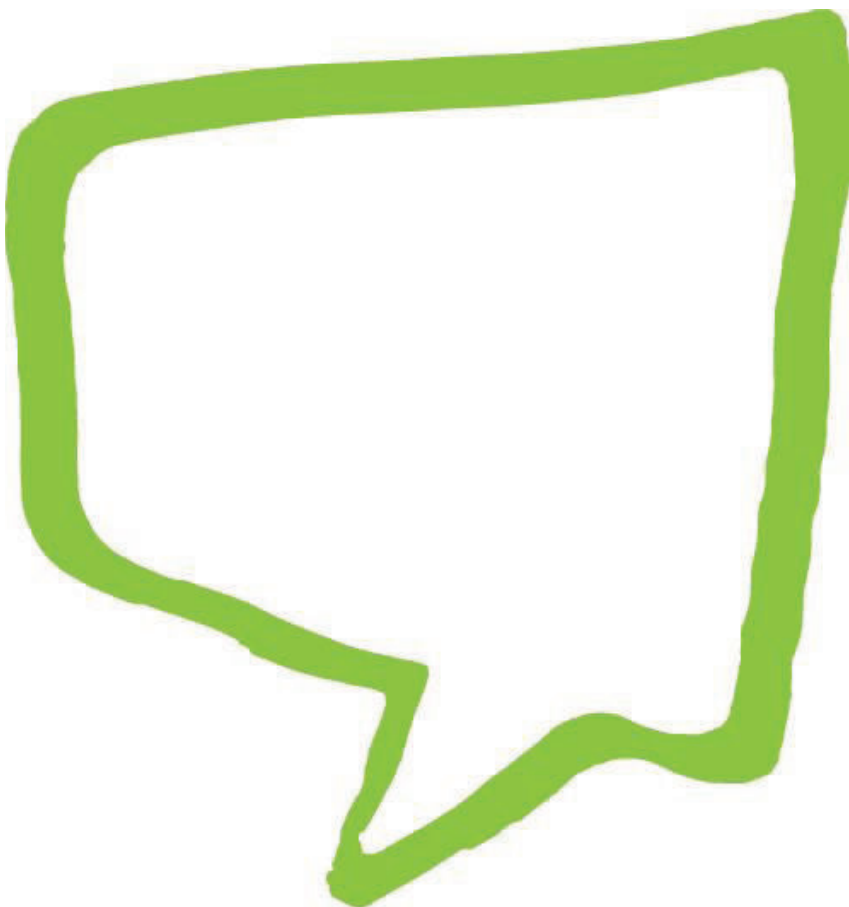
audit commission

# Contents

**Status of our Reports**

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

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

# Introduction

1  Organisations with effective performance management arrangements know what they need to do and how to do it. Therefore, they are more likely to be able to improve services to local people. Managing performance involves more than just setting up a system. Organisations need the right leadership and culture in place, and must focus on what matters most. In most councils, effective performance management arrangements are part of a wider change agenda. This means they aim for continuous improvement in both service delivery, and service user and resident views.

2  A performance management system is an extensive range of interlinked processes and arrangements. These start with setting its overall strategic direction, implementing methods of tracking progress against these priorities and linking this to an individuals' performance. The organisation's specific cultural 'make up' determines the extent of its success in carrying out its arrangements.

# Background

3    Since its corporate assessment in 2005, the Council has taken some important steps to improve the way it manages performance. It has refreshed the Corporate Plan, changed reports to cover both financial and performance information and put in place a coherent framework for planning and delivering local improvements. It has also worked with partners to make better use of intelligence and adopt a robust and systematic approach to identify local priorities.

4    Nevertheless, the Council has recognised that it needs to build on this and do more work to further strengthen performance management arrangements across the organisation.

5    We agreed to work collaboratively with the Council to assess the extent to which performance management arrangements have become embedded into core management processes and whether they are driving improvement.

# Audit approach

6   This work was designed to both examine progress and support the Council as it further develops its performance management arrangements. Our work focussed on specific elements of the whole performance management system and:

- examined the extent to which performance management is customer focussed;

- provided a reality check on the Council's progress in embedding its current performance management framework to a consistent level across the organisation;

- identified the key barriers to the effective implementation of the Council's current performance management arrangements;

- identified the main drivers in those areas where performance management arrangements are most effective; and

- helped the Council improve its performance management arrangements as it seeks to achieve its ambitions.

7   Our approach focused on three distinct organisational levels:

- the role of the corporate centre in setting up and embedding a culture of performance management;

- how performance management is made real at service group level; and

- the practical implementation of performance management arrangements by service managers, including cascade of targets and objectives to individuals.

8   The review took place throughout 2009 and benefited from strong commitment and support from the Council. We have collated and shared the output from each phase with the Council in a format that it can continue to use following completion of the review. The key outputs are as follows.

- **Baseline data pack.** We collated the completed baseline questionnaires and provided them to the Council. These provide information on performance management arrangements within specific services. They include current developments, areas for improvement already identified by managers and information on target setting.

- **Interactive spreadsheet.** This contained the full results from the manager survey. It enables the user to compare results from individual services against the overall Council results. The user can also filter results by first line, middle or senior managers to identify key messages at different levels within the organisation.

- **Performance management stage 1 report**. This contains the main messages from the baselining exercises and highlights some of the issues we would consider throughout the rest of the review. It also includes the numerical results from the survey. This report informed our 2008/09 value for money conclusion and use of resources assessment.

- **Performance management stage 2 report.** This contains the information used in the focus groups and the output from the various sessions which we used to structure the action planning workshop.

- **Performance management stage 3 report.** This contains the information used in the action planning workshop and the output from the sessions.

- **This report** draws together the messages from the various stages of the review and identifies 4 areas of focus to further improve performance management arrangements. This report, along with the stage 2 and stage 3 reports will inform our 2009/10 value for money conclusion and use of resources assessment.

# Areas for focus

9   The Council has taken positive steps to strengthen its performance management arrangements. We have highlighted four areas where further action will improve the overall effectiveness of these arrangements as follows.

- Further develop the Council's management information arrangements to help services monitor and manage improvements.

- Review arrangements to ensure that key strategic documents intended to support the delivery of the Corporate Plan are fully aligned to both the Corporate Plan and each other.

- Strengthen arrangements to promote shared learning, both internally and externally.

- Review the way that the Corporate Improvement Group (CIG) and Performance Management Group (PMG) function and contribute to the improvement of corporate performance management arrangements.

# Main conclusions

**10** The overall conclusion is that the Council has sound systems and processes to manage its performance effectively. But these arrangements are not yet being consistently implemented across the organisation.

## Management information

**11** The Council is improving its capacity and capability for performance management in terms of both management information and skills. However departments are still at different stages in developing their own arrangements for overseeing, managing and challenging service performance using robust data.

**12** Information technology (IT) is not always effectively supporting performance management at departmental level. Operational managers report some difficulties in accessing IT and that there are sometimes problems over system compatibility when working with partners. At the same time, they reported concerns that the level and timeliness of IT support at the Council is not always good.

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**Area for focus**

Further develop the Council's information management arrangements to help services monitor and manage improvements.

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## Consistent plans

**13** Corporate priorities are clear and are consistent with wider priorities agreed with external partners. This provides clarity over what improvements the Council is setting out to achieve and a focus for service and team plans. Managers regard this clear vision and sense of direction as being one of the Council's most significant improvements in its performance management arrangements since its corporate assessment.

**14** However, other organisational plans and strategies which sit underneath the Corporate Plan are not always consistent with each other, and some performance targets do not align well to the budget. Budget setting and business planning processes are not yet completely aligned, and some strategic documents such as the budget and workforce strategy are not always clearly linked to the Corporate Plan. This makes it difficult for the Council to ensure that all of its resources are being properly targeted to support the delivery of its corporate priorities.

**Main conclusions**

### Shared learning

15  The Council has a positive attitude towards developing performance management skills within the organisation. When asked, nearly three quarters of managers said that they had received appropriate training and development to help them achieve personal objectives. The Council has provided training on data quality for relevant staff, and has recently joined the PWC Benchmarking Club to promote greater use of comparative information across the organisation.

16  However, the Council is not yet maximising opportunities to share learning within the organisation. As previously referenced, departments are at different stages in terms of developing their own arrangements for performance management, and some examples of good practice are emerging. These include a review of processes in the Council's Licensing Section to make them more efficient using an internationally recognised approach ('Lean'), Technical Services' approach to clarity of purpose and Adult Services' use of performance surgeries and a balanced scorecard. These developments are not always being picked up at a more corporate level and shared across the organisation.

17  More work also needs to be done to make optimal use of opportunities for learning from other organisations. All directorates are involved in both formal and informal networks with providers of similar services, but it is not always clear how this external contact is resulting in changes within the Council or improved outcomes for users.

### Corporate performance arrangements

18  The Council has set up sound arrangements to coordinate performance management across the organisation. CIG and PMG provide opportunities for corporate performance staff and service department colleagues to discuss issues. Good use is also being made of the key issues exchange to cascade information through the organisation. The Council therefore has structures in place to communicate performance management issues across, up and down the organisation.

19 However, the benefits of these arrangements are not yet being fully realised. In particular, the potential of CIG and PMG for promoting learning within the organisation is not yet being harnessed. As a result good practice in individual services does not become 'repackaged' for the benefit of the Council as a whole.

**Area for focus**

Review the way that the Corporate Improvement Group (CIG) and Performance Management Group (PMG) function and contribute to the improvement of corporate performance management arrangements.

# Appendix 1 – Action Plan

| Page no. | Area of focus | Priority 1 = Low 2 = Med 3 = High | Responsibility | Agreed | Comments | Date |
|---|---|---|---|---|---|---|
| 8 | Develop the Council's information management arrangements to help services monitor and manage improvements | 3 | Head of ICT | Yes | Continue to develop integrated information systems to support managers. There are key projects within Council's Strategic Change Programme built around enhanced technology (including HR, payroll, procurement). Additionally the programme includes a strategic review to ensure the Council's IT systems remain fit for purpose in supporting the business. These will deliver improved information about people management costs for the organisation and for managers. | |
| | | | Head of Policy | Yes | Procure a performance management system to include performance indicators, risks and projects. | In place for April 2011 |
| | | | Corporate Improvement Group | Yes | Building on best practice which already exists within the organisation, develop mechanisms for ensuring that innovative developments in performance management are shared and distributed across departments. | Summer 2010 |

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| Page no. | Area of focus | Priority 1 = Low 2 = Med 3 = High | Responsibility | Agreed | Comments | Date |
|---|---|---|---|---|---|---|
| 9 | Review arrangements to ensure consistency of key strategic documents intended to support the delivery of the Corporate Plan to ensure that they are fully aligned to both the Corporate Plan and each other. | 3 | Corporate Improvement Group | Yes | The area focus comments pre-date the work that has been completed to align the 2008-11 corporate plan with workforce development strategy, risk management, asset management and financial plans. The Corporate planning framework was also approved by Cabinet prior to the 2010/11 budget setting process and plans now clearly link projects and activity with resources. | Completed - 2010/11 Corporate Plan refresh |
| | | | | Yes | Review best practice authorities to improve arrangements further. | In place for April 2011 |
| 9 | Develop arrangements to promote shared learning, both internally and externally | 3 | Head of HR/OD | Yes | Develop manager shared learning/innovation workshops to consider and share best practice within departments and promote innovative working | Summer 2010 |
| | | | Head of Policy | Yes | Intranet shared area to promote best practice | Summer 2010 |
| | | | Head of Policy | Yes | Implement benchmarking approach to allow service managers dedicated time to review priority areas and identify best practice authorities using benchmarking tools to improve services | Summer 2010 |
| | | | Head of HR/OD | Yes | Develop a manager's toolkit to provide a consistent approach to learning and development opportunities | Summer 2010 |
| | | | Head of Policy | Yes | Standard agenda item on PMG and CIG meetings to share best practice | Complete |
| | | | Head of Legal and Democratic Services | Yes | Review overview and scrutiny arrangements to introduce a clear strategy and development programme of change and improvement | |

**Appendix 1 - Action Plan**

| Page no. | Area of focus | Priority 1 = Low 2 = Med 3 = High | Responsibility | Agreed | Comments | Date |
|---|---|---|---|---|---|---|
| 10 | Review the way that the Corporate Improvement Group (CIG) and Performance Management Group (PMG) function and contribute to the establishment of corporate performance management arrangements. | 3 | CIG/PMG | Yes | Promote the sharing best practice in accordance with the comments above | |

# The Audit Commission

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

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

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

**WIRRAL COUNCIL**

**AUDIT AND RISK MANAGEMENT COMMITTEE**

**30 JUNE 2010**

**REPORT OF THE DIRECTOR OF FINANCE**

**CIPFA AUDIT COMMITTEE UPDATE**

1.   **EXECUTIVE SUMMARY**

1.1.   This report provides information on the recent developments outlined in the CIPFA Better Governance Forum Audit Committee Update Issue 2 dated May 2010.

2.   **BACKGROUND**

2.1.   The CIPFA Better Governance Forum publishes an Audit Committee Update which is aimed at helping Audit Committees to be effective.

2.2.   Within the update is a section on recent developments.  This report provides Members with a note of progress on each of these developments.

3.   **DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT**

3.1.   In 2009 CIPFA published a Statement on the Role of the Chief Financial Officer (CFO) in public service organisations.  This was followed by the Statement of the Role of the CFO in Local Government.  The statement introduced the principle of 'comply or explain' for organisations when undertaking their annual governance reviews.  The Application Note to Delivering Good Governance in Local Government: a Framework advises on the application of the Statement on the Role of the Chief Financial officer in Local Government under the CIPFA/SOLACE Framework:  Delivering Good Governance in Local Government.  It shows how the annual governance statement can reflect compliance with the Statement for reporting purposes.

3.2.   Wirral Council complies with all of the principles in the Role of the Chief Financial Officer in Local Government as detailed in a report to this Committee on 24 March 2010.

4.   **CONSULTATION ON THE ROLE OF HEAD OF INTERNAL AUDIT**

4.1.   The draft CIPFA Statement on the role of the Head of Internal Audit was launched at the CIPFA Audit Conference on 19 May 2010.

4.2.   The CIPFA Statement has five principles which apply across all public service organisations:

**The Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:**

1. Championing best practice in governance and management, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and

2. giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

**To perform this role the Head of Internal Audit**

3. must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee;

4. must lead and direct an internal audit service that is resourced to be fit for purpose; and

5. must be professionally qualified and suitably experienced.

4.3. A detailed report on the Role of the Head of Internal Audit should be presented to the next meeting of this Committee.

5. **LAUNCH OF THE EFFECTIVE INTERNAL AUDIT GUIDE**

5.1. The guide provides guidance on assurance frameworks and the role of internal audit, how internal audit teams can improve and demonstrate their effectiveness. It includes case studies, improvement tools and links to other resources.

5.2. Audit committee members can use this guide to help understand how internal audit should support the achievement of organisation objectives and provide leadership within the organisation. In addition it also highlights how crucial the audit committee is in supporting internal audit.

6. **SEVERANCE AGREEMENTS FOR CHIEF EXECUTIVES**

6.1. The Audit Commission recently published a report examining severance payments to Chief Executives in local government. The report, *By Mutual Agreement*, includes recommendations to the Government, Councils and the Local Government Association. The report found that three in every ten departing council chief executives receive compensation for the early termination of their contract and the costs of severance payments for councils can be high. Making a severance payment may be in the best interests of councils and the taxpayer, but the formal processes are not working well.

7. **COUNTER FRAUD CHECKLIST FOR THOSE RESPONSIBLE FOR GOVERNANCE**

7.1. This new checklist is now available free to Better Governance Forum subscribing organisations. It can be used by those responsible for governance (audit committees or equivalent) to assess their contribution to the fraud defences of their organisation and determine what action is needed.

8. **FRAUD RISK EVALUATION DIAGNOSTIC (FRED)**

8.1. FRED enables practitioners such as risk managers, internal auditors, finance managers, and counter fraud specialists, to gain an understanding of the susceptibility to fraud and corruption of their organisation. The first part will be available soon.

8.2. It has been designed to:-

- Quickly gain an overview of the susceptibility of the organisation to fraud and to identify the high risk areas
- Maintain an understanding of the level of fraud risk in the organisation over time.
- Aid planning of work designed to combat fraud and corruption and as part of the development of a zero-tolerance culture.

8.3. FRED will also inform the Annual Governance Statement/Statement of Internal Control and help provide information for assessment of internal control by both internal audit and external audit.

9. **FINANCIAL IMPLICATIONS**

9.1. There are none arising directly from this report.

10. **STAFFING IMPLICATIONS**

10.1. There are none arising directly from this report.

11. **EQUAL OPPORTUNITY IMPLICATIONS**

11.1. There are none arising directly from this report.

12. **COMMUNITY SAFETY IMPLICATIONS**

12.1. There are none arising directly from this report.

13. **HUMAN RIGHTS IMPLICATIONS**

13.1. There are none arising directly from this report.

14. **LOCAL AGENDA 21 IMPLICATIONS**

14.1. There are none arising directly from this report.

15. **PLANNING IMPLICATIONS**

15.1. There are none arising directly from this report.

16. **MEMBER SUPPORT IMPLICATIONS**

16.1. There are none arising directly from this report.

17. **BACKGROUND PAPERS**

17.1. CIPFA Better Governance Forum Audit Committee Update – May 2010.

17.2. The Role of the Chief Financial Officer in Public Services – CIPFA – June 2009.

17.3. The Role of the Chief Financial Officer in Local Government - CIPFA – 2010.

17.4. Consultation of the Role of the Head of Internal Audit – CIPFA – May 2010.

14. **RECOMMENDATION**

14.1. That Members note the report

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/98/10

CIPFA \ The Chartered Institute of
Public Finance & Accountancy

**Better Governance Forum briefing paper**

# Audit Committee Update
## -helping audit committees to be effective

**Issue 2 – Reviewing the Annual Governance Statement or
Statement on Internal Control**

**May 2010**

# Introduction

**Dear Audit Committee Member,**

This is the second edition of the new series of briefing papers for audit committee members in public sector bodies.

Produced by the CIPFA Better Governance Forum it is **free** to our subscribing organisations. We aim to provide members of audit committees with direct access to relevant and topical information that will support them in their role. This issue includes an article to help you review your Annual Governance Statement or Statement on Internal Control and pointers to other information and guidance relevant to your role. If you missed the first edition, which covered the review of the audit plan, then you can download a copy from the Better Governance Forum website http://www.cipfanetworks.net/governance/library/default_view.asp?content_ref=9685

The CIPFA Better Governance Forum is part of the Chartered Institute of Public Finance and Accountancy which is the leading body for setting standards of governance and recommended practice for audit committees in local government and other parts of the public sector. The Forum is a subscription network covering all aspects of governance providing guidance, briefings and workshops.

We hope you will find these updates helpful. We have had some very positive feedback both from audit committee members and from those who support the committee. Please continue to send through your comments together with suggestions for future topics.

We aim to produce briefings three times a year. It will be emailed to the key contact in your organisation who will be able to email it to you or print it if you prefer. If you want to make sure you receive your copy directly please provide us with your details using the link on page 3.

Best wishes

Diana Melville
Governance Advisor
CIPFA Better Governance Forum
Diana.Melville@cipfa.org.uk

# Future editions of this briefing:

The next edition is planned for September and will feature risk management and how the audit committee can help make the management of risk more effective in the organisation.

We are also starting to plan the editions for 2011. Possible topics for future editions are:
- Value for money
- International Financial Reporting Standards
- Counter-fraud arrangements
- Scrutiny of treasury management
- Effectiveness of internal audit.

Let us know which topics are most important to you and any other suggestions.

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# Workshops and training for audit committee members in 2010

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**Advanced Audit Committees**
Have you cracked the basics?  Then how about your role in relation to value for money, treasury management or counter fraud?

17 November 2010 – York
http://www.cipfanetworks.net/governance/events/

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**Effective Audit Committees**

17 June 2010 – Glasgow
14 July 2010 - London

http://www.cipfanetworks.net/training/

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**Reviewing the Annual Governance Statement and Statement of Accounts**

8 June 2010 – Birmingham

http://www.cipfanetworks.net/governance/events/

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**In-house training**

In house training, tailored to your needs is available. For further details contact Claire Simmons on 0208 6678542 or Claire.Simmons@cipfa.org.uk
http://www.cipfanetworks.net/training/

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If you have an organisational email address (for example jsmith@mycouncil.gov.uk ) then you will also be able to register on our website. This will give you access to governance material and guidance documents. **If you would like to request that these**

# Receive our briefings directly:

This briefing will be sent to all key contacts of organisations that subscribe to the CIPFA Better Governance Forum with a request that it be forwarded to all audit committee members.

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# Reviewing the Annual Governance Statement or Statement on Internal Control

***What is an Annual Governance Statement (AGS), Statement on Internal Control (SIC) or Statement on Internal Financial Control (SIFC)?***

The AGS, SIC or SIFC is a public statement, normally included with your statement of accounts, which explains how your organisation manages its governance and control arrangements. They are produced by both public and private sector organisations.

***What does my organisation need to have?***

Confusingly not all public bodies have the same requirement! While CIPFA recommends that all local government bodies in the UK have an Annual Governance Statement, this is only a statutory requirement in England and Northern Ireland.  Welsh authorities have a Statement on Internal Control although an AGS is likely to be required from 2010/11 as the Welsh Assembly Government have consulted on this.  In Scotland authorities are required to have a Statement on Internal Financial Control.

Central government bodies and health authorities are all required to have a Statement on Internal Control.

***What's included in these statements?***

Although the names are different, there are many similarities between these statements as they all evolved out of the Statement on Internal Financial Control. And there are common features in all good statements. A good statement is open and honest, stating what works well and where improvements are needed. It includes a plan, showing who is responsible for taking action and when they will take action by. It also outlines progress against previous action plans. Whilst the focus of an SIFC is on financial controls, the other statements cover the full range of internal controls and the AGS covers wider governance matters such as ethics and leadership too.

The statement summarises the key processes for delivering good systems of control and governance and indicates who is responsible for what. Processes are likely to include internal audit activity, risk management, performance management and other types of review and challenge. Responsibility lies with management, especially senior management, and the audit committee has an important role to play in providing challenge and oversight.

***What does the Audit Committee do?***

The audit committee has an on-going role in delivering good governance. Every time it reviews an audit report (internal or external) or holds an officer to account for his or her action (or inaction), it is helping to deliver good governance. In relation to the statement itself, the audit committee should take a robust and challenging approach, ensuring that:

- The statement reflects the organisation and is an honest self-assessment. Members should review evidence and challenge it where they believe it to be inaccurate or incomplete.
- They have sufficient assurance from enough separate parts of the organisation (this is known as 'triangulation' in audit circles) to be confident that, where controls and governance are deemed to be good, they are good and, where weaknesses are identified, the statement contains an accurate assessment of those weaknesses.
- The statement itself is well written and would be understood by someone with no knowledge of your organisation. In other words, it should be in plain English, with no jargon and it should include sufficient explanations.
- The action plan addresses all identified problem areas, including those identified in previous years where actions remain incomplete. Actions should be SMART (specific, meaningful, allocated, realistic and timely).

### *What makes for good governance?*

Good practice approaches include:
- Creating and regularly reviewing a vision and direction for your organisation so that everyone understands what they are there to deliver.
- Indicating the level of service to be delivered – you can't be excellent at everything so what will you concentrate on and what can be good enough?
- Board / Member and officer roles are clearly defined, with schemes of delegation and codes of practice/conduct, so that everyone understands what they should and should not be doing.
- Having standing orders, financial regulations and guidance notes so that everyone knows what procedures are to be followed.
- A robust, challenging and supporting audit committee to provide oversight and review.
- Arrangements to ensure that you comply with laws and regulations and identify and act on changes promptly.
- Appropriate and flexible whistle-blowing arrangements.
- Methods to identify and act on officer and member development needs.
- Excellent and open communication with your community.
- Ways to ensure good governance in all your partnerships.
- Promotion of the values of good governance and ethical standards.

### *How do you draw up a good statement?*

- Review and map your assurance framework to make sure that it covers all areas, including the hard to reach ones such as partnerships, and that you do not have any duplication in assurance.
- Obtain wide engagement – not just the head of audit or governance doing everything, but getting mini-governance or assurance statements from directors and heads of service that contribute to the overarching statement and/or setting up a working group to develop the statement.
- Be open and honest – it's about improvement and adding value, not about looking good.
- Be prepared to challenge yourself and look for areas for improvement, perhaps by benchmarking or comparing yourself with other organisations.
- Compare the assurances received to the strategic risk register. Are there any high risk areas that have not been adequately covered?
- Look for any inconsistencies or discrepancies. For example, has assurance been provided that there are no significant problems in an area but you have conflicting evidence from elsewhere (audit, risk, performance, complaints, fraud, etc)?
- Check progress against action plans during the year so problems can be dealt with quickly and governance becomes part of the way we do things round here, not just a once-a-year activity.
- Ensure that the action plan is widely known and understood in the organisation and beyond so that those charged with action are held to account and delivery is more likely.

## Key questions to ask:

| |
|---|
| 1. **What process has the organisation gone through to gather evidence to support the AGS/SIC/SIFC? Has it involved staff from across the organisation?** |
| 2. **Have assurance statements already gone through a process of challenge and review prior to presentation to the audit committee? What did this show?** |
| 3. **Does the action plan flow out of the statement and identify the major issues we need to address as an organisation?** |
| 4. **Does the action plan include actions outstanding from previous years, prioritised as necessary?** |
| 5. **How will the action plan be communicated to staff, stakeholders and the public?** |

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*Other sources of information*

There are lots of sources of information and guidance on governance that are general or sector specific. Ask your internal auditors or governance staff for copies of the guidance that relates to your organisation. The Better Governance Forum website contains the following documents:

*The Statement on Internal Control: A guide for Audit Committees, National Audit Office*
*A Good Practice Guide to the Statement on Internal Control, National Audit Office*
*Delivering Good Governance in Local Government, Framework and Guidance Note, CIPFA & SOLACE*
*Rough Guide to the Annual Governance Statement, CIPFA*


**Elizabeth Humphrey**
Senior Associate, CIPFA Better Governance Forum


# Recent developments you may need to know about:


### Application Note to Delivering Good Governance in Local Government: a Framework – CIPFA/SOLACE

In 2009 CIPFA published its Statement on the Role of the Chief Financial Officer in public service organisations. This was followed by the Statement on the Role of the CFO in Local Government. The statement has introduced the principle of 'comply or explain' for organisations when undertaking their annual governance reviews. The [Application Note to Delivering Good Governance in Local Government: a Framework](#) advises on the application of the Statement on the Role of the Chief Financial Officer in Local Government under the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. It shows how the annual governance statement can reflect compliance with the Statement for reporting purposes.


### Statement on the Role of the Chief Financial Officer in public service organisations

Audit Committees outside local government may also like to consider the *CIPFA Statement on the Role of the Chief Financial Officer in public service organisations* when reviewing their governance arrangements. [http://www.cipfa.org.uk/panels/finance_director/index.cfm](http://www.cipfa.org.uk/panels/finance_director/index.cfm)


### Update on the consultation on the role of Head of Internal Audit

The draft CIPFA Statement on the role of the Head of Internal Audit was launched at the CIPFA Audit Conference on 19th May 2010. The document and consultation material is available on the CIPFA website. [http://www.cipfa.org.uk/pt/consultations.cfm](http://www.cipfa.org.uk/pt/consultations.cfm)

The CIPFA Statement has five principles which apply across all public service organisations:

> **The Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:**
>
> 1. championing best practice in governance and management, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and
>
> 2. giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

> **To perform this role the Head of Internal Audit:**
>
> 3. must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee;
>
> 4. must lead and direct an internal audit service that is resourced to be fit for purpose; and
>
> 5. must be professionally qualified and suitably experienced.

## Launch of the Effective Internal Audit guide

The guide provides guidance on assurance frameworks and the role of internal audit, how internal audit teams can improve and demonstrate their effectiveness. It includes case studies, improvement tools and links to other resources.

Audit committee members can use this guide to help understand how internal audit should support the achievement of the organisation's objectives and provide leadership within the organisation. In addition it also highlights how crucial the audit committee is in supporting internal audit. It will be available free to Better Governance Forum subscribing organisations on the website.

## Severance Agreements for Chief Executives

The Audit Commission recently published a report examining severance payments to Chief Executives in local government. The report, *By Mutual Agreement*, includes recommendations to the Government, Councils and the Local Government Association. The report found that three in every ten departing council chief executives receive compensation for the early termination of their contract and the costs of severance payments for councils can be high. Making a severance payment may be in the best interests of councils and the taxpayer, but the formal processes are not working well. By Mutual Agreement Last year the Better Governance Forum published guidance on negotiating staff severance agreements. It is available from our website.

## Counter fraud checklist for those responsible for governance

This new checklist is now available free to Better Governance Forum subscribing organisations on the website. http://www.cipfanetworks.net/governance/library/default_view.asp?content_ref=10290
It can be used by those responsible for governance (audit committees or equivalent) to assess their contribution to the fraud defences of their organisation and determine what action is needed. This is appropriate to use in any organisation.

## Fraud risk evaluation diagnostic (FRED)

FRED enables practitioners such as risk managers, internal auditors, finance managers, and counter fraud specialists, to gain an understanding of the susceptibility to fraud and corruption of their organisation. The first part will be available soon.
It has been designed to:
- quickly gain an overview of the susceptibility of the organisation to fraud and to identify the high risk areas
- maintain an understanding of the level of fraud risk in the organisation over time
- Aid planning of work designed to combat fraud and corruption and as part of the development of a zero-tolerance culture.

FRED will also inform the Annual Governance Statement / Statement of Internal Control and help provide information for assessment of internal control by both internal audit and external audit.

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# The Audit Committee Cycle

## Accounts

As well as reviewing the Annual Governance Statement or Statement on Internal Control, audit committees will also be reviewing the statement of accounts. If you are not experienced in this area it can be daunting to receive long complex documents and undertake a meaningful review. The accounts show the financial health of your organisation and its ability to manage its resources and they are important documents that are publicly available. Efforts should be made to present financial information clearly and in 'plain English' to non-experts and this is one of the areas where audit committee members can add value.

## Audit Committee self-assessment

A periodic self-assessment of how you are performing can be a useful improvement step and can also support your Annual Governance Statement or Statement on Internal Control. There are a number of checklists you can use and copies can be found on our website:

A Toolkit for Local Authority Audit Committees, CIPFA Better Governance Forum
The Audit Committee Self-Assessment Checklist, National Audit Office

## Annual Report on the Audit Committee

Does your audit committee produce an annual report on its work? Those that do have found it a useful way to demonstrate the range and impact of their work to the rest of the organisation, the public and other stakeholders.

Suggestions for what you should include:
- How you have fulfilled your terms of reference.
- Major areas reviewed during the year and recommendations made.
- Governance developments or changes that the committee has promoted.
- Development activities such as training undertaken.

Reflecting back over the year and the issues raised will also support your review of the Annual Governance Statement, Statement on Internal Control or Statement on Internal Financial Control and help to shape your work programme for 2010/2011.

If you would like to see examples of similar reports then you can find these on the Better Governance Forum website.

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WIRRAL COUNCIL

**AUDIT & RISK MANAGEMENT COMMITTEE – 30 JUNE 2010**

REPORT OF THE DIRECTOR OF LAW, HR AND ASSET MANAGEMENT

**REGULATION OF INVESTIGATORY POWERS ACT 2000**

1. **SUMMARY**

This report summarises the use of covert surveillance by the Council since 1 July 2009.

2. **BACKGROUND**

2.1   The Regulation of Investigatory Powers Act 2000 (RIPA) governs how public bodies use surveillance methods:   The Council may use covert surveillance for the purpose of preventing or detecting crime or preventing disorder.

2.2   The origin of RIPA lies in the Human Rights Act 1998 which places restrictions on the extent to which public bodies may interfere with a person's right to respect for his or her home and private life and correspondence during the course of an investigation into suspected criminal activities.   The provisions of RIPA ensure (in summary) that any such interferences are in accordance with the law and are necessary and proportionate (i.e. the seriousness of the suspected crime or disorder must outweigh any possible interferences with the personal privacy of the persons being investigated and of persons who associate with them).

2.3   The Council's Constitution authorises the Directors of Law, HR and Asset Management, 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.

2.4   The Office of Surveillance Commissioners (OSC) is responsible for overseeing the operation of RIPA.  The OSC inspected the Council on 1 July 2009.  The outcome of that inspection was reported to the Committee on 23 September 2009.   The Committee approved amendments to the Council's Policy and Guidance Document made in response to the Report.

2.5   New Codes of Practice on covert surveillance have been published by the Home Office.  As from 1 April every Council should report quarterly to its Audit and Risk Management Committee on its use of RIPA.

3. **THE USE OF RIPA BY THE COUNCIL**

3.1   Between 1 July 2009 and 31 May 2010 the Council granted 13 authorisations for covert surveillance.

3.2.   Of those authorisations, 6 were for covert surveillance by the Wirral Anti-Social Behaviour Team to gather evidence of serious anti-social behaviour (mainly on housing estates) for use in proceedings for possession injunctions and anti-social behaviour orders.  The use of covert surveillance by the installation of cameras and sound recording equipment is a valuable means of overcoming the barriers raised by witness intimidation to evidence obtained by other means.  It also is potentially more reliable evidence than the recollection of a witness whose memory may be fallible and whose evidence may be perceived as biased against the defendant.  One authorisation was granted orally because there was insufficient time to make a written application in a case where it was believed a property was about to be burgled.

3.3   Six authorisations were for covert surveillance by Wirral Trading Standards officers for use in investigations into offences such as the sale of counterfeit goods and of cigarettes or alcohol to under-age children.  They often take the form of "test purchases" in a shop from a retailer suspected of committing offences and the intrusion into personal privacy is minimal.

3.4   One authorisation was granted by the Director of Technical Services for investigations into fly-tipping.  Fly-tipping is a criminal offence and constitutes a serious public nuisance.


4. **SENIOR RESPONSIBLE OFFICER**

4.1   The Home Office Codes of Practice require local authorities to appoint one of its Directors to oversee the use of RIPA and to report on its use.

4.2   The Committee is requested to recommend to the Cabinet that the Director of Law, HR and Asset Management be appointed to this position.

4.3   The Director of Law, HR and Asset Management (through the Head of Legal and Member Services) keeps the central record of authorisations of covert surveillance and monitors the proper use of the legislation through quarterly meetings of departmental co-ordinators.  These took place on 28 August and 30 November 2009 and on 1 March and 19 May 2010.

4.4   Training was delivered to authorising and applying officers on 7 May 2010 by Mr Ibrahim Husan an acknowledged expert on RIPA.  It included practical exercises and a commentary on the new Codes of Practice.

5.    **POLICY AND GUIDANCE DOCUMENT**

5.1    The Council's Policy and Guidance document has been amended to take account of the New Codes of Practice and of the advice of the Surveillance Commissioners. A copy is attached as Appendix 1.  The Cabinet will be invited to approve the policy contained in the document which has already been approved by this Committee.

5.2    The new Codes of Practice do not materially differ from their predecessors.  They mainly give more practical guidance on the proper use of covert surveillance.

5.3    Recent legislation has however limited the categories of officers qualified to grant authorisations to Directors, Heads of Service and Service Managers.  A list of such officers is attached as Appendix 2.

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

There are no Financial, Staffing, Local Agenda 21, Planning, Social Inclusion and Local Member Implications arising from this report.

7.    **EQUAL OPPORTUNITIES IMPLICATIONS**

The purpose of RIPA is to strike a fair balance between the rights of individuals to privacy and the rights of public bodies to act in the public interest to detect and prevent criminal behaviour.

8.    **COMMUNITY SAFETY IMPLICATIONS**

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

9.    **BACKGROUND PAPERS**

The report to the meeting of this Committee on 23 September 2009.

10.    **RECOMMENDATIONS**

**10.1    That the Committee notes the report on the use of RIPA.**

**10.2    That Cabinet appoint the Director of Law, HR and Asset Management as the Council's Senior Responsible Officer as defined in the Home Office Codes of Practice on RIPA.**

Bill Norman
Director of Law, H.R. and Asset Management

# APPENDIX 1

# WIRRAL

# POLICY AND PROCEDURE ON THE USE OF POWERS UNDER THE REGULATION OF INVESTIGATORY POWERS ACT

1.      **INTRODUCTION**

1.1     *"Surveillance plays a necessary part in modern life. It is used not just in the ~ targeting of criminals but as a means of protecting the public from harm and ~ preventing crime.* "

        From the Foreword to the Home Office's Code of Practice on Covert Surveillance

1.2     The use of covert surveillance by public authorities, particularly local authorities has been the subject of much recent debate.  The use of covert surveillance is properly a matter of public concern.  The purpose of this policy is to set out exactly how the Council will use its surveillance powers and comply with best practice.

1.3     **Councils may only use covert surveillance for the purpose of preventing or detecting crime or preventing disorder and where doing so is in the public interest.** The Council uses covert surveillance to support its enforcement activities.  It has been used principally by the Regeneration Department in dealing with anti-social behaviour and trading standards cases.  This has resulted in many successful cases being brought which might otherwise not have been possible bringing rogue traders to account and improving the lives of Wirral residents suffering from severe anti-social behaviour.  In 2009/10 twelve authorisations for directed surveillance were granted by the Council's authorising officers.

1.4     The Council approved a policy and procedure for the use of covert surveillance in 2004.  The Council has been inspected three times by the Office of the Surveillance Commissioner in 2003, 2007 and 2009.  The use of surveillance was also the subject of a review by the Council's Internal Audit Team in 2008.  The need to revise and update the Council's Policy and Procedure was identified as part of that review.

## 2. RELEVANT LEGISLATION

### 2.1 The Human Rights Act 1998 (HRA)

2.1.2 The HRA gives effect to the rights and freedoms guaranteed under the European Convention on Human Rights and Fundamental Freedoms ("the Convention"). Article 8 of the Convention is relevant in the context of covert surveillance in that everyone has the right to respect for his/her private and family life, home and correspondence. It is now clear from decided cases that this right extends to activities of a professional or business nature and so includes employees. Article 6 of the Convention is relevant in the context of covert surveillance in that everyone has the right to a fair trial, including internal procedures or hearings, and fairness extends to the way in which evidence is obtained.

2.1.3 Consequently, there is to be no interference with the exercise of these rights by any public authority, except where:

Such interference is in accordance with the law and is necessary in a democratic society in the interests of:

- national security

- public safety

- the economic well-being of the country

- for the prevention of disorder or crime

- for the protection of health or morals

- the protection of the rights and freedoms of others.

The Council is a public authority. However, as mentioned above (and explained in more detail in section 3 below), local authorities may **only** undertake covert surveillance for the purpose of preventing or detecting crime or preventing disorder.

2.1.4 The HRA can be found at:

www.opsi.gov.uk/ACTS/acts1998/19980042.htm

2.2 **The Regulation of Investigatory Powers Act 2000 ("RIPA")** (and associated Regulations)

2.2.1 RIPA was introduced shortly after the HRA to ensure that the use by public bodies of surveillance was codified. Prior to RIPA there was only limited regulation of the use by public bodies of surveillance. RIPA was passed to ensure a consistency of approach and to set in

place safeguards to ensure that the use of surveillance is proportionate.

2.2.2 RIPA was passed well before the terrorism attacks on September 11 and was not introduced to deal with terrorism. RIPA and its associated regulations also follow the philosophy of recent legislation in trying to strike a balance between community responsibilities, including effective law enforcement, and individual rights and freedoms.

## 3.0 COVERT SURVEILLANCE

3.1 The term surveillance includes

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

3.2 **Covert** surveillance is surveillance that is carried out in a manner calculated to ensure that the persons subject to the surveillance are unaware that it is or may be taking place. This needs to be contrasted with the deployment of **overt** surveillance. The use of such surveillance in places to which the public has access is increasingly commonplace. The Council has employed it in the form of CCTV monitoring of its offices, car parks and the town centres. CCTV monitoring is undertaken in accordance with the Council's Code of Practice for the operation of CCTV. CCTV is usually clearly marked through the use of signage.

3.3 RIPA applies where any covert surveillance of an identifiable or named person is carried out by a public authority carrying out an investigatory function. RIPA includes a local authority within the description of public authority.

3.4 Covert surveillance can be either

(a) **intrusive**, that is, carried out in relation to anything that is taking place on any residential premises or in any private vehicle by an individual or a surveillance device on the premises or in the vehicle; or

(b) **directed**, that is, undertaken for the purposes of a specific investigation or operation and involving the observation of a person or persons in order to gather information about them.

3.5 **Local authorities are <u>not</u> authorised to conduct <u>intrusive</u> surveillance**.

3.6 **Directed** covert surveillance that is likely to result in obtaining private information about a person is permitted by RIPA and its associated regulations **if** such surveillance has been authorised in the manner provided by the Act, the Home Office Code of Practice and the prescribed standard forms. Private information is any information relating to a person's private or family life.

3.7 An authorising officer for a public authority may only grant authorisation to carry out directed surveillance if it is necessary in the interests of:

- national security (**not** applicable to local authorities);

- preventing or detecting crime or of preventing disorder;

- public safety (**not** applicable to local authorities);

- protecting public health (**not** applicable to local authorities);

- assessing or collecting any tax, duty, levy or other imposition, contribution or charge payable to a government department (**not** applicable to local authorities); or

- is specified by regulations.

3.8 **Local authorities may <u>only</u> authorise use of covert directed surveillance on the ground that it is necessary in the interests of <u>preventing or detecting crime or of preventing disorder</u>.** The use of surveillance must also be proportionate to what is being sought to achieve.

3.9 Authorisation is not required to record things which are not planned but arise in the course of an investigation. For example if an enforcement officer is attending a property to visit a witness and observes a neighbour causing criminal damage he/she can record what they saw without authorisation.

3.10 Particular care needs to be taken when the surveillance may give rise to the obtaining of **confidential information**. In this context confidential information means:

- Where legal professional privilege applies;
- Confidential personal information; or
- Confidential journalistic material

**Legal professional privilege** will apply to oral and written communications between a professional legal adviser and his/her client made in connection with the giving of legal advice or in connection with or contemplation of legal proceedings.

**Confidential personal information** is information held in confidence about a person's physical or mental health or to spiritual counselling or assistance. The information must have been created or acquired in the course of a trade, business or profession or for the purpose of any paid or unpaid office.

**Confidential journalistic material** includes material acquired or created for the purposes of journalism and held subject to an undertaking to hold it in confidence.

If the purpose of the surveillance is to obtain confidential information then this will need to be approved by the Head of Legal and Member Services and the Chief Executive. If in the course of an operation confidential material is obtained through surveillance this must be notified immediately to the Head of Legal and Member services. It must be retained and provided to the inspector from the Office of the Surveillance Commissioner at the next inspection.

3.11    An applying officer wishing to use directed surveillance must complete **FORM RIPADS1** (all forms are attached to this policy). The applying officer must fully complete all parts of the form. The officer should refer as necessary to the Home Office Code of Practice, available as set out in paragraph 3.18 below.

3.12    The applying officer must consider the proportionality of the use of surveillance. The officer must consider the seriousness of the matter being investigated, the impact that any evidence obtained through the surveillance will have on the investigation and the level of intrusion which will be caused. The officer must take steps to ensure that any intrusion is kept to the minimum level necessary. Any intrusion in to the private life of persons not the subject of the investigation (e.g. family or visitors) should be minimised.

3.13    The completed form should be referred to an **authorising officer**. All Chief Officers may designate officers within their department as authorising officers for the purposes of RIPA. On receipt of the form the authorising officer will contact the Head of Legal and Member Services to obtain a unique reference number. The authorising officer must be a Director or a Head of Service or Service Manager. The authorising officer will place the form on the central register. The register is an electronic folder with access rights limited to authorising officers (for their area only) and the Head of Legal and Member Services or his/her nominated representatives (to all contents). When an authorising officer places a form on the register he/she will also separately notify the Head of Legal and Member Services by e-mail that this has been done. If the authorising officer does not have access to the register he or she will e-mail the form to the Head of Legal and Member Services who will arrange for it to be placed on the register. All forms for authorised applications shall be placed on the register immediately. All applications shall remain on the register for at least 3

years. Officers should ensure that when they complete the authorisation forms they comply with the following requirements:

(a) the information on which an investigation is based must be clearly identified

(b) applications should state clearly why the covert activity is believed to be necessary and proportionate.

(c) Authorising Officers should clearly state why <u>they</u> consider the covert activity is necessary and proportionate (including the steps to be taken to minimise intrusions into privacy, particularly of those persons not suspected of crime or disorder). They must never be granted retrospectively.

(d) Authorising Officers must describe accurately all the covert activity which they are authorising so as to ensure that the limits are not infringed.

(e) Any relevant technical feasibility studies should be presented to the Authorising Officer along with the application for authorisation. They should be attached to the authorisation. If the authorisation is granted, the person carrying out technical installations (e.g. of cameras and sound recording equipment) must see the relevant parts of the authorisation prior to the installation of any surveillance equipment.

(f) Review dates should be stipulated by Authorising Officers at the time they authorise the covert surveillance for any extended period. This is to ensure that the need for continuation of the surveillance is regularly assessed and recorded on <u>Form RIPAD52</u> and that (where appropriate) authorisations are either renewed (before they expire) on Form RIPAD54 or cancelled on Form RIPAD53.

(g) Cancellations of authorisations should be made promptly when the need for covert surveillance has ceased. The cancellation should contain a full description of the activity which has been authorised, what the results of the surveillance were, and how and when any products of the surveillance will be stored, retained or destroyed.

3.14 **Urgent Oral Applications**

3.14.1 It is possible to grant urgent oral authorisations. It is envisaged that this will be done very rarely, if ever. No authorisations have been granted in this way in the past 3 years. The Code of Practice states that this should not be done:

*unless the time that would elapse before the authorising officer was available to grant the authorisation would, in the judgement of the person giving the authorisation, be likely to endanger life or jeopardise the investigation or operation for which the authorisation was being*

*given. An authorisation is not to be regarded as urgent where the need for an authorisation has been neglected or the urgency is of the authorising officer's own making.*

3.14.2 Where an urgent authorisation is granted the authorising officer must record as soon as is practicable the reasons for granting the authorisation urgently.  An urgent authorisation will lapse after **seventy two hours**.

## 3.14   Review/Cancellation

3.15.1 Written authorisations will lapse automatically unless they are renewed after **3 months**.  However, authorisations should be reviewed on a regular basis and cancelled when they are no longer required for the purpose for which they were granted.  In each case the authorising officer within each public authority should determine how often a review should take place. This should be as frequently as is considered necessary and practicable.  On carrying out a review the authorising officer should complete a **Form RIPADS2**.  Once completed the form should be placed on the central register immediately either by the authorising officer directly or via the Head of Legal and Member services.  If the form is placed directly on the register the authorising officer must notify the Head of Legal and Member Services that this has been done by e-mail.

3.15.2 If upon review the need for directed surveillance no longer exists then the authorisation will be cancelled immediately.  On cancellation the authorising officer shall complete **Form RIPADS3**.  The completed form shall be placed on the central register either by the authorising officer directly or via the Head of Legal and Member services.  If the form is placed directly on the register the authorising officer must notify the Head of Legal and Member Services that this has been done by e-mail.

## 3.16   Renewal

If the authorisation is due to lapse it may be renewed for a period of a further 3 months provided the need for the surveillance continues.  If a renewal is required a **Form RIPADS4** shall be completed.  If an authorisation is renewed for a further period of 3 months it should be reviewed during that period.

## 3.17   Audit Checks

The Head of Legal and Member Services shall carry out a regular audit of authorisations contained on the central register at least once every 3 months.

## 3.18   Code of Practice

The Home Office Code of Practice on the Use of Covert Surveillance can be viewed at: http://security.homeoffice.gov.uk/ripa/publication-search/general-publications/ripa-cop/index.html

3.19 The following examples illustrate the circumstances in which it is necessary and appropriate to obtain authorisation for covert surveillance:

3.19.1 Residents report to the Anti-social Behaviour Team that the occupants of a neighbouring property are disturbing them at night by engaging in noisy parties or quarrels fuelled by the consumption of alcohol and threaten them with violence when they protest.

In such circumstances covert surveillance (e.g. by means of a camera and sound recording devices unobtrusively fitted to an adjoining property) would be necessary to prevent crime and disorder (because witnesses are likely to be intimidated) and proportionate (the disturbance is frequent and at a high level). The recording device should not normally be capable of picking up conversations at a normal level within the home targetted (and consequently is not intrusive). The Authorising Officer must therefore have available a technical feasibility study .

The amount of collateral intrusion on the privacy of the persons should be low (if the device is directed only at the targeted property) and if the need for continual surveillance is regularly reviewed by the Authorising Officer to ensure that the recording device is removed (when, for example it becomes apparent that the antisocial behaviour has ceased or significantly diminished) Those fitting the recording device must be shown that part of the authorisation which defines the permitted coverage of the camera so that the limits of the authorisation are not infringed.

3.19.2 The police approach the operators of the Council's CCTV cameras and ask them to train their cameras on a particular part of a public place where they suspect drug dealers are doing business. Council staff may only comply with the request of the police if they are satisfied that the police officers have obtained the necessary authorisation for directed surveillance from their superiors. Whilst the cameras are overt, they would be used for the purposes of a specific investigation or specific operation and therefore that use would require authorisation. Members of the public would not normally expect public cameras to be trained on specific individuals or on specific public places for protracted periods and therefore their use in that instance would be covert. The same principles would apply if Trading Standards Officers requested the use of CCTV cameras to monitor the activities of suspected illegal traders in a prohibited street. Authorisation for directed surveillance would be required before the CCTV cameras could be used for that purpose.

3.20 The Head of Legal and Member Services will compile and maintain electronically a central record of authorisations granted by authorising Officers. That central record shall contain the following information about the authorisation:

(a) Whether it is for Directed Surveillance or Covert use of Human Intelligence Source.

(b) Its unique reference number.

(c) Applicant's name and title.

(d) Department and Section.

(e) Identity of Target and the title of the investigation.

(f) Date of authorisation.

(g) Renewal Date and name and/or title of Authorising Officer.

(h) Review Date.

(i) Whether the urgency provisions were used and, if so, why?

(j) Whether the investigation is likely to result in obtaining confidential information.

(k) Cancellation Date.

The information contained in the Central Record will be used by the Head of Legal and Member Services to monitor the use by departments of RIPA. It will be a standing item on the agenda of the quarterly meetings of the Coordinators Group referred to in paragraph 7.1.

3.21 The Director of Law, HR and Asset Management has been appointed the Senior Responsible Officer to perform the duties of that office set out in the Home Office Codes of Practice. These include liaising with OSC Inspectors and taking steps to ensure compliance with RIPA and the Codes by authorising officers.

## 4.0 COVERT HUMAN INTELLIGENCE SOURCES (CHIS)

4.1 The use of CHISs is also regulated by RIPA. A CHIS is a person who establishes or maintains a relationship with someone in order to obtain information, to provide another person with access to information or to disclose information as a consequence of that relationship. Should an officer consider the use of a CHIS as necessary, they must liaise with the Head of Legal and Member Services. If the use of a CHIS is

deemed necessary, special arrangements will be made for their use in accordance with the Home Office Code of Guidance on Covert Human Intelligence Sources (see paragraph 4.5 below). It is not anticipated that CHISs will be used often by the Council. However, if professional witnesses are used they may fall within the definition of CHISs. Only the Chief Executive can authorise the use of a CHIS.

4.2    If an investigating officer does believe that the use of a CHIS is necessary in the course of an investigation he/she should complete **FORM RIPACHIS1**. The officer must consider the safety and welfare of a person acting as a source and must carry out a risk assessment before authorisation is granted. The use must be proportionate to what is intended to be achieved. The authorisation will lapse automatically if not renewed after a period of **12 months**.

4.3    Special considerations apply if the person to be used as a source is **vulnerable** or a **juvenile**. In such circumstances advice should be sought from the Head of Legal and Member Services. Authorisation may only be granted by the Chief Executive, as Head of Paid Service.

4.4    The same procedures outlined above in respect of directed surveillance of:

- Maintenance of a central register
- Confidential information
- Review
- Cancellation
- Renewal; and
- Audit checks

Shall also apply to the use of CHISs. The following forms shall be used **FORM RIPACHIS2** (review), **FORM RIPACHIS3** (cancellation) and **FORM RIPACHIS4** (renewal)

4.5    The following examples illustrate the circumstances in which it is necessary and proportionate to obtain authorisation for the use of a CHIS (Covert Human Intelligence Source).

4.5.1  The Anti-Social Behaviour Team engage a private detective to pose as a tenant of Wirral Partnership Homes in order to form a relationship with a group of tenants suspected of committing acts of serious anti-social behaviour, including criminal damage to property, drug dealing and intimidation of other tenants. The purpose of establishing a relationship is to obtain information admissible in possession proceedings (e.g. by covert tape recordings of conversations) or to assist the police or the Anti-Social Behaviour Team to anticipate the future criminal behaviour of the tenants under suspicion. No potential witnesses are willing to co-operate with the Anti-Social Behaviour Team by installing cameras in the properties. Authorisation would be required in such circumstances since the private detective will be establishing a personal relationship with the subjects to obtain and

disclose information to the Anti-Social Behaviour Team in a manner that is calculated to ensure that the subjects are unaware of the purpose of the personal relationship.  This example also illustrates the difficulties, dangers (and expense) of using a CHIS in the circumstances where evidence cannot be obtained by other methods.

4.5.2    A trading standards officer enters a shop and makes a "test purchase" from a retailer suspected of selling "counterfeit goods".    No authorisation would be required for a CHIS because he would not be establishing a personal relationship with the retailer (although if he had attached to his person a concealed camera it would be necessary for him to obtain authorisation for directed surveillance).  If on the other hand, the trading standards officer struck up a conversation with the retailer whilst posing as a member of the public in order to ascertain whether the retailer (without any encouragement from the Trading Standards Officer) would offer to sell him (or another customer) counterfeit goods, then he would be acting as a CHIS and authorisation would be required.    The essence of a CHIS is that he obtained information by winning someone's confidence on a false basis

4.6    **Code of Practice**

The Code of Practice relating to the use of CHISs can be found at:
http://security.homeoffice.gov.uk/ripa/publication-search/general-publications/ripa-cop/index.html

**5.0    COMMUNICATIONS DATA**

5.1    Requests for communications data will be dealt with by **designated persons**.  Those persons who are authorising officers for the purposes of directed surveillance and CHISs shall also be designated persons for the purposes of obtaining communications data.  Each local authority must have its own **Single Point of Contact (SPOC)**, to whom applicants can submit their requests for communications data.  This is to ensure there is a specific point of accountability in each authority requesting data for reasons connected with RIPA and the HRA etc.  The SPOC for Wirral Council is the Trading Standards Manager

5.2    It is important to note that we are not referring here to the interception of communications or the **content** of communications.  The Council does not have power to intercept communications or acquire content.

5.3    There are 3 types of communications data;

- traffic data;

- service use data; and

- subscriber data.

5.4 More information on what constitutes these types of communication data is set out in the Home Office Code of Practice (see paragraph 5.9 below). Advice can also be sought from the Head of Legal and Member Services. Local authorities are only able to seek disclosure under RIPA of service use data and subscriber data **not** of traffic data.

5.5 Applications may be made for service use data e.g. itemised bills or subscriber data e.g. whether a person uses a particular network, who is the user of a particular number. A request for such information can only be made where it is necessary for the purpose of preventing or detecting crime or preventing disorder. The request must be proportionate. The form for completion for disclosure of communications data including guidance on completion is attached as **FORM RIPACD 1**. An authorisation or notice remains valid for **one month**. A valid authorisation or notice may be renewed for a further period of one month.

5.6 An authorisation or notice must be cancelled as soon as it is no longer necessary for the service provider to comply with the notice or the conduct required by the notice is no longer proportionate to what was sought to be achieved.

5.7 The **Senior Responsible Officer** must be responsible for:

- the integrity of the process in place within the public authority to acquire communications data;
- compliance with Chapter II of Part I of the Act and with this code;
- oversight of the reporting of errors to the Interception of Communications Commissioners Office (IOCCO) and the identification of both the cause(s) of errors and the implementation of processes to minimise repetition of errors;
- engagement with the IOCCO inspectors when they conduct their inspections; and
- where necessary, overseeing the implementation of post-inspection action plans approved by the Commissioner.

In Wirral the Senior Responsible Officer is the Head of Legal and Member Services.

5.8 In Wirral there has been very limited use of these powers. In the year 01/01/08 – 31/12/08 there were only 2 requests made for subscriber data by the Council.

5.9 The Home Office Code of Practice on the use of Communications Data can be viewed at: http://security.homeoffice.gov.uk/ripa/publication-search/ripa-cop/acquisition-disclosure-cop.pdf


**6.0 REPORTING AND REVIEW**

6.1    The Council recognises the public interest in the use by it of these powers.  It is essential that it regularly monitors and reviews the use of these powers.  Therefore, this policy and procedure shall be subject to a review on at least an annual basis.  The Head of Legal and Member Services shall report annually to the Chief Officers Management Team on the use of these powers and the Director of Law, HR and Asset Management shall report annually to the Cabinet and quarterly to the Audit and Risk Management Committee in accordance with the Codes of Practice.


7.0    **COORDINATION AND TRAINING**

7.1    All Departments that use or may use the Council's powers under RIPA shall nominate a Departmental Coordinator under this Policy.  The Departmental Coordinators shall meet at least once a quarter to review the operation of this policy, share best practice and consider training needs.  Those meetings shall be chaired by the Head of Legal and Member Services or his/her nominated representative.  Appendix 1 shows the list of Departmental coordinators.

7.2    The Council shall ensure that adequate training is provided to officers in the use of the powers.  A training register shall be maintained and all authorising/designated officers will receive training at least every 2 years.  A copy of the register is attached as Appendix 2  If an authorising/designated officer has not attended any training for a period of 2 years they shall **automatically cease** to be a responsible/authorised officer.

# APPENDIX 2

# RIPA TRAINING REGISTER

## AUTHORISING OFFICERS

| Employee Name | Training Date | 2 Year Date | Department |
|---|---|---|---|
| Dave Green | 7 May 2010 | 6 May 2010 | Technical Services |
| John Malone | 7 May 2010 | 6 May 2010 | Regeneration |
| Caroline Laing | 7 May 2010 | 6 May 2010 | CYPD |
| Malcolm Flanagan | 7 May 2010 | 6 May 2010 | Finance |
| David Taylor-Smith | 7 May 2010 | 6 May 2010 | Finance |
| Peter Edmondson | 7 May 2010 | 6 May 2010 | CYPD |

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**WIRRAL COUNCIL**

**AUDIT AND RISK MANAGEMENT COMMITTEE**

**30 JUNE 2010**

**REPORT OF THE DIRECTOR OF FINANCE**

**MEMBERS TRAINING**

1.  **EXECUTIVE SUMMARY**

1.1. A Members training session was held on 7 June 2010.  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 7 June 2010 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/108/10

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE – 30 JUNE 2010

REPORT OF THE DIRECTOR OF LAW, HR AND ASSET MANAGEMENT

## REPORTS SUBMITTED AFTER DEADLINES - UPDATE

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### 1.0 EXECUTIVE SUMMARY

1.1 At its meeting on 26th January 2009, the 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 Further monitoring reports presented to the Committee on 25 November 2009 and 24 March 2010, which indicated that, overall, there had been a continuing decrease in the number of late reports. This report sets out a more up to date position.

1.3 The aim should always be to produce well-compiled agendas, which help focus the direction of meetings and ensure all necessary discussion points are covered within the time period available. Late reports and supplementary agendas are not helpful here.

1.4 The order in which items appear on an agenda is important since it can influence the duration and efficiency of a meeting. Items should be ordered logically and items with a similar theme grouped together. This will reduce the risk of revisiting the same ground.

### 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 had 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'. Meetings since the last monitoring report, up to 1 June 2010 have been used to provide this information. In some instances the reports may have been received after the agenda had been published and therefore a supplementary agenda may have been produced. Regular production of supplementary agendas is considered to be bad practice. They should only be used in an emergency.

**2.6** For comparison purposes, Appendix 2 contains the information presented to Committee in March 2010.

**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**
*(Data in relation to Meetings from 1 March to 1 June 2010)*

| COMMITTEE | DATE | LATE REPORTS | ITEMSOF ANY OTHER URGENT BUSINESS |
|---|---|---|---|
|  |  |  |  |
| Cabinet | 18 March 2010 | 2/35 | 2 |
|  | 15 April 2010 | 3/30 |  |
|  | 30 April 2010 |  |  |
|  | 27 May 2010 |  | 1 |
| Audit and Risk Management | 24 March 2010 |  |  |
| Employment and Appointments | 16 March 2009 |  |  |
|  | 30 March 2010 | 5/5 | 1 |
| Licensing H&S & General Purposes Committee | 22 March 2009 |  |  |
|  | 25 May 2010 |  |  |
| Pensions Committee | 23 March 2010 |  |  |
| Planning Committee | 11 March 2010 |  |  |
|  | 31 March 2010 |  |  |
|  | 22 April 2010 |  |  |
| Standards Committee | 29 March 2010 | 1/5 |  |
|  |  |  |  |
| Children and Young People O&S | 16 March 2010 |  |  |
| Council Excellence O&S | 17 March 2010 |  |  |
| Economy and Regeneration O&S | 15 March 2010 |  |  |
| Health and Well Being O&S | 25 March 2010 |  |  |
| Sustainable Communities O&S | 8 March 2010 |  |  |
| Scrutiny Programme Board (O&S) | 4 March 2010 |  |  |

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# LATE REPORTS RECEIVED BY COMMITTEE
## *(Information Presented to the Committee on 24 March 2010 for comparison)*

| COMMITTEE | DATE | LATE REPORTS | ITEMSOF ANY OTHER URGENT BUSINESS |
|---|---|---|---|
| | | | |
| **Cabinet** | **5 November 2009** | | |
| | **26 November 2009** | | **2** |
| | **9 December 2009** | **1/26** | |
| | **14 January 2010** | | |
| | **4 February 2010** | | |
| | **22 February 2010** | | |
| **Audit and Risk Management** | **3 November 2009** | | |
| | **25 November 2009** | **1/15** | |
| | **18 January 2010** | **2/17** | |
| **Employment and Appointments** | **24 November 2009** | | |
| | **26 January 2010** | **2/4** | |
| **Licensing H&S & General Purposes Committee** | **9 November 2009** | | |
| | **3 February 2010** | | **1** |
| | | | |
| **Pensions Committee** | **17 November 2009** | | |
| | **23 January 2010** | | |
| **Planning Committee** | **12 November 2009** | | |
| | **1 December 2009** | | |
| | **10 December 2009** | | |
| | **18 January 2010** | | |
| | **28 January 2010** | | |
| | **18 February 2010** | | |
| **Standards Committee** | **7 December 2009** | | |
| | **25 January 2010** | | |
| | | | |
| **Children and Young People O&S** | **3 November 2009** | | |
| | **16 November 2009** | | |
| | **21 January 2010** | **1/9** | |
| **Council Excellence O&S** | **19 November 2009** | | |
| | **1 February 2010** | **1/10** | |
| **Economy and Regeneration O&S** | **27 October 2009** | | |
| | **23 November 2009** | | |
| | **12 January 2010** | **1/2** | |
| **Health and Well Being O&S** | **10 November 2009** | | |
| | **19 January 2010** | | |
| **Sustainable Communities O&S** | **18 November 2009** | **2/7** | |
| | **20 January 2010** | | |
| **Scrutiny Programme Board (O&S)** | **15 October 2009** | | |
| | **4 November 2009** | | |
| | **14 January 2010** | | |

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