



Audit and Risk Management Committee

Date:	Tuesday, 24 November 2015
Time:	6.00 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members are asked to consider whether they have any disclosable pecuniary interests and/or any other relevant interest in connection with any item(s) on this agenda and, if so, to declare them and state the nature of the interest.

2. MINUTES (Pages 1 - 16)

To approve the accuracy of the minutes of the meeting held on 22 September and 28 September 2015.

**3. INTERNAL AUDIT UPDATE
(Pages 17 - 30)**

**4. INTERNAL AUDIT COUNTER FRAUD UPDATE
(Pages 31 - 46)**

**5. CORPORATE RISK REGISTER
(Pages 47 - 76)**

**6. MANAGEMENT OF INSURANCE AND CORPORATE RISK
(Pages 77 - 80)**

**7. PROPOSED REVISED CONTRACT PROCEDURE RULES
(Pages 81 - 124)**

8. **USE OF OFFICER DECISION NOTICES PERMITTED UNDER THE COUNCIL CONTRACT PROCEDURE RULES**
(Pages 125 - 134)
9. **FINANCIAL REGULATIONS**
(Pages 135 - 180)
10. **EXTERNAL AUDIT - AUDIT COMMITTEE UPDATE**
(Pages 181 - 196)
11. **EXTERNAL AUDIT - ANNUAL LETTER**
(Pages 197 - 206)
12. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR**
(PART 1)
13. **EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

The public may be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information.

RECOMMENDATION – That in accordance with section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part 1 of Schedule 12A (as amended) to that Act. The public interest test has been applied and favours exclusion.

14. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR**
(PART 2)

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 22 September 2015

Present: Councillor J Crabtree (Chair)

Councillors RL Abbey P Gilchrist
A Davies J Hale
P Doughty M Patrick
D Elderton

Deputies: Councillors S Williams (In place of C Blakeley)

15 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were asked to consider whether they had any disclosable pecuniary interests and/or any other relevant interest 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.

Chairman's Announcements

The Chair informed the Committee that, in confirmation of prior notice, an additional meeting of the Audit and Risk Management Committee had been convened to take place on 28 September 2015 at 17:45hrs or at the rising of the Pensions Committee (whichever is the later).

He informed that as such, consideration of a number of agenda items would be deferred to the additional meeting. Namely items:

- 3 – IT Update;
- 9 – External Audit – Audit Committee Update;
- 10 – External Audit Findings;
- 11 – External Audit Findings – Pension Fund;
- 12 – Pension Fund Statement of Accounts; and
- 13 – Statement of Accounts.

16 MINUTES

With reference to Minute 6 (2), a Member questioned Officers concerning the status of the briefing on Contract Procurement – Commissioned Care. The

Chief Internal Auditor informed that the briefing would form part of his Internal Audit Update on this meeting's agenda.

Resolved – That the minutes of the meeting held on 8 June 2015, be approved.

17 INTERNAL AUDIT UPDATE

The Chief Internal Auditor introduced his update report that identified and evaluated the performance of the Internal Audit Section and detailed issues arising from work undertaken during the period 1 June 2015 to 31 August 2015. He informed that the report highlighted items to note, a summary of performance data and work undertaken to continuously improve the overall efficiency and effectiveness of the Internal Audit Service. Detailed appendices highlighted organisational risk, improvement and outcome for each specific audit reported.

With specific reference to Procurement of Commissioned Care, Minute 6 (2) refers, the Chief Internal Auditor informed Members that progress had been made by the department to address issues identified in his earlier report issued in October 2014, and that a follow up piece of work had now been undertaken by Internal Audit.

He informed that during the audit completed during August 2015 it was identified that significant progress had now been made with implementing the seven recommendations assessed as being high priority in the original report, and that the two high priority recommendations had been assessed as being fully implemented. Two other recommendations had also been assessed as implemented and the remaining three (1 x Medium Priority and 2 x Low Priority) had been assessed as partly implemented. The Chief Internal Auditor informed that it was envisaged full implementation would be achieved following the roll-out of further functions within the 'Liquidlogic' system scheduled for November 2015. Members noted that, where applicable, assurances had been provided confirming that lessons had been learned that will benefit future procurement exercises.

Members were informed that the audit recommendations had increased the appreciation of the need for a robust flow of information between the department, Legal and Member Services and Corporate Procurement. Where applicable (i.e. for those recommendations that are more forward focussed), assurances had been provided to confirm that lessons had been learned.

Members were further informed of key actions in relation to the remaining items of note, namely:

- ICT – Control and Governance. The Chief Internal Auditor advised that this item was the subject of a separate report on the Committee’s meeting agenda for 28 September 2015.
- Organisational Culture – The report informed that the Council’s management had demonstrated a strong commitment to address the recommendations, and actions had already been undertaken. Additional Internal Audit work had been scheduled and was due to be completed in the forthcoming months. To verify progress was being made, Members noted that regular reports to the Corporate Governance Group would ensure the matter remained under close scrutiny.
- Annual Governance Statement - The Chief Internal Auditor advised that this item was the subject of a separate report on the Committee’s meeting agenda.
- Public Sector Internal Audit Standards – Members noted that the Wirral Internal Audit Services had developed a Quality Assurance and Improvement Programme that demonstrated full compliance with the new Public Sector Internal Audit Standards 2014 in this area. The Chief Internal Auditor advised that this item was the subject of a separate report on the Committee’s meeting agenda.
- Debtor Write Offs – In response to clarification requested on this matter, the Chief Internal Auditor informed that Internal Audit were not directly involved in the actual write off process but did, on a periodic basis, independently review system process for accuracy, correctness and reasonableness. A Member made reference to the ‘Eugene Sullivan’ report regarding the review of outstanding sundry debts. The Chief Internal Auditor responded stating that all elements of the matter had been covered, and actions to address controls would continue to be reported back to the Committee for monitoring purposes.
- Local Audit Accountability Act 2014 – Members were informed of the requirement to have in place an independent Auditor Panel to oversee the appointment of external auditors from 2017. Members noted that a further statement on this matter by the Secretary of State is scheduled for the Autumn that will determine what action is required by the Council. The Chief Internal Auditor advised that regular updates on this matter will continue to be delivered to Committee.

Members noted the evaluation of the internal audit performance indicators and summary of the outstanding audit recommendations and actions undertaken to address identified issues as contained in the appendix to the Chief Internal Auditor’s report.

Resolved: That the report be noted.

18 **INTERNAL AUDIT QUALITY ASSURANCE IMPROVEMENT PROGRAMME**

The Chief Internal Auditor introduced his report seeking the agreement of Members of the Audit and Risk Management Committee in respect of the monitoring and reporting arrangements as detailed in the Wirral Council Internal Audit Services Quality Assurance and Improvement Programme.

The Chief Internal Auditor informed that the Internal Audit's Quality Assurance and Improvement Programme (QAIP) was designed to provide reasonable assurance to stakeholders that Internal Audit performs its work in accordance with its Charter (consistent with the Public Sector Internal Audit Standards (PSIAS) and its Code of Ethics.

Members were informed that the Council's Internal Audit service had been operating in an effective and efficient manner and was perceived by stakeholders as doing so since introduction of the programme 12 months ago.

Members were told that the Internal Audit's QAIP covered all aspects of the Internal Audit activity in accordance with the PSIAS Standard 1300, monitoring, ensuring compliance, adding value and helping improve organisational operations.

Having developed the QAIP, it was requested that Members formally agree and endorse the programme.

Members questioned the Officer regarding the external assessment schedule (once every five years) noting that given the work undertaken to date, scheduled pilot, review and roll-out programme, it was expected that the first external audit visit would take place in 2018.

In response to a Member's question, the Chief Internal Auditor informed that feedback formed a mandatory element to the QAIP.

Resolved: That the monitoring and reporting arrangements as outlined in the Wirral Council Internal Audit Quality Assurance and Improvement Programme be agreed and endorsed.

19 **ANNUAL GOVERNANCE STATEMENT**

The Strategic Director Transformation and Resources introduced his report setting out the Annual Governance Statement 2014-15, meeting the statutory requirement set out in the Accounts and Audit (England) Regulations 2011, Regulation 4(3).

The Strategic Director informed that production of the Council's Governance Statement was evidence based and complied with the principles of the CIPFA/SOLACE Framework to 'Deliver Good Governance in Local Government'. Members were also told that the Annual Governance Statement was not 'owned' solely by the audit function of the Local Authority, but was a Council statement on the effectiveness of its governance processes, and as such was the responsibility of all councillors and employees.

Members were told the current processes provided a rigorous test base and good evidence of actions e.g. review of reports had been undertaken by external review agencies that included External Auditors, LGA, OFSTED and the Care Quality Commission. In each case, key governance processes had been challenged and supported, and assurance statements obtained.

The Committee heard that the Council had continued in progressing its plans during 2014-15, strengthening its governance arrangements and had now reached a stable situation, with no new governance issues arising. This had been further evidenced in the Council's recent successes in achieving awards including from the Local Government Chronicle as the 'Most Improved Council'.

The Strategic Director updated the Committee on the various principles underpinning the Annual Governance Statement 2014-15, namely:

- Principle 1: Focusing on the purpose of the Authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.
- Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- Principle 3: Promoting the values of the Authority and demonstrating the values of good governance through behaviour.
- Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- Principle 5: Developing the capacity and capability of members to be effective and ensuring that officers, including statutory officers, also have the capability to deliver effectively.
- Principle 6: Engaging with local people and other stakeholders to ensure robust local public accountability.

Members questioned the Strategic Director on a number of matters that included the procedures for handling absence and the Council's duty of care to its employees. The Strategic Director explained the procedures in place to support staff when they fall ill, associated aspects of health and safety, individual responsibilities and meeting / reporting arrangements between officers, and between officers and elected members, via Strategic Leadership Team (SLT) updates and Policy and Performance reporting respectively.

Resolved: That the final draft of the Annual Governance Statement and action plan be presented to Cabinet at its meeting in October 2015.

20 CORPORATE RISK REGISTER

The Risk and Insurance Manager presented the report of the Chief Executive, which advised that under the terms of the Council's Constitution, one of the functions of the Audit and Risk Management Committee was to provide independent assurance that the Council's Risk Management Framework was effective. He commented that a key output from the framework was the Corporate Risk Register and to support this Committee's work in considering the effectiveness of the framework, a report was now presented on a regular basis detailing the key risks facing the authority and how they were being managed.

The report informed that the Corporate Risk Register summarised those areas of uncertainty which had the greatest potential to prevent or frustrate delivery of the Corporate Plan and it confirmed how the authority was seeking to tackle them. At a strategic level the risks helped to inform future priorities and interventions. The actions required to mitigate the risks also influenced the content of Directorate Service Plans and the allocation of resources and, in that way they were a key component of the corporate planning and performance process.

The Risk and Insurance Manager informed that the Cabinet Member – Governance, Commissioning and Improvement had completed a task examining a number of the most critical corporate risks asking questions on the controls, effectiveness and whether further action was required. He informed that a major review of the register would now be undertaken to take account of the new Council Plan (now the Wirral Plan) – a 2020 vision.

A Member questioned the use of the re-modelling fund in relation to risk (PE1) and its operation. The Strategic Director Transformation and Resources responded, stating that aspects of the Council's workload sometimes required specialised skill support to initiate short term, high paced work managed through the programme management office. He also informed that applications for the use of the Fund had to be evidenced as to the linkages to the delivery of the Council (now Wirral) Plan.

A Member raised a question regarding the topics of Welfare Reform and Demand for Social Care (risks EC2 and SO1) seeking assurance on the resourcing of, and timing of feedback on the subject. The Risk and Insurance Manager informed that both matters had been reviewed early on in the cycle, and had been identified as areas of highest risk to the Local Authority. Reports on these subjects had been, and would continue to be presented to the relevant Council Members (Cabinet and Policy and Performance - Families and Wellbeing Committee).

A Member questioned the growing incidence of extreme weather conditions, primarily flood risk, and asked why the risk scoring was not set at maximum given the recent flooding in parts of the borough. The Strategic Director explained that a formal review was underway, however the circumstances of recent weeks i.e. 80% of one month's rainfall in two days, and the strong partnership arrangements and action plans already in place had mitigated the effect somewhat, but additional work had been scheduled that included preparation of a business case to secure additional Grant Aid funding.

Resolved: That

- 1) the report be noted; and**
- 2) further reports on the Corporate Risk Register be presented to future meetings of the Committee.**

21 MANAGEMENT OF INSURANCE AND CORPORATE RISK

The Risk and Insurance Manager presented the report of the Acting S151 Officer that set out the key actions to be taken in relation to corporate risk and insurance management during 2015-16. He also updated the Committee on progress made since June in relation to key actions planned for 2015-16.

The report informed on significant areas of activity, namely:

- The provision of advice and support to Members and Officers in the development of the Corporate Risk Management Framework and processes; and
- Risk Financing - incorporating insurance procurement and management of the Council's Insurance Fund and claims management.

The Risk and Insurance Manager informed that with regard to the possible extension of the Council's Liability insurance contract, following his rejection of insurers' initial terms, an improved proposal had been negotiated and

accepted by the Council's insurance provider ahead of next year's contract renewal.

The Risk and Insurance Manager took the opportunity to formally report to Members of the Council's Senior Risk and Insurance Officer Simon Hutchinson having been awarded 'Professional of the Year' at the 2015 National Alarm Risk Awards on 22 June.

The Committee congratulated the Officer on his achievement and recorded its satisfaction and delight on the winning of this prestigious award.

Resolved: That

- 1) the report be noted; and**
- 2) Mr Simon Hutchinson's success in the 'Professional of the Year' at the 2015 National Alarm Risk Awards be recorded.**

22 **REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)**

The Group Solicitor presented a report of the Head of Legal and Member Services that provided a summary of the use of covert surveillance by the Council, to detect evidence of criminal behaviour, between 1 June and 1 September 2015. He also informed the Committee of the outcome of an inspection on 13 May 2015 by Sir David Clarke, Assistant Surveillance Commissioner regarding the Council's use of covert surveillance.

The report informed of the inspectors recommendations, the Council's response, and detail with regard to pre-inspection materials and officers involved. Members noted an initial recommendation, already discharged, included revision to the pre-existing policy document.

Other recommendations contained within the report and noted by the Officers were:

1. That Wirral Borough Council (WBC) reconsider its present practice of conducting juvenile test purchase operations without RIPA authorisation;
2. That care be taken to ensure that correct expiry dates are accurately set, so as to minimise the risk of challenge to any future authorisations.

In conclusion, the Assistant Surveillance Commissioner stated that "WBC continues to exhibit a strong commitment to maintaining high standards of RIPA compliance.... [and] their regular training programme is particularly commendable".

Members noted a number of specific mentions of Mr Hughes, Group Solicitor and recognition by the Assistant Surveillance Commissioner of his experience in the role of RIPA coordinator and record keeper and that “his knowledge and clarity of thought are valuable assets to WBC”. Members congratulated Mr Hughes on the work undertaken and his anticipation of points that the inspector had noted for discussion.

Members were informed that since the last meeting on 8 June 2015 the Council has obtained on 26 August 2015 approval from a magistrate to use covert surveillance to detect suspected illegal flytipping at a site in Wirral.

Resolved: That

- 1) the report be noted; and**
- 2) the Officers be highly commended for the work undertaken in the administration, training and execution of covert surveillance.**

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AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 28 September 2015

Present: Councillor J Crabtree (Chair)

Councillors RL Abbey D Elderton
A Davies P Gilchrist
P Doughty J Hale

23 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were asked to consider whether they had any disclosable pecuniary interests and/or any other relevant interest 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.

Order of Business

The Chair informed the Committee that he would take the Item IT Update following consideration of the External Audit and Statement of Accounts Reports, in view of the presence of officers specifically for these items.

24 EXTERNAL AUDIT - AUDIT COMMITTEE UPDATE

With the Chair's consent, Mr Robin Baker, Engagement Lead Grant Thornton UK LLP combined his oral update report comments with the External Audit Findings reports that appeared as separate items on the meeting agenda (see Minutes 25 and 26 post).

25 EXTERNAL AUDIT FINDINGS

Taken in conjunction with the previous item Mr Robin Baker, Engagement Lead Grant Thornton UK LLP presented the Audit Findings Report for Wirral Council, which highlighted the key matters that had arisen from the audit of Wirral Council's financial statements for the year ended 31 March 2015.

It was reported that the audit was substantially complete and the Committee noted that all material elements of the work shown as outstanding at the time of preparation of the written report had been completed. It was further reported that subject to some minor revisions, and a restatement relating to

schools due to a technical accounting change, it was the External Auditor's intention that an unqualified opinion would be issued on the Council's financial statements. He was also pleased to report that, based upon the review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources it was also proposed to give an unqualified Value for Money conclusion.

In response to questions from Members regarding a small number of areas highlighted in the report that included procurement, new methods of service delivery, and the financial challenges affecting all Councils, the External Auditor confirmed that there were no significant control weaknesses and that appropriate arrangements were in place to ensure the Council was well placed to tackle the challenges ahead.

Resolved: That the report be noted.

26 **EXTERNAL AUDIT FINDINGS - PENSION FUND**

Taken in conjunction with the previous item Mr Robin Baker, Engagement Lead Grant Thornton UK LLP presented the Audit Findings Report for Merseyside Pension Fund (MPF), which had been considered by the Pensions Committee on 15 September 2015 (Minute 17 refers). He highlighted the key issues that had arisen from the audit of the Fund's financial statements for the year ended 31 March 2015 and anticipated that an unqualified opinion would be provided. The audit had not identified any adjustments affecting the Fund's reported financial position, which recorded net assets carried forward of £6.8bn.

Resolved – That the report be noted.

27 **PENSION FUND STATEMENT OF ACCOUNTS**

The Head of Financial Services and Acting Section 151 Officer presented his report which indicated that the Pensions Committee at its meeting held on earlier in that evening 28 September 2015 (Minute 35 refers) had approved the Merseyside Pension Fund (MPF) Statement of Accounts 2014/2015, having considered the Audit Findings Report and Letter of Representation.

The MPF Accounts formed part of the Council's overall Statement of Accounts and the Audit Findings Report for Merseyside Pension Fund (see Minute 26 ante) had indicated that an unqualified opinion would be issued and that the accounts presented fairly the financial position of the Fund as at 31 March 2015. The accounts would now form the basis of the MPF Annual Report for the year ended 31 March 2015.

Resolved – That the report be noted and the Letter of Representation be approved.

28 STATEMENT OF ACCOUNTS

The Head of Financial Services and Acting Section 151 Officer presented his report which advised that the Council's Constitution allocated responsibility for the approval of the Statement of Accounts to the Audit and Risk Management Committee. The Statement for 2014/2015 was published on 30 June 2015 and had been subject to audit by the Council's external auditor, Grant Thornton UK LLP, who had presented their findings, within the Audit Findings Report (see Minute 25 ante).

He informed that the purpose of the Statement of Accounts was to present the overall financial position of the Council at 31 March 2015. The amendments to the Accounts were as detailed in the Audit Findings Report (see Minute 25 ante) and the financial position of the Council remained unchanged from that reported in the Accounts published at 30 June 2015 (Cabinet Minute 25, 13 July 2015 refers). Subject to the Committees consideration of the Audit Findings Report and agreement to the Letter of Representation, Grant Thornton would issue the Audit Opinion, which would state that the Accounts represented a true and fair view of the financial position of the Council at 31 March 2015. The Opinion, together with the revised Annual Governance Statement, would be included in the Statement of Accounts to be published before 30 September 2015.

A draft Letter of Representation on behalf of the Committee which gave assurances to the Auditor on various aspects relating to the Council Accounts was included as an appendix to the report.

Resolved: That

- (1) the Audit Findings Report presented by Grant Thornton be noted, noting the actions taken over the amendments to the Statement of Accounts as detailed in section 2 of the report now submitted;**
- (2) the Findings and Action Plan in relation to Value for Money as detailed in section 3 of the report be agreed;**
- (3) the Chair of the Committee be authorised to sign off the Council's 2014/2015 Statement of Accounts; and**
- (4) the Chair of the Committee with the Head of Financial Services and Acting S151 Officer be authorised to sign and date the Letter of Representation.**

29 IT UPDATE

The Chief Information Officer introduced the report of the Strategic Director for Transformation and Resources that detailed the programme of work designed to mitigate and remove risks associated with an underinvestment in IT infrastructure. The report detailed progress thus far and outlined the remaining major steps to be completed to mitigate current risks.

The Chief Information Officer informed that the programme of work had delivered or was in the process of delivering its planned objectives, and provided a summary of the individual elements of the programme, namely:

- The upgrade from Window XP to Windows 7 removing the risk of unsupported end user computing software and addressing the issues of workplace business continuity through the use of laptops and enabling alternate site working.
- Storage Area Network (SAN) Refresh – replacing aging treasury building infrastructure and incorporating recovery features that included automated replication.
- Virtualisation of infrastructures to make cost effective use of IT resources to form the cornerstone of an automated IT Services Disaster Recovery Plan.
- High Availability Microsoft SQL Database Platform – replicating databases between two data centres.
- Email Office 365, a project to provide a hybrid cloud based email messaging platform due for roll out in October assuming successful testing has been completed.
- Wide Area Network (WAN) refresh to provide a fault tolerant network, removing single point dependency to many Council buildings; and
- Server Migration, rationalisation and upgrades.

Members questioned the Chief Information Officer at length regarding the subjects of email, compatibility with personal IT equipment and security. The Chief Information Officer set out key points of risk assessment, security, location and reliability of IT servers and associated data management platforms.

Members were informed that IT Officers were working incredibly hard to address some long standing issues and were working with partners, both

public and private, to ensure the risks associated with possible IT failures had been assessed and prioritised.

The Chief Information Officer stated his confidence in the work scheduled and already undertaken, expressing the view that the investment to date would improve the efficiency of the Council's IT networks, and enable the IT department to programme future upgrades as part of a coordinated schedule of works.

Resolved: That the report be noted.

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WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

24 NOVEMBER 2015

SUBJECT:	INTERNAL AUDIT UPDATE
WARD/S AFFECTED:	ALL
REPORT OF:	CHIEF INTERNAL AUDITOR
KEY DECISION ? <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	NO

1.0 EXECUTIVE SUMMARY

1.1. This report identifies and evaluates the performance of the Internal Audit Service and includes details of any issues arising from the actual work undertaken during the period 1st September to 31st October 2015. There are three items of note concerning audit work undertaken that are brought to the attention of the Members for this period and these are identified at Section 2.2.

2.0 BACKGROUND AND AUDIT OUTPUT

2.1. Internal Audit operate an effective reporting mechanism for Members of the Audit and Risk Management Committee that summarises audit work completed and identifies issues raised on timely bi-monthly basis. This report supports these arrangements by focussing on the following:

- Any items of note arising from audit work conducted,
- Any issues arising that require actions to be taken by Members,
- Performance information relating to the Internal Audit Service,
- Developments being undertaken to improve the effectiveness of the Internal Audit Service.

The information contained within this report is for the period 1st September to 31st October 2015.

2.2. Items of Note

2.2.a Care Act 2014

An audit has been conducted of the implementation of the Care Act 2014. The Act, together with a range of regulations and statutory guidance, replaces or repeals a number of pieces of legislation and guidance. The majority of the Act's changes took effect from April 2015. However, new powers to establish an appeal mechanism do not come into operation until April 2016 and reforms to the way social care is funded, including the care cap and care account, have been delayed until 2020.

The audit focussed on the implementation progress being made by the Department in the following areas:

- Providing advice and guidance to adults and carers
- Providing an assessment of need and a documented Care and Support Plan
- Providing a financial assessment
- Application of nationally agreed eligibility criteria
- Assessment of Carers' needs and provision of a documented support plan
- Powers to charge for assessments and services
- Preparation towards the Care Cap and Care Accounts (delayed until 2020).

The overall opinion for the audit was that there is a **moderate** organisational risk to the Council presented by the risks identified in the review.

There is a significant amount of work ongoing and it is important that the provisions that came into force in April 2015 are implemented as quickly as possible. For this reason, formal recommendations were not included for those areas that are clearly under development, but a number of "Areas for Further Work" were highlighted. These related to areas including:

- The review of policies and procedures to ensure that these are compatible with the Care Act, and the approval of these by Cabinet.
- Continued work to ensure that up to date information and advice is available to the public.
- Implementation and uptake of training.
- Charging.
- Care and Support Plans reflecting the support provided to individuals by the community.
- Risk management – particularly linkages between the risk register considered by the Care Act Governance Board and the Departmental Risk Register.
- The arrangements for the defrayal of the grant funding given for the implementation of the Act, including those relating to the element for the implementation of the Care Cap, given that this has been deferred until 2020.

There were two recommendations, both of medium priority, also made in the review. These related to quality assurance stages within Liquid logic, and the process for supporting carers.

The Department has responded very positively to the work and the implementation of Care Act reforms continues.

2.2.b Sport and Recreation(Leisure Centres)

An audit was undertaken at the request of the Sports and Recreation management to evaluate the efficiency and effectiveness of income procedures and controls in operation at the Council's Leisure Centres. The overall opinion for the review was that there was a **major** organisational risk presented by the risks identified in the review and five high priority

recommendations to improve existing operations and enhance control in the following areas included in the audit report:

- Fees and Charges;
- Income reconciliation and banking;
- Ivigor8 membership;
- Vending machine income;
- The conditions of hire for Leisure Centres.

All of the recommendations have been fully agreed and accepted by Sports and Recreation management and there has also been input from the Strategic Director supporting the need for the implementation of these actions. Work is currently underway to implement these and a follow up audit scheduled for next quarter should allow for an evaluation of the effectiveness of actions taken, the outcome of which will be reported to Members of this Committee in due course.

2.2.c. Foster Care Services:

An audit was undertaken to determine whether the controls within the risk areas for the Fostering Service are robust and provide reasonable assurance that the associated financial transactions are valid and accurate, focussing on:

- Payments made to approved Foster Carers;
- Sharing of information between all parties.

The conclusion drawn from the work carried out is that, whilst documented procedures are in place for foster care placements and payments for the care provided, testing identified that improvements were required in controls over the following:

- Evidencing actions taken on the Liquidlogic system;
- Information sharing and systems access.

The overall opinion for the audit was that there is a **moderate** organisational risk to the Council presented by the risks identified in the review. Two high priority recommendations were agreed with senior management who have acted swiftly to address the issues and are currently liaising with IT regarding technological solutions. Further audit follow up work is scheduled for later in the year and the outcome of this will be notified to senior management and Members of this Committee in due course.

2.3 Outstanding Audit Recommendations

2.3.a Attached at Appendix 1 is a table identifying information relating to those audits where recommended actions included in audit reports for the 2015/16 year to date have not currently been implemented.

2.3.b Where items are addressed by officers those entries will be removed from the report on a rolling basis. At the request of Members the date of the original audit as well as the date of the follow up audit has now been included in the table where relevant.

2.3.c All of the reports identifying outstanding actions are RAG rated as ‘amber’ indicating that progress is being made to address identified issues. A number of these relate to audits undertaken within ITS and were the subject of a separate report to this Committee in September 2015 by the Chief Information Officer outlining actions being taken to improve and develop existing arrangements and providing Members with necessary assurances that appropriate actions were being taken by officers to address risks in these areas.

2.4 Internal Audit Performance Indicators

2.4.a The Service constantly evaluates and measures the effectiveness of its performance in terms of both quality and productivity by means of a number of performance indicators in key areas as identified below. These include delivery of the annual Internal Audit Plan and ensuring that all of the audits identified in the plan are completed on schedule. This is particularly important at the present time as the requirement for Internal Audit involvement in a number of important corporate initiatives has increased dramatically.

IA Performance Indicator	Target	Actual
Percentage delivery of Internal Audit Plan 2014/15.	45	39
Percentage of High priority recommendations agreed with clients.	100	100
Percentage of returned client survey forms indicating satisfaction with the Internal Audit service. (Numbers returned indicated in brackets)	90	99 (15)
Percentage of internal audit reports issued within 10 days of the completion of fieldwork.	100	97

2.4.b There are currently no significant issues arising.

2.5 Internal Audit Developments

2.5.a Continuous Improvement

This is important to the overall efficiency and effectiveness of the Internal Audit Service and as such a Continuous Internal Audit Improvement and Development Plan has been formulated that incorporates new and developing areas of best practice from across the profession, ensuring that the service continues to constantly challenge how efficient and effective it is at delivering its service to all of its stakeholders and making any relevant changes and improvements as required. Some of the actions currently ongoing include:

- Implementation of new improved audit report template, including new organisation risk impact opinion;

- Implementation of a new Quality Assurance and Improvement Programme (approved by ARMC – September 2015);
- Collaborative counter fraud exercises across Mersey region;
- Regional Counter Fraud Publicity Campaign (16th November 2015);
- Improving corporate counter fraud awareness across the Council;
- Developing and improving reporting arrangements for stakeholders;
- Further development of the Mersey region Counter Fraud group led by Wirral Internal Audit;
- Implementation of actions arising from the new Public Sector Internal Audit Standards self-assessment exercise;
- Development of North West Region Quality Assurance Peer Review Process (Pilot Reviews scheduled for December 2015).

3.0 RELEVANT RISKS

- 3.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives.
- 3.2 Potential failure of the Audit and Risk Management Committee to comply with best professional practice and thereby not function in an efficient and effective manner.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options considered.

5.0 CONSULTATION

- 5.1 Members of this Committee are consulted throughout the process of delivering the Internal Audit Plan and the content of this regular routine report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are none arising from this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 7.1 There are none arising from this report.

8.0 LEGAL IMPLICATIONS

- 8.1 There are none arising from this report.

9.0 EQUALITIES IMPLICATIONS

- 9.1 There is no relevance to equality.

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 There are none arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 There are none arising from this report.

12.0 RECOMMENDATIONS

12.1 That the report be noted.

13.0 REASON FOR RECOMMENDATION

13.1 To provide the Members with assurance that the Council is taking appropriate measures to comply with statutory requirements to provide an adequate and effective internal audit service.

13.2 To ensure that risks to the Council are managed effectively.

13.3 To ensure that the Council complies with best practice guidance identified in the CIPFA publication 'A Toolkit for Local Authority Audit Committees'.

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APPENDICES

Appendix 1: Audit Recommendations Status Report

REFERENCE MATERIAL

Internal Audit Plan 2015/16

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	Routine report presented to all meetings of this Committee.

**INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS
PERIOD: 01 APRIL 2014 TO 31 OCTOBER 2015**

<u>Summary</u>	Total	R	A
1. Completed Audits	23	0	23
2. Follow Up Audits Completed	10	0	10
3. Advice And Guidance / Consultancy	3	0	3

INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS

PERIOD: 01 APRIL 2014 TO 31 OCTOBER 2015

1. Completed Audits - RED or AMBER flag

Audit / Date	Directorate [Service]	Organisational Risk	Areas for Development / Improvement and comments	Total Recs (H)	Timescale / Strategic Director	Follow Up Scheduled	Outcome	RAG Status
Performance Planning and Management 31/10/2014	Chief Executive [Policy, Performance and Public Health]	Moderate	Five recommendations were made which do not present a significant risk to the organisation.	5 (0)	February 2015 Director of Policy, Performance and Public Health	Dec 15	Following reorganisation and corresponding changes in structure/responsibilities, this follow up has been incorporated into a full audit being conducted during November 2015.	A
Better Care Fund 15/01/2015	Families & Wellbeing (F&W) [DASS]	Moderate	This was a review of a developing system, therefore no formal recommendations were made. However, the report does highlight "Areas for Further Work", which will be reviewed in the post-April 2015 review.	0 (0)	N/A Strategic Director Families and Wellbeing	Dec 15	No formal recommendations made. "Areas for Further Work" were agreed and work is in progress to address these. Work underway to review progress.	A
Community Patrol 27/01/2015	Regeneration & Environment (R&E) [Housing and Community Safety]	Minor	Five recommendations were made which do not present a significant risk to the organisation.	5 (0)	May 2015 Strategic Director Regeneration and Environment	Dec 15	Recommendations agreed with the Head of Regeneration. Follow up rescheduled to allow changed to embed.	A
Risk Management 28/01/2015	T&R [Resources]	Moderate	Ten recommendations were made which do not present a significant risk to the organisation.	10 (0)	April 2015 Strategic Director Transformation and Resources	Jan 16	A follow up review is scheduled for January 2016 (this should provide time for any changes to processes for 2015/16 to become embedded) and will be incorporated within the full audit review.	A
Creators (IDEA) Training 26/02/2015	T&R [Resources]	Minor	Four recommendations were made which do not present a significant risk to the organisation.	4 (0)	April 2015 Strategic Director Transformation and Resources	Nov 15	Follow up work is in progress	A
Safeguarding Children 22/05/2015	F&W [CYPD]	Moderate	Two recommendations were made which do not present a significant risk to the organisation.	2 (0)	September 2015 Strategic Director Families & Wellbeing	Nov 15	Management have accepted the recommendations and are progressing with the implementation.	A
Organisational Culture 09/06/2015	T&R [Human Resources & OD]	Major	- Ensure commitment and compliance to Performance Appraisal and Development. - Put in place a clear, effective and efficient mandatory training programme that is delivering the expected benefits to staff and to the organisation. - Report upon and address the staff Survey Action Plan, and consider a future staff Survey as part of an indicator of organisational culture.	4 (3)	September 2015 Strategic Director Transformation and Resources	Jan 16	The recommendations have been accepted and implementation is being progressed. Measures to date have included the re-launch of the Performance Appraisal system that encompasses a newly developed and much improved approach as well as extensive management and staff briefings on related cultural topics.	A
Health, Safety & Resilience 16/06/2015	T&R [Health, Safety & Resilience]	Moderate	Three recommendations were made which do not present a significant risk to the organisation.	3 (0)	October 2015 Strategic Director Transformation and Resources	Nov 15	The recommendations have been accepted and implementation is being progressed.	A
Contract Tender Procedures - West Kirby Concourse 17/06/2015	Universal & Infrastructure (U&I) [Corporate Asset & Facilities Management]	Moderate	Improve the identified control weaknesses in the selection of potential tenderers.	2 (1)	October 2015 Head of Universal and Infrastructure Services	Oct 15	The recommendations have been agreed with management, and implementation is being progressed and will be included in the exercise being undertaken to review and update the Contract Procedure Rules.	A

Audit / Date	Directorate [Service]	Organisational Risk	Areas for Development / Improvement and comments	Total Recs (H)	Timescale / Strategic Director	Follow Up Scheduled	Outcome	RAG Status
Direct Payments 26/06/2015	F&W [DASS]	Major	Ensure clear policies and procedures are in place, up-to-date and adhered to in practice, specifically regarding - when and who is responsible for conducting, reporting and acting upon the reviews/assessments required as part of the direct payments process; - the robustness of contract monitoring. - ensuring individual Direct Payment contracts are signed appropriately. - the robustness information is entered in the Liquidlogic system.	5 (1)	October 2015 Strategic Director Families and Wellbeing	Nov 15	The recommendations have been accepted and implementation is being progressed.	A
Confidential Reporting (Whistleblowing) 15/07/2015	T&R [Resources]	Moderate	Three recommendations were made which do not present a significant risk to the organisation.	3 (0)	November 2015 Strategic Director Transformation and Resources	Nov 15	The recommendations have been accepted and implementation is being progressed.	A
Income and Banking 29/07/2015	T&R [Business Processes]	Minor	Three recommendations were made which do not present a significant risk to the organisation.	3 (0)	November 2015 Strategic Director Transformation and Resources	Nov 15	The recommendations have been accepted and implementation is being progressed.	A
CRCEES 03/08/2015	U&I [Design Consultancy]	Minor	One recommendation was made which does not present a significant risk to the organisation.	1 (0)	December 2015 Head of Universal and Infrastructure Services	Dec 15		A
Parks & Countryside Services 10/08/2015	R&E [Parks and Countryside]	Minor	Two recommendations were made which do not present a significant risk to the organisation.	2 (0)	December 2015 Strategic Director Regeneration and Environment	Dec 15	The recommendations have been accepted.	A
Transport Unit 21/08/2015	T&R [Design Consultancy - Maintenance function] Families & Wellbeing [CYPD Transport - Taxi and Home to school transport functions]	Moderate	Policies and procedures should be added to so as to ensure responsibilities are fully detailed. Policies should be finalised, approved by the appropriate person(s) and circulated to all relevant staff.	7 (1)	December 2015 Strategic Director Transformation and Resources Head of Branch - Planning and Resources	Dec 15	The recommendations have been accepted.	A
Pensions Reform 2015 (Freedom & Choice) 27/08/2015	T&R [Merseyside Pension Fund]	Minor	Two recommendations were made which do not present a significant risk to the organisation.	2 (0)	November 2015 Strategic Director Transformation and Resources	Nov 15	The recommendations have been accepted and implementation is being progressed.	A
NDR Reliefs and Exemptions 08/09/2015	T&R [Transaction Centre]	Minor	Two recommendations were made which do not present a significant risk to the organisation.	2 (0)	March 2016 Strategic Director Transformation and Resources	Mar 16	The recommendations have been accepted and implementation is being progressed.	A
Corporate Governance - Legal and Member Services 24/09/2015	T&R [Legal and Member Services]	Moderate	Two medium priority recommendations were made, which relate to the completion of actions agreed previously. Work is in progress and it is expected that these items will be completed in a timely manner.	2 (0)	December 2015 Strategic Director Transformation and Resources	Dec 15	Two recommendations were accepted and implementation is being progressed.	A
Official Form Declarations (Internal) 30/09/2015	T&R [Human Resources & OD]	Minor	One recommendation was made which does not present a significant risk to the organisation.	1 (0)	January 2016 Strategic Director Transformation and Resources	Jan 16	The recommendation has been accepted.	A

Audit / Date	Directorate [Service]	Organisational Risk	Areas for Development / Improvement and comments	Total Recs (H)	Timescale / Strategic Director	Follow Up Scheduled	Outcome	RAG Status
Foster Care 02/10/2015	F&W [CYPD]	Moderate	In order to ensure the secure sharing of information , the requirements of the service should be determined and appropriate measures put in place, including the agreement of information sharing protocols and staff/foster carer awareness via training.	15 (2)	January 2016 Strategic Director Families and Wellbeing	Jan 16	The recommendations were accepted and implementation is being progressed.	A
Payroll System - IDEA testing 05/10/2015	T&R [Transaction Centre]	Minor	Two recommendations were made which do not present a significant risk to the organisation.	2 (0)	December 2015 Strategic Director Transformation and Resources	Jan 16	The recommendations were accepted and implementation is being progressed.	A
MPF Pensions Payroll 16/10/2015	T&R [Merseyside Pension Fund]	Minor	Two recommendations were made which do not present a significant risk to the organisation.	2 (0)	February 2016 Strategic Director Transformation and Resources	Feb 16	The recommendations were accepted and implementation is being progressed.	A
Sport and Recreation (Leisure Centres) - Income 26/10/2015	F&W [Sport & Recreation]	Major	The high priority recommendations relate to the need to ensure: - All fees and charges have been approved and are being applied consistently across leisure centres. - Procedures (including clearly defined roles and responsibilities) in relation to the recording, reconciling and banking of income must be documented and adhered to in practice. - the process for monitoring eligibility for the "Invigor8 Corporate" and the "Invigor8 Teen" memberships are robust. - A robust process is in place to monitor income from vending machines.	12 (5)	April 2016 Strategic Director Families and Wellbeing	Feb 16	The recommendations have been accepted and implementation is being progressed. The action plan (highlighting the plan for implementation; expected implementation date; and name of responsible officer) has already been completed.	A

INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS

PERIOD: 01 APRIL 2014 TO 31 OCTOBER 2015

2. Follow Up Audits Completed - RED or AMBER flag

Audit / Follow-Up Date / Original Report date	Directorate [Service]	Organisational Risk	Areas for Development / Improvement and comments	Original Total Recs (H)	Timescale / Strategic Director	Further Follow Up Scheduled	Outcome	RAG Status
Corporate Procurement 10/06/2015 Feb 2014	Transformation & Resources (T&R) [Corporate Procurement]	Major	Ensure: - Completion of the No PO No Pay process - Regular updating of Contracts Register - Finalisation of formal contracts	6 (4)	September 2015 Strategic Director Transformation and Resources	Dec 15	Progress has been made with the implementation of some of the recommendations, specifically the liaison between Procurement, Legal, and Project Officers regarding the completion of contracts, and the current implementation of P-cards across the Council.	A
Procurement of Commissioned Care (Domiciliary Care and Reablement Services) 26/08/2015 August 2014	Families & Wellbeing (F&W) [DASS]	Moderate	The audit resulted in 2 High, 3 Medium and 2 Low recommendations. Arrangements must be put in place by the department to ensure that for all future procurement exercises it conducts, it is satisfied that the 'signing' element of the procurement process will be in accordance with Contract Procedure Rules. A final list of Tier 3 providers must be compiled ensuring a contract is in place for each organisation (liaising with Legal in the process). This list should then be disseminated and utilised by the Contracts Team and the Care Arranging Team. Procurement and Legal should be notified to ensure the Contracts Register is updated accordingly. The contract arrangements for those organisations who are not a Tier 1, 2 or 3 provider, but who are providing a service to Adult Social Services funded clients, must be clarified and resolved with Legal and Member Services.	7 (2)	October 2014 Strategic Director Families and Wellbeing	Dec 15	Significant progress has been made. The two high priority recommendations have been assessed as being implemented. Two other recommendations have been assessed as implemented and the remaining three (1 x Medium Priority and 2 x Low Priority) have been assessed as partly implemented. It is expected that full implementation will be achieved following the final roll-out of functions within Liquidlogic - which is expected by November 2015. Where applicable, assurances have been provided to confirm that lessons have been learned that will benefit future procurement exercises.	A
Resource Link – Access Controls 04/09/2015 Oct 2014	T&R [Human Resources and OD]	Moderate	The Information Asset Owner can improve controls to prevent inappropriate access to information through the production of an Access Control Policy, to be assured that user access to information is in line with business need, and by ensuring that the measures stated in the ACP are applied to the system and user settings, e.g. by enforcing password rules, switching on the audit trail for System Administration activity, and regularly reviewing user access.	14 (7)	December 2015 Strategic Director Transformation and Resources	Dec 15	The client has stated they will follow up on the recommendations mid-September. (A combination of annual leave and sickness has delayed a discussion of the implementation of the recommendations by the auditee and his colleagues.) The implementation of the recommendations will continue to be assessed by Internal Audit in Q3.	A
Mobile Phone Security 04/09/2015 Nov 2014	T&R [Resources]	Moderate	Ensure that technological controls are consistently applied on mobile devices to ensure the security of information received, stored and sent according to its information classification, by implementing a Mobile Device Management solution which satisfies the requirements of the Public Services Network code of connection.	9 (8)	December 2015 Strategic Director Transformation and Resources	Dec 15	No significant developments since the last update. Some of the risks identified in the Internal Audit report will be addressed as part of the work to agree a corporate DLP policy. The implementation of the recommendations will continue to be assessed by Internal Audit in Q3. The Chief Information Officer attended ARMC in September 2015 to update Members.	A
ICT Business Continuity 04/09/2015 Dec 2014	Universal & Infrastructure (U&I) / Authority-Wide	Moderate	Ensure that all Directorates include ICT business continuity requirements in their risk registers and CESG to approve the critical services list so that business continuity plans can be put in place using the new template.	4 (4)	December 2015 Strategic Directors	Dec 15	Strategic Leadership Team (SLT) has agreed 32 business critical systems. The system owners for each of the 32 critical systems have been asked to produce a BCP. At 21/08/2015, a number of BCP's had been completed. The implementation of the recommendations will continue to be assessed by Internal Audit in Q3. The Chief Information Officer attended ARMC in September 2015 to update Members.	A

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Audit / Follow-Up Date / Original Report date	Directorate [Service]	Organisational Risk	Areas for Development / Improvement and comments	Original Total Recs (H)	Timescale / Strategic Director	Further Follow Up Scheduled	Outcome	RAG Status
ICT Hardware Asset Register 04/09/2015 Feb 2014	T&R [Resources]	No opinion required at the time the audit was carried out	Original audit resulted in 6 high and 1 medium priority recommendations. 1) VQSM should be used at the primary source for the Authority's Hardware Asset Register (HAR). 2) The Authority's HAR should be updated to include all hardware assets, and maintained in line with agreed procedures. 3) The project to develop "Here's My Asset", subject to demonstrating proof of concept, will assist the accuracy of the HAR, and its successful deployment should be prioritised by IT management. 4) All hardware assets connecting to the network should be visible to the Altiris Software. 5) Procedural guidance should require the immediate update of the HAR when an asset is to be added or deleted, where a segregation of duties should be achieved. 6) The accuracy of the HAR should be verified on a regular basis, and the results reported to IT Management.	7 (6)	December 2015 Strategic Director Transformation and Resources	Dec 15	Discussions regarding the responsibility for compilation of the register are to be undertaken within ITS. The implementation of the recommendations will continue to be assessed by Internal Audit in Q3. The Chief Information Officer attended ARMC in September 2015 to update Members.	A
Payment Card Industry - Data Security Standard 04/09/2015 Jul 2014	Authority-Wide	No opinion required at the time the audit was carried out.	Original review highlighted that the Council is currently not compliant with the standard, but appropriate measures, decisions and actions have or will be taken to ensure compliance in due course. 1 High priority recommendation. is outstanding: 1) Determine and implement the most appropriate installation in the Customer Services Centre, ie running Paye.net in a virtualised environment, running two machines on each desk with a KVM (keyboard, video and mouse) switch, running machines in separate secure environment via RDP (remote desktop protocol).	3 (1)	December 2015 Strategic Director Transformation and Resources	Dec 15	The Chief Information Officer is to resurrect the PCI programme. PCI standards have changed and the Council's approach to Payment Cards may also have changed since this was last looked at. No date set for ITS work. The implementation of the recommendations will continue to be assessed by Internal Audit in Q3. The Chief Information Officer attended ARMC in September 2015 to update Members.	A
Data Loss Prevention 04/09/2015 Oct 2014	Authority-Wide	Major	A DLP policy for the management of information assets should be produced, agreed by the Information Governance Board, and made available to all staff. This will ensure the correct management of information via the delivery of a technical solution by IT Services and the development and enforcement of appropriate working practices by Information Asset Owners.	3 (3)	December 2015 Information Governance Board	Dec 15	A number of controls are in place to ensure the risk of unauthorised access is minimised. Corporate DLP policies on the classification and risk-based protection of different types of Council information will be developed under the oversight of the Information Governance Board. Technical controls will be then be applied in accordance with the agreed policies. The implementation of the recommendations will continue to be assessed by Internal Audit in Q3. The Chief Information Officer attended ARMC in September 2015 to update Members.	A
IT Services Disaster Recovery 04/09/2015 Jan 2015	T&R [Resources]	Major	IT Services' Disaster Recovery Plan should be documented, where the prioritisation of recovery tasks stated in the plan should reflect the documented requirements of business critical services.	4 (4)	May 2015 Strategic Director Transformation and Resources	Dec 15	The implementation of the recommendations will continue to be assessed by Internal Audit in Q3. The Chief Information Officer attended ARMC in September 2015 to update Members.	A
Grievances 15/10/2015 October 2015	T&R [Human Resources and OD]	Minor	Two recommendations were made which did not present a significant risk to the organisation.	2 (0)	March 2016 Strategic Director Transformation and Resources	Mar 16	One recommendation has been implemented and one recommendation partially implemented with full implementation expected by March 2016 on completion of the training programme for Dignity at Work, Grievances and Whistleblowing	A

INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS

PERIOD: 01 APRIL 2014 TO 31 OCTOBER 2015

3. Advice And Guidance / Consultancy - RED or AMBER flag

Audit Area / Date	Directorate [Service]	Internal Audit input / improvement activity	Outcome and timescale (if appropriate)	RAG Status
ERDF Merseyside Business Support Programme Procurement Exercise Health Check 14/05/2015	Regeneration & Environment [[Invest Wirral]	Two recommendations were made which do not present a significant risk to the organisation.	The recommendations have been accepted and responsibility for implementation has been assigned as follows: Corporate Project Group - 1 x recommendation (Discussed at Corporate Project Group in June 2015) Corporate Procurement - 1 x recommendation (Ruling now that all procurements start with a PIA - Procurement Initiation Approval).	A
Contract Procedure Rules Review 15/06/2015	Transformation & Resources (T&R) [Resources]	Ongoing involvement with Procurement and Legal managers regarding update and streamlining of the CPR's. New CPR's expected to be approved by members September 15	Work completed, awaiting implementation expected in January 2016 after approvals through ARMC and Council.	A
Organisational Change 03/09/2015	Authority-Wide	Confirmation that the Council is making clear progress in its readiness to deal with ongoing and future changes whether via legislation, policy and service commitment or financial availability, and to provide ideas and comments around policy and processes to assist in ensuring the organisation is in a position to continually manage and deliver change effectively.	Evidence exists that the Council is moving into a position of improved responsiveness to the risks, challenges and opportunities presented by organisational change. 12 Issues For Consideration have been presented and reported to Strategic Management and where appropriate to local needs and conditions action will be taken to ensure the organisation remains effective in dealing with ongoing and future change in a positive and efficient maner.	A

KEY:

Organisational Risk		
MAJOR	The likelihood/impact of the risks identified during the review, should these materialise, would leave the Council open to major risk.	
MODERATE	The likelihood/impact of the risks identified during the review, should these materialise, would leave the Council open to moderate risk.	
MINOR	The likelihood/impact of the risks identified during the review, should these materialise, would leave the Council open to minor risk.	
NEGLIGIBLE	There were no weaknesses identified during the review.	
Control Environment		
MAXIMUM	There is a sound system of control designed to achieve the system objectives and these are being consistently applied. No High recommendations made or low priority recommendations have been made that cumulatively do not warrant 'substantial status'.	
SUBSTANTIAL	There is a basically sound system of control, but there are weaknesses in design and/or operation of controls which put some of the control objectives at risk. A medium priority recommendation has been made, or a large number of low priority recommendations made that cumulatively could meet the criteria	
LIMITED	There are some weaknesses in the design and/or operation of the system of control which could have a significant impact on the achievement of the control objectives. Improvements could be made to a number of areas within the control environment so that the relevant risks are managed more effectively, a high priority recommendation has been made, or several medium priority recommendations that cumulatively meet the criteria for a high priority action.	
MINIMUM	There are weaknesses in the design and/or operation of the system of control which have had a significant impact on the achievement of the control objectives, and may put at risk the achievement of the organisation's objectives. More than one high priority recommendation identified.	
Compliance		
MAXIMUM	The control environment is operating as intended. No recommendations have been made or low priority recommendations have been made that cumulatively do not warrant 'substantial status'.	
SUBSTANTIAL	The control environment is substantially operating as intended. A medium priority recommendation has been made, or a large number of low priority recommendations made that cumulatively could meet the criteria for a medium priority recommendation.	
LIMITED	The control environment has not operated as intended and errors have been detected. Improvements could be made to a number of areas so that the relevant risks are managed more effectively, a high priority recommendation has been made, or several medium priority recommendations that cumulatively meet the criteria for a high priority action.	
MINIMUM	The control environment has fundamentally broken down and is open to serious error or abuse. Significant errors have been detected. More than one high priority recommendation has been identified.	
Organisational Impact		
MAJOR	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.	
MODERATE	The weaknesses identified during the review have left the Council open to moderate risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.	
MINOR	The weaknesses identified during the review have left the Council open to a low level of risk. If the risk materialises it would have a minor impact on the organisation as a whole.	
RAG status		
G	Audits	Actions agreed and implemented.
	Follow Ups	Actions implemented.
A	Audits	Actions agreed and officers committed to implement within agreed timescale.
	Follow Ups	Actions in process of being implemented within agreed timescale with some implemented.
R	Audits	Actions agreed
	Follow Ups	Little or no progress made to implement actions within agreed timescale.
Recommendation Priority Rating		
HIGH	A matter that is fundamental to the control environment for the specific area under review. The matter may cause a system objective not to be met. This needs to be addressed as a matter of urgency (suggested timescale: within one month).	
MEDIUM	A matter that is significant to the control environment for the specific area under review. The matter may threaten the achievement of a system objective.	
LOW	A matter that requires attention and would improve the control environment for the specific area under review. The matter may impact on the achievement of a system objective.	

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

DATE: 24 NOVEMBER 2015

SUBJECT:	INTERNAL AUDIT ANNUAL COUNTER FRAUD UPDATE
WARD/S AFFECTED:	ALL
REPORT OF:	CHIEF INTERNAL AUDITOR
KEY DECISION:	NO

1.0 EXECUTIVE SUMMARY

1.1 To update Members on the activities of the Counter Fraud Team within Internal Audit. The report covers the financial year 2014/15 and current year to date. Although the Counter Fraud Team has worked closely and collaboratively with the Fraud Investigation Team within Revenues and Benefits, the majority of whom have now transferred to the DWP, this report does not include the extensive specialist activities of their work which is reported to Members separately.

2.0 BACKGROUND AND FUTURE DEVELOPMENTS

2.1 The Audit Commission published their annual report on fraud and corruption in Local Government called "Protecting the Public Purse" (PPP), at the end of October 2014. This publication provided details of the amount of detected fraud across the UK, emerging fraud risks and promoted best practice across the sector. Much of the information from the PPP is drawn from the results of the annual Fraud and Corruption Survey which was collated by the Audit Commission in May 2014.

2.2 The report specifically highlighted an increase in fraud nationally in the following risk areas (extracts below quoted from the report identifying national trends):

- Social care – the number of detected cases has more than trebled since 2009/2010 and in 2013/2014 438 cases were detected with a value of £6.2million.....the policy of more choice and local control has changed the scale of the fraud risks councils face in this area;
- Insurance – the number of detected cases rose from 72 in 2009/2010 to 226 in 2013/2014, with a value of £4.8million;
- Disabled parking (also known as 'Blue Badge' fraud) – as in 2012/13, this produces the largest number of "other" cases, and in 2013/14, cases increased by 40 per cent to 4,055 with a value of £2 million.

These risk areas have been incorporated into the annual Internal Audit planning process and audit work has been identified that will be undertaken during 2015/16.

- 2.3 The abolition of the Audit Commission has had a significant impact on the national counter fraud picture. Responsibility for the National Fraud Initiative (NFI) data matching has transferred to the Cabinet Office and the Chartered Institute of Public Finance and Accountancy (CIPFA) have established a new Counter Fraud Centre (CFC) to lead on work to counter fraud and corruption across public services.
- 2.4 The NFI has continued following the abolition of the Audit Commission in March 2015. The Local Audit and Accountability Act 2013/14 made provision for the future arrangements for the NFI and transferred the Commission's data-matching powers to the Secretary of State, who delegated their operational management to the Cabinet when the Audit Commission closed.
- 2.5 The CFC will carry out the annual survey of fraud and corruption detected in local authorities in England which will be similar to the former Annual Fraud and Corruption Survey delivered by the Audit Commission. The CFC's CIPFA Fraud and Corruption Tracker (CFaCT) will examine:
 - Levels of fraud and corruption detected across the public sector in the 2014/2015 financial year.
 - Number of investigations undertaken.
 - Types of fraud encountered.
 - Emerging trends.
- 2.6 The CFC does not have the same statutory powers as the Audit Commission to require local authorities to provide it with information on cases of fraud, and corruption: it therefore remains to be seen whether it will be able to deliver the comprehensive national picture on fraud risks to local government previously provided by the Audit Commission's annual "PPP" report.
- 2.7 To support the work of local authorities, the CFC has published a new Code of Practice on Managing the Risk of Fraud and Corruption. Although the Code is not currently mandatory, it represents best practice and compliance with the Principles set out in the Code will enable the Council to demonstrate effective financial stewardship of public monies.
- 2.8 The five key principles of the code align closely to those in Local Government's 'Fighting Fraud Locally Strategy' on which our current action plan is based. The code of practice sets out a number of principles and contains five key elements to:
 - Acknowledge the responsibility of the governing body for countering fraud and corruption;
 - Identify the fraud and corruption risks;
 - Develop an appropriate counter fraud and corruption strategy;
 - Provide resources to implement the strategy; and

- Take action in response to fraud and corruption.
- 2.9 The Code aims to establish common principles for managing the risk of fraud and corruption. The principles provide a set of standards which can be applied in all public bodies, regardless of sector or size. They emphasise the importance of managing the risks of fraud and corruption in order to secure good governance and financial stewardship.
- 2.10 The Code of Practice is attached as Appendix 1 to this report. The Council's compliance with the Code was initially assessed following its publication in 2014. However, following the publication of guidance and the development of an online assessment tool provided by CIPFA, the Council's fraud arrangements will be re-assessed in 2015/16. The assessment will be completed with the involvement of the ARMC and senior managers, and a revised action plan will be drawn up to address any gaps in compliance.
- 2.11 These developments place a greater emphasis on local joint working between councils and other partners to share information and make the most effective use of limited resources. In a time of austerity, preventing fraud becomes even more important. Every pound lost through fraud cannot be spent on providing services. Therefore, it is vital that the Council has strong counter-fraud cultures and effective counter-fraud arrangements.

3.0. COUNTER-FRAUD TEAM

- 3.1 The remit of the Counter Fraud Team is to:
- Prepare relevant best practice policies and procedures;
 - Facilitate changes to the culture of the organisation by raising awareness amongst the workforce to fraud and corruption through targeted training;
 - Proactively manage the risk of fraud to the Council through targeted audits in high risk areas;
 - Provide both a proactive and a reactive response to tackling fraud across the authority.
- 3.2 Also included within this remit is the investigation of serious financial frauds perpetrated against the Council as well as the teams either direct or supporting involvement with disciplinary and grievance cases which can often be linked to criminal offences, and their subsequent reporting to senior management.

4.0 ACTIVITIES UNDERTAKEN

Mersey Region Fraud Group and Counter Fraud Funding

- 4.1 In July 2014, Wirral Council's Counter Fraud Team set up the Mersey Region Fraud Group (MRFG) which consists of a number of neighbouring authorities and partner organisations. The group is committed to developing a regional approach to counter fraud, including the production of generic policies and

procedures and undertaking collaborative working in targeted areas such as data matching, developing/sharing fraud strategies and policies, sharing good practice joint fraud awareness campaigns and other counter fraud exercises and audits as appropriate.

- 4.2 Wirral Council were successful in securing separate funding from the DCLG to purchase a 'Counter Fraud App' from the Intec Group. The app can be downloaded by members of the public and they can use it to report fraud and keep up to date on threats in the local area. Intec will be hosting and supporting the fraud app with the DCLG funding for a total of two years and the app will be available to download in the coming months.

National Fraud Initiative (NFI)

- 4.3 The team oversees and co-ordinates the Council's participation in the NFI which the Council is required by law to participate in. This is a national exercise using data matching audit techniques. Council-wide data sets covering a wide range of financial and non-financial applications such as Housing Benefits, Council Tax, Electoral Registration, Pensions, Payroll, Creditors, Blue Badges, Residential Care Homes and Personal Budgets are uploaded to the NFI website, which are then matched with data within and between participating bodies to identify potential frauds.
- 4.4 On receipt of the results the Council then has responsibility to follow up and investigate the matches, and identify fraud, overpayment and error. The main NFI data matching is undertaken every two years, the results of these matches is fed into a national report at the end of each cycle. Data sets were submitted in October 2014 for the 2014/15 NFI biennial data matching exercise and results of data matches were received at the end of January 2015.
- 4.5 The NFI exercise consistently generates significant savings for the Council, arising largely from payments recovered or stopped. For the current NFI exercise £154,376.58 has been identified to date, of which £154,071.27 is in the process of being recovered. It is anticipated that this figure is likely to increase with the addition of further successful cases, once investigations have been concluded.
- 4.6 The team has worked with departments to develop and implement Action Plans taking into account lessons learnt from this exercise. The aim being to identify common themes and recurring types of fraud and error so that departments can identify what changes can be made and measures taken to reduce their incidence.

Self-Assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

- 4.7 An initial exercise was undertaken to assess the Council's measures to counter fraud and corruption against CIPFA's new Code of Practice on Managing the Risk of Fraud and Corruption, which all authorities should

assess themselves against. The subsequent findings indicated that overall good practice advocated by CIPFA was being followed, where appropriate, and that the necessary policies and procedures were in place to support this approach. However, since our initial assessment CIPFA has issued a guidance document and assessment tool to accompany the Code which will be used to undertake a further assessment in 2015/16.

- 4.8 A future report will be brought to Members once the full assessment against the code has been undertaken.

Training, Awareness and Reporting

- 4.9 During 2014/15 the officers of the Counter Fraud Team attended appropriate and relevant training and awareness sessions delivered outside of the authority by organisations such as CIPFA, CMIIA, and ACAS. In addition to these courses they have also attended localised and national networking meetings of their peers. These provide important opportunities for the officers to update and refresh their knowledge in the counter fraud arena.
- 4.10 One officer gained CIPFA accreditation as a Counter Fraud Specialist in October 2014 and another member of the team will be undertaking the CIPFA Certificate in Investigative Practice (CCIP) in 2016. On completion of the training the officer will also gain the Counter Fraud Specialist accreditation through CIPFA.
- 4.11 In November 2014, the team coordinated a week long Employee Fraud Awareness Campaign, in collaboration with the Fraud Team (Benefits and Revenues), Trading Standards, Insurance & Risk, HR, Publicity and other neighbouring authorities. The aim of the week was to heighten the awareness of the problem and scale of fraud in the public sector, to direct all employees to complete the mandatory Anti-Fraud and Corruption e-learning course and to encourage them to report any suspicions of fraud that they may have. The campaign involved posters, e-alerts and daily intranet bulletins and was supported by corporate messages from the CEO and Members.
- 4.12 Since the campaign the team has seen both an increase in the take up of the Anti-Fraud and Corruption e-learning course and the number of investigations that they were asked to both undertake or to provide advice and support with. This clearly demonstrated that the work to raise the profile of the team, and the support that they can provide has been successful, in that more requests for assistance are now being received.
- 4.13 The mandatory Anti-Fraud and Corruption e-learning course continues to be promoted across the authority and is now an essential module within the suite of training offered by Learning and Development and due to the ever changing environment of fraud this is under constant review to reflect changing trends and emerging good practice.
- 4.14 The team ran a further week long Fraud Awareness Campaign from 16-22 November 2015, in collaboration with the Fraud Team (Benefits and

Revenues), Insurance & Risk, Publicity and other neighbouring authorities, which was aimed at raising public awareness of fraud and encouraging Wirral Residents/Businesses to help spot and report fraud. The campaign involved posters and leaflets in Council run public buildings, advertisements in the local newspapers and messages on the Council's Website, Facebook/Twitter pages and the One Stop Shop plasma screens. The campaign highlighted the following high risk fraud areas targeted by fraudsters:

- Council Tax Support/Reduction
- Procurement
- Grants/Personal Budgets (Direct Payments)
- Blue Badges
- Insurance

- 4.15 The Council subscribes to the National Anti-Fraud Network (NAFN), which promotes the sharing of information between Authorities and publishes regular bulletins on fraud cases and attempted scams, which are distributed to relevant staff and appropriate measures are taken to address the identified risks. The most common threats faced by the Council are attempts to amend bank details (mandate fraud) and impersonation of officials (e.g. bogus bailiffs, false tax refund notifications from HMRC).
- 4.16 During 2014/15 and the year to date the development and recognition of the Counter Fraud Team has continued with significant progress, which has resulted in 24 reports and referrals being made to the team which represents an increase of some 34% of the cases reported/referred from the previous year. The type of issues covered a broad spectrum of the Council's activities.
- 4.17 In addition, the team provides advice to departmental officers investigating suspected frauds and irregularities in cases where these are investigated within the department. The last year has seen an increase in the number of referrals from Departments as the profile of the team has risen and become more widely known to management of the Council.
- 4.18 The team maintains a fraud register which is used to collate details of all reported fraudulent activity across the Council, whether investigated by the Counter Fraud Team or by the relevant department. This facilitates the completion of the CIPFA Fraud and Corruption Tracker, which is coordinated by the Team on behalf of the Council. The information contained within the register is then used to identify potential weakness and areas that may be susceptible to increased attempts of fraud and as such where Counter Fraud resources need to be directed.

Audits and Investigations

- 4.19 The team has conducted 23 audits and investigations across a wide range of topics and as identified in the Strategic Internal Audit Plan presented to this Committee in March 2014 and subsequently reported upon at corresponding meetings. These assignments whilst predominately planned also include

pieces of work in response to requests from Chief Officers or Members or as a result of any allegations made, including whistleblowing.

- 4.20 Outcomes from individual audits and investigations are reported to Members through the quarterly Internal Audit Update reports and the Chief Internal Auditors Annual Report.

5.0 CONCLUSION

- 5.1 Participation in counter fraud activities and compliance with best practice helps to strengthen the Council's approach and management of these risks. Working with partners, as demonstrated by the NFI and more recently the MRFG, successfully illustrates the benefit of joined-up working and co-operation between all involved. The national sharing of data allows a number of organisations to effectively identify areas of potential fraud or error, reducing the future risk of such fraud or errors going undetected.

- 5.2 Counter fraud activity and the investigation of any issues ensures that where appropriate any monies lost as a result of identified frauds or errors are recovered and any weaknesses in procedures are addressed to improve the internal control environment and help prevent future fraud or error. Work will continue in 2015/16 to ensure that the Council has up to date policies and procedures in place to create and promote an environment where fraud and corruption are not tolerated.

6.0 RELEVANT RISKS

- 6.1 That fraud is not properly addressed investigated and appropriate actions taken to prosecute perpetrators, recover losses and improve financial controls.
- 6.2 Given the budgetary constraints the council has been faced with and the reduced staffing levels it will always be a risk that previously robust procedures may not be followed and therefore providing the opportunity for fraud to occur.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 There are none arising from this report.

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 8.1 Following the bi-annual NFI exercise £154k is currently being recovered by the Council.

9.0 LEGAL IMPLICATIONS

- 9.1 There are none arising from this report.

10.0 EQUALITIES IMPLICATIONS

10.1 There is no relevance to equality.

11.0 CARBON REDUCTION IMPLICATIONS

11.1 There are none arising from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising from this report.

13.0 RECOMMENDATIONS

13.1 That the report be noted and that Members continue to support the work of the team.

14.0 REASON FOR RECOMMENDATION

14.1 To provide Members with assurance that the Council is taking appropriate action to address the risk of fraud and that suspected frauds are investigated and appropriate actions taken to prosecute perpetrators, recover losses and improve financial controls.

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APPENDICES

CIPFA Managing the Risk of Fraud and Corruption 2014

REFERENCE MATERIAL

Internal Audit Plan 2014/15 and 2015/16

SUBJECT HISTORY (last 3 years)

Council Meeting:	Date
Audit and Risk Management Committee	Regular report presented annually to this Committee.

Code of practice on

managing the risk of fraud and corruption



Code of practice on managing the risk of fraud and corruption

Published by:

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Code of practice principles

Leaders of public services organisations have a responsibility to embed effective standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.

The five key principles of the code are to:

- acknowledge the responsibility of the governing body for countering fraud and corruption
- identify the fraud and corruption risks
- develop an appropriate counter fraud and corruption strategy
- provide resources to implement the strategy
- take action in response to fraud and corruption.

A Acknowledge responsibility

The governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation.

Specific steps should include:

- A1** The organisation's leadership team acknowledge the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users.
- A2** The organisation's leadership team acknowledge the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance.
- A3** The governing body acknowledges its responsibility for ensuring the management of its fraud and corruption risks and will be accountable for the actions it takes through its governance reports.
- A4** The governing body sets a specific goal of ensuring and maintaining its resilience to fraud and corruption and explores opportunities for financial savings from enhanced fraud detection and prevention.

B Identify risks

Fraud risk identification is essential to understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.

Specific steps should include:

- B1** Fraud risks are routinely considered as part of the organisation's risk management arrangements.
- B2** The organisation identifies the risks of corruption and the importance of behaving with integrity in its governance framework.
- B3** The organisation uses published estimates of fraud loss, and where appropriate its own measurement exercises, to aid its evaluation of fraud risk exposures.
- B4** The organisation evaluates the harm to its aims and objectives and service users that different fraud risks can cause.

C Develop a strategy

An organisation needs a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.

Specific steps should include:

- C1 The governing body formally adopts a counter fraud and corruption strategy to address the identified risks and align with the organisation's acknowledged responsibilities and goals.
- C2 The strategy includes the organisation's use of joint working or partnership approaches to managing its risks, where appropriate.
- C3 The strategy includes both proactive and responsive approaches that are best suited to the organisation's fraud and corruption risks. Proactive and responsive components of a good practice response to fraud risk management are set out below.

Proactive

- Developing a counter-fraud culture to increase resilience to fraud.
- Preventing fraud through the implementation of appropriate and robust internal controls and security measures.
- Using techniques such as data matching to validate data.
- Deterring fraud attempts by publicising the organisation's anti-fraud and corruption stance and the actions it takes against fraudsters.

Responsive

- Detecting fraud through data and intelligence analysis.
 - Implementing effective whistleblowing arrangements.
 - Investigating fraud referrals.
 - Applying sanctions, including internal disciplinary, regulatory and criminal.
 - Seeking redress, including the recovery of assets and money where possible.
- C4 The strategy includes clear identification of responsibility and accountability for delivery of the strategy and for providing oversight.

D Provide resources

The organisation should make arrangements for appropriate resources to support the counter fraud strategy.

Specific steps should include:

- D1 An annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk.
- D2 The organisation utilises an appropriate mix of experienced and skilled staff, including access to counter fraud staff with professional accreditation.
- D3 The organisation grants counter fraud staff unhindered access to its employees, information and other resources as required for investigation purposes.
- D4 The organisation has protocols in place to facilitate joint working and data and intelligence sharing to support counter fraud activity.

E Take action

The organisation should put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud.

Specific steps should include:

- E1 The organisation has put in place a policy framework which supports the implementation of the counter fraud strategy. As a minimum the framework includes:
 - Counter fraud policy
 - Whistleblowing policy
 - Anti-money laundering policy
 - Anti-bribery policy
 - Anti-corruption policy
 - Gifts and hospitality policy and register
 - Pecuniary interest and conflicts of interest policies and register
 - Codes of conduct and ethics
 - Information security policy
 - Cyber security policy.
- E2 Plans and operations are aligned to the strategy and contribute to the achievement of the organisation's overall goal of maintaining resilience to fraud and corruption.
- E3 Making effective use of national or sectoral initiatives to detect fraud or prevent fraud, such as data matching or intelligence sharing.
- E4 Providing for independent assurance over fraud risk management, strategy and activities.
- E5 There is a report to the governing body at least annually on performance against the counter fraud strategy and the effectiveness of the strategy from the lead person(s) designated in the strategy. Conclusions are featured in the annual governance report.

Applying the code in practice

Where organisations are making a statement in an annual governance report about their adherence to this code, one of the following statements should be approved according to whether the organisation conforms with the code or needs to take further action.

The statement should be approved by the governing body and signed by the person responsible for signing the annual governance report¹.

Statement 1

Having considered all the principles, I am satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Or

Statement 2

Having considered all the principles, I am satisfied that, subject to the actions identified below, the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Actions to be taken to manage the risk of fraud:

Action:	Responsibility:	Target date:

¹ Guidance notes on the implementation of the code to support evaluation are available at www.cipfa.org.

Glossary

As the code can apply to a wide range of organisations generic terms are used to describe governance and leadership responsibilities.

Governing body:

The person(s) or group with primary responsibility for overseeing the strategic direction, operations and accountability of the organisation. Examples include, the Board, Council.

The organisation's leadership team:

Leadership team: comprises the governing body and management team.

Examples or relevant roles include, cabinet members, chair of board, accounting officer, chief executive, executive directors, vice-chancellor, principal, headteacher.



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WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

24 NOVEMBER 2015

SUBJECT	CORPORATE RISK REGISTER
WARD/S AFFECTED	ALL
REPORT OF	CHIEF EXECUTIVE

1.0 EXECUTIVE SUMMARY

- 1.1 Under the terms of the Council's Constitution one of the functions of the Audit & Risk Management Committee is to provide independent assurance that the Council's risk management framework is effective.
- 1.2 A key output from the Council's risk management framework is the Corporate Risk Register. To support this Committee's work in considering the effectiveness of the framework a report is presented on a regular basis detailing the key risks facing the authority and how these are being managed.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Corporate Risk Register summarises those areas of uncertainty which have the greatest potential to prevent or frustrate delivery of the Corporate Plan and confirms how the authority is seeking to tackle them. At a strategic level these risks help to inform future priorities and interventions. The actions required to mitigate the risks also influence the content of Directorate plans and the allocation of resources. In that way they are a key component of the corporate planning process and so success in managing these risks is a key factor in overall corporate performance.

2.2 Existing Corporate Risks

- 2.2.1 Following the Quarter 1 review undertaken by the Strategic Leadership Team (SLT) and which was reported to this Committee on 22 September 2015 the register contained 32 risks.

2.3 Review Quarter Two 2015/16

- 2.3.1 The Risk and Insurance Officer collated information on progress towards the implementation of key additional controls for current corporate risks as at 30 September 2015. That information is summarised in the Appendix to this report.
- 2.3.2 The above mentioned summary and the Quarter 2 Corporate Risk report were considered by SLT its meeting on 3 November. The report summarised high level risks within Directorate risk registers with an emphasis on those where officers believe that further mitigation will prove difficult.

2.3.3 SLT noted that the backlog of applications for Deprivation of Liberty Safeguards assessments (risk LE2) had grown within the quarter. However further mitigation planned by the department should reduce this by the end of December 2015. As such no change to the scores or further action was considered necessary.

2.3.4 The potential impact of the National Living Wage first discussed at the quarter 1 review was considered again. Given that the Council is a living wage employer this is not an issue in relation to the Council's own staff. SLT recognised that this could be a significant matter for contracted services. However at a corporate level it was viewed as a further pressure for the existing budget risk and not significant enough to be added to the corporate risk register as a topic in its own right.

2.3.5 The new Council web-site was successfully launched on 6 October 2015. As a result SLT decided that the existing corporate risk relating to the security and effectiveness of the web-site (DA3) should be removed from the register.

2.3.6 A process through which a refresh of the corporate risk register would be undertaken to take account of the Council Plan and Delivery Plan was agreed. A refreshed list of corporate risks should be agreed by the end of January 2016.

2.4 Governance Commissioning and Improvement Portfolio Holder Briefings

2.4.1 The Portfolio Holder for Governance Commissioning and Improvement examines the most critical corporate risks in her briefings. These examinations are structured around a summary from the Risk & Insurance Officer. Other officers with more detailed knowledge of the risks in question are also present to answer questions on the controls their effectiveness and whether further action could be taken.

2.4.1 The most recent briefing took place on 6 October 2015. This considered the risk of 'insufficient capacity and technical knowledge to deliver effective and compliant commissioning and procurement'. This risk had been reviewed in March and the Portfolio Holder wished to consider progress. The Head of Procurement provided an update and outlined further developments planned for the future.

2.5 Next Steps

2.5.1 A series of interviews will be held with members of SLT and the Leader and Deputy Leader of the Council to support the refresh of the Corporate Risk Register.

2.5.2 An analysis of the risks to the delivery of the Wirral Plan pledge projects will also be undertaken to inform the refresh of the Corporate Risk Register.

3.0 RELEVANT RISKS

3.1 The issues contained in the register are considered by the Strategic Leadership Team to present the most significant risks to achievement of the

Councils objectives and priorities. As such failure to manage them effectively could have severe implications for delivery of the Council Plan.

4.0 OTHER OPTIONS CONSIDERED

4.1 These are not applicable in respect of this report.

5.0 CONSULTATION

5.1 No specific consultation has been undertaken with regard to this report.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 None.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 None.

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

8.1 Whilst there are no direct implications effective management of the corporate risks will help to mitigate negative impacts on the Council's finances IT and human resources.

9.0 LEGAL IMPLICATIONS

9.1 There are none arising directly from this report.

10.0 EQUALITIES IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 RECOMMENDATIONS

13.1 That Members consider the report on progress in managing the corporate risks.

13.2 That further reports on the Corporate Risk Register be brought to future meetings of this Committee.

14.0 REASONS FOR RECOMMENDATIONS

- 14.1 Having an understanding of the Council's principal risks and their controls supports the Committee's responsibility in relation to the adequacy of the Council's risk management framework.
- 14.2 The provision of regular reports to this Committee on the Corporate Risk Register is a requirement of the Council's Corporate Risk Management Policy.

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APPENDIX

Corporate Risk Register Controls as at 30 September 2015

SUBJECT HISTORY

Council Meeting	Date
Audit & Risk Management Committee Corporate Risk Register	22 September 2015

Corporate Risks – Status of Additional Controls – 30 September 2015

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
<p>Failure to deliver within immediate and long term budgets (F11)</p>	<ul style="list-style-type: none"> • Corporate Plan reflects financial challenge • Delivery of existing budget options projects are being progressed • Monitoring of budgetary position by Benefits Realisation Group and SLT • Revenue monitoring on a monthly basis by SLT • Deceleration of Capital Programme spend • Challenge process for budget changes (including growth) • Quarterly reporting to Cabinet and Scrutiny Committees • Maintain knowledge of external influences on the Council’s financial position (e.g. Central Government) • Regular review of MTFS • Remodelling programme implemented 	<p>12 (4x3)</p>	<p><u>Managing demand</u></p> <ul style="list-style-type: none"> • Implement a new model for our early intervention and prevention services to ensure along with our partners we manage demand efficiently and community based care effectively <p><u>Reducing costs</u></p> <ul style="list-style-type: none"> • Implement new Transaction Centre structure • Implement our new approach to strategic commissioning and review our procurement processes • Support the implementation of the Transformation Programme • Support the implementation of the remodelling Programme • Development of the revised transformation framework • Drive forward Office Rationalisation work stream of the Driving Value from Assets programme • Implement our asset management strategy 	<ul style="list-style-type: none"> • Wirral Independence Service went live 1st July 2015. IMC / Transitional Bed capacity has increased with effect from 1st September. This will lead to an increase from 70 beds to 110 as beds become available • A review of processes has been scoped and additional capacity has been recruited to undertake this. • The revised Procurement structure, based on category management, which will commence on 1 April 2016 will support the establishment of a Commissioning Support Unit • Recruitment is underway to provide additional project management capacity to CYPD & DASS to deliver transformation • Additional capacity has been secured in the areas of Finance, Communications and Alternative Delivery Models • The programme is being reshaped to support the delivery of the Wirral plan. A new Board - Wirral Plan Transformation Board – has been established to oversee delivery. • •

			<ul style="list-style-type: none"> • Implement the Council’s Customer Access Strategy <p><u>Increasing revenue</u></p> <ul style="list-style-type: none"> • Deliver Wirral’s Investment Strategy <ul style="list-style-type: none"> • Work with partners to increase the supply of new homes in all tenures <p><u>Improving financial management</u></p> <ul style="list-style-type: none"> • Support robust budget setting processes to deal with financial challenges 	<ul style="list-style-type: none"> • An initial assessment of the actions required to gather baseline data on all customer transactions made clear that an excessive amount of manual work would be required. It is now proposed to collate the required management information through the development of a fit for purpose customer service delivery platform. • Wirral continues to deliver the objectives of the Council’s Investment Strategy. In the first two quarters of the year 108 young people have been supported into jobs and 465 people have been supported into jobs through the worklessness contract. • Working with the Homes and Communities Agency and Registered Providers 209 units of affordable housing were delivered by quarter 2 2015/16. Using the New Build Capital Programme the Council has 20 units on site and due for completion shortly and has committed 44 units due to start on site in Qtr 3 and 45 in Qtr 4, grant has been maximised with joint funding with the HCA where possible to achieve greater outputs against the Council’s original Capital Investment. • Officer budget proposals for the next five years are being developed and budget challenge sessions have been arranged with senior decision makers (managerial & political).
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Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
Major fraud or corruption (FI2)	<ul style="list-style-type: none"> • Counter Fraud and Corruption Policy • Whistle Blowing Policy • Counter Fraud Plan encompasses both proactive and reactive fraud work • Participation in National Fraud Initiative • Codes of conduct for Members and officers • Financial Procedure Rules • Contract Procedure Rules • Sound Internal Control systems • Effective recruitment and selection • Benefits Fraud Investigation team with trained investigators • Procedures for the Declaration of Conflict of Interests, Gifts and Hospitality and Pecuniary Interests • Mandatory training programme and fraud awareness campaign • Use of declarations and fair processing notices • Disciplinary procedures • Partnership working with neighbouring authorities – Mersey Region Fraud Group • Key role in the North West regional counter fraud network • Trained investigator – Corporate Fraud 	6 (3x2)	<ul style="list-style-type: none"> • Conduct self-assessment against the Code of Practice on Managing the Risk of Fraud and Corruption • Develop the Council's Counter Fraud and Corruption Strategy • Conduct data matching exercise with the Mersey Region Fraud Group (MRFG) • Work with MRFG to deliver a regional fraud awareness campaign • Implement a Fraud App 	<ul style="list-style-type: none"> • The assessment tool has been launched. It is intended to complete the assessment prior to the next A&RMC meeting in November 2015. • The strategy is on course for completion in November / December 2015 • Preparations are being made for this exercise to be held later in the year • The campaign is scheduled to take place week beginning 16 November 2015 • The app was signed off in October 2015, ready to go live in November 2015

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
Failure to remodel the Council to meet its future challenges (GO1)	<ul style="list-style-type: none"> • Wirral’s vision is set out in the Wirral Plan: A 2020 Vision • SLT focus on coherent new model • Revised contract procedure rules introduced • Robust technical design principles • Robust project and risk management arrangements for the remodelling programme 	8 (4x2)	<ul style="list-style-type: none"> • Support the implementation of the remodelling Programme 	<ul style="list-style-type: none"> • Recruitment is underway to provide additional project management capacity to CYPD & DASS to deliver transformation • Additional capacity has been secured in the areas of Finance, Communications and Alternative Delivery Models • The programme is being reshaped to support the delivery of the Wirral plan. A new Board - Wirral Plan Transformation Board – has been established to oversee delivery.
Failure to establish governance arrangements that support wholesale change and enable difficult decisions to be taken (GO2)	<ul style="list-style-type: none"> • Revised Constitution in place • Scheme of Delegation rolled out • Cohesive Strategic Leadership Team • Closer working with Cabinet • New Members briefing and decision-making processes implemented • Leaders Board established • Member development programme • Revised corporate risk management policy adopted • Co-ordination of governance issues through Corporate Gov. Group 	6 (3x2)	<ul style="list-style-type: none"> • Review and revise the Council’s Contract Procedure Rules • Undertake annual refresh of Council Constitution • Review Code of Corporate Governance • Review / revise Financial Regulations 	<ul style="list-style-type: none"> • Work on a revised set of rules is complete. They will be presented to Audit & Risk Management Committee in November • Work on the annual refresh of the Constitution has continued • Work on a revised Code of Corporate Governance has continued • The review of the Council’s Financial Regulations will be presented to for the consideration of Audit & Risk Management Committee in November.
Failure to identify potential changes to government policy early enough to influence and respond (GO4)	<ul style="list-style-type: none"> • Work of the Policy Team • Policy network established • Regular policy briefings provided to Senior Officers and Members • Individual directorate policy briefing papers introduced for Policy & Performance committees • Performance Management and Business Intelligence resource • Regular item on SLT agenda 	6 (3x2)	<ul style="list-style-type: none"> • Increased visibility of political and executive leaders with national government • Roll-out of LGIU access for all relevant officers 	<ul style="list-style-type: none"> • The Liverpool City Region Combined Authority has developed a wide range of devolution proposals and is currently in negotiation with central government in relation to these •

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
Internal policies & procedures could delay change (GO3)	<ul style="list-style-type: none"> • New Members briefing and decision-making processes implemented • Scheme of Delegation / Member Officer protocol updated • Code of Corporate Governance revised • Robust governance arrangements for the remodelling programme • Key policies reviewed (Whistleblowing, Grievance, transitional pay, redundancy) 	4 (2x2)	<ul style="list-style-type: none"> • Implementation of ModGov reports management function • Development of a new corporate plan and policy framework 	<ul style="list-style-type: none"> • Revised report template agreed at Cabinet 8th November. Roll out of training to report authors and via DMT meetings. Phased roll out of the system now scheduled for the New Year • The Delivery Plan is on course for consideration by Members in February 2016. <p>Contract Procedure Rules, Constitution, Financial Regulations and Code of Corporate Governance are all being updated</p>
A failure to maximise our influence with key stakeholders limits our ability to capitalise on opportunities (GO6)	<ul style="list-style-type: none"> • Chief Executive and senior members / officers engage outside Wirral with national decision-makers • Leader of the Council is chair of the Combined Authority • LEP membership • CX influence via LCR Chief Executive group 	4 (2x2)	<ul style="list-style-type: none"> • Further engagement with public and private sector partners 	<ul style="list-style-type: none"> • The Liverpool City Region Combined Authority has developed a wide range of devolution proposals and is currently in negotiation with central government in relation to these. • A further partnership summit, involving leaders from the public sector, local businesses and the community was held on 14 September. • The Council Plan was agreed by partners and became the Wirral Plan. • Partners are now sponsors for 8 of the 20 pledges in the Wirral Plan

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
Failure to maintain a focus on economic growth (G05)	<ul style="list-style-type: none"> Investment Strategy Investment Strategy Board Priority within Corporate Plan Policy & Performance committee – scrutiny function 	8 (4x2)	<ul style="list-style-type: none"> Deliver Wirral’s investment strategy Grow Wirral’s economy by working with and supporting businesses and creating environments and opportunities where the private sector wants to invest Support the delivery of key infrastructure that will enable the creation of jobs and unlock potential for economic growth Develop and deliver a master plan for Birkenhead Town Centre 	<ul style="list-style-type: none"> Wirral continues to deliver the objectives of the Council’s Investment Strategy. In the 6 months from April to September the Business Support Team have secured £36million of Investment into the borough creating and safeguarding 190 jobs. The Regional Growth Fund programme has support 51 projects, helping businesses to expand and create employment opportunities in the borough and this quarter has created and safeguarded 755 jobs. A set of projects aimed at supporting delivery of the Liverpool City Region Transport Plan for Growth have been developed for the consideration of Members. The project continues to progress well and is on target for delivery in February 2016.
Use of untried / untested models (mutuals, social enterprises, shared services) (G07)	<ul style="list-style-type: none"> Transformational Change projects based on robust business cases Learning from other local authorities Accessing external expertise (legal, financial and operational) 	12 (4x3)	<ul style="list-style-type: none"> Support the implementation of the Transformation Programme Create a community interest company to deliver sustainable services to schools and ensure resources are used effectively Launch and establish the local authority company for adult disability services 	<ul style="list-style-type: none"> Recruitment is underway to provide additional project management capacity to CYPD & DASS to deliver transformation. Additional capacity has been secured in the areas of Finance, Communications and Alternative Delivery Models Cabinet has given approval to progress the establishment of a Community Interest Company (Edsential). Preparations remain on target for the transfer of services into the new company by the beginning of December 2015 5 year business plan now drafted. Cabinet report due to be presented on the 5 November 2015 proposing the TUPE of staff to the new company with effect from 1 December 2015.

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
<p>Scale and pace of change could exceed organisational capacity – especially in key areas <i>(PE1)</i></p>	<ul style="list-style-type: none"> • Full senior management team in place • New governance model for programme management • Focus of Change Team • Matrix management arrangements adopted • Weekly project review meetings • Most new organisational structures in place • Partners are leading a number of the Council pledges 	<p>12 (4x3)</p>	<ul style="list-style-type: none"> • Use re-modelling fund for additional capacity, if required • Ongoing resource planning underway • Support the implementation of the Transformation Programme • Undertake an assessment of the capacity / skills needed of enabling strands (as part of the People Strategy) • Put in place remaining organisational structures 	<ul style="list-style-type: none"> • Key senior interims have been engaged on a temporary basis to support the Council Plan and development of transformation framework • Resource requirements to address the scale of change needed to deliver the outcomes in the Council Plan have been reviewed and responded to. Additional capacity procured. • Recruitment is underway to provide additional project management capacity to CYPD & DASS to deliver transformation. • The People Strategy will not be taken forward in the way initially anticipated. Significant work has been undertaken on the development of a new Operating Model for the Council. Once this is developed further, work will be undertaken to identify any gaps in the capability, skills and knowledge of the workforce to support the new ways of working and the cultural changes that will be required. • All remodelled structures were implemented by 1st October 2015.

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
Skills within the Council could be insufficient to support our future operating model (PE3)	<ul style="list-style-type: none"> • Redeployment training support in place • Leadership and Management Development Programmes • Performance Appraisals for all staff • Structured professional development based on articulated requirements 	8 (4x2)	<ul style="list-style-type: none"> • Develop and deliver structured skills and development plan for leaders, enablers and groups needing to work differently (as part of the People Strategy) 	<ul style="list-style-type: none"> • The People Strategy will not be taken forward in the way initially anticipated. Significant work has been undertaken on the development of a new Operating Model for the Council. Once this is developed further, work will be undertaken to identify any gaps in the capability, skills and knowledge of the workforce to support the new ways of working and the cultural changes that will be required.
Failure to ensure that the culture of the organisation supports the future operating model (PE4)	<ul style="list-style-type: none"> • Link of values to behaviours in Performance Appraisal • Leadership and Management Development Programmes • Performance Appraisals for all staff • Improved corporate communications in place • Values based employment policies (e.g. Absence) 	9 (3x3)	<ul style="list-style-type: none"> • Review approach to cultural change (as part of the People Strategy) • Implement and embed new models of working to meet the statutory requirements and new duties of the Care Act 	<ul style="list-style-type: none"> • The People Strategy will not be taken forward in the way initially anticipated. Significant work has been undertaken on the development of a new Operating Model for the Council. Once this is developed further, work will be undertaken to identify any gaps in the capability, skills and knowledge of the workforce to support the new ways of working and the cultural changes that will be required. • Liquidlogic Phase 2 implementation of the Marketplace and Client Portals will be completed in Q4 2015/16. Work is ongoing across the Liverpool City Region to implement a regional marketplace. Work to develop a single point of contact is ongoing and is due to be in place by April 2016

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
A failure in health and safety management leading to death or serious injury (PE5)	<ul style="list-style-type: none"> • Register of corporate H&S risks • Corporate H&S policy specifies management roles & responsibilities, specific management arrangements have been developed • Legislative Compliance Audit programme & Fire Risk Assessments of all Council premises • Programme of auditing management compliance against H&S policy • Delivery of essential emergency training for fire and first aid • H&S Officers investigate all significant accidents & incidents, including ELI claims • Specific H&S training • Health surveillance arrangements for occupational health risks • Delivery of (IOSH) Managing Safely training to Managers and Supervisors below HoS 	8 (4x2)	<ul style="list-style-type: none"> • Continue offering H&S IOSH management training to all managers • Continuous review and develop of H&S arrangements • Continuing programme of compliance audits of H&S policy • Maintaining health surveillance programme for occupational health risks • Continuous programmed assessment of legislative compliance and fire risk at all Council premises • Senior management teams H&S training programme • Conduct a series of presentations for all DMTs to discuss health and safety governance 	<ul style="list-style-type: none"> • A new programme of courses is in place for managers who are still to complete this course • The Health, Safety & Resilience team has now begun with the review of H&S arrangements and is developing a new 3 year programme of compliance audits. This will include implementing an online audit programmes • Programmed health surveillance for specified health hazards continues with Occupational Health • A programme of legislative Compliance in place and support to deliver more efficient use of information with Asset Management • A suitable training programme is being sought and is planned to be delivered in 2016/17 • Further meetings are required and will be followed up during this year <p>A new Health & Safety Officer has been recruited and is now in post, restoring capacity.</p>

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
<p>Failure to ensure sufficient capacity and technical knowledge to deliver effective and compliant commissioning and procurement (PE6)</p>	<ul style="list-style-type: none"> • Staff development and training • Recruitment and retention policies • Review of structure 	<p>12 (3x4)</p>	<ul style="list-style-type: none"> • Acceleration of recruitment • Develop and deliver a longer-term plan for the service • Develop technical skills and competencies • Establish a Commissioning Support Unit to work with Strategic Commissioners • Evaluate the merits of a collaborative / shared service approach within the Liverpool City Region (LCR) 	<ul style="list-style-type: none"> • Both the Senior Procurement Officer (SPO) and Procurement Officer (PO) have started work. A PO post left vacant by the internal promotion has still not been filled. One member of staff has tendered his resignation and will leave the Council in November. • The longer term service plan and structure is awaiting full approval to proceed. • A professional training programme has been agreed and the Procurement Support Officers will undertake Professional Procurement training level 3 during October 2015. • The revised structure, based on category management, which will commence on the 1st April 2016 will support this unit. • Meetings at LCR level have been held to assess the opportunities.

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
Quality and availability of data & intelligence could be insufficient to enable us to design services & target effective interventions (DA1)	<ul style="list-style-type: none"> • Dedicated performance management and business intelligence resource • Provision of regular reports to Policy & Performance committees • Breadth and depth of data from Service Reviews • Corporate Governance Group 	<p style="text-align: center;">9 (3x3)</p>	<ul style="list-style-type: none"> • Greater integration of strategy, performance and intelligence disciplines • Provision of dashboard reports to Policy & Performance committees 	<ul style="list-style-type: none"> • Proposals for the Outcome Framework for the Council's Delivery Plan (including the setting of targets and relevant performance indicators) have been drafted and approved • Quarter 1 performance reports were submitted to all Policy & Performance committees in September.
Withdrawal of support for the content management system could affect the security and effectiveness of the Council's web-site (DA3)	<ul style="list-style-type: none"> • Project plan to rebuild the website approved • IT resources allocated • Temporary web editors in post supporting the project 	<p style="text-align: center;">12 (4x3)</p>	<ul style="list-style-type: none"> • Deliver the rebuild project 	<ul style="list-style-type: none"> • The rebuild project has been completed and the new web-site was launched on 6 October 2015.

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
<p>A failure in information governance leading to a significant disclosure of sensitive information</p> <p>(DA2)</p> <p>Page 62</p>	<ul style="list-style-type: none"> • IG Board and IG Operational Group established • Guidance on information handling/security circulated • Technical ICT controls • Independent security assessments of the council's ICT infrastructure • PSN accreditation attained • Training delivered to Members and key officers on information governance • IG communications for non-IT users developed • IG checklist for departments/managers developed • Checks to ensure that PSN users are BPSS cleared 	<p>8</p> <p>(4x2)</p>	<ul style="list-style-type: none"> • Annual refresher of training for key staff • Implement the Information Governance Action Plan • Secure all council mobile and printing devices • Implement technical solution to protectively monitor the council's ICT infrastructure • Achieve Level 2 IG toolkit accreditation • Centralise IG policies and procedures and risks • Retain PSN accreditation 	<ul style="list-style-type: none"> • Annual refresher training for the SIRO was undertaken on 19 June • High priority work to support the Wirral Plan delivery may push the Information Governance review into Quarter 4. • The new mobile phone contract will provide the opportunity and funding to rationalise the makes and models of mobile phones. This will facilitate the improvement of the overall security of the service. • Additional SIEM configuration will take place with supplier support in Quarter 3. This will be driven by PSN compliance requirements. • Work has commenced on V13, which must be complete by March 2016 • The Information Governance Policy acts as a centralised index for all corporate IG-related policies. The policy covers three main areas: Confidentiality and Data Protection; Information Security; and Information Assurance. Several of the more detailed documents referred to in the IG Policy need to be reviewed and refreshed. This work will be coordinated by the Information Governance and Security Officer on a rolling basis with all documents being presented to the Information Governance Board for sign-off • Work to retain accreditation beyond March 2016 is underway

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
Failure to ensure resilience and cohesion in key partnerships (PA2)	<ul style="list-style-type: none"> • Health & Wellbeing Board established • Wirral Partnership established • Support for Combined Authority • Review of partnerships conducted • Register of key partnerships developed 	<p>9</p> <p>(3x3)</p>	<ul style="list-style-type: none"> • Develop the Wirral Partnership • Maximise the opportunities of the Better Care Fund by developing sustainable 7 day integrated community services, contributing to a reduction in demand in Acute care and improving outcomes for people • Implement and embed new models of working to meet the statutory requirements and new duties of the Care Act. • Implement our health and social care integration plans with our health partners 	<ul style="list-style-type: none"> • The Council Plan was agreed by partners and became the Wirral Plan • Partners are now sponsors for 8 of the 20 pledges in the Wirral Plan • Core BCF objective of reducing non-elective admissions is being achieved. Review of all BCF schemes is currently underway to gauge whether objectives are being met. Outcome of review will be used to inform future investment / disinvestment decisions • Liquidlogic Phase 2 implementation of the Marketplace and Client Portals will be completed in Q4 2015/16. Work is ongoing across the Liverpool City Region to implement a regional marketplace. Work to develop a single point of contact is ongoing and is due to be in place by April 2016 • Better Care Fund plan has been approved and is being monitored via the performance management dashboard. DASS representation on Vanguard, Urgent Care and Systems Resilience Groups. Strategic alignment of core objectives with Wirral CCG with co-location of staff ongoing to support delivery. Healthy Wirral launch event to take place Nov 25th / 26th <p>In conjunction with the other members of the Liverpool City Region Combined Authority the Council has developed a wide range of devolution proposals. The Authority is currently in negotiation with central government in relation to these. A further partnership summit, involving leaders from the public sector, local businesses and the community was held on 14 September.</p>

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
<p>Failure of a major provider (private, public or voluntary, community and faith sector) or partner leading to interruption of service</p> <p>(PA4)</p>	<ul style="list-style-type: none"> External suppliers identified and position statement compiled as to their arrangements Procurement Strategy and the agreed procurement process checks on potential contractor. Contract and performance management arrangements Monitoring of contract delivery by Strategic Directors Linkages to Business Continuity arrangements 	<p>12</p> <p>(4x3)</p>	<ul style="list-style-type: none"> Work with departments to ensure that all partner agencies and/or voluntary, community or faith sector organisations have suitable and sufficient business continuity arrangements – a check should be made on a two yearly basis Ensure all external suppliers / contractors provide a position statement in regard to their individual business continuity plans on a two yearly basis Incorporate an annual financial check is as part of the regular contract performance management arrangements 	<ul style="list-style-type: none"> The new BC plan template has been provided to all identified critical services areas in Feb/March 2015. This required the plan owners to identify suppliers for their critical service and confirm that their BC plans are in place The Health, Safety & Resilience team is currently working with Procurement to establish a revised process for these actions. They are linked into the scale and criticality of the contracts.

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
<p>Inadequate safeguarding arrangements exposing children or vulnerable adults to greater risk of abuse or exploitation</p> <p>(CU1)</p>	<ul style="list-style-type: none"> Local Safeguarding Children Board and Safeguarding Adults Partnership Board monitor serious case review action plans. Business priorities for the WSCB monitored through the WSCB Executive Fortnightly performance monitoring of changes to contact and referral taking in CADT. Reports to SLT and strategic Directors DMT on Corporate Safeguarding performance. National Notification of Serious Child Care Incidents to OFSTED. Continuing programme for disseminating learning from serious child care incidents. Monthly meetings of the Merseyside Child Death Overview Panel. Continuing review of S118 IRO applications. Revised social work pay and grade structure. Reviews carried out by District Managers of children / young people known to a number of different agencies High-level multi-agency review of individuals leading to improved, and consistently 	<p>15</p> <p>(5x3)</p>	<ul style="list-style-type: none"> Implement a strengths based model of working with families. Support Council staff and partners in learning from best practice and serious/critical case reviews. Evaluate effectiveness of Multi Agency Safeguarding Hub. Implement 'Making Safeguarding Personal' (MSP) and evaluate its impact Implement and embed new models of working to meet the statutory requirements and new duties of the Care Act 	<ul style="list-style-type: none"> Although in its early stages this project is on target. There will be a full update on this development presented to the Safeguarding Board in December The new framework in place and a number of cases have now been reviewed with key learning points being taken forward through the Learning and development Sub group of the Board The evaluation has been completed and an additional regional evaluation undertaken by Merseyside Police. The findings will be taken forward through a revised project plan. This project remains on target for completion this financial year. Liquidlogic Phase 2 implementation of the Marketplace and Client Portals will be completed in Q4 2015/16. Work is ongoing across the Liverpool City Region to implement a regional marketplace. Work to develop a single point of contact is ongoing and is due to be in place by April 2016

	<p>applied multi-agency risk management process and targeted support to be put in place to pre-empt, where possible, escalation of identified areas of concern.</p> <ul style="list-style-type: none"> • Strategic Review Process implemented for contracted providers giving cause for concern • Joint Domestic Violence sub-committee of the SAPB and LSCB established • Multi Agency Safeguarding Hub for vulnerable children and adults 			
<p>Child Sexual Exploitation Page 56 (2)</p>	<ul style="list-style-type: none"> • Bi-monthly meetings of the Wirral Safeguarding Children Board multi-agency Child Sexual Exploitation (CSE) strategic group • CSE is a priority area of activity for the WSCB, including the Council as the key partner • Agreed pan Merseyside CSE strategy in place • CSE multi-agency training in place and targeted briefings for agencies • Practice Guidance in place detailing referral pathway, reinforced by multi-agency briefings • Catch-22 commissioned to deliver the CSE/ Missing from Home service on behalf of the WSCB and Council 		<ul style="list-style-type: none"> • Testing and strengthening of the partnership response to CSE to be a priority area for the WSCB in 2015-16 • Publication of partnership response in the 2015-15 Annual Report • Commissioning of a range of multi-agency CSE training including working with parents and carers • Appointment of an apprentice based within LA Corporate safeguarding to work with young people's group to advise on response to CSE • Development of sustainable educational and awareness raising resources and drama performance for schools and professionals • Publication of early help plan to support children at risk of CSE • Analysis of CSE and Missing from 	<ul style="list-style-type: none"> • This activity is on target. A regional audit of cases re referred has taken place with learning points shared and a case review of a specific case by the sub group of the Board has commenced • Completed and published. • This action is on target for delivery in September. Dates have been set. • The target date has been revised and the post is advertised. • This activity is on target for implementation in September. There are resourcing issues around this work which need to be addressed • This activity is on target for implementation in September-December • This activity is on target for implementation in

	<ul style="list-style-type: none"> • Catch-22 service includes identifying and working with children and young people who are victims of or at risk of CSE • Multi-Agency CSE (MACSE) meetings established. Police led meetings, one a month to consider level of CSE risk for all young people referred • CSE multi-agency performance information reported to the WSCB • CSE part of reports to SLT and strategic Directors DMT • www.listentomystory.co.uk campaign is live including web based advice, guidance and resources • Regular auditing of Council and multi-agency response to CSE including reviews of actions to support most vulnerable young people who are looked after 		<p>Home data to inform service provision</p> <ul style="list-style-type: none"> • LA commissioning strategy and plans specifically related to CSE • Patterns of activity to combat CSE informed by Police intelligence • CSE briefings for identified professionals including Foster carers and Social Workers 	<p>September-December</p> <ul style="list-style-type: none"> • This action was completed on target in May. • Output was to be published in July. • Briefings were completed in June.
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Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
<p>A major physical incident compromises the delivery of essential services</p> <p><i>(PH1)</i></p>	<ul style="list-style-type: none"> • Dedicated Health, Safety & Resilience Team provides support and guidance with 24/7 duty officer cover • External Partner organisations and suppliers identified and position statement complied as to their arrangements • Awareness sessions delivered to key staff • Exercises conducted to test efficiency of plans • Departmental business continuity plans in place for critical service areas • Wirral Business Continuity Plan • Wirral Flood and Water Management Partnership formed • Review of winter maintenance arrangements conducted. • Merseyside Community Risk Register • Business interruption and Loss of Revenue insurance • Wirral Emergency Volunteer Scheme introduced 	<p style="text-align: center;">8</p> <p style="text-align: center;">(4x2)</p>	<ul style="list-style-type: none"> • All critical service areas to complete the new BC template • Critical services areas to exercise their BC plans/template • SLT Training and Exercising programme 	<ul style="list-style-type: none"> • There are now only two outstanding BC plans from identified critical services (HR & Organisational Development/Payroll and Strategic Housing). • A programme of quality auditing has now started on the plans received. Feedback will be provided and plan owners will get the opportunity to improve their plans before testing takes place • The Corporate Resilience Officer is to run an SLT exercise by end of 2015.

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
<p>Failure to implement new IT systems / hardware in time to support the new Council model</p> <p>(PH2)</p>	<ul style="list-style-type: none"> • Replacement / upgrade projects agreed as part of 'Future Council' programme • Control and monitoring meetings for all projects within ICT improvement programme • Temporary engagement of Strategic IT Advisor to provide direction and capacity • Initial group of servers implemented 	<p>9</p> <p>(3x3)</p>	<ul style="list-style-type: none"> • Implement programme of ICT improvements (including refresh of hardware) 	<ul style="list-style-type: none"> • Infrastructure projects, including an upgrade to the Council's back office systems (including e-mail service) are on target or slightly behind target.
<p>A sustained catastrophic failure in IT systems</p> <p>(PH3)</p>	<ul style="list-style-type: none"> • Second machine room • Fire suppressant system in rooms • Additional backup /security based at Cheshire Lines implemented 	<p>10</p> <p>(5x2)</p>	<ul style="list-style-type: none"> • Review of IT service continuity arrangements 	<ul style="list-style-type: none"> • Infrastructure projects, including an upgrade to the Council's back office systems (including e-mail service) are on target or slightly behind target. • Options for alternative data centres are currently being narrowed down. Approval to proceed and relocate one of the two data centres is expected to be initiated before the end of 2015, with the aim of implementing that solution by April 2016. Parallel activities including WAN network refresh, system and underpinning hardware migration strategies are being progressed. Regular briefing updates are being provided to key stakeholders who are aware of current progress.

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
<p>Welfare Reforms (EC2)</p>	<ul style="list-style-type: none"> • Ongoing Council-led strategic approach to assess the implications and prepare effective policy & delivery response e.g. through WEDS & Welfare Reform partnership • Discretionary Funds Housing Payment Fund for those on Housing Benefit impacted by the reforms inc. under occupancy • Localised Welfare Assistance Scheme for those impacted directly or indirectly and at risk • Collaborative working with social and rented sector landlord stakeholders • Collaborative working with DWP Local Partnership Lead 	<p>16 (4x4)</p>	<ul style="list-style-type: none"> • Develop a revised strategic approach to addressing the impact of Welfare Reform 	<ul style="list-style-type: none"> • SLT has agreed that a scoping paper be prepared for discussion in November to agree the strategic approach and to re-establish working group arrangements with internal and external stakeholders <p>A backlog of Discretionary Housing Payment applications has reduced from over 950 in May to less than 300 in October. Further resource will be transferred to clear the remainder. Shorter awards have been made in recent months, specifically so that more service users can be supported.</p> <p>Central government’s Work and Pensions Committee has launched an inquiry into the local welfare safety net schemes which have replaced previous central government support.</p>

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
<p>Increasing demand for socially provided care exceeds the resources available (Council and NHS)</p> <p><i>(SO1)</i></p>	<ul style="list-style-type: none"> • Vision 2018 programme • Integrated Care programme • Joint Commissioning arrangements with the CCG • Enhanced monitoring and reporting arrangements • Joint Carers Strategy between Social Care and Health 	<p>16</p> <p>(4x4)</p>	<ul style="list-style-type: none"> • Maximise the opportunities of the Better Care Fund by developing sustainable 7 day integrated community services, contributing to a reduction in demand in Acute care and improving outcomes for people • Implement our health and social care integration plans with our health partners as part of the vision 2018 approach • Implement a new model for our early intervention and prevention services to ensure along with our partners we manage demand efficiently and community based care effectively 	<ul style="list-style-type: none"> • Core BCF objective of reducing non-elective admissions is being achieved. Review of all BCF schemes is currently underway to gauge whether objectives are being met. Outcome of review will be used to inform future investment / disinvestment decisions. • Better Care Fund plan has been approved and is being monitored via the performance management dashboard. DASS representation on Vanguard, Urgent Care and Systems Resilience Groups. Strategic alignment of core objectives with Wirral CCG with co-location of staff ongoing to support delivery. Healthy Wirral launch event to take place Nov 25th / 26th. • Wirral Independence Service went live 1st July 2015. IMC / Transitional Bed capacity has increased with effect from 1st September. This will lead to an increase from 70 beds to 110 as beds become available.

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
<p>Poor lifestyle choices adversely affect public health and require different public provision</p> <p>(S02)</p>	<ul style="list-style-type: none"> Commissioned lifestyle services (i.e. stop smoking services, weight management, drugs and alcohol services) Role of sports development service Health & Wellbeing Board provides focus and a forum for collaboration Vision 2018 work stream on early intervention and prevention 	<p>12</p> <p>(4x3)</p>	<ul style="list-style-type: none"> Review of Tobacco Control action in the Borough Development of a risk & resilience strategy for 11-19 year olds Development of a service model for wellbeing and lifestyle services Delivery of the Healthchecks programme Securing high quality sexual health services, lifestyle services and drug and alcohol recovering services Effective transition of 0-5 responsibilities from NHS England to Wirral Council Implement and evaluate the impact of Healthy Place investments Joint Strategic Needs Assessment refresh Deliver the borough wide 'Eatwell Wirral Award' by formally engaging with 100% of all Wirral Takeaways. Deliver an intelligence based program of 'Takeaway for a Change' initiatives in at least ten schools Formally engage with all off licences across Wirral to promote and encourage membership to the 'Reduce the Strength' scheme 	<ul style="list-style-type: none"> An approach to Tobacco Control has been agreed by the Health & Wellbeing Board This work is now part of the Children's Pledges in the Wirral Plan The service model is being developed The health checks programme is being delivered through primary care The drugs and alcohol recovery services have been re-commissioned The transition has taken place and Wirral Council is now responsible for the 0-5 responsibilities Evaluation reports on a number of investments have been delivered. The remaining have not yet completed The JSNA is continually updated to reflect the most recent information All three posts have now been appointed and two are now in post and working. This is allowing the projects to be fully resourced (with support from temporary additional resources). These additional resources are enabling the projects to gain momentum and is anticipated that will be under control by the end of Quarter 3.

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
<p>Failure to equip the community to be more self-reliant</p> <p>(S03)</p>	<ul style="list-style-type: none"> Asset based community development (ABCD) projects Public sector transformation network Existing support through the Voluntary, Community and Faith sectors Engagement of individuals and groups through Constituency Committees Wirral Emergency Volunteer Scheme Direct Payments Advisory Service commissioned 	<p>9</p> <p>(3x3)</p>	<ul style="list-style-type: none"> Implement the Council's Customer Access Strategy To review Wirral's Community Safety Strategy, to ensure it meets local needs. Implement a new model for an all age disability service Maximise the opportunities of the Better Care Fund by developing sustainable 7 day integrated community services, contributing to a reduction in demand in Acute care and improving outcomes for people Implement a new model for our early intervention and prevention services to ensure along with our partners we manage demand efficiently and community based care effectively Implement and embed new models of working to meet the statutory requirements and new duties of the Care Act 	<ul style="list-style-type: none"> An initial assessment of the actions required to gather baseline data on all customer transactions made clear that an excessive amount of manual work would be required. It is now proposed to collate the required management information through the development of a fit for purpose customer service delivery platform Originally targeted for 1st September. But timescale has now slipped. Draft proposal has been completed and a consultant is being employed for 4 months to look at delivery models. Core BCF objective of reducing non-elective admissions is being achieved. Review of all BCF schemes is currently underway to gauge whether objectives are being met. Outcome of review will be used to inform future investment / disinvestment decisions. Wirral Independence Service went live 1st July 2015. IMC / Transitional Bed capacity has increased with effect from 1st September. This will lead to an increase from 70 beds to 110 as beds become available Liquidlogic Phase 2 implementation of the Marketplace and Client Portals will be completed in Q4 2015/16. Work is ongoing across the Liverpool City Region to implement a regional marketplace. Work to develop a single point of contact is ongoing and is due to be in place by April 2016.

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
<p>Growth of academies / free schools complicates our ability to raise educational attainment and provide skills</p> <p>(LE1)</p>	<ul style="list-style-type: none"> • Dialogue with schools becoming Academies • Retention of support networks e.g Cluster Headteacher Groups • Wirral Education Quality Services (WEQS) offered to all schools, including Academies • Existing structures (e.g. WASH, WISP, Children’s Trust Board) provide focus and forums for collaboration 	<p>9</p> <p>(3x3)</p>	<ul style="list-style-type: none"> • Shared programme with CW&C • Development of traded services and other service level agreements 	<ul style="list-style-type: none"> • On 10 September Cabinet gave approval to progress the establishment of a Community Interest Company (Edsential). Preparations remain on target for the transfer of services into the new company by the beginning of December 2015. • New service offers for schools for 2016/17 and beyond are being developed, ahead of a launch event in January. Edsential will provide a platform for services to promote themselves.
<p>Failure to process applications for Deprivation of Liberty Safeguards (DoLS) assessments within prescribed timescales</p> <p>(LE2)</p>	<ul style="list-style-type: none"> • DoLS manager and administrative support in place • Prioritisation of cases to reduce risk to individuals • Regular reporting to Strategic Leadership Team • Best interest assessors (BIAs) seconded into DoLS team 	<p>12</p> <p>(3x4)</p>	<ul style="list-style-type: none"> • Extend mental capacity assessment across the workforce • Train additional Best Interest Assessors (BIA) 	<ul style="list-style-type: none"> • From October, Heads of Service and team managers will be asked to authorise assessments • Additional independent Best Interest Assessors have continued to be recruited through Matrix. <p>The Council has continued to receive high numbers of referrals. The backlog of cases awaiting an assessment has continued to increase.</p>

Description	What are the main controls for the risk?	Current Risk Score (IxL)	What additional actions are being taken to mitigate the risk?	What Progress has there been?
<p>Growing incidence of extreme weather events</p> <p>(EN2)</p> <p>Page 75</p>	<ul style="list-style-type: none"> • Wirral Flood & Water Management Risk Partnership • Merseyside Strategic Flood & Coastal Risk Management Committee • NW Regional Flood & Coastal Committee • Contribute to existing NW RFCC levy scheme. • Merseyside Local Resilience Forum (Multi-Agency) & Wirral Council Flooding & Adverse Weather Response Plans • Met Office and Env Agency weather and flood alerting systems – council cascade to partner agencies • Wirral Emergency Volunteers Scheme – Flood Wardens 	<p>12</p> <p>(4x3)</p>	<ul style="list-style-type: none"> • Progress implementation of the Wirral Flood Risk Partnership action plan. • Develop a Severe Weather Action Plan • Final Environment Agency approval of Coastal Management Strategy • Cabinet approval of Local Flood and Water Management Strategy • West Kirby Flood Alleviation scheme 	<ul style="list-style-type: none"> • Preparations are being made for the development of a Wirral Council Flood Response arrangements / plan. • Individual services have been asked to review output from the initial workshop and respond by 4 September. Draft cold weather and heat wave plans have been produced. • Natural England now supports Wirral's Coastal Strategy, enabling EA approval. • MEAS asked to review consultation comments with a view to move towards approval by Cabinet. • AECOM appointed to undertake business case to secure Grant Aid funding. <p>A Serious Flood Incident Investigation has been instigated in relation to the September flooding incident on Wirral. A number of recommendations will result from that investigation.</p>
<p>Technological advance leads to digital exclusion of individuals and businesses</p> <p>(TE1)</p>	<ul style="list-style-type: none"> • Use of IT volunteers to support customers with Digital Inclusion. • Wirral Libraries work with two adult learning providers to run courses designed to tackle digital exclusion • Wirral 3Ls run courses targeted at the over 50s • As part of the response to Welfare Reforms, an interactive profile of access and available support has been developed through Wirral Well website 	<p>12</p> <p>(4x3)</p>	<ul style="list-style-type: none"> • Roll out of ongoing Community learning; training and IT skills, particularly with Housing partners • Roll out of 'Digital Friends' initiative • Merseyside Connected (BDUK) superfast broadband project 	<ul style="list-style-type: none"> • Take up of basic IT courses for the public has fallen with 119 enrolments between July and September 2015. • 95 superfast broadband cabinets and associated network connections are now live (85% of the target). Wirral remains ahead of the government's national target.

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WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

24 NOVEMBER 2015

SUBJECT	MANAGEMENT OF INSURANCE AND CORPORATE RISK
WARD/S AFFECTED	ALL
REPORT OF	ACTING S151 OFFICER

1.0 EXECUTIVE SUMMARY

1.1 This report sets out the key actions to be taken in relation to corporate risk and insurance management during 2015/16. Progress made since September in relation to key actions planned for 2015/16 are also included.

2.0 BACKGROUND AND KEY ISSUES

2.1 Risk and insurance management comprises two significant areas of activity:

- The provision of advice and support to Members and officers in developing the corporate risk management framework and processes.
- Risk financing which incorporates insurance procurement, management of the Council's Insurance Fund and claims management.

2.2 In addition to day-to-day operations the insurance service is responsible for major procurement exercises and improvement activities. This report focuses on the latter. The key actions to be implemented during 2015/16 were included in the report to this Committee on 18 March 2015. Progress since September in respect of those actions is summarised in the paragraphs below.

2.2.1 Support for the Wirral Plan: Delivery Plan

Information and templates provided by the Risk & Insurance team have been incorporated into the guidance provided to those charged with developing the Council Pledge and Enabling Projects.

2.2.2 Risk Appetite

A mechanism to consider and express the Council's appetite for the risks presented by the Wirral Plan and Delivery Plan has been approved by the Strategic Leadership Team. An initial data gathering exercise will be conducted in November and December.

2.2.3 Corporate Insurance Budget

Work has begun on the forecasting of corporate insurance costs for 2016/17 and their distribution across directorates and schools. A full report will be provided to the January meeting of this Committee. Actual costs for 2015/16 are anticipated to be marginally below the budgeted level.

2.2.4 Potential Partnership Opportunity - Warrington Borough Council

The Risk & Insurance function continually looks for opportunities to generate income by undertaking work for other organisations. Examples include the services provided to Academy schools in the area and a peer review for Sefton MBC. Warrington Borough Council recently invited expressions of interest from other authorities in a partnership arrangement for the delivery of their insurance services. Following discussions with Warrington this will not be pursued as both their strategic and operational approach could adversely impact on the delivery of Wirral's own services.

2.2.5 Corporate risk register

The Corporate Risk Register is the subject of a separate report to this meeting.

2.2.6 Risk Management Benchmarking

The Council participated in a national CIPFA/Alarm risk management benchmarking exercise. Whilst the Council has achieved scores which are higher than the exercise conducted last year there remain areas for improvement:

- Risk management culture, skills and communication
- Partnership risk management
- Risk handling arrangements
- Evidencing the contribution of risk management to overall performance

Actions aimed at addressing these areas will be incorporated into the review of the Council's Risk Management Policy which will be presented to this committee in March 2016.

2.2.7 Traded Service for Schools and Academies

Proposals for the risk and insurance service for schools in 2016/17 have been developed. These will include enhanced cover in respect of wilful damage to school property. The extent and cost of the service currently provided to Academies will be reviewed early in 2016 to take account of competition from the Risk Protection Arrangement being promoted by the Department for Education.

2.2.8 Risk Management Fund

A corporate fund is available to support risk improvement initiatives. I have recently approved an application for £1,000 to support a local counter fraud campaign to coincide with International Fraud Awareness Week earlier this month.

3.0 RELEVANT RISKS

3.1 The continuing improvement of the risk management framework and the implementation of more effective processes will help to improve the ability to handle risk across the organisation.

4.0 OTHER OPTIONS CONSIDERED

4.1 Not relevant in relation to this monitoring report.

5.0 CONSULTATION

5.1 No specific consultation has been undertaken with regard to this report.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 None.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are no implications arising directly from this report.

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING AND ASSETS

8.1 There are no specific implications arising directly from this report.

9.0 LEGAL IMPLICATIONS

9.1 There are no specific implications arising directly from this report.

10.0 EQUALITIES IMPLICATIONS

10.1 There are no implications arising directly from this report.

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are no implications arising directly from this report.

13.0 RECOMMENDATION

13.1 That the content of this report be noted.

14.0 REASON FOR RECOMMENDATIONS

14.1 Regular update reports are presented to this Committee on the work around risk management and insurance which seek to support the Risk Management Policy and maintain the successful management of the Insurance Fund.

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SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee	
Corporate Risk & Insurance Management	22 September 2015
Corporate Risk & Insurance Management	8 June 2015
Corporate Risk & Insurance Management	18 March 2015
Corporate Risk & Insurance Management	27 January 2015
Corporate Risk & Insurance Management	25 November 2014

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

24 NOVEMBER 2015

SUBJECT:	PROPOSED REVISED CONTRACT PROCEDURE RULES
WARD/S AFFECTED:	ALL
REPORT OF:	HEAD OF PROCUREMENT

1.0 EXECUTIVE SUMMARY

1.1 This report sets out proposed revised Contract Procedure Rules for consideration and approval by Audit and Risk Management Committee. This draft takes account of comments made from senior officers of the Council who are directly involved in the process of delivering contracts. The existing Contracts Procedure Rules were approved by Audit and Risk Management Committee on the 25 November 2013 and implemented on the 1 December 2013 and are subject to review every 2 years.

2.0 BACKGROUND AND KEY ISSUES

2.1 The Council's current Contract Procedure Rules (CPR's) have been in place since 1 December 2013 and have been subject to minor changes, in response to actions resulting from internal and external reviews.

2.2 Appendix 1 of this report sets out proposed CPR's for comment and, if agreed, approval by Members.

2.3 The proposals to revise the CPRs are based on the following principles:-

- it has been two years since the CPR's were revised and adopted. During that time changes in legislation have included the new Public Procurement Regulations 2015, adoption of the Transparency Code 2014 for payment of invoices and a requirement to publish all contract activity over £5000.
- the CPR's implemented in December 2013 were primarily an adoption of Cheshire West and Chester CPR's as both authorities were progressing towards a shared service, significant changes in legislation and Council structures have made it necessary for both Council's to revise their CPR's.
- the need to take account of current and potential future developments, for example, the Wirral Plan: Vision 2020 , joint commissioning with other authorities and organisations, shared services within the Liverpool City Region and other councils, and the Council's role as commissioner

of services with a variety of private, voluntary, community and faith organisations.

- the need to integrate existing functions with new functions and responsibilities.

2.4 The review of the Council's CPR's has involved a group of key users from across the Council comprising officer representation from those parts of the Council who have greatest involvement in the letting of contracts. The group also included input from Internal Audit.

2.5 In carrying out the review and producing the draft for comment at Appendix 1, early consideration was given whether to further modify the existing Wirral CPR's or to put forward a more streamlined, practical set of rules that still ensured that all legal requirements were followed and that the Council would still obtain commercially competitive, value for money contracts, whilst simplifying the procedures to follow. It was agreed, by Officers, to put forward for Members approval the latter.

2.6 The perceived benefits from this approach, within the proposed revised CPRs, are:-

- a reduction from 52 pages in the existing CPR's to 35 pages.
- responses from users felt that the existing CPR's were far too repetitive in setting out procurement process and procedures; these are now referenced in the Procurement Toolkit see Appendix 2.
- the revised CPR's take account of any specific local structures and circumstances but preserve as much commonality as possible to ensure that any future collaboration with partners was not prohibited.
- **Officer Decision Notices** have been replaced with four, distinct, **Procedure Rules Approval Documents** - documents of approval, 1-4, for Exceptions to CPR's (1); Variations to Contracts (2); Extensions to Contracts (3); Contract Award (4)

2.7 The proposed revised CPR's seek to clarify the Member/Officer role in that decisions relating to the awards of contracts are defined as an officer responsibility, with Members holding officers to account, discussing and questioning decisions through the Scrutiny Committees.

2.8 The proposed revisions introduce a simplified procedure for individual items of expenditure below £2000. This takes account of the disproportionate amount of time incurred by staff using the current procedure to achieve purchases of one off, specific goods/services of a value less than £2000. Items of expenditure above £2000 and up to and including above OJEU Thresholds are more clearly defined in Rule 6.5.4 Table 1 and fully comply with the Public Procurement Regulations 2015.

- 2.9 The requirements in respect of reporting to the Committee of all contracts with a total value in excess of £500,000, instances where variations are agreed by the Director of Resources and instances where there is a waiver or breach of the CPR's in relation to a contract which exceeds £50,000 in value remain.
- 2.10 The revised CPR's also reflects the revisions in the Scheme of Delegation of Executive Functions to Cabinet Members and officers, reported to Cabinet on the 5 November 2015.
- 2.11 Alongside these changes, which also reflect external audit feedback, a series of other detail changes and clarifications have been made as a result of further feedback from departmental staff involved in contract procedures.

3.0 RELEVANT RISKS

- 3.1 There are serious financial, legal and reputational risks to the Council when CPR's are not followed. The intention of this review and the revised rules is to ensure that rules are more clearly defined and therefore accountability made clearer, that additional detail and guidance is available from the one source and that procedures are simplified and speeded up for the lowest value purchases.
- 3.2 The Procurement Toolkit, detailing the process, procedure and regulations to follow, in all procurement activity, is readily available to all officers on the Council's intranet.
- 3.3 Training will be given, to all departments, on the application and usage of the revised CPR's, prior to the implementation.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Retaining the existing Wirral CPR's was considered but there were advantages in producing a more streamlined, practical, set of CPRs, both in terms of the wider Council Improvement Plans and also the more practical, operational reasons set out in this report.

5.0 CONSULTATION

- 5.1 This report is brought to the Audit and Risk Management Committee as a draft, taking account of response of the Strategic Leadership Team, Internal Audit and Senior Officers of the Council involved within the contracts process.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

- 6.1 None. The Council's CPR's are fully reviewed every 2 years.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 The revised, proposed CPR's are intended to provide clear processes, with relevant procedures set out, which are intended to support a clear and

transparent contracting process, including with the Voluntary, Community and Faith sector.

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

8.1 None arising directly from this report.

9.0 LEGAL IMPLICATIONS

9.1 The revised CPR's are intended to ensure that the Council's procurement processes meet European and UK legislation, and therefore reduce the risk of challenge.

10.0 EQUALITIES IMPLICATIONS

10.1 There are no specific relevant equality factors resulting from this report.

11.0 CARBON REDUCTION IMPLICATIONS

11.1 None.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 None.

13.0 RECOMMENDATION/S

13.1 - That the views of the Committee are sought on the revised CPR's.
- That, if agreed, the revised CPR's be published and introduced in a planned way across the Council, with appropriate training to relevant staff.

14.0 REASON/S FOR RECOMMENDATION/S

14.1 Eventual adoption of revised Contract Procedure Rules.

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APPENDICES

Appendix 1 – Draft CPR's

Appendix 2 – Procurement Toolkit Documents list

REFERENCE MATERIAL

- Existing Wirral Contract Procedure Rules
- Wirral Plan: Vision 2020

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	5 April 2013
Audit and Risk Management Committee	25 November 2013
Cabinet	5 November 2015

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Contract Procedure Rules – November 2015

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- 18. **Retaining Relevant Documents**

1. **Introduction**

- 1.1 These Contracts Procedure Rules are standing orders made pursuant to Section 135 of the Local Government Act 1972. Compliance with the Rules and observance of European and domestic law from which they emanate (in particular the principles relating to non-discrimination, equal treatment and transparency) is mandatory for all Officers and Members. The Rules ensure that procurement activity is undertaken in a legally compliant, transparent, fair and competitive manner.
- 1.2 Decisions relating to procurement are among the most important decisions that can be made by the Council, its Members and Officers because the money involved is public money and the Council is concerned to ensure that high quality Goods, Services and the execution of Works are procured. Efficient use of resources in order to achieve Best Value is therefore imperative.
- 1.3 These Rules shall apply to all procurement activity where the Council is to procure any Goods, Services or the execution of Works, or enters into a concessions Contract as either a contracting authority or commissioner of such, regardless of the origin of funding (such as external grants, partnership funding, pooled or joint budgets for example).
- 1.4 For the avoidance of doubt, these Rules shall apply to Framework Agreements.
- 1.5 Where relevant, the Council shall have regard to the Public Services (Social Value) Act 2012 (“the Act”). This requires commissioners and procurers at the pre-procurement stage to consider how / what is to be procured may improve social, environmental and economic well-being of Wirral, how it might secure any such improvement and to consider the need to consult. The Council and Officers should refer to the Procurement Toolkit for further guidance.
- 1.6 The Audit and Risk Management Committee shall monitor compliance with the Rules and undertake a review of the Rules every two years. Any failure to comply with any of the provisions of these Rules must be reported immediately to the Head of Legal and Member Services. Failure by any Officer or Member to comply with the provisions of these Rules may lead to disciplinary action being taken against them.
- 1.7 The Head of Legal and Member Services will keep these rules under review and have authority to make minor amendments as required, after consultation with the Head of Procurement. Any changes will be notified by the Head of Legal and Member Services to Strategic Directors for dissemination to officers

involved in procurement. Any significant changes require the consent of the Audit and Risk Management Committee.

- 1.8 The Head of Legal and Member Services, in consultation with the Head of Procurement, will fully review these rules every two years and report this review to the Audit and Risk Management Committee for approval.
- 1.9 These Rules should be read in conjunction with the Council's Constitution and in particular the Financial Regulations, the Procurement Toolkit, any relevant guidance documents endorsed by the Council.

2. **Interpretations and Definitions**

- 2.1 In the event of any conflict between EU law and these Rules and Council Policy, the requirements of EU law shall prevail over English law and the requirements of English law shall prevail over these Rules and Council Policy.
- 2.2 Any reference to legislation, primary or secondary, shall include any amendments / replacements made from time to time.
- 2.3 All figures specified in these Rules are exclusive of VAT.
- 2.4 In the event of any doubt as to the interpretation of these Rules, or as to proper procedure to be followed, advice should be sought from Corporate Procurement in the first instance and reference should be made to the guidance contained in the Procurement Took Kit which should be read in conjunction with these Rules.
- 2.5 In these Rules the words and phrases below have the following meanings:

AO	Authorised Officer and is any Officer, who has delegated authority from the SRO, to carryout commissioning functions.
Best Value	has the same meaning as that defined in the Local Government Act 1999 as amended from time to time.
Bidder	any Economic Operator that submits a Quotation or Tender.

Call-off	an order made/call-off Contract entered into under a Framework Agreement and are subject to the application of Rule 5.1.
Category Manager	the Category Manager or similar role with equivalent experience and seniority within Corporate Procurement
Concessions	the granting of a right (exclusive or otherwise) to an economic operator to exploit works or services provided for their own gain with or without payment.
Contract	a legally binding agreement between the Council and the Contractor for the procurement by the Council of all Goods, Services, the execution of Works and Concessions Contracts and which incorporates the terms and conditions under which the Goods, Services, execution of works and Concessions will be provided.
Contractor	the Bidder or Tenderer who the Council enters into a Contract with following the submission of a Quotation or Tender and who is appointed by the Council to provide the Goods, Services, execution of Works or Concessions Contract. They may also be referred to as 'suppliers', 'providers' or 'service providers'.
Contracts Finder	the web-based portal provided for the purposes of Part 4 of the regulations by or on behalf of the Cabinet Office.
Corporate Procurement	Provide advice and support at all stages of the procurement process

	regardless of value. They must be contacted at the initial stage if your procurement activity is £5,000 or over in value.
Director of Resources	the Senior Responsible Officer for Finance and is the most Senior Officer delegated in the Council's Scheme of Delegation for Finance Services, the Officer appointed by the Council pursuant to S151 of the Local Government Act 1972.
Economic Operator	any natural or legal person or public entity or group of such persons and/or entities, including any temporary association of undertakings, which offers the execution of Works and/or a work, the supply of Goods or the provision of Services on the market.
EIR	the Environmental Information Regulations 2004.
Electronic Purchasing System (EPS)	purchases made online.
Equality Duties	The Council's responsibilities as defined within the Equality Act 2010.
EU Procurement Directives	the Public Contracts Directive 2014/24/EU, the Concessions Directive 2014/23/EU and other relevant Directives in force from time to time.
Exemption/Exception	the release of the obligation to comply with some or all of these Rules.
Financial Regulations	the written code of procedures forming part of the Council's Constitution which provide a framework for proper financial

	management and which set out the rules on accounting, audit, administrative procedures and budgeting systems.
FOIA	the Freedom of Information Act 2000
Framework Agreement	an agreement between one or more authorities and one or more economic operators, the purpose of which is to establish the terms governing Call-off Contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.
Goods	an inherently useful tangible item required by the Council, from time to time.
Head of Procurement	the Senior Responsible Officer for all Council procurement activity.
Head of Legal and Members Services (Monitoring Officer)	the Senior Responsible Officer for Legal and is the most Senior Officer delegated in the Council's Scheme of Delegation for Legal Services.
Invitation to Tender	an invitation issued by the Council to Tenderers to submit a Tender or a quote for the provision of Goods, Services, the execution of Works or a Concessions contract in accordance with the Specification or request for those Goods, Services, execution of works or Concessions Contract.
Key Decision	Key decisions are those as set out in Article 13 of the Council's Constitution.

Legal Services	The Contract Team within Legal Services can provide legal advice on high-value or complex procurements. Officers are responsible for ensuring that Legal are involved in all above threshold contracts and any contracts involving legal issues for example TUPE or State Aid. The Contract Team within Legal Services can provide legal advice on specialist IT, social care, education and housing related contracts.
Modification	any variation to a Contract, including an extension or overspend
Officer	any employee of the Council which shall include any person engaged by the Council to act as an agent or consultant on its behalf.
OJEU	the Official Journal of the European Union.
PIA	a Procurement Initiation Approval providing details of the procurement activity and the authority to commence it as required in accordance with Rule 6.1.
Post Tender Report	a summary of the outcomes delivered by the procurement activity.
PQQ	pre-qualification questionnaire and is the document used by the Council to screen potential Tenderers in accordance with the Regulations.
PRAD (Procedure Rules Approval Document)	The documents of approval, 1-4, for Exceptions to CPR's (1); Variations to Contracts (2); Extensions to Contracts (3); Contract Award (4)

Procurement Toolkit	the documents which detail the processes, procedure and regulations to follow when carrying out a procurement activity.
Purchasing Cards	transaction cards which work in a similar way to charge cards and can be used by an AO to purchase Goods and/or Services.
Quotation	a formal offer submitted by a Bidder to supply goods, Services, execute Works or operate a Concessions Contract at a defined price.
Regulations	the Public Contracts Regulations 2015, as amended or replaced from time to time, which implement the EU public procurement directives.
Regulations Threshold	the financial threshold identified by the EU Procurement Directives, as amended from time to time, and where applicable, requires the procurement activity to be subject to the Regulations.
Rules	these Contract Procedure Rules
Scheme of Delegation	the scheme identified within the Council's Constitution which delegates powers and duties of the Council to Officers under Section 101 of the Local Government Act 1972 and all other powers enabling such delegation necessary for the discharge of the Council's functions.
SCM	the Senior Category Manager or similar role with equivalent experience and seniority within Corporate Procurement

Services	the time, effort and expertise required by the Council, from time to time, and supplied by a Contractor.
Specification	the outputs, outcomes and the scope and nature of Goods, services, execution of Works or concessions Contract required by the Council from a procurement activity.
SRO	Senior Responsible Officer and is the Officer delegated in the Council's Scheme of Delegation for the relevant service with the responsibility for the award of the Contract.
Tender	a formal offer submitted by a Tenderer to the Council at a stated price in response to a Specification to supply Goods, Services, execute Works or operate a Concessions Contract.
Tenderer	any Economic Operator that submits a Tender.
The Chest	the North West e-Sourcing portal.
TUPE	the Transfer of Undertakings (Protection of Employment) regulations 2006 as amended from time to time together with any EU Directives including but not limited to the Acquired Rights Directive 2001/23/EC, as amended from time to time.
Value for Money	the optimum combination of whole-life costs, price, quality and benefits to meet the Council's requirement. Such a term equates to the EU procurement requirement of most

economically advantageous offer as well as the duty of Best Value as defined by the Local Government Act 1999 as amended from time to time.

Works

the provision of physical activity which is directed toward the production or accomplishment of something by the Contractor, from time to time.

Writing

the requirement that any document should be in writing is satisfied where (apart from the usual meaning of that expression) the text of it is created and transmitted by electronic means, in legible form, and capable of being used for subsequent reference.

3. **Principles and Responsibilities**

3.1 **Principles**

3.1.1 All procurement activity must comply with all of the following principles of European Union (EU) Law:

- a. free movement of Goods and Services;
- b. non-discrimination;
- c. openness/transparency;
- d. equal treatment for all; and
- e. proportionality

3.1.2 All procurement activity must be compliant with the latest EU laws, national legislation, and the Council Constitution and have regard to:

- a. **The need to achieve accountability** through effective mechanisms which enable Officers and Members of the Council to maintain the highest standards of integrity and honesty and to enable them to discharge their responsibility on issues of procurement risk and expenditure of public money;
- b. **The need to provide consistent procurement policy to suppliers and achieve competitive supply;**

- c. **The need to meet commercial, regulatory and Corporate Priorities of the Council;**
- d. **The need to achieve efficiencies** by administering procurement processes which are cost effective.
- e. **The need to ensure Value for Money**
- f. **The need to ensure fair-dealing** by ensuring that suppliers are treated fairly and without unfair discrimination, including protection of commercial confidentiality where compatible with the Council's obligations under FOIA and EIR;
- g. **The need to maintain integrity** by excluding corruption or collusion with suppliers or others from procurement processes;
- h. **The need to ensure informed decision-making** based on accurate information;
- i. **The need to ensure legality** in the administration of procurement processes and award of contracts;
- j. **The need to promote responsiveness** by endeavouring to meet the aspirations, expectations and needs of the community served by the procurement processes;
- k. **The need to provide transparency** by ensuring that there is openness and clarity on the Council's procurement policy and its delivery.
- l. **The need to create and retain an audit trail in relation to each procurement activity**
- m. The consideration of **Risk**

3.2 **The Responsibilities of Officers and Members**

- 3.2.1 Officers and Members involved in procurement activity must comply with these Rules, the Council's Financial Regulations, and the Council's Employees Code of conduct/Members Code of Conduct. They must also have due regard to any guidance provided by Corporate Procurement.

4. **Contracts to which these Rules do not apply**

- 4.1 These rules **do not** apply to the following:
- a. employment contracts for Officers engaged on a PAYE basis;
 - b. Contracts relating solely to the disposal or acquisition of securities and investments; - Treasury Management Strategy
 - c. Contracts for the acquisition of an interest in land and property;

- d. Contracts for the appointment of Counsel or the appointment of experts for the purpose of legal or potential legal proceedings by the Head of Legal and Member Services.

5. **Contracts which do not require full competition**

The Senior Responsible Officer (SRO) / Authorised Officer (AO) must complete a Procedure Rules Approval Document (PRAD) in accordance with Rule 11 where any of the circumstances outlined below are applicable and the procurement may be excepted from the requirement of Rule 8 (Quotations) and Rule 9 (Tenders).

5.1 **Call-Off contracts**

- 5.1.1 Call-off Contracts where a suitable Framework Agreement has been identified in accordance with Rule 6.3.

5.2 **No competitive market**

- 5.2.1 Where any of the following circumstances apply and subject to Rule 5.2.2:

- a. Proprietary or patented goods or services are proposed to be purchased which, in the opinion of the AO, are only obtainable from one person, and it can be demonstrated that no reasonably satisfactory alternative to those proprietary or patented goods is available; or
- b. The AO can demonstrate that no genuine competition can be obtained in respect of the purchase of particular Goods, Services or execution of works; or
- c. The AO is satisfied that the Services or execution of Works are of such a specialist nature that they can only be carried out by one person (e.g. statutory undertakers); or
- d. Goods are proposed to be purchased by or on behalf of the Council at a public auction; or
- e. Goods or Services are proposed to be purchased which are of a specialist or unique nature (such as antiquities for museums or a particular performance artist)

Further guidance can be provided by Corporate Procurement and an AO must seek advice where there is any doubt and comply with Rule 9.

- 5.2.2 The AO, in conjunction with the Head of Legal and Member Services and, the Head of Procurement, shall ensure that the Contract terms and conditions are appropriate taking into account all relevant factors (such as benefit and risk to the Council) and ensure that the Contract complies with Rule 10.

5.3 Exemptions as prescribed by legislation

- 5.3.1 Certain other arrangements contained in European or domestic legislation may permit an exemption from the requirement for competition. Contact Corporate Procurement for advice.

6. Pre-Procurement Process

6.1 Authority to carry out procurement activity

- 6.1.1 Any procurement activity carried out on behalf of the Council must be carried out by an SRO with the appropriate delegated authority as set out in the Scheme of Delegation. For all procurement valued over £5000 the SRO must submit either a Quotation / Tender Procurement Initiation Approval (PIA), to Corporate Procurement, prior to starting the relevant procurement activity. By submitting the PIA the SRO confirms that they have the authority and budget to carry out the procurement activity.

6.2 Appraisal of the procurement activity

- 6.2.1 The AO, together with Corporate Procurement, must conduct an options appraisal of the route to market and consider the following:
- a. Value for Money;
 - b. The need for the expenditure and its priority;
 - c. The objectives of the purchase;
 - d. Whether it is a Key Decision;
 - e. Any risks associated with the purchase and how to manage them;
 - f. The market;
 - g. TUPE and pensions;
 - h. Which procurement method is most likely to achieve the purchasing objectives;
 - i. Existing and compliant Framework Agreements or other arrangements; and
 - j. The economic, social and environmental wellbeing of the borough and the benefit which the procurement process can bring to the community and have regard to the duty to secure continuous improvement in accordance with Best Value.

- 6.2.2 Where award for a Contract for services may result in **employees** of the Council or its Contractor **transferring to a new employer**, the **advice** of the Head of Human Resources and the Head of Legal and Member Services **must be obtained** before the commencement of the procurement activity to ensure compliance with **TUPE**, and other related legislation, and to assess the implications in respect of pension arrangements.
- 6.2.3 The AO must ensure that an appropriate Tender Specification or request for a Quotation commensurate to the scope of the Goods, Services, and execution of Works or Concessions Contract required is written prior to the commencement of any procurement activity. Advice from Corporate Procurement must be sought where it is proposed that a Tender Specification or request for a Quotation is not used.
- 6.2.4 For procurement under the Regulations Thresholds, the use of PQQs is no longer permitted. However, the Regulations do permit the use of suitability assessment questions where they are relevant to the subject matter of the procurement and are proportionate. Advice must be sought from Corporate Procurement where it is proposed that such questions are to be used.

6.3 Framework Agreements

- 6.3.1 Where, following an options appraisal as required by Rule 6.2 a suitable Framework Agreement is identified, the AO must ensure that:
- a. Any Call-off Contract is entered into in accordance with the terms of the relevant Framework Agreement; and
 - b. Where applicable, a mini-competition (the tender process required by the Framework Agreement) is held in accordance with rules of the Framework Agreement.
 - c. Authority to proceed must be obtained from the Head of Procurement or his delegated representative.
- 6.3.2 For the avoidance of doubt, a Framework Agreement is considered suitable where it has either been entered into by:
- a. the Council in compliance with these Rules; or
 - b. another local authority, a local authority purchasing consortium or central government where the Framework Agreement has been tendered and awarded in accordance with EU public procurement legislation, and the Council is identified as a contracting authority.

6.3.3 Where a Framework Agreement has been set up following an EU Tender, there must be full compliance with EU rules when awarding Call-off Contracts under it.

6.4 Pre-Procurement Market Research and Consultation (Soft Market Testing can be referenced within Guide 9 of the Procurement Toolkit)

6.4.1 The AO responsible for the procurement activity and Corporate Procurement:

- a. may consult potential Bidders or Tenderers in general terms about the nature, level and standard of the supply, contract packaging and others relevant matters, prior to a request for a Quotation or an Invitation to Tender provided this does not prejudice any potential Bidders or Tenderers; and
- b. must not seek or accept technical advice on the preparation of a request for a Quotation or an Invitation to Tender from anyone who may have a commercial interest in the tender, as this may prejudice the equal treatment of all potential Bidders and Tenderers or distort competition.

Advice and support must be sought from Corporate Procurement in all instances.

6.5 Estimating the Total Value of a Contract or Framework Agreement

6.5.1 The Council must not split Contracts or Framework Agreements to avoid public procurement rules or calculate the value of Contracts in such a way as to deliberately avoid exceeding the Regulation Thresholds or any threshold identified in these Rules. Therefore all Contracts should be dealt with according to their total value and all Officers must calculate the total value (excluding VAT) of any Contract. The value of a Contract should be calculated as follows and applies to the aggregate value of the Contract:

Yearly contract value X Contract Period in years (including any option to extend) = Total value

Where the duration of the contract is indeterminate or is longer than four years, this should be taken to be the estimated value of the contract over a period of four years.

6.5.2 The value of a Framework Agreement means the estimated amount payable by the users of the Framework Agreement for the Goods, Services or

execution of Works (excluding VAT) under Call-off Contracts entered into over the entire possible duration of the Framework Agreement.

6.5.3 Framework Agreements must not be for more than four years (including options to extend) unless otherwise authorised by the Head of Legal and Member Services and the Head of Procurement.

6.5.4 The value of the Contract or Framework Agreement will determine which procurement activity to follow in accordance with Table 1 below subject to Rules 6.5.6 and 6.5.7:

Table 1

Goods, Services and Concessions

Value	Procurement Activity	Quotation /Tender process Managed by:
£0-£1,999.99	No requirement for a quotation	Departmental responsibility
£2,000 - £4,999.99	Minimum one Quotation in accordance with Rule 8 - Quotations	
£5,000 - £49,999.99	Minimum three Quotations in accordance with Rule 8 - Quotations	Corporate Procurement through The Chest (and Contracts Finder over £25k)
£50,000-£99,999.99	Minimum of five quotations in accordance with Rule 8	
£100,000 and up to the Regulation Thresholds	In accordance with Rule 9 Tenders	Corporate Procurement through The Chest and Contracts Finder
Above the Regulation Thresholds	Most appropriate procedure permitted by the Regulations	Corporate Procurement through the Chest, OJEU Notice and Contracts Finder

***WHERE ANY OPPORTUNITY OVER £25k IS OPENLY ADVERTISED, IT MUST BE PLACED ON CONTRACTS FINDER BY CORPORATE PROCUREMENT**

6.5.5 Where the value of the Contract is above the Regulation Thresholds, the AO and the Corporate Procurement will determine which procurement activity to follow in accordance with the Regulations.

- 6.5.6 Irrespective of the value in Rule 6.5.4 Contracts and Framework Agreements that are subject to European Union grant funding requirements shall be advertised in accordance with published guidance, ERDF National Procurement Requirements (ERDF-GN-1-004) as amended from time to time.
- 6.5.7 The AO and Corporate Procurement shall ensure that, where proposed Contracts or Framework Agreements, irrespective of their value, might be of interest to potential Economic Operators located in other member states of the European Union, a sufficiently accessible advertisement is published.
- 6.5.8 Quotations for construction works, below regulation thresholds, shall only be invited from contractors who are members of Constructionline and the Safety Scheme in Procurement (SSIP). If quotations are invited on a restricted basis, at least six contractors shall be invited to quote to be selected in accordance with the Council's policy on the procurement of such contracts (available on the Procurement website).
- 6.5.9 Where the value of the Contract is below £2,000, its procurement must comply with the general principles contained in Rule 3.1.2 and a Quotation sought if the procurement would otherwise not be so compliant.

6.6 Standards and Award Criteria

- 6.6.1 Before inviting Quotations or Tenders, the AO, with support from the Corporate Procurement, must ascertain any relevant British, European or international standards which apply to the subject matter of the Contract. The AO must include those standards or equivalent where they are necessary to describe the required quality.
- 6.6.2 The AO must define award criteria that is appropriate to the procurement activity and designed to secure an outcome giving Value for Money for the Council. The basic award criteria shall include one of the following:
- a. Most economically advantageous tender ("MEAT") – where considerations other than price also apply;
 - b. Lowest price – where payment is to be made by the Council;
 - c. Highest price – if payment is to be received by the Council;

If MEAT is the chosen award criteria, advice must be obtained from Corporate Procurement to ensure that it is compatible with the EU Directives and the Regulations.

- 6.6.3 The AO must seek advice from Corporate Procurement to ensure any award criteria are compliant with relevant legislation and best practice.

7 The Chest

- 7.1 The Chest is the Council's e-sourcing portal, which is used for procurement activities £5,000 and over.
- a. The web based portal facilitates online tendering to ensure access to a wide spectrum of suppliers, process efficiency, standardisation and compliance.
 - b. Officers must use this system for all procurement with a value of £5,000 and over unless the Head of Procurement has provided written consent for an Exception (PRAD 1).
 - c. The elements of the procurement process carried out using The Chest are highlighted below and within the Procurement Toolkit.

8. Quotations

8.1 Requests for Quotations

- 8.1.1 All Quotations, including those in mini-competitions under Framework Agreements, must be confirmed in writing before a decision to award can be made and all Quotations, £5000 and over, must be stored on The Chest.
- 8.1.2 When requesting a Quotation, an appropriate description of the Goods, Services, execution of Works or Concessions (commensurate with the value of the Contract) setting out the Council's requirements in sufficient detail must be provided to prospective Bidders to enable the submission of competitive Quotations.
- 8.1.3 The request for a Quotation shall also make reference to or include the following as a minimum:
- a. the terms and conditions of Contract that will apply; and
 - b. notification that Quotations are submitted to the Council on the basis that they are compiled at the Bidder's expense; and
 - c. a description of the award criteria as appropriate and in accordance with Rule 6.6; and
 - d. the date and time by which a Quotation is to be submitted by; and
 - e. that the Council is not bound to accept any Quotations submitted.

8.1.4 The proposed form of Contract must comply with Rule 10 and where possible the Council's standard terms and conditions of Contract must be used. Advice must be sought from Legal Services and approval given by the Head of Legal and Member Services where alternative terms and conditions are used.

8.1.5 Where requests for a Quotation are sought from more than one prospective Bidder, where possible, the request must be sent to each Bidder at the same time and contain the same conditions. Any supplementary information must be given on the same basis.

8.2 Submission and Receipt of Quotations

8.2.1 Unless agreed by Corporate Procurement, bidders must be given a minimum of two weeks in which to prepare and submit a Quotation, timescales should be consistent with the complexity of the Contract requirement and provide bidders with a reasonable opportunity to prepare and submit a Quotation.

8.2.2 In the event that an abnormally low Quote is received, the AO must take advice from Corporate Procurement on how to proceed.

8.2.3 Any Quotation (including all associated documents) submitted after the specified date and time for submission of Quotations shall only be accepted or considered by the Council with agreement from the Head of Legal and Member Services and the Head of Procurement.

8.2.4 If fewer than the minimum number of Quotations is received as stipulated in Table 1 in Rule 6.5, then advice must be sought for a decision from the Head of Procurement as to whether to proceed. Any decision must be recorded in writing and stored on The Chest.

8.3 Amendments to Quotations

8.3.1 The Council may accept amendments to Quotations, including those in mini-competitions under Framework Agreements, providing they are received prior to the closing date for submissions. In such circumstances, any alterations must be made by resubmitting a new Quote and clearly highlighting which Quotation (and associated documents) is correct and which should be considered as part of the procurement activity.

8.3.2 A Quotation may be amended after the closing date for submission if the amendment is made only in order to correct arithmetical or other obvious errors. Such amendments may only be made with the prior approval of the Head of Procurement and Internal Audit.

8.4 Evaluation of Quotations

- 8.4.1 All compliant Quotations, including those in mini-competitions under Framework Agreements, must be checked by the AO and validated to ensure they are arithmetically correct. The AO must seek advice from Corporate Procurement if there is any doubt. If arithmetical or other obvious errors are found they should be notified to the Bidder, who should be requested to confirm, or withdraw or seek permission to amend their Quotation. If the rates in the Quotation prevail over the overall price, an amended Quotation may be requested to accord with the rates given by the Tenderer. All amendments to correct any error may only be allowed at the discretion of the Head of Procurement who may seek advice from the Head of Legal and Member Services. Any decision to allow an amendment must have regard to the general principles contained in Rule 3.1.2.
- 8.4.2 Where MEAT is used as the award criteria, all evaluations including an explanation of the reasons for the scores should be recorded, and where appropriate (£5,000 and above) recorded on The Chest. The AO must then confirm to Corporate Procurement that the Contract can be awarded in accordance with Rule 8.5 by updating the PIA.
- 8.4.3 Officers must ensure transparency and fairness during the evaluation process.

8.5 Contract Award – through a Quotation Process

- 8.5.1 The Contract will be awarded in accordance with the award criteria used.
- 8.5.2 Where the Quotation is not within the relevant approved budget but additional budgetary provision is available, the relevant AO, with the approval of the Director of Resources, may accept the Quotation ensuring compliance with the Financial Procedure Rules/Regulations.
- 8.5.3 The approval to award the Contract must be given in accordance with the Council's Scheme of Delegation.
- 8.5.4 All award decisions must be recorded and a PRAD 4 signed and dated by the SRO or delegated representative for the relevant service and, **where necessary** signed by the Head of Legal and Member Services and the Head of Procurement e.g. if Rules 5 or 11 apply.
- 8.5.5 Once the decision has been made and the approval given to award the Contract, the AO, through Corporate Procurement, must send a Contract award letter to the winning Bidder(s) and inform unsuccessful bidders of the outcome.

8.5.6 Prior to commencement of the Contract, the Contract must be completed in accordance with Rule 10.2 unless Rule 10.2.5 applies.

8.5.7 Legal Services will, where necessary, advise on the formalities for completion of the contract by parties other than the Council and how to ensure that the Contract is legally binding.

9. **Tenders**

9.1 **Invitations to Tender**

9.1.1 All Tender opportunities must be placed on The Chest and, where appropriate, Contracts Finder in accordance with Table 1 at Rule 6.5.

9.1.2 The Invitation to Tender shall include the following where appropriate:

- a. A form upon which the Tenderer can provide details of its bid (“Form of Tender”);
- b. A reference to the Council’s ability to award in whole, in part or not at all;
- c. A Specification that describes the Council’s requirements in sufficient detail to enable the submission of competitive offers;
- d. the terms and conditions of Contract that will apply;
- e. A requirement for Tenderers to declare that the Tender content, price or any other figure or particulars concerning the Tender have not been disclosed by the Tenderer to any other party (except where such a disclosure is made in confidence for a necessary purpose);
- f. A requirement for Tenderers to fully complete and sign all Tender documents including the Form of Tender and certificates relating to canvassing and non-collusion;
- g. Notification that Tenders are submitted to the Council on the basis that they are compiled at the Tenderer’s expense;
- h. A description of the award procedure and the evaluation criteria to be used to assess Tenders including any weighting as considered appropriate and in accordance with Rule 6.6. The evaluation criteria must be clear, concise and unambiguous and must be approved by the AO in consultation with Corporate Procurement. The evaluation criteria cannot be amended once published in the Invitation to Tender;
- i. The method by which any arithmetical errors discovered in the submitted Tenders are to be dealt with and in particular, whether the overall price prevails over the rates in the Tender or vice versa;
- j. Whether the Council is of the view that TUPE will be applicable in relation to the procurement activities;

- k. Whether additional arrangements will be required in relation to pension provision;
- l. Provisions relating to the Council's termination rights in the event that corruption is discovered;
- m. The relevance and application of any parent company guarantees and/or bonds;
- n. That the Council is not bound to accept Tenders.

9.1.3 The proposed form of Contract must comply with Rule 10 and where possible the Council's standard terms and conditions of Contract must be used. Advice must be sought from Legal Services and approval given by the Head of Legal and Members Services where alternative terms and conditions are used.

9.1.4 All Tenderers invited to Tender must be issued with the same information at the same time and contain the same conditions. Any supplementary information must be given on the same basis.

9.1.5 All communications relating to Tenders must be recorded on The Chest.

9.2 Pre and Post Tender Clarification Procedures

9.2.1 Providing pre-Tender clarification to potential or actual Tenderers, or seeking clarification of a Tender, is permitted subject to Rule 9.2.3.

9.2.2 Post-tender clarification may be undertaken with Tenderers only where it is essential in order to be completely clear about any fundamental aspect of the Tender submission before the completion of the Tender evaluation process and subject to Rule 9.2.3.

9.2.3 All pre- and post- tender communication must be conducted either in writing or in a meeting recorded by Corporate Procurement. All correspondence or meetings must be documented and retained on The Chest. **Where a meeting is required, there must always be more than one Officer present.**

9.2.4 At all times during the clarification process, the Council shall consider and implement the principles of non-discrimination, equal treatment and transparency.

9.2.5 Unless otherwise permitted by the Regulations, in no circumstances are post-award negotiations permitted that would materially change the contract.

9.3 Submission and Receipt of Tenders

- 9.3.1 Tenderers must be given a reasonable period in which to prepare and submit a proper Tender, consistent with the complexity of the Contract requirement and in accordance with the Regulations.
- 9.3.2 Any tender (including all associated documents) submitted after the specified date and time for submission of Tenders shall only be accepted or considered with agreement from the Head of Legal and Member Services and Head of Procurement.
- 9.3.3 All Tenders received, including those in mini-competitions under Framework Agreements, must remain unopened until the specified closing date and time has passed.
- 9.3.4 If less than the minimum number of Tenders is received as stipulated in Table 1 in Rule 6.5, then advice must be sought for a decision from the Head of Procurement on how to proceed. Any decision must be recorded in writing and stored on The Chest.

9.4 **Verifying and Opening Tenders**

- 9.4.1 Tenders are to be verified by an Officer who is independent of the procurement activity to which the Tender relates.
- 9.4.2 The tenders must be opened by Corporate Procurement. This will be an electronic process, through the Chest, unless an exception in writing has been obtained from the Head of Procurement.
- 9.4.3 A record of all tenders received will be kept and will include;
- service name
 - contractor's names
 - tender value
 - date
 - reason for any disqualifications
 - name of those who were invited but did not submit a tender
- 9.4.4 Any request for an extension to a tender period by an AO must be made no later than 3 working days before the tender closing date and agreed by the Head of Procurement. If an extended date is permitted all tenderers must be advised.

9.5 **Amendments to Tender**

9.5.1 The Council may accept amendments to Tender submissions, including those in mini-competitions under Framework Agreements, providing they are received prior to the closing date for submissions.

9.5.2 A Tender may be amended after the closing date for submission if the amendment is made only in order to correct arithmetical or other obvious errors. Such amendments may only be made with the prior approval of the Head of Procurement and Internal Audit informed.

9.6 Evaluation of Tenders

9.6.1 If a PQQ or an expression of interest prior to PQQ was used, all those Tenderers must be given feedback at the relevant stage.

9.6.2 In the event that an abnormally low Tender is received, the AO must take advice from Corporate Procurement on how to proceed.

9.6.3 All compliant Tenders, including those in mini-competitions under Framework Agreements, must be checked by the AO and validated to ensure they are arithmetically correct. The AO must seek advice from Corporate Procurement if there is any doubt. If arithmetical or other obvious errors are found they should be notified to the Bidder, who should be requested to confirm, or withdraw or seek permission to amend their Tender. If the rates in the Tender prevail over the overall price, an amended Tender may be requested to accord with the rates given by the Tenderer. All amendments to correct any error may only be allowed at the discretion of the Head of Procurement who may seek advice from the Head of Legal and Member Services. Any decision to allow an amendment must have regard to the general principles contained in Rule 3.1.2.

9.6.4 Where MEAT is used as the award criteria, all evaluations including an explanation of the reasons for the scores should be recorded on The Chest. The AO must then confirm to Corporate Procurement that the Contract can be awarded by updating the PIA.

9.6.5 During the evaluation process, the evaluation of quality should be separate from that of price to ensure so that one cannot influence the other before the final scoring of bids is completed.

9.6.6 Officers must ensure transparency and fairness during the evaluation process.

9.7 Contract Award – through a Tender process

9.7.1 The winning Tenderer shall be awarded the Contract in accordance with the award criteria used.

- 9.7.2 Where the Tender is not within the relevant approved budget but additional budgetary provision is available, the relevant SRO, can only accept the tender by having prior approval of the Director of Resources, and complying with the Financial Regulations.
- 9.7.3 The approval to award the Contract must be given in accordance with the Council's Scheme of Delegation.
- 9.7.4 All award decisions must be recorded and a PRAD 4 signed and dated by the SRO for the relevant service and where necessary signed by the Head of Legal and Member Services and the Head of Procurement e.g. if Rules 5 or 11 apply.
- 9.7.5 A contract which has a contract value above the Regulation thresholds can only be awarded after a notice of the proposed award has been given to all unsuccessful Tenderers and the 10 day standstill period has elapsed from the date the notice was given. If the 10 days expire on a non-working day, then the notice period will be deemed to have lapsed on the next working day.
- 9.7.6 Once the decision to award a Contract is made, each Tenderer must be notified by the AO and Corporate Procurement in writing of the outcome. All Tenderers must be notified simultaneously and as soon as possible of the intention to award the Contract to the successful Tenderer(s) and this should be done via The Chest. The letters must include a description of the relative advantages of the successful Tenderer.
- 9.7.8 All challenges by Tenderers must be dealt with immediately by the SRO/AO, in consultation with Legal Services and Corporate Procurement, before the award process proceeds.
- 9.7.9 Prior to commencement of the Contract, the Contract must be completed in accordance with Rule 10.2 unless Rule 10.2.5 applies.
- 9.7.10 Legal Services will, where necessary, advise on the formalities for completion of the contract by parties other than the Council and how to ensure that the Contract is legally binding.
- 9.7.11 The AO and Corporate Procurement must publish a contract award notice in the OJEU and on the Council's website no later than 48 days after the date of award of the Contract where a Contract value exceeds the Regulation threshold and has been tendered pursuant to the Regulations or is subject to the relevant provision of the Regulations relating to Contract award.

9.7.12 Contract award letters, feedback to Tenderers and the contract Terms and Conditions, including any incidental documentation must be approved by Corporate Procurement prior to sending, where the value of the Contract is over the Regulation Thresholds.

9.8 **Enquiries about the Tender process**

9.8.1 The confidentiality of Tenders and the identity of Tenderers must be preserved at all times insofar as this is compatible with the Councils' obligations under FOIA and EIR.

9.8.2 If the Council receives a request for information under the FOIA as a result of the de-briefing process, the request must be referred to both the Head of Procurement and the relevant Officer of the Council who deals with such requests. The Council will be responsible for responding to the request.

9.8.3 Any challenges, complaints or requests for feedback, clarification or further information must be referred to the Head of Procurement who will advise on how to respond and notify the Head of Legal and Member Services.

10. **Contract Provisions and Contract Formalities**

10.1 **Contract Provisions**

10.1.1 All contracts must be in writing and must set out the parties' obligations, rights and risk allocations. Advice must be sought from Corporate Procurement as to the appropriate form of Contract to be used and where possible, be on the Council's standard terms and conditions.

10.1.2 All contracts, irrespective of value, shall, where appropriate, clearly specify as a minimum:

- a. What is to be supplied (i.e. the Works, materials, services, matters or things to be furnished, had or done)
- b. The provisions for payment (i.e. the price to be paid and when)
- c. The time, or times, within which the contract is to be performed
- d. The provisions for the Council to terminate the Contract and break clauses.
- e. The provision for collateral warranties from sub-contractors.
- f. The provision of Bond of Surety where applicable, Legal and Procurement to advise.
- f. Dispute resolution process.

10.1.3 Legal Services can provide advice on Contract specific terms and conditions.

10.2 Contract Formalities

- 10.2.1 Once a decision to award has been made in accordance with Rule 8.5.3 or 9.7.3, the contract must be either be signed by the Officer authorised to award the Contract under Council's Scheme of Delegation or by Seal and in accordance with Rule 10.3.2
- 10.2.2 Where the Contract is to be in writing, the AO must arrange with Legal Services for the Contract including all schedules and appendices to be signed by all parties. This can be done in two ways:
- a. Sending bound hard copies of the Contract to the winning Bidder(s) or Tenderer(s) for signing; or
 - b. Sending electronic copies of the Contract to the winning Bidder(s) or Tenderer(s) for printing, binding and signing.
- 10.2.3 Before arranging for the Contract to be signed or sealed on behalf of the Council, the Legal Services must check that the returned signed Contract has not been amended or altered by the winning Bidder(s) or Tenderer(s) without prior written agreement by the Council.
- 10.2.4 All Contracts which are to be formally completed in writing must be completed before the Goods are supplied, or the Service, execution of Works or Concessions Contract begins, except in exceptional circumstances, and then only with the prior approval from the Head of Legal and Member Services.
- 10.2.5 All contracts must include clear provisions as to the amounts and timing of payments due under the contract. Payments should be paid in arrears upon the production of satisfactory evidence of performance. Where the total amount payable under the contract cannot be ascertained the contract must include a clear mechanism for calculating the amounts due, for example by reference to a bill of quantities or schedule of rates, and the maximum amount payable must be stated.
- 10.2.6 Approval of the relevant SRO and the Head of Procurement is required if payment is required in advance or partially in advance as necessary for provision of the service or in line with statutory guidance. Evidence of such approval and the reasons for it must be recorded on a PRAD 1.
- 10.2.7 A purchase order must be raised in the e-Procurement system for all goods, services and works requirements to be acquired through an EPS and for all Contracts. The purchase order must attach the terms and conditions of

Contract between the Council and the Contractor. The exception to this is where payment is to be made by certificate within the contract conditions. (e.g. New Engineering Contract 3)

10.2.8 The AO must ensure that the person signing on behalf of the Contractor has requisite legal authority to bind the Contractor. Where there is any doubt, the AO must seek advice from Legal Services.

10.3 **Contracts under Seal**

10.3.1 A Contract must be sealed where:

- a. The Council wishes to extend the liability period under the Contract and enforce its terms for up to 12 years; or
- b. The price to be paid or received under the Contract is a nominal price and does not reflect the value of the goods or services; or
- c. There is any doubt about the authority of the person signing for the other contracting party; or
- d. The Contract value is £100,000 or above.

10.3.2 The seal must be affixed in accordance with the provisions of the Council's Constitution.

10.3.3 All contracts with a value of £100,000 or over will be sealed as a Deed by Legal Services. Contracts between £50,000 and £100,000 in value shall be signed by an authorised signatory from Legal Services.

10.3.4 When the steps for finalising the contract are complete the contract can be issued to the supplier for execution as a Deed or for signature (as appropriate).

10.3.5 The supplier will seal or sign the contracts in duplicate but leave them undated.

10.3.6 Legal Services must notify Corporate Procurement, Finance and the relevant SRO when the contract has been executed.

10.3.7 The contract will be dated when the Council's seal is affixed.

10.3.8 Electronic signatures may be used in accordance with the Electronic Signatures Regulations 2002, provided the security arrangements have been approved by the relevant SRO.

10.4 **Transfer of Contracts**

- 10.4.1 No Contract should be transferred from one Contractor to another without first consulting Legal Services. Contracts can only be transferred if approved in accordance with the table below:

Value of Contract/Quote	Decision Maker
All values	Director of Resources and the Head of Legal and Member Services or their nominees in accordance with the Council's Scheme of Delegation and consultation with the Head of Procurement

10.5 Insurance

- 10.5.1 The AO is responsible for checking that all chosen contractors provide written evidence of adequate insurance to cover public liability, employers' liability and if necessary professional indemnity for the full duration of the contract.
- 10.5.2 Indemnity levels must reflect the risk to the Council which typically will be for each and every contract;
- £5 million for Public liability
 - £10 million for Employers liability
 - £2 million for Professional indemnity
- 10.5.3 In some cases where the contract is of low risk the levels required may be reduced but only following written consent of the Director of Resources or nominee. For major contracts of long duration where contractor's exposure to liability is high, it may be appropriate to require higher limits.

11. Waiving the Rules

11.1 Procedure Rules Approval Document

- 11.1.1 Where an Officer intends to seek an exemption or exception to these rules as they apply to all procurements they shall arrange for consent to be obtained in writing.
- a. Such consent shall be evidenced on a Procedure Rules Approval Document (PRAD) signed by the authorised appropriate Officer/s depending on the value of the procurement as set out in the table below **prior** to the start of the procurement process.
 - b. The PRAD must be completed by the SRO/AO quoting which of the Exceptions (PRAD 1) listed below apply and why. The PRAD must be checked by Legal Services and Procurement prior to signing by the authorised Officer/s.

- c. Consent to waiving the rules will only be approved in exceptional circumstances and only when the EU Procurement regulations do not apply.

11.2 Summary Table: Officers authorised to approve waiving of the Contract Procedure Rules

Under £10,000	Under £50,000	Under £100,000	£100,000 and over	Over threshold
Senior Category Officer	Procurement Manager	Head of Procurement or Delegated representative	Approval of Head of Procurement and Head of Legal and Member Services or Delegated representatives	Unable to waive unless exempt from the Regulations and the Chief Executive, Head of Legal and Member Service and the Head of Procurement provide prior approval

11.3 Exemptions

11.3.1 Contracts which are exempt from the application of the Regulations and these rules include:

- a. Contracts relating solely to the acquisition or disposal of an interest in land and buildings
- b. Transactions conducted by the Head of Finance in respect of dealing in the money market or obtaining finance for the Council
- c. Employment contracts

11.4 Exceptions (PRAD 1)

11.4.1 Requests to waive these rules for under EU threshold contracts (or where the thresholds do not apply) may be authorised in the following circumstances, supported in all cases by appropriate evidence;

- a. goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.
- b. compatibility issues such that procurement from another source would be uneconomic given the investment in previous infrastructure;
- c. a waiver of the rules would be in the interests of the Council, be lawful, and provide value for money;
- d. Where there is a legal requirement to contract with a particular supplier.

- e. Call-offs under framework agreements, providing procedures are adopted which are broadly equivalent to these rules and compliant with national and EU legislation
- f. Contracts awarded to sole suppliers because of exclusive rights.

11.5 Records of Waiver

11.5.1 All exemptions or exceptions should be recorded by Corporate Procurement in the Contract Procedure Rules Exceptions Register and be available for inspection as required. All original Procedure Rules Approval Document evidencing waiving of the rules must be kept in the register.

12. Extension or Variation/Overspend of Contracts

12.1 The relevant SRO must not enter into extensions, variations or overspends which are within the scope of the original procurement but would increase the value of the contract singly or cumulatively by an additional 10% or more beyond the approved budget without the approval of the Director of Resources. A business case will be required to obtain this approval. Evidence of such approval must be recorded in writing in a PRAD 2 Extension or PRAD 3 Variation/Overspend.

12.2 The Head of Procurement will keep a record of such approvals.

12.3 The SRO can extend or vary a contract provided;

- there is provision within the contract to extend (and this has not already been utilised to its full extent)
- the budget has been confirmed in writing or confirmation there is the budget available
- authority is recorded in writing and
- Legal Services prepare the documentation to record the terms of the extension or variation (if necessary depending upon the provisions of the contract).

12.4 If there is no provision within the OJEU contract notice or in the contract terms for extensions, legal advice should be sought.

12.5 Legal advice must be sought on the need to re-procure if changes amount to a significant or material alteration to the contract advertised or there is a proposed change to a named subcontractor.

13. Sale of Council Goods or Assets

13.1 When selling Council goods or assets Officers must comply with the aims of these rules (Rule 3) specifically the need to achieve best value, ensure transparency, openness, nondiscrimination, probity and accountability.

- 13.2 Appropriate authority under the relevant scheme of delegation for the sale must be evidenced on a PRAD 1 before commencing the sale process.
- 13.3 The table below sets out the minimum measures Officers must take to ensure that sales achieve best value.

Sale with value of under £10,000	Sale with value under £50,000	Sale with value over £50,000
Minimum of 3 offers required wherever possible	Procurement to advise on the need to advertise to achieve an appropriate level of interest	Advertise sale appropriately

- 13.4 Corporate Procurement can advise officers on compliance regarding sales if required.

14. **Application of the Contract Procedure Rules to Schools**

- 14.1 The Schools Fair Funding Scheme (FFS) governs the management by each school of its delegated and devolved budget as determined in s.48 of the School's Standards and Framework Act 1998. Schools (other than academies) are expected to follow these Rules, (unless Governing bodies have taken decisions to change reporting arrangements) but where there is conflict between the Rules and the FFS, the FFS will take precedence.

15. **Declarations of Interest, Anti-Bribery and Corruption**

- 15.1 The Council's reputation with regards to procurement activity is important and should be safeguarded from any imputation of dishonesty or corruption. All elected Members and Officers are reminded of their responsibilities in relation to gifts, hospitality and any conflicts of interest and should ensure they comply with the obligations set out in the Council's Members' Code of Conduct and Officers' Code of Conduct respectively and any other relevant policies, guidance or strategies relating to bribery, fraud and corruption issued or endorsed by the Council from time to time.
- 15.2 Any Member or Officer must declare any interest which could influence their judgment in relation to procurement activity in accordance with the Council's Code of Conduct.
- 15.3 No gifts or hospitality should be accepted from Bidders or Tenderers involved in procurement activity except in accordance with the Council's Code of Conduct.

15.4 Members and Officers involved in a procurement process must not have contact with Bidders or Tenderers whilst documents are out to tender or whilst bids are being evaluated, except, formally, through the Chest. Exceptional circumstances, where contact forms part of the process, can only be conducted with the prior written consent of the Head of Legal Services and Head of Procurement.

16. Reporting to Members

16.1 The Officer responsible for awarding the Contract shall notify in writing the Head of Procurement who shall report at half yearly intervals to the Audit and Risk Management Committee, whenever;

- a contract is awarded the total value of which exceeds £500,000 or
- a variation or extension to a contract is approved by the Director of Resources or
- there is a waiver or breach of the Contract Procedure Rules in relation to a contract which exceeds £50,000 in value.

17. Contract Management

17.1 All Contracts must have a Council Contract Owner for the entirety of the Contract. In the event that there is no named Contract Owner the AO will fulfil the role of Contract Owner.

17.2 The Contract Owner will be responsible for reviewing monitoring and evaluating the contract to ensure that its provisions and the services within it are being followed and performed as they should be.

17.3 During the life of the Contract, the Contract Owner should monitor the Contract in respect to the following:

- a. Performance (against agreed KPIs where relevant);
- b. Compliance with specification and contract;
- c. Cost;
- d. Any Best Value duties;
- e. Continuous Improvement;
- f. user satisfaction; and
- g. Risk Management
- h. Be responsible, in accordance with the Council's Equality Duties, for ensuring that workforce profiles are submitted annually from all contractors.

17.4 Where the Contract is to be re-let, this information should be available early enough to inform the approach to re-letting the next contract.

- 17.5 Corporate Procurement can provide advice and support on good practice in performance management of Contracts £5000 and over
- 17.6 All Contracts, £5,000 and over, must be included and published on the Contracts Register maintained by Corporate Procurement in line with the Local Government Transparency Code 2014. This is a mandatory requirement and it is the responsibility of the SRO for each Service to ensure that they have informed Corporate Procurement of the Contracts they are responsible for and provided them with the information necessary to update the Contracts Register accordingly.

18. **Retaining Relevant Documents**

- 18.1 All records in relation to the award of Contracts and the associated procurement process, including supporting documentation, shall be stored by Corporate Procurement in an electronic filing system to be available for inspection by the Council's internal and external auditors, or Officer, immediately upon request. Records will be retained in accordance with relevant regulations applicable to electronic record retention.

- 18.2 Hard copies of all written contracts shall be retained, by Legal Services, as follows:

Contracts with a value between £5,000 and £249,999	for six years after the end of the Contract
All sealed Contracts and Contracts with a value of £250,000 and above	For twelve years after the end of the Contract
Contracts that are grant funded regardless of value	Must comply with retention period above or the terms and conditions of the grant, whichever is the longer

- 18.3 If legislation related to any individual Contract stipulates a longer retention period than this, then the legislation requirements takes precedence over the Council's minimum periods.
- 18.4 Once executed, the Council shall retain one original of the complete Contract documents in line with the timescales in the table above and one copy of the complete Contract documents shall be provided to the Contractor.

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Procurement Toolkit

The Council's procedures, Contracts Procedure Rules, for buying new products and services apply to all Council staff and you need to use them whenever you want to make a new purchase for the Council.

The Procurement Toolkit will give you a detailed knowledge of every aspect of the procurement process and provide you with the information you need to make informed, efficient choices when making your purchase.

For an overall step by step view of the process take a look at our guides to buying products and services:

[Guide 1 - Contracts Procedure Rules](#)

[Guide 2 - Role of the Corporate Procurement](#)

[Guide 3 - Procurement Initiation Approval](#)

[Guide 4 - Low Value Sourcing Tool](#)

[Guide 5 - Roles and Responsibilities](#)

[Guide 6 - The Need to Purchase](#)

[Guide 7 - Specification](#)

[Guide 8 - Evaluation Criteria](#)

[Guide 9 - Consulting With Users and Suppliers](#)

[Guide 10 - Pre-Qualification Questionnaire](#)

[Guide 11 - Tenders](#)

[Guide 12 - EC Procurement Directives](#)

[Guide 13 - The Evaluation Process](#)

[Guide 14 - Completion of Projects](#)

[Guide 15 - Risk Management](#)

[Guide 16 - The Bribery Act](#)

[Guide 17 - TUPE and Staff Transfer Template](#)

Appendix 2

[Guide 18 - Delivering Social Value Through Procurement](#)

[Guide 19 - Equality in Procurement](#)

[Guide 20 - Project Management](#)

[Guide 21 - Guide to Project Management](#)

[Guide 22 - Performance Management and Targets](#)

[Guide 23 - Gateway Review](#)

[Guide 24 - Term Contracts](#)

[Guide 25 - Health and Safety](#)

[Guide 26 - e-Procurement](#)

[Guide 27 - iProcurement](#)

The Procurement Toolkit can be accessed through the following link:

<http://wbcnet.admin.ad.wirral.gov.uk/procurement/procurement-toolkit>

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

24 NOVEMBER 2015

SUBJECT	USE OF OFFICER DECISION NOTICES PERMITTED UNDER THE COUNCIL CONTRACT PROCEDURE RULES
WARD/S AFFECTED	ALL
REPORT OF	HEAD OF PROCUREMENT

1 EXECUTIVE SUMMARY

- 1.1 This report informs the Committee of the range and number of contracts awarded which have been subject to Contracts Procedure Rules (“CPRs”) E111 - Extension/Variation or Waiver and Rules E117 to E123 – Waiving the Rules, as required under the CPRs.
- 1.2 The Appendix details the cases subject to the Extension/Variation or Waiver rules for the period 1 April 2015 to 30 September 2015 which under Contracts Procedure Rule E123 requires that all contracts which meet the following criteria are reported to Audit and Risk Management Committee:-
- a) A contract is awarded the total value of which exceeds £500,000.
 - b) A variation or extension to a contract approved by the Director of Resources (S151 Officer) and by others as per the Appendix.
 - c) A waiver or breach of the Contract Procedure Rules in relation to a contract which exceeds £50,000 in value.

2 BACKGROUND AND KEY ISSUES

- 2.1 The revised Contracts Procedure Rules came into effect on the 1 December 2013 significantly changed the rules and the way they are applied.
- 2.2 The rules placed the responsibility for the approval of contracts on officers of the Council and a new process of Officer Decision Notices (ODN’s) was introduced.
- 2.3 Each contract listed on the ODN’s directory has a corresponding ODN document which identifies the purpose and details of the contract and is signed by the authorised Designated Senior Manager, Procurement Officer or Director of Resources / S151 Officer according to the nature and value of the contract.
- 2.4 Each contract is posted on the Council’s Contracts Register ‘The Chest’, which is the Regional e-Sourcing Portal for the North West local authorities.

- 2.5 A complete review of the Contract Procedure Rules (CPRs) has been undertaken and the revised rules are on this agenda for comment and approval.
- 2.6 Within the revised rules **Officer Decision Notices** have been replaced with four, distinct, **Procedure Rules Approval Documents** - documents of approval are 1-4, for Exceptions to CPR's (1); Variations to Contracts (2); Extensions to Contracts (3); Contract Award (4). These documents will form the basis of all future reports to this Committee once the revised rules have been implemented.
- 2.7 The revised CPRs also include the adoption of the new Public Procurement Regulations 2015, the Transparency Code 2014, the requirement to publish all contracts over £5,000 in value and any other amendments that have been identified during the review.

3.0 RELEVANT RISKS

- 3.1 There are none arising directly from this report.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 The Council's Contract Procedure Rules require this report be presented to this Committee so no other options were considered.

5.0 CONSULTATION

- 5.1 There was no specific consultation undertaken in respect of this report.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

- 6.1 There are no outstanding previously approved actions.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 There are no specific implications in respect of this report.

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

- 8.1 The revised CPR's resulted in changing workloads in order to improve the efficiency and effectiveness of the Council's commissioning and procurement processes.
- 8.2 The ODN process includes assurances that the financial resources are available to fund the contracts and also achieves value for money prior to any approval being given.

9.0 LEGAL IMPLICATIONS

9.1 The Council must comply with its Contract Procedure Rules and relevant procurement legislation.

10.0 EQUALITIES IMPLICATIONS

10.1 This is a report for information so there is no requirement of an Equality Impact Assessment.

11.0 CARBON REDUCTION IMPLICATIONS

11.1 There are none arising from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising from this report.

13.0 RECOMMENDATION

13.1 That the report be noted.

14.0 REASON FOR RECOMMENDATION

14.1 To provide the Members with assurance that the Council is taking appropriate measures to comply with Contract Procedure Rules.

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APPENDIX

Officer Decision Notices Directory 1 April 2015 – 30 September 2015

SUBJECT HISTORY

Council Meeting	Date
Audit and Risk Management Committee – Use of Officer Decision Notices	8 JUNE 2015
Audit and Risk Management Committee – Revised Contract Procedure Rules	25 November 2015

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APPENDIX – OFFICER DECISION NOTICES 1 APRIL 2015 – 30 SEPTEMBER 2015

Date	Project Status	Project Title	Directorate	Service Area	Project Description	Value of Decision	Departmental Contact	Signed By	Approved By
Extensions									
19/04/15	Extension	Voluntary, Community and Faith Sector Support Contract	Transformation and Resources	Neighbourhoods and Engagement	The Voluntary Community Faith Sector Support contract provides support to social sector organisations in Wirral to develop and thrive. Following a competitive tendering process the contract was awarded to Voluntary Community Action Wirral (VCAW) in July 2012. The contract was for a three year period with the option to extend for a further two years subject to satisfactory delivery of the contract. The three year period terminated in July 2015, this contract has been extended for one year with a further review in July 2016.	102,793	Third Sector Development Officer	Strategic Director - Transformation and Resource	Acting S151 Officer
19/04/15	Extension	One year extension to General Advice Service.	Transformation and Resources	Neighbourhoods and Engagement	The General Advice Service contract provides support to social sector organisations in Wirral to develop and thrive. Following a competitive tendering process the contract was awarded to Wirral Citizens Advice Bureau (CAB) in July 2012. Wirral CAB provides a valuable service for Wirral residents through the provision of general advice including advice on legal rights; benefits; debt; financial; employment rights; housing; volunteering programmes. The contract was for a three year period with the option to extend for a further two years subject to satisfactory delivery of the contract. The three year period terminated in July 2015, this contract has been extended for one year with a further review in July 2016.	260,000	Third Sector Development Officer	Strategic Director - Transformation and Resource	Acting S151 Officer
07/2015	Extension	12 month extension to Shared Lives Carers contract with Avalon.	Families and Wellbeing	Adult Social Services	Following a competitive tender exercise the management contract was awarded to Avalon in April 2014. The contract formally commenced 10 July 2014. Over the last 12 months Avalon have significantly reduced the weekly management fee payable by the Council, together with working with carers and DASS on a new fee structure for shared lives carers. The service delivered by Avalon has been consistently exemplary and provides value for money. Therefore, in compliance with the contract terms, the contract is to be extended for a further 12 months until the 9 July 2016.	300,000	Director of Adult Social Services	Director of Adult Social Services	Acting S151 Officer
18/08/15	Extension	1 year extension to Corporate Eye Care with Fredrick Howard Opticians.	Transformation and Resources	Corporate	The Corporate Eye Care Contract was awarded to Fredrick Howard Opticians in August 2011 for three years with options to extend for a further two years. A one year extension was granted until July 2015, after satisfactory delivery of the contract. The contract has been delivered to a satisfactory standard and a further one year extension has been granted until July 2016. The contract will be retendered in early 2016.	7,000	Senior Procurement Officer	Head of Corporate and Community Safety	Strategic Director - Transformation and Resource
19/08/15	Extension	Provision of maintenance for Apple systems peripherals and software with GBM Digital.	Transformation and Resources	IT	The current maintenance contract covering Apple Macintosh Systems, iPads, peripherals and software operated by the Council is due to expire on the 30 September 2015. As part that contract, the contract duration included an option to extend for up to 2 years. GBM Digital are the contract holders have quoted £4,250.00 for a two year extension and as their delivery of the contract has been to the standard required, the contract has been extended to 30 August 2017.	4,250	Senior Procurement Officer	Senior IT Officer	Strategic Director - Transformation and Resource

25/08/15	Extension	11 month extensions to Supported Housing contracts for clients experiencing Social Exclusion and Mental Health Issues	Regeneration & Environment	Public Health	To award extensions to Supported Housing Contracts for clients experiencing Social Exclusion and for those with Mental Health issues from September 2014 to the end of July 2016. The contract extensions will also allow time to understand the implications of future government announcements regarding Welfare Reforms. For example loss of benefits for 16 to 21 year olds and the likely impacts on people, homelessness levels and service provision within the Borough. The contract extensions are in accordance with clause 2.2 of the Housing Support contract which states 'We will have the option to extend the agreement beyond that date by giving you not less than one month's prior written notice'	2,627,390	Head of Environment & Regulation / Head of Transformation	Head of Procurement / Head of Legal and Members Services	Chief Executive
04/09/15	Extension	Secure Destruction of Confidential Waste 6 month extension with PHS Datashred.	Transformation and Resources	IT	The current contract was awarded to PHS Datashred in 2011. The contract came into effect on 1 November 2011 for a period of 3 years with the option to extend twice, each extension being up to 1 year. The service provided for the past 4 years (3 years plus 1 year extension) has been very satisfactory, therefore the contract was extended by a further 6 months until 30 April 2016, by which time a new contract will have been tendered in the knowledge of the reduction in Council requirements due to the results of the Asset Review.	15,000	Principal Records Management Officer	Principal Records Management Officer	Acting S151 Officer
Awards									
04/09/15	Award	To appoint Specialist Computer Centre to supply servers and related services for the migration of Microsoft Servers to windows server 2012/2008.	Transformation and Resources	IT	Following the evaluation of this contract IT Services sought approval to enter into a contract with Systems Computer Centres Plc (SCC) to provide servers & related services for the migration of Microsoft servers to Windows server 2012/2008 for an estimated sum of £751,280. A competitive tender process was used utilizing a Crown Commercial Services Framework - Technology Products RM1054 Lot 1 Contract Ref-9XAC-ZUQEMA the document was issued via the Chest on 08/07/2015 to the 21 supplier who are listed on the Lot inviting them to submit a response for the requirement. Out of the 21 suppliers, only 1 supplier submitted a response, this was SCC. An ITT evaluation scoring exercise & supplier presentation were completed in accordance with Procurement policy. SCC met all of the essential & desired criteria & were therefore selected by the evaluation panel as the most suitable supplier. Notes: The discovery phase of the project will confirm the project scope, duration & cost. The ITT includes estimated times & costs for these which the discovery phase will confirm. Further approval will be required if the estimated costs quoted within the ITT are likely to be exceeded. This will be confirmed during the discovery phase.	751,280	IT Infrastructure Manager	Chief Information Officer	Strategic Director - Transformation and Resource

Variations									
29/04/15	Variation	To vary the current contract with Community Action Wirral (CAW)	Families and wellbeing	Public Health	<p>To continue the current contract start date 1st Apr 2012 for Stop Smoking services in Wirral. This contract has been rolled over each year since the transfer of Public Health to the Council via Cabinet with this latest being 15th Jan 2015 – Public Health Investments 15/16</p> <p>The budget for this contract is to be varied up to a cap of £124,923 this includes £25k for a co-ordinators post (which remains fixed regardless of increased activity). This exception is subject to CPR E120, compatibility issues such that procurement from another source would be uneconomic given the investment in previous infrastructure.</p>	124,923	Third Sector Development Officer	Director of Public Health	Strategic Director - Transformation and Resource

Waivers									
19/06/15	Exception	Supply of the Working Wirral Programme	Regeneration & Environment	Strategic Development	<p>To enter into a contract with Involve Northwest to provide The Supply of the Working Wirral Programme for a sum of £490,000 for the period 1st September 2015 to 31st March 2016.</p> <p>The decision of the Strategic Director, Regeneration and Environment, to allow continuous delivery of the Council's worklessness support contract beyond the current contract end date of 31st August 2015. This contract supports delivery of Wirral's Investment Strategy and Corporate Plan by addressing worklessness issues in Wirral.</p> <p>Importantly this decision allows the Council to seek significant additional ESF investment to tackle worklessness. The proposed approach to utilise the remaining public health grant as match funding has the potential to secure an additional ESF investment of over £2 million for the Council.</p> <p>The duration of this contract to 31st March 2016 allows the Council the opportunity to await the outcome of the Liverpool City Region bid for additional ESF funds and subsequently commence re-procurement of the service in November/December 2015 for commencement of delivery on 1st April 2016.</p>	490,000	Economic Policy Officer	Strategic Director of Regeneration and Environment	Head of Procurement, Acting S151 Officer, Head of Legal and Member Services

26/06/15	Exception	8 month contract with Man Coed VM Limited to provide Streetscene Arboriculture Services.	Regeneration & Environment	Highway Management Division	<p>8 month contract with Man Coed VM Limited to provide Streetscene Arboriculture Services from 31 July 2015 to 31 March 2016.</p> <p>The Council entered into a contract with West Coast Network Services (WCNS) on 1 August 2013 for the provision of the Streetscene Services Arboriculture Contract. The original contract period was for 2 years with an option to extend for a further year.</p> <p>In May 2014 WCNS changed their operating name to Man Coed and continued to provide contract services to the council.</p> <p>On 13 May 2015 the company had entered into Administration and were no longer able to undertake their contractual obligations.</p> <p>A new company has been recently formed and is made up from the management team and operatives of the former Man Coed. They are to be known as Man Coed V.M. Ltd.</p> <p>This new company has successfully novated all of the former companies active contracts and has also acquired the business and assets from the former company.</p> <p>During the proposed period of the extension the Council will prepare another tender opportunity where contractors will be invited to submit tenders for all aspects of reactive and programmed maintenance of the surveyed trees for a period of four years.</p> <p>This new tree maintenance contract will commence in April 2016.</p>	172,500	Head of Environment and Regulation	Head of Environment and Regulation	Head of Legal / Head of Procurement
07/07/15	Exception	To appoint 12 additional Nursing beds for Transitional Care arrangements.	Families and wellbeing	Adult Social Services	<p>To appoint 12 additional Nursing beds for Transitional Care arrangements as part of existing Intermediate Care Services for the month of July 2015, reducing to 8 beds in August 2015.</p> <p>To enter into a contract to provide 12 additional Transitional Care beds to support systems resilience pressures for the month of July. Currently contracted until 30 June 2015. To further extend the 8 nursing beds at Daleside for the month of August. A new contract commenced on 1 September 2015, which included additional bed capacity.</p>	61,093	Head of Transformation (Adults)	Head of Transformation (Adults)	Head of Legal / Head of Procurement
03/07/15	Exception	Contract with Acuma to provide new software licences and upgrade.	Families and wellbeing	Adult Social Services	<p>An exception to CPR's was requested on the grounds that ordinarily this would be routine system upgrade, however due to the introduction of new a licencing model by SAP the costs incurred are greater. The existing licences that the Council has procured via Acuma can be traded in to obtain a 35% reduction against the market price of these new licences.</p> <p>Acuma act as agents on behalf of SAP who determine the licence costs with Acuma receiving a commission against sales. Due to the timescales involved in this upgrade and the fact the licence costs are determined by SAP the recommendation is to remain with the incumbent provider with whom working relationships already exist thereby expediting the upgrade process.</p>	60,000	IT Officer	Director of Adult Social Services	Head of Legal / Head of Procurement

13/07/15	Exception	Contract with Health Trust Europe to provide a Car lease scheme through Salary Sacrifice.	Transformation and Resources	HR	This new contract forms part of the Council's Employee Benefits Scheme (contract with P&MM) for a sum of £50k. This contract has been arranged through a compliant Framework agreement. The introduction of an Employee Benefits Scheme, offering a range of savings and discounts to employees, including car lease, gives the Council the opportunity to support its workforce and improve morale, in addition to making financial savings for the Council.	50,000	Senior HR Officer	Strategic Director - Transformation and Resource	Head of Procurement
25/08/15	Exception	Contract with Mott MacDonald for Surveys, Model Development and Model Application	Regeneration & Environment	Transport Services	Mott MacDonald were awarded a contract, in March 2015, to submit a proposal to the Council for Phase 1 of the development of the Wirral Traffic Model Development Work for Traffic survey work and Install traffic counters. This work was awarded via call off arrangements provided under the Mott MacDonald Single Party Framework agreement Consultancy Services for monitoring Merseyside Local Transport Plan. This new contract will provide the budget to complete the remaining aspects of Phase 1, due to Highways England's bridge strengthening work part of Phase 1 was not completed, and continue with Phase 2 of the project. Contract to start August 2015 to be completed by March 2016 with no extension option in place.	65,000	Head of Environment & Regulation	Head of Environment & Regulation	Head of Legal / Head of Procurement

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WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

24 NOVEMBER 2015

SUBJECT	FINANCIAL REGULATIONS
WARD/S AFFECTED	ALL
REPORT OF	HEAD OF FINANCIAL SERVICES AND ACTING SECTION 151 OFFICER

1.0 EXECUTIVE SUMMARY

1.1 The report sets out proposed revised Financial Regulations, in draft form, for consideration and approval by Audit and Risk Management Committee. The existing Financial Regulations were approved in 2013 and it is good practice to periodically review and where necessary update the Regulations.

2.0 BACKGROUND AND KEY ISSUES

2.1 Council was recommended by this Committee's meeting of 15 April 2013 to adopt the current Financial Regulations and Contract Procedure Rules. It is good practice and following recent changes to the scheme of delegation now is an opportune moment to revise and update the Financial Regulations.

2.2 A report elsewhere on this agenda sets out initial proposed revisions to the Contract Procedure Rules (CPR's).

2.3 The last revision to the Financial Regulations took into account:-

- (i) the overall commitment given to review the Council's Constitution and Schemes of Delegation as part of the Council's Improvement Plan and to respond to recommendations of the recent Peer Challenge in respect of clarification of Member and Officer roles and responsibilities.
- (ii) updating the existing Regulations to take account of current and potential future developments, for example, changes to the Council Management Structure and potential working with other authorities and organisations including shared services with other private, voluntary, community and faith organisations.
- (iii) the need to integrate existing functions with new functions and responsibilities in particular Health.

- 2.4 The current review of the Council's Financial Regulations has involved a small group of key financial staff providing input and suggested improvements. This has included officers from Financial Services, Internal Audit and Procurement.
- 2.5 The Financial Regulations adopted in 2013 were updated at the time Cheshire West and Cheshire and Wirral were looking at potential shared services, Wirral's Financial Regulations were amended to allow greater potential for shared arrangements.
- 2.6 This update to the Regulations incorporates revisions in the scheme of Delegation of Executive Functions to Cabinet Members and Scheme of Delegation of Executive Functions to Officers which were reported to Cabinet on 5 November 2015.
- 2.7 The Financial Regulations agreed two years ago also require further changes. Terminology has been updated to reflect the current structure of the council, legislative changes and latest best practice. References to the separate document Guidelines for Financial Systems have been removed as the regulations in operation since 2013 are more comprehensive and remove the need for separate guidelines outside of the Regulations. The most significant changes are detailed below.
- (i) Revenue and Capital Carry Forwards: The Regulations have been updated to limit the carrying forward of revenue budgets to circumstances where there is a specific requirement that will require initial approval from the Director of Resources (and/or section 151 Officer) and ratification by Members. Capital carry forwards will only be allowed where justification due to re-profiling of expenditure or other valid reasons are clearly demonstrated. These changes reflect the environment of financial constraint the authority is and will be operating in to ensure resource allocation is maximised against priorities.
 - (ii) Virements: the regulations have been updated to provide a clearer definition of what constitutes a virement. The regulations have also been updated and streamlined to outline the circumstances where officers can approve virements without member authority and here member approval is required.
 - (iii) Reserves: the regulations have been updated to formalise the existing practice of reserves being reviewed at least annually for appropriateness. This also reflects the environment of financial constraint the authority is and will be operating in to ensure resource allocation is maximised against priorities.
 - (iv) Internal Audit. The Regulations have been updated to reflect the Public Sector Internal Auditing Standards and the Local Audit Accountability Act 2014. This includes updating to the guidance on Preventing Fraud and Corruption.

3.0 RELEVANT RISKS

- 3.1 There are serious financial, legal and reputational risks to the Council when Financial Regulations are not followed. The intention of this review is to ensure that rules are clearly defined and relevant and therefore accountability is made clearer: that additional detail and guidance is available from the one source: that the regulations are simplified.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 No other options have been considered for this report. The existing regulations underwent a substantial refresh in 2013.

5.0 CONSULTATION

- 5.1 This report is brought to the Audit and Risk Management Committee as a draft revised set of Financial Regulations for consideration and comment.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

- 6.1 There are no outstanding previously agreed actions. It is good practice that the Financial Regulations are subject to periodic review and updating.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 7.1 The revised, proposed Financial Regulations (along with the proposed revised Contract Procedure Rules, are intended to provide clear processes, with relevant procedures set out, which are intended to support a clear and transparent contracting process, including with the Voluntary, Community and Faith sector.

8.0 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS

- 8.1 The Financial Regulations are concerned with the management of Council resources which includes financial, IT, staffing and Assets.

9.0 LEGAL IMPLICATIONS

- 9.1 The revised Financial Regulations are intended to ensure that the Council's financial management processes and responsibilities comply with statutory legislation and therefore reduce the risk of challenge.

10.0 EQUALITIES IMPLICATIONS

- 10.1 There are no specific relevant equality factors resulting from this report.

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

- 11.1 There are none arising directly from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising directly from this report.

12.0 RECOMMENDATIONS

13.1 That the draft Financial Regulations at Appendix 1 be considered and Committee give its comments and views.

13.0 REASON FOR RECOMMENDATIONS

13.1 To ensure the framework for financial management of the authority's resources is robust, reviewed as appropriate and is fit for purpose.

13.2 That, if agreed the draft Financial Regulations are published and implemented with appropriate support for Members and Officers.

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APPENDICES

Appendix 1 – Draft Financial Regulations

BACKGROUND PAPERS

Existing Wirral Financial Regulations

SUBJECT HISTORY

Council Meeting	Date
Audit & Risk Management Committee Financial Regulations	15 April 2013

1. INTRODUCTION

2. FINANCIAL MANAGEMENT

- 2.1 Why is this important?
- 2.2 Responsibilities of Elected Members
- 2.3 Responsibilities of Statutory Officers
- 2.4 The Role of the Director of Resources
- 2.5 The Role of Chief Officers
- 2.6 Financial Management Standards
- 2.7 Managing Expenditure
- 2.8 Virements
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3 FINANCIAL PLANNING

- 3.1 Why is this important?
- 3.2 Policy framework
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- 3.4 Budget Preparation
- 3.5 Resource Allocation
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4 RISK MANAGEMENT AND CONTROL OF RESOURCES

- 4.1 Why is this important?
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- 4.3 Insurance
- 4.4 Internal Controls
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5. FINANCIAL SYSTEMS AND PROCEDURES

- 5.1 Why is this important?
- 5.2 Income
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- 5.4 Payments to Employees and Members
- 5.5 Taxation
- 5.6 Trading Accounts and Business Units
- 5.7 Voluntary and Unofficial Funds
- 5.8 Merseyside Pension Fund

6. EXTERNAL ARRANGEMENTS

- 6.1 Why is it important?
- 6.2 Partnerships
- 6.3 External Funding
- 6.4 Work for Third Parties

1 INTRODUCTION

- 1.1 The Financial Regulations and Contract Procedure Rules provide the framework for managing the Council's financial affairs. They apply to all Members and Officers of the Council and anyone acting on its behalf.
- 1.2 All Members and officers, and others acting for the Council, have a responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- 1.3 The Director of Resources is responsible for maintaining a continuous review of Financial Regulations and implementing any changes in accord with the procedures set out in the Constitution. The Director of Resources is also responsible for reporting, where appropriate, breaches of the Financial Regulations to appropriate Committees and/or the Council.
- 1.4 Chief Officers are responsible for ensuring that all officers in their directorates are aware of, and comply with, the Council's Financial Regulations and Contract Procedure Rules.
- 1.5 Officers requiring further advice should contact their line manager. Any failure to comply may lead to action by management in accordance with the Council's disciplinary procedures.
- 1.6 The Financial Regulations and Contract Procedure Rules set out the framework for managing the Council's financial affairs. As such they do not cover every eventuality and therefore the spirit should always be followed. Where there is any uncertainty in respect of the Financial Regulations, the Director of Resources should be consulted. Where there is uncertainty in respect of the Contract Procedure Rules the Head of Legal & Member Services (Monitoring Officer) and Head of procurement should be consulted.

Note Throughout this document the term **Chief Officers** is used and refers to the **Strategic Directors, Directors and Heads of Service** as per the **Senior Management structure of the Council**. The **Director of Resources** should be assumed to be the **Section 151 officer** and the **Head of Legal Services** is assumed to be the **Monitoring Officer** when reading this document.

2 FINANCIAL MANAGEMENT

2.1 Why is this important?

2.1.1 Financial Management encompasses all financial accountabilities in relation to the running of the Council, including the budget and policy framework.

2.2 Responsibilities of Elected Members

- The Council: Approves the policy framework and budget within which the Cabinet operates and approves the Constitution.
- The Cabinet: Propose the policy framework and budget to the Council and discharge functions in accordance with the policy framework and budget.
- Executive Members: Individual Executive Members have decision making powers in accordance with the Constitution (including the Financial Regulations and Contract Procedure Rules) and Scheme of Delegation.
- Scrutiny Committee: Scrutinises Cabinet / Executive decisions before or after they have been implemented.
- Audit and Risk Management Committee: An advisory body that reports to the Council having right of access to all information it considers necessary and can consult directly with auditors.

2.3 Responsibilities of Statutory Officers

- Head of Paid Service (Chief Executive) is responsible for the corporate and overall strategic management of the Council and monitoring the performance of the organisation.
- Monitoring Officer (Head of Legal and Member Services). The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct; for reporting any actual or potential breaches of the law or maladministration to the Council and/or to the Executive, and for ensuring that procedures for recording and reporting key decisions are operating effectively.

2.4 The Role of the Section 151 Officer (Director of Resources)

2.4.1 The section 151 Officer has statutory duties in relation to the financial administration and stewardship of the Council which cannot be overridden. Also appointed as the Council's Money Laundering Reporting Officer and will maintain and advise on Anti-Money Laundering procedures.

2.4.2 The statutory responsibility arises from:

- (i) Section 151 of the Local Government Act 1972.
- (ii) The Local Government and Finance Act 1988.
- (iii) The Accounts and Audit Regulations 2003.

- 2.4.3 The responsibility is for the proper administration of the Council's financial affairs and includes:
- (i) setting and monitoring compliance with appropriate financial management standards;
 - (ii) advising on the corporate financial position and on the key financial controls to secure sound financial management;
 - (iii) providing financial information;
 - (iv) preparing the revenue budget and capital programme;
 - (v) treasury management;
 - (vi) ensuring an adequate and effective system of internal audit is in place.

2.4.4 Section 114 of the Local Government Finance Act 1988 requires the Director of Resources to consult with the Head of Paid service and Monitoring officer and to report to the Council, Cabinet and external auditor, if the Council or one of its officers:

- (i) has made, or is about to make, a decision which involves incurring unlawful expenditure;
- (ii) has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Council;
- (iii) is about to make an unlawful entry in the Council's accounts.

2.4.5 The Director of Resources must also make a report under this section if it appears that the expenditure of the Council (including that which it is proposing to incur) in a financial year is likely to exceed the resources available to meet that expenditure.

2.5 The Role of Chief Officers

2.5.1 Chief Officers are responsible for ensuring that the Cabinet is advised of the financial implications of all proposals and that those implications have been agreed by the Director of Resources.

2.5.2 Chief Officers must consult the Director of Resources and seek his/her approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.

2.6 Financial Management Standards

2.6.1 All officers and Members have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met. Therefore all officers and Members should comply with Financial Regulations. Failure to do so may lead to disciplinary action.

2.6.2 The key controls for financial management standards are to:

- (i) ensure their promotion throughout the Council;
- (ii) have in place a system to review compliance with Financial Regulations.

2.6.3 The Director of Resources has to:-

- (i) set the financial management standards which should ensure best professional practices and monitors compliance. As the head of the profession in relation to finance staff has responsibility for their standards, performance and development;
- (ii) advise on the key strategic controls necessary to secure sound financial management;
- (iii) ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

2.6.4 Chief Officers have to promote the financial management standards in their directorates, and monitor adherence to them, liaising as necessary with the Director of Resources.

2.7 Managing Expenditure

2.7.1 Chief Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. They should not support recurring expenditure from one-off sources of savings or additional income, or creating future commitments, including full-year effects of decisions made part way through a year, for which they have not identified future resources. Chief Officers must plan to fund such commitments from within their own budgets, in accordance with the Council's scheme for virement.

2.7.2 The format of the budget is approved by the full Council and is based on advice from the Director of Resources. No budget holder is permitted to exceed any budget within their direct control, as agreed by full Council, without specific approval from full Council. However, in pursuance of good financial management and to promote a degree of flexibility Chief Officers may vire resources between budgets.

2.8 Virements

2.8.1 Whilst Council must set a Budget before the 11 March for the following financial year, there may need to be changes to the approved Budget during the year. To ensure there is appropriate control over budget virements the following procedures will follow. It is stressed that virements between Employee budgets and All Other Budget Heads are not permitted.

2.8.2 A virement is an increase in any budget or part of a budget or budget that is matched by an equal and/or opposite decrease in any other budget or other budgets such that when aggregated there is a nil impact on the overall budget.

2.8.3 Where the virement is essentially of an administrative nature and not involving a change from existing approved policies, Member approval is not required. The Director of Resources should be consulted where there is uncertainty as to whether a proposed virement constitutes a change of approved policy. Administrative changes include:

- re-analysis of school “one-line” budgets;
- Implementation of restructuring and reorganisation proposals that have already received the appropriate level of officer and member approval;
- Routine changes to the structure of the accounting system;
- Changes to notional accounting budgets which are required for reporting purposes but which do not impact on the Council’s cash expenditure such as changes to depreciation.

2.8.4 Officers may also make virements if they are contained within a single budget line in a service area (i.e. within an Objective service subjective summary analysis line per the Budget book). This is provided the virement

- (i) does not give rise to any increased overspend in the current year or give rise to unfunded expenditure in future years;
- (ii) does not conflict with any prior decision made or policy or plan or strategy of the Council.

2.8.5 For virements which fall outside of the above, the Director of Resources shall be consulted and approval shall be sought from Cabinet. Cabinet may approve if it has received advice from the Director of Resources that no unfunded expenditure commitments arise from the virement request and that reserves remain at prudent levels.

2.8.6. Revenue Budgets Carry Forwards

The automatic carry forward of revenue budget underspends by services is not permitted. However where a Chief Officer identifies a one-off demand not covered from his or her on-going revenue budget a request can be made for a reserve to be established. The agreement of any new reserve will require the initial approval of the Director of Resources and will be ratified by members.

Note: under proper accounting practice, monies can be set aside for goods and services which have been received by the financial year end but which have not yet been paid for. The recognition of these creditor amounts is an accounting requirement and falls outside the definition of

a reserve.

Capital Programme - requiring Director and / or Member approval

2.8.7 Supplementary Capital Estimates (existing schemes)

Where services wish to increase the level of expenditure on an existing capital scheme and the funding is not going to be vired from another existing scheme, approval must be sought for a supplementary capital estimate.

Where the funding does not include use of additional Council resources (includes borrowing, capital receipts and capital reserves), this should be referred to the Director of Resources who will report the variation to Cabinet for final approval from either full Cabinet or the cabinet Portfolio holder under the scheme of delegation as appropriate.

Changes funded wholly or in part from additional Council resources such as reserves, borrowing and capital receipts, regardless of value, must be approved by Full Council. Full Council approval is also required where there are significant implications (as determined by the Director of Resources) for future years' budgets.

2.8.8. Supplementary Capital Estimates (new schemes)

Where services wish to undertake a capital scheme which is not included in the approved Capital Programme, they must follow the approval process and prepare a business case for review by the Asset and Capital Group regardless of value or source of funding. Once approval of the Group has been obtained, Member approval is required before the scheme can commence. The same approval rules (depending on amount and source of funding) apply as for existing schemes as above. Note that the scheme of delegation allows Cabinet Members to approve additional or replacement items relating to their Portfolio for the current year's Capital Programme where the amount of the estimate does not exceed £5,000,000 and does not increase the overall total of the Departmental Capital Programme. This should be in consultation with the relevant Chief Officer, the Director of Resources and Monitoring Officer.

2.8.9. Capital Programme Reductions

Where services wish to reduce the size of a capital scheme budget funded from Council resources such as borrowing or capital receipts the approval limits set out in section 2.8.5 should be followed. If a budget reduction is required due to a third party decision to withdraw external funding the approval of the relevant Director is sufficient.

2.8.10 Capital Carry Forwards

Capital schemes can be prone to delay. It cannot be assumed that underspends will automatically roll forward into the following year. Requests to carry forward funding should make clear whether they are due to re-profiling of schemes or for other reasons.

It is extremely unlikely that uncommitted carry forwards will be approved if there are unfunded overspends elsewhere within the departmental Capital Programme. Requests for carry forward should be made to the Director of Resources who will report variances to the Capital Programme to Cabinet for final approval.

2.9 Accounting Policies

2.9.1 The Director of Resources is responsible for the preparation of the Council's annual Statement of Accounts. These have to be prepared in accordance with current legislation and proper practice.

2.9.2 The key controls for accounting policies are:

- (i) systems of internal control are in place to ensure that financial transactions are lawful;
- (ii) suitable accounting policies are selected and applied consistently;
- (iii) accurate and complete accounting records are maintained;
- (iv) financial statements are prepared which present a true and fair view of the financial position of the Council and its income and expenditure.

2.9.3 The Director of Resources has to select suitable accounting policies which are in accordance with best practice and ensure that they are applied consistently. The accounting policies are set out in the annual Statement of Accounts.

2.9.4 Chief Officers are:-

- (i) to consult with, and obtain approval from the Director of Resources before making any changes to accounting records or procedures;
- (ii) to maintain adequate records which provide an audit trail leading from the source of income/expenditure through to the accounting statements, in accordance with the accounting policies set by the Director of Resources and supply any information required to enable the Director of Resources to complete the Statement of Accounts;
- (iii) to adhere to the accounting policies and guidelines as approved by the Director of Resources.

2.10 Accounting Records and Returns

2.10.1 Maintaining proper accounting records is one of the ways in which the Council discharges its responsibility for stewardship of public resources. There is a statutory responsibility to prepare an annual Statement of Accounts, in accordance with proper practice as set out in the format required by the Code Of Practice On Local Council Accounting In The United Kingdom for each financial year ending 31 March. These are subject to external audit, which provides assurance that the accounts are prepared properly and that proper accounting practices have been followed. The external Auditor will form a conclusion as to whether the Council has adequate arrangements in place for achieving value for money.

2.10.2 The key controls for accounting records and returns are:

- (i) all Cabinet Members, finance staff and budget managers operate within the required accounting standards and timetables;
- (ii) all the Council's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis;
- (iii) reconciliation procedures are carried out to ensure transactions are correctly recorded;
- (iv) prime documents are retained in accordance with legislative and other requirements;
- (v) procedures are in place to enable accounting records to be reconstituted in the event of systems failure.

2.10.3 The Director of Resources has to:-

- (i) determine the accounting procedures and records for the Council and arranging for the compilation of all accounts and accounting records under his/her direction, in accordance with best practice;
- (ii) when allocating accounting duties separate the duties of providing information about sums due to or from the Council and calculating, checking and recording these sums from the duty of collecting or disbursing them. Officers with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions;
- (iii) prepare the timetable for the Statement and ensure completion in accordance with the statutory timetable. This includes making proper arrangements for the audit of the accounts in accordance with the Accounts and Audit Regulations as updated from time to time;
- (iv) ensure that all claims for funds, including grants, are made by the due date and that guidance is issued to Chief Officers to ensure that this can be achieved;

- (v) provide guidance, within the Document Retention Policy on the retention of financial documents relating to minimum periods for retention and ensure that these timescales are complied with.

2.10.4 Chief Officers are responsible for ensuring that officers in their directorates are aware of, and adhere to, the accounting policies, procedures and guidelines within the set timescales as set by the Director of Resources.

3 FINANCIAL PLANNING

3.1 Why is this important?

3.1.1 The Council is responsible for agreeing the policy framework and budget, which will be proposed by the Cabinet. In terms of financial planning, the key elements are:

- The 20/20 Vision the Wirral Plan – sets out the long term aims and objectives. It will be regularly revisited and monitored to ensure that the Council's priorities remain relevant to its overall aims and to assess the progress being made in achieving these.
- The Medium Term Financial Strategy - details the scenario over the medium term and the options available. As the Council is a complex organisation responsible for delivering a wide variety of services effective planning is needed to enable scarce resources to be allocated in accordance with priorities. The Strategy and the annual Budget are the financial expressions of the Council's plans and policies.

3.2 Policy Framework

3.2.1 The Director of Resources advises the Council on the financial environment, financial policies (including the appropriate levels of reserves and balances, prudential borrowing and treasury management),

3.2.2 Chief Officers support the process by developing service scenario and policy and expenditure options in their area of responsibility in a format determined by the Director of Resources.

3.2.3 The Cabinet, advised by the Director of Resources and Chief Officers develop a budget package which is subject to scrutiny before referral to Council. Council determines the final Budget and Council Tax.

3.3 Format of the Budget

3.3.1 The format of the budget determines the level of detail to which financial control and management will be exercised. This shapes how the rules around virement operate, the operation of cash limits, and sets the level at which funds may be reallocated within budgets.

3.3.2 The key controls for the budget format are:

- (i) the format complies with all legal requirements;
- (ii) the format complies with current best professional practice;
- (iii) the format reflects the accountabilities of service delivery.

3.3.3 The Director of Resources is responsible for advising Council, Members and officers on the format of the budget to be approved by full Council.

3.3.4 Chief Officers are required to comply with accounting guidance issued by the Director of Resources.

3.4 Budget Preparation

3.4.1 The Council produces an annual Revenue Budget and Capital Programme (paragraph 3.7).

Revenue Budget

3.4.2 The Revenue Budget is the Council approved plan of spending for each service to deliver the agreed priorities and has been prepared in accordance with the policy and format above. Revenue expenditure is broadly defined as any expenditure incurred on the day-to-day running of the Council and includes items such as salaries, energy costs and consumable supplies.

3.4.3 The key controls for budgets and medium-term planning are:

- (i) budget managers are consulted in the preparation of the budgets for which they will be held responsible and accept accountability within delegations set by the Cabinet for their budgets and the level of service to be delivered;
- (ii) a monitoring process is in place to review regularly the effectiveness and operation of budget preparation and to ensure that any corrective action is taken.

3.4.4 It is the responsibility of the Director of Resources to:-

- (i) prepare and submit reports on budget prospects to the Cabinet, including resource constraints set by the Government;
- (ii) determine the form of revenue estimates and the methods for their preparation after consultation with Chief Officers;
- (iii) prepare and submit reports to the Cabinet on the aggregate spending plans of directorates and on the resources available to fund them, identifying, where appropriate, the implications for the level of Council Tax to be levied;
- (iv) calculate income levels from general and specific grants and the proceeds of the Business Rate;
- (v) advise on the medium-term implications of spending decisions, including implications of capital programme decisions;
- (vi) encourage the best use of resources and value for money by working with Chief Officers and partners to identify opportunities to improve economy, efficiency and effectiveness;

- (vii) advise the Council on Cabinet proposals in accordance with his / her responsibilities under Section 151 of the Local Government Act 1972, as amended, and with other relevant legislation. This includes the robustness of the estimates contained within the Budget proposed by Cabinet and the adequacy of the reserves in the proposals.

3.4.5 In conjunction with the Director of Resources, Chief Officers:-

- (i) prepare estimates of income and expenditure, to be submitted to the Cabinet;
- (ii) prepare budgets which are consistent with the Council's annual budget cycle and within the approved Council guidelines;
- (iii) integrate financial plans into service planning, so budgets can be supported by financial and non-financial measures;
- (iv) prepare detailed draft revenue and capital budgets for consideration by the Cabinet, in accordance with the laid-down guidance and timetable having regard to:
 - (a) spending patterns and pressures revealed through the budget monitoring process;
 - (b) legal requirements;
 - (c) policy requirement as defined by the full Council in the approved policy framework;
 - (d) initiatives already under way.

3.5 Resource Allocation

3.5.1 Commonly available resources are not adequate to fulfil all needs and desires. It is therefore imperative that needs/desires are carefully prioritised and that resources are allocated, in order to fulfil all legal responsibilities. Resources may include staff, fixed assets, money, equipment, goods and materials.

3.5.2 The key controls for resource allocation are:

- (i) resources are acquired in accordance with the law and using an approved authorisation process;
- (ii) resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for;
- (iii) resources are securely held for use when required;
- (iv) resources are used with the minimum level of waste, inefficiency or loss for other reasons.

3.5.3 The Director of Resources advises on methods available for the funding of resources and assists in the allocation of resources to budget managers.

3.5.4 Chief Officers are responsible for working within budget limits and utilising resources allocated in the most efficient, effective and economic way. This includes the identification of opportunities to minimise or eliminate resource requirements or consumption and to maximise income where appropriate.

3.6 Revenue Budget Management

3.6.1 Budget management is the preparation, monitoring and control of budgets. It ensures that allocated resources are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It provides the mechanism that makes managers responsible for defined elements of the budget.

3.6.2 By continuously reviewing and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. The Council operates within an annual cash limit, approved when setting the overall budget. Each service is required to manage its own expenditure within the budget allocated to it.

3.6.3 Chief Officers are expected to exercise their discretion in managing their budgets responsibly and prudently. For example, they should not support recurring revenue expenditure from one-off sources of savings or additional income, or creating future commitments for which they have not identified future resources. Chief Officers must plan to fund such commitments from within their own budgets.

3.6.4 For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service area or cost centre. However, budgetary control with monthly reporting may take place at a more detailed level if this is required.

3.6.5 The key controls for managing and controlling the revenue budget are:

- (i) expenditure should be prioritised using an appropriate methodology;
- (ii) budget managers should be responsible only for income and expenditure that they can influence;
- (iii) there is a nominated budget manager for each budget heading;
- (iv) budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities;
- (v) budget managers follow an approved certification process for all expenditure;
- (vi) income and expenditure are properly recorded and accounted for;

- (vii) budgets are profiled over the financial year taking account of all relevant factors;
- (vii) performance levels/levels of service are monitored in conjunction with the budget and necessary action is taken to align service outputs and budget;
- (viii) specific budget approval is given for all expenditure;
- (ix) budget managers are appropriately trained to carry out their budgetary control responsibilities;
- (x) formal orders for goods and services must be raised in advance through the procurement system.

3.6.6 The Director of Resources establishes an appropriate framework of budgetary management and control, with frequent reports to the Cabinet to ensure that:

- (i) budget management is exercised within annual cash limits unless the full Council agrees otherwise;
- (ii) each Chief Officer has available timely information on receipts and payments on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities;
- (iii) expenditure is committed only against an approved budget head;
- (iv) all officers responsible for committing expenditure comply with relevant guidance and the Financial Regulations;
- (v) each cost centre has a single, named manager, determined by the relevant Chief Officer. Budget responsibility should be aligned as closely as possible to the decision-making processes which commit expenditure;
- (vi) significant variances from approved budgets are investigated and reported by budget managers regularly.

The Director of Resources also:

- (i) administers the Council's scheme of virement;
- (ii) prepares and submits reports on the Council's projected income and expenditure compared to budget on a regular basis;
- (iii) prepares and submits reports to Cabinet and Council, in consultation with the relevant Chief Officer, when a Chief Officer is unable to balance expenditure and income within their approved budget.

3.6.7 It is the responsibility of Chief Officers to:-

- (i) maintain budgetary control within their areas, in adherence to the principles outlined above, and to ensure that all income and expenditure is properly recorded and accounted for;

- (ii) ensure that an accountable budget manager is identified for each item of income and expenditure under the control of the Chief Officer. Budget responsibility should be aligned as closely as possible to the decision making which commits expenditure;
- (iii) ensure that spending remains within the service's overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast;
- (iv) ensure that an effective monitoring process is in place to review performance levels/levels of service in conjunction with the budget;
- (v) prepare and submit to the Cabinet, reports on the service's projected expenditure compared with its budget, in consultation with the Director of Resources;
- (vi) ensure compliance with the scheme of virement;
- (vii) agree with the relevant Chief Officer where it appears a budget proposal, including a virement proposal, may materially impact upon another service area or level of service activity;
- (viii) report to Cabinet and to Council, in consultation with the Director of Resources, when unable to balance expenditure and income within the approved budget.

3.7 Capital Programme

3.7.1 Capital expenditure is broadly defined as expenditure in excess of £10,000 which involves acquiring or adding to the value of assets (as opposed to merely maintaining the value). This includes land, buildings, major items of plant, equipment or vehicles and IT equipment. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

3.7.2 The key controls for the Capital Programme are:-

- (i) specific approval by the Council for the Capital Programme which is based on clearly defined prioritisation criteria;
- (ii) a scheme and estimate, including project plan, progress targets and associated revenue spend is prepared for each project;
- (iii) the reporting of the acceptance of tenders for individual schemes to the appropriate committee in accordance with Contract Procedure Rules;
- (iv) accountability for each proposal is devolved to, and accepted by a named manager;
- (v) the monitoring and reporting of progress in conjunction with expenditure and comparison with approved budget.

3.7.3 The Director of Resources is responsible for:

- (i) the production of the Council's Capital Programme;
- (ii) the development of corporate prioritisation methodologies to assist the Council in determining the Capital Programme within defined resource limitations;

3.7.4 The Head Of Universal & Infrastructure Services is responsible for the production of the Council Asset Management Plan, and the overall management and control of the Council's assets. This includes responsibility for the identification of, and sale of, surplus assets.

3.7.5 Chief Officers are responsible for:

- (i) the development, implementation and monitoring of the capital programme;
- (ii) ensuring that the Cabinet is advised of the financial implications of all proposals, and that these implications have been agreed by the Director of Resources;
- (iii) ensuring that all capital proposals have undergone a project appraisal being presented in the form of a business case showing how the project meets Council objectives, details of how it will be managed, including resource implications and the expected outcomes.

3.7.6 Cabinet Members may approve additional or replacement items relating to their Portfolio for the current year's Capital Programme. Where the amount of the estimate does not exceed £5,000,000 and does not increase the overall total of the Departmental Capital Programme. This will be in consultation with the relevant Chief Officer, the Director of Resources and Monitoring Officer.

3.8 Maintenance of Reserves

3.8.1 The Council determines the prudent level of general reserves it wishes to maintain having regard to risk levels before it can decide the level of Council Tax. Reserves enable the Council to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained, such as the purchase or renewal of capital items.

3.8.2 The key controls are:-

- (i) to maintain reserves in accordance with the relevant codes of practice on local Council accounting in the United Kingdom and agreed accounting policies;
- (ii) for each reserve established, the purpose, usage and basis of transactions should be clearly identified.

- 3.8.3 The Director of Resources is responsible for advising the Cabinet and/or the full Council on prudent levels of reserves for the Council.
- 3.8.4 The Director of Resources will ensure that reserves are reviewed at least annually to ensure that any reserves held are still appropriate.
- 3.8.5 Chief Officers will ensure that resources are only used for the purposes for which they were intended.

4 RISK MANAGEMENT AND CONTROL OF RESOURCES

4.1 Why is this important?

4.1.1 It is essential that robust, integrated systems are developed and maintained for identifying, evaluating and addressing all significant strategic and operational risks to the Council's objectives. This should include the proactive participation of all those associated with planning and delivering services.

4.2 Risk Management

4.2.1 All organisations face risks to people, property and continued operations. Risk is the chance of something happening that will have an impact on the Council's objectives. Risk management involves evaluating the measures an organisation already has in place to manage identified risks, and then recommending the action the organisation needs to take to control these risks effectively.

4.2.2 The key controls for risk management are that:

- (i) the Council has a clear Risk Management Strategy;
- (ii) procedures are in place to identify, assess, and respond to significant risks and these procedures are operating effectively throughout the Council;
- (iii) a monitoring process is in place to review regularly the effectiveness of risk management strategies and the operation of controls. The risk management process should be conducted on a continuing basis;
- (iv) managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management tools and techniques.

4.2.3 It is the responsibility of the Cabinet to approve the Council's Risk Management Policy and Strategy, and to promote a culture of risk management awareness throughout the Council.

4.2.4 There are two levels to the Risk Register:

Corporate - risks that impact on the Council's overall objectives either because of their frequency of occurrence or the significance of the impact.

Directorate / Departmental - risks that impact on the service objectives. There should be a movement of risks both upwards and downwards throughout the levels and treatment addressed at the most appropriate level of the Council.

4.2.5 The Director of Resources will:

- (i) with the Strategic Director of Transformation & Resources, in conjunction with Chief Officers, prepare and promote the Council's Risk Management Policy and ensure that the culture of risk management is embedded within the Council;
- (ii) effect corporate insurance cover, through external insurance and internal funding, and arrange for the management of claims in consultation with other officers where necessary.

4.2.6 Chief Officers are responsible for ensuring Risk Management is carried out at operational, tactical and strategic levels in accordance with the agreed guidance and procedures. Departmental strategic risk assessments will be carried out annually and form the basis of the Directorate element of the Council Risk Register. The Corporate Risk Register will be reported to the Strategic Leadership Team, Cabinet and the Audit and Risk Management Committee in accord with the corporate performance reporting cycle.

4.2.7 Directorate / departmental Risk Registers, and associated actions, will be monitored and reviewed on a regular basis as part of the performance management process. The Director of Resources should be informed of any Departmental or Service risks that are considered significant enough to escalate to the corporate level.

4.3 Insurance

4.3.1 The Director of Resources (Risk and Insurance Officer) maintains and administers the Council's insurances in accordance with the Risk Management Strategy. This includes authorising the settlement or repudiation of insurance claims and associated costs. Advice will be sought from the Council's appointed insurers and legal advisors.

4.3.2 Chief Officers must notify the Insurance and Risk Manager of:-

- (i) any insurance claims received;
- (ii) events which may result in an insurance claim against the Council;
- (iii) any new risks which require insurance or of alterations to existing insurances. This includes new projects, new ways of working and changes in legislation which require new ways of working;
- (iv) changes to the assets insured by the Council.

4.3.3 Chief Officers must ensure the retention of documents in accordance with the Council Document Retention Policy and co-operate with the Risk and Insurance Team in providing the correct documentation within the strict timescales of Civil Procedure Rules.

4.4 Internal Controls

- 4.4.1 As a large, complex organisation the Council requires internal controls to manage and monitor progress towards strategic objectives and to identify, meet and monitor compliance with statutory obligations.
- 4.4.2 The Council must, on an annual basis, produce an Annual Governance Statement. This Statement must provide a description of the system of internal control within the Council, a description of work undertaken to assess the effectiveness of the internal control framework and any significant internal control weaknesses.
- 4.4.3 The system of internal control is established in order to provide measurable achievement of:-
- (i) efficient and effective operations and governance;
 - (ii) reliable financial information and reporting;
 - (iii) compliance with laws and regulations;
 - (iv) risk management.
- 4.4.4 The key controls and control objectives for internal control systems are:
- (i) that they should be reviewed on a regular basis;
 - (ii) that the Council should make an annual declaration within its Annual Governance Statement that the systems of internal control are operating effectively. This Statement should be signed by the Leader of the Council and the Chief Executive and be supported by statements from Chief Officers;
 - (iii) that the Chief Internal Auditor should produce an evidence based annual internal audit opinion on the organisations control environment that supports the production of the Annual Governance Statement;
 - (iv) to promote ownership of the control environment by defining roles and responsibilities. Managerial control systems should include clearly defined policies, objectives, plans, arrangements for effective performance and financial management and arrangements to take appropriate anticipatory or remedial action with regard to these controls.
- 4.4.5 The Director of Resources is responsible for ensuring that an appropriate control environment and effective internal controls are in place, which provides reasonable assurance of effective and efficient operations, financial stewardship, probity and compliance with laws and regulations.
- 4.4.6 The Director of Resources is the designated statutory officer (as set out in Section 151 of the Local Government Act 1972) for the Council's financial affairs.
- 4.4.7 CIPFA advise that the Director of Resources:-

- (i) should be a key member of the Leadership Team, helping to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;
- (ii) must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and ensure alignment with the organisation's financial strategy; and
- (iii) must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

4.4.8 Chief Officers are responsible for:-

- (i) managing processes to check that established controls are being adhered to and to evaluate their effectiveness, in order to be confident in the proper use of resources, achievement of objectives and management of risks;
- (ii) reviewing existing controls in the light of changes affecting the Council and to establish and implement new ones in line with guidance from the Director of Resources and the Chief Internal Auditor. Chief Officers should also be responsible for removing controls that are unnecessary or not cost or risk effective, for example, because of duplication;
- (iii) ensuring officers have a clear understanding of the consequences of lack of control;
- (iv) signing an annual statement confirming (i) – (iii) that can be used to inform the Council's Annual Governance Statement.

4.5 Audit Requirements

4.5.1 Internal audit is an independent and objective appraisal and consulting activity established by the Council to add value and improve the organisations operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

4.5.2 The requirement for an internal audit function for local authorities is implied by Section 151 of the Local Government Act 1972, which requires that authorities 'make arrangements for the proper administration of their financial affairs'. The Accounts and Audit Regulations 2011, Regulation 6, more specifically require that a 'relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.

4.5.3 The key controls for internal audit are:

- (i) that it is independent in its planning and operation;
- (ii) the Chief Internal Auditor has direct access to the Chief Executive, all levels of management and directly to elected Members;
- (iii) internal auditors comply with the Public Sector Internal Auditing Standards and other recognised best practice as promoted by CIPFA, the CIIA and other professional bodies.

4.5.4 The Director of Resources is responsible for maintaining an independent continuous audit of the financial records, operations and systems of control in accordance with current best practice.

4.5.5 The Council is responsible for ensuring that auditors are provided with all necessary assistance and support to ensure that they meet the required standards:-

- (i) to enter any premises or land without prior notification to examine all records, documents, correspondence and management systems relating to any financial and other transactions of the Council, including documents of a confidential nature;
- (ii) to receive such explanations as deemed necessary in order to satisfy themselves on any matter under consideration;
- (iii) to require production of any information or items deemed necessary for the efficient and effective conduct of the audit;
- (iv) to require appropriate and timely action in response to any significant matters identified during an audit.

4.5.6 The Director of Resources is responsible for ensuring that there is effective liaison between external and internal audit.

4.5.7 The external and internal auditors have rights of access to all documents and information necessary for audit purposes with the auditor's rights set out in the Audit Commission Act 1998 and the Accounts and Audit Regulations 2011, respectively.

4.5.8 The external auditor's objectives are to review and report upon:

- (i) the financial aspects of the audited body's corporate governance arrangements;
- (ii) the audited body's financial statements;
- (iii) the adequacy of the audited body's arrangements for achieving economy, efficiency and effectiveness in its use of resources;
- (iv) the certification of grant claims on behalf of Central Government bodies in line with agreed arrangements;
- (v) the Whole of Government Accounts return;
- (vi) issues raised by members of the public where they relate to specific responsibilities set out in the Audit Commission Act

1998, including where appropriate the issuing of public interest reports, advisory notices or other reports.

- 4.5.9 The Local Audit Accountability Act 2014 identifies requirements for local public bodies for the appointment of external independent auditors and governance over all associated activities.
- 4.5.10 The Director of Resources has to ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets that the external auditors consider necessary for the purposes of their work.
- 4.5.11 Chief Officers are legally required to ensure that external auditors are given access to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work. They also 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.

4.6 Preventing Fraud and Corruption

- 4.6.1 The Council will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Council.
- 4.6.2 The Council's expectation of propriety and accountability is that Members and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 4.6.3 The Council also expects that individuals and organisations with whom it comes into contact will act towards the Council with integrity and without thought or actions involving fraud and corruption.
- 4.6.4 The key controls regarding the prevention of Fraud and Corruption are:-
- (i) acknowledgement of the threats of fraud and corruption and the harm they can cause to the Council, its aims and objectives and to its service users;
 - (ii) fraud risks are routinely considered as part of the Council's risk management arrangements;
 - (iii) A policy framework is in place which supports the implementation of the counter fraud strategy The framework includes:
 - Anti Fraud and Corruption Policy
 - Whistleblowing Policy
 - Anti-Money Laundering Policy
 - Anti-Bribery policy
 - Gifts and Hospitality Policy and Register
 - Pecuniary Interest Policy and Register

- Employee and Members Code of Conduct
 - Financial and Contract Procedure Rules
- (iv) fraud is prevented through the implementation of appropriate and robust controls and security measures;
 - (v) all employees are required to complete the online anti-fraud and corruption training;
 - (vi) counter fraud staff with appropriate skills are utilised and the Council grants unhindered access to its employees, information and other resources as required;
 - (vii) the Council makes effective use of national, local and sectoral initiatives to detect and prevent fraud, such as data matching and intelligence sharing;
 - (viii) the Council works in partnership with other organisations to assist in the investigation of fraud.

4.6.5 The Director of Resources has responsibility to develop and maintain relevant anti-fraud and corruption policies and monitor the effectiveness of internal control arrangements.

4.6.6. Chief Officers must ensure that all suspected irregularities and financial improprieties are reported to the Director of Resources.

4.7 Assets

4.7.1 The Council holds assets in the form of land, buildings, major items of plant, equipment, vehicles, IT equipment and other items worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations.

4.7.2 The key controls for the security of resources such as land, buildings, fixed plant machinery, equipment, software and information are:-

- (i) resources are used only for the purposes of the Council and are properly accounted for;
- (ii) resources are available for use when required;
- (iii) resources no longer required are disposed of in accordance with the law and the regulations of the Council so as to maximise benefits;
- (iv) an asset register is maintained for the Council, assets are recorded when they are acquired by the Council and this record is updated as changes occur with respect to the location and condition of the asset;
- (v) all officers are aware of their responsibilities with regard to safeguarding the security of the Council's computer systems, including maintaining restricted access to the information held on them and compliance with the Council's information security and internet security policies;

- (vi) assets for disposal are identified and are disposed of at the most appropriate time, and only when it is in the best interests of the Council, and best price is obtained.

4.7.3 The Director of Resources is responsible for:-

- (i) the production of the Council's Capital Programme and associated revenue budgets;
- (ii) the development of corporate prioritisation methodologies to assist the Council in determining the Capital Programme within defined resource limitations;
- (iii) ensuring that an asset register is maintained in accordance with accepted best current professional practice.

4.7.4 Property is a corporate resource, owned by the Council, and has to be managed proactively to support service delivery and improvement across all areas. The Head of Asset Management is the designated Corporate Property Officer and is responsible for:

- (i) the production of the Asset Management Plan;
- (ii) the overall management and control of the Council's assets;
- (iii) ensuring that an appropriate register is maintained of all land and buildings owned by the Council to ensure that they are;
 - (a) safeguarded;
 - (b) used efficiently and effectively;
 - (c) adequately maintained;
- (iv) the valuation of all land and buildings owned by the Council on a rolling programme at appropriate intervals. This should be carried out in accordance with the relevant codes of practice for local Council accounting, and best professional practice.

4.7.5 Chief Officers must maintain a property database in a form approved by the Director of Resources and Head of Asset Management for all properties, plant and machinery and moveable assets currently owned or used by the Council. Any use of property by a department or establishment other than for direct service delivery should have the appropriate approval and be supported by documentation identifying terms, responsibilities and duration of use.

4.7.6 Chief Officers have a responsibility to:

- (i) ensure that lessees and other prospective occupiers of Council land are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Chief Officer in consultation with the Director of Resources, has been established as appropriate;
- (ii) ensure the proper security of all buildings and other assets under their control;
- (iii) identify land or buildings which are surplus to requirements;
- (iv) pass title deeds to the Head of Legal and Member Services;

- (v) ensure that no Council asset is subject to personal use by an employee without written permission from the Chief officer;
- (vi) ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Council;
- (vii) ensure that the Department maintains a register of moveable assets in accordance with arrangements defined by the Director of Resources;
- (viii) ensure that assets are identified, their location recorded and that they are appropriately marked and insured;
- (ix) consult the Director of Resources in any case where security is thought to be defective or where it is considered that special security arrangements may be needed;
- (x) ensure cash holdings on premises are kept to a minimum;
- (xi) ensure that keys to safes and similar receptacles are carried on the person of those responsible at all times; loss of any such keys must be reported to the Director of Resources as soon as possible;
- (xii) arrange for the valuation of assets for accounting purposes to meet requirements specified by the Director of Resources;
- (xiii) ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records. Information may be sensitive or privileged, or may possess some intrinsic value, and its disclosure or loss could result in a cost to the Council in some way.

4.7.7 Chief Officers are responsible for ensuring that the procedures in respect of assets are followed. It is imperative to:-

- (i) maintain inventories and record an adequate description of furniture, fittings, equipment, plant and machinery;
- (ii) carry out an annual check of all items on the inventory in order to verify location, review their condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. Attractive and portable items such as computers and cameras should be identified with security markings as belonging to the Council;
- (iii) make sure that property is only used in the course of the Council's business, unless the Chief Officer concerned has given written permission otherwise;
- (iv) notify the Head of Procurement of all surplus items and dispose of them in accordance with guidance from the Director of Resources.

4.7.8 Chief Officers are responsible for making appropriate arrangements for the care and custody of stocks and stores in their department. This should include the keeping of adequate records and regular physical checks.

- 4.7.9 Chief Officers are responsible for establishing controls to ensure that officers do not carry out private work in Council time and that officers are aware of an employer's rights with regard to intellectual property.
- 4.7.10 The detailed procedures for the disposal of land and property are contained within the Council's Standing Orders and Contract Procedure Rules and should be adhered to.
- 4.7.11 The Cabinet Member for Resources (Finance, Assets and Technology) under the scheme of delegation has authority to:
- (i) agree the disposal of surplus land, buildings and other assets up to the value of £2,500,001;
 - (ii) to agree the purchase or lease of land buildings and other assets up to a value of £1,250,000;
 - (iii) the removal of restrictive covenants on land, in consultation with the Head of Universal and Infrastructure Services (or nominee) where the increase in land value as a result is less than £250,000.

4.8 Treasury Management

- 4.8.1 The Council has adopted the CIPFA Code Of Practice For Treasury Management in Local Authorities (the Code). Council approves the Treasury Management Strategy each year at, or before, the start of each financial year.
- 4.8.2 Accordingly, the Council will create and maintain the following, to ensure effective treasury management:
- (i) a Treasury Management Policy statement, stating the principles and objectives of its treasury management activities;
 - (ii) suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve this Policy, and prescribing how it will manage and control those activities. The content of the Policy statement and TMPs follows the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council and will not result in materially deviating from the Code.
- 4.8.3. The Council (via Cabinet) will receive reports on its treasury management policies, practices and activities. As a minimum this reporting will be an annual Strategy in advance of the year and an annual report after its close.
- 4.8.4 Responsibility for the implementation and monitoring of treasury management policies and practices is delegated to the Cabinet, and for the execution and administration of treasury management decisions to the Director of Resources. He / she must act in accordance with the Council's policy statement and TMPs and current best professional practice.

4.8.5 Other controls are:-

- (i) no bank account can be opened or operated without the express consent of the Director of Resources;
- (ii) no loans may be made to, or interests acquired in third parties without the approval of the Director of Resources;
- (iii) no income received on behalf of the Council may be paid into an imprest account or used to defray expenditure.

4.8.6 The Director of Resources is responsible for:-

- (i) arranging the borrowing and investments of the Council in accordance with the CIPFA 'Code of Practice on Treasury Management' and with the Council's Treasury Management Policy Statement and Strategy;
- (ii) reporting on treasury management activities to the Cabinet and Council at least twice each financial year;
- (iii) opening and operating all bank accounts in the name of Wirral Council, as he / she considers necessary and for the ordering and issuing of cheques. This includes variations in the Council's banking terms and overdraft arrangements. All cheques drawn on behalf of the Council may only be signed by the Director of Resources or specifically approved officers. Such officers are responsible for the safe and proper custody of cheques;
- (iv) Arranging cash or imprest accounts to meet petty cash payments.

4.8.7 Any indemnity required by the Council's bankers regarding the signature of cheques by a computer or where the services of a security firm are used for the deposit or receipt of cash at the bank may only be given by the Director of Resources or other duly authorised officer.

4.8.8 It is the responsibility of Chief Officers to:-

- (i) ensure that loans are not made to, or interests acquired in third parties without the approval of the Council following consultation with the Director of Resources;
- (ii) follow instructions on banking issued by the Director of Resources;
- (iii) operate imprest accounts in accordance with the Director of Resources instruction;
- (iv) arrange for all trust funds to be held, wherever possible, in the name of the Council. All Officers acting as trustees by virtue of their official position shall deposit securities, etc., relating to the trust with the Director of Resources, unless the deed otherwise provides;
- (v) arrange, where funds are held on behalf of third parties, for their secure administration, approved by the Director of Resources and Cabinet, and to maintain written records of all transactions;

- (vi) ensure that trust funds are operated within any relevant legislation and specific requirements for each trust.

5 FINANCIAL SYSTEMS AND PROCEDURES

5.1 Why is this important?

5.1.1 Directorates have many systems and procedures relating to the control of the Council's assets, including purchasing, costing and management systems. The information must therefore be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

5.1.2 The Director of Resources has a professional responsibility to ensure that the Council's financial systems are sound and must be notified, in advance, of any new developments or changes

5.1.3 The key controls for systems and procedures are:

- (i) basic data exists to enable the Council's objectives, targets, budgets and plans to be formulated, and for performance information to be communicated to the appropriate managers on an accurate, complete and timely basis;
- (ii) early warning is provided of deviations from target, plans and budgets that require management attention;
- (iii) operating systems and procedures are secure;
- (iv) data is backed up on a regular basis.

5.1.4 The Director of Resources has responsibility to determine the Council's accounting systems, forms of accounts and supporting records, and to ensure that financial systems are robust. This includes issuing advice, guidance and procedures for officers and others acting on the Council's behalf.

5.1.5 Chief Officers must ensure that:-

- (i) accounting records are properly maintained and are secure;
- (ii) all financial transactions have audit trails, which allow tracing from accounting records to original documents;
- (iii) Arrangements are made for the documentation of systems and relevant officers training and to ensure that effective contingency arrangements exist for computer systems within their scope of activity.

5.2 Income

5.2.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly. It is preferable to obtain income in advance of supplying goods or services as this improves the Council's cash flow and also avoids the time and cost of administering debts.

5.2.2 The key controls for income are:

- (i) all income due to the Council is identified and charged correctly, in accordance with an approved charging policy;
- (ii) all income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery;
- (iii) all money received by the Council is paid without delay to the Council's bank account, and is properly recorded;
- (iv) proper separation of duties exists between cash collection, identifying the amount due, and for reconciling the amount due to the amount received;
- (v) effective action is taken to pursue non-payment within defined timescales and in accordance with the scheme of delegation;
- (vi) formal approval for debt write-off is obtained and actioned within defined timescales;
- (vii) all appropriate income documents are retained and stored for the defined period in accordance with guidance issued by the Director of Resources;
- (viii) money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

5.2.3 The Director of Resources is responsible for:-

- (i) approving all systems relating to the collection of income on behalf of the Council;
- (ii) establishing and initiating appropriate recovery procedures, including legal action, for debts that have not been paid within the normal timescales;
- (iii) agreeing the write-off of bad debts up to an approved limit or refer larger amounts for write-off to Cabinet.

5.2.4 Chief Officers are responsible for establishing a charging policy for the supply of goods and services, and, in consultation with the Director of Resources, for reviewing annually the levels of fees and charges relating to services under their control.

5.2.5 Chief Officers are responsible for identifying and billing for income relating to their service areas. In particular they must ensure that the responsibility for identifying amounts due and the responsibility for collection is separated as far as possible.

5.2.6 Under the scheme of delegation Chief Officers may write-off irrecoverable debts up to £1,000 with the agreement of the Section 151 officer.

5.3 Expenditure

5.3.1 In terms of expenditure public money should be spent with demonstrable probity and in accordance with the Council's policies. The Council's procedures should help to ensure that services obtain value for money from their procurement arrangements. These procedures should be read in conjunction with the Council's Contract Procedure Rules.

5.3.2 The key controls for ordering and paying for work, goods and services are:-

- (i) all goods and services are ordered only by approved individuals and are correctly recorded;
- (ii) all goods and services shall be ordered in accordance with the Council's Contract Procedure Rules;
- (iii) goods and services received are checked to ensure they are in accordance with the purchase order. Goods should not be received by the person who placed the purchase order;
- (iv) payments are not made unless goods have been received to the correct price, quantity and quality standards;
- (v) payments are made to the correct person/supplier, for the correct amount and are properly recorded, regardless of the payment method;
- (vi) appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with guidance issued by the Director of Resources;
- (vii) expenditure is accurately recorded against the approved budget;
- (viii) no expenditure should be incurred where there is no approved budget.

5.3.3 The Director of Resources must approve all the systems relating to the making of payments on behalf of the Council.

5.3.4 The Director of Resources may examine, so far as he/she considers necessary, all accounts passed to him/her for payment and is entitled to receive any information and explanations as he/she may require. The Director of Resources will pay all accounts which he/she is satisfied represent legal payments and are in order.

5.3.5 Chief Officers are responsible for ensuring that all goods and services are properly ordered, received and paid for. In particular they must ensure that:

- (i) goods have been ordered against an appropriate, approved budget;
- (ii) proper segregation of duties is maintained over the ordering, receiving and payment process.

5.3.6 Chief Officers are responsible for ensuring that invoices are processed in sufficient time to enable payment to be made to the supplier within the agreed payment period.

5.4 Payments to Employees and Members

5.4.1 Staff costs are the largest item of expenditure for most local Council services. It is therefore important that payments are accurate, timely, made only where they are due for services to the Council and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are authorised in accordance with the scheme adopted by the Council.

5.4.2 The key controls for payments to employees and Members are:-

- (i) proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to: starters, leavers, variations and enhancements, and that payments are made on the basis of timesheets or claims;
- (ii) frequent reconciliation of payroll expenditure against approved budgets and bank accounts;
- (iii) all appropriate payroll documents are retained and stored for the defined period, in accordance with guidance issued by the Director of Resources;
- (iv) all expenditure is accurately recorded against the correct accounts codes, and any errors identified and corrected;
- (v) that HM Revenue and Customs regulations are complied with.

5.4.3 The responsibilities of the Director of Resources are to:-

- (i) arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees, in accordance with procedures prescribed by him or her, on the due date;
- (ii) record and make arrangements for the accurate and timely payment of tax, national insurance, superannuation and other deductions;
- (iii) make arrangements for payment of all travel and subsistence claims;
- (iv) make arrangements for paying Members' allowances, travel, and subsistence upon receiving the prescribed form, duly completed and authorised by the Head of Legal and Member Services.

5.4.4 The Head of Human Resources with the Director of Resources is responsible for approving the format of timesheets or other pay documents and the associated procedures.

- 5.4.5 The Chief Officers shall provide the Director of Resources with all information necessary to maintain records of service, pensions, income tax, National Insurance, statutory sick pay, etc.
- 5.4.6 Chief Officers have responsibility to ensure that all requests to pay employees are:-
- (i) in respect of employees within authorised establishments or approved redeployments or in respect of temporary or casual employees engaged for periods of sickness or emergency;
 - ii) at salary and wage rates in accordance with nationally negotiated rates except where otherwise approved.
- 5.4.7 Chief Officers are responsible for notifying the Head Of Human Resources of all appointments, promotions, regradings, resignations, redundancies, dismissals, retirements, suspensions, secondments and absences from duty or any other circumstances affecting the salaries, wages or emoluments of any employee in the Council. The Head Of Human Resources must be consulted on matters relating to the application of salaries and wages scales.

5.5 Taxation

- 5.5.1 The Council is responsible for ensuring its tax affairs are in order. Tax issues are complex and the penalties for incorrectly accounting for tax can be severe. It is therefore very important for all officers to be aware of their role and the current legislation and best practice relating to taxation.
- 5.5.2 The key controls for taxation are:-
- (i) budget managers are provided with relevant information and kept up to date on tax issues;
 - (ii) budget managers are instructed on required record keeping;
 - (iii) all taxable transactions are identified, properly carried out and accounted for within stipulated timescales;
 - (iv) records are maintained in accordance with instructions;
 - (v) returns are made to the appropriate authorities within the stipulated timescale.
- 5.5.3 It is the responsibility of the Director of Resources to:-
- (i) maintain up to date guidance for employees on taxation issues;
 - (ii) complete all HM Revenue and Customs returns regarding PAYE, and for providing details to the Inland Revenue regarding the Construction Industry Scheme;
 - (iii) complete the required returns of VAT inputs and outputs to H.M. Revenue and Customs.
- 5.5.4 It is the responsibility of Chief Officers to:-

- (i) ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with H.M. Revenues and Customs regulations;
- (ii) ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Scheme requirements;
- (iii) ensure that all persons employed by the Council are added to the Council's payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency;
- (iv) follow the guidance on taxation issued by the Director of Resources;
- (v) seek advice from the Director of Resources (where appropriate) on tax matters allowing time for efficient tax planning and the minimisation of any tax liabilities.

5.6 Trading Accounts and Business Units

5.6.1 Trading accounts and business units have become more important as local authorities have developed a more commercial culture. Under accounting practice authorities are required to keep trading accounts for services provided on a basis other than straightforward recharge of cost.

5.6.2 The Director of Resources is responsible for the provision of advice on the establishment and operation of trading accounts and business units.

5.6.3 It is the responsibility of Chief Officers to:

- (i) observe all statutory requirements in relation to business units, including the maintenance of a separate revenue account to which all relevant income is credited and all relevant expenditure, including overhead costs, is charged;
- (ii) ensure the same accounting principles are applied in relation to trading accounts as for other services or business units;
- (iii) ensure each business unit prepares an annual business plan.

5.7 Voluntary and Unofficial Funds

5.7.1 The term 'voluntary' or 'unofficial' fund refers to any fund, other than an official fund of the Council, which is controlled wholly or partly by an officer or teacher employed by the Council, or by the managers or governors of a school maintained by the Council.

5.7.2 The Director of Resources has to determine the accounting requirements under which unofficial and voluntary funds shall be held and operated. These shall include a provision for such funds or investments to be held in the names of at least two people. The

Director of Resources should determine the audit arrangements for these accounts in consultation with the Chief Officer concerned.

- 5.7.3 Chief Officers must provide the Director of Resources with details of all voluntary or unofficial funds at schools or other establishments. This does not apply to funds which managers or governors of schools are entitled to control.
- 5.7.4 Fund Managers must ensure the accounts of voluntary and unofficial funds are made up annually, if possible by people not directly involved in administering the fund. These accounts shall be published on the notice board of the establishment or school and included in a report to the managers or governors, where appropriate. The appropriate Chief Officer should be informed that the accounts have been audited and published.

5.8 Merseyside Pension Fund

- 5.8.1 The Council is the administering authority of the Merseyside Pension Fund. These Financial Regulations (and Contract Procedure Rules) apply to the arrangements for that Fund.

6 EXTERNAL ARRANGEMENTS

6.1 Why is it important?

6.1.1 Partnerships are arrangements with other organisations (public or private) to carry out duties with, or on behalf of, the Council including the delivery and funding of services. They are becoming increasingly common with a range of different options available to help improve the delivery of services.

6.2 Partnerships

6.2.1 The main reasons for entering into a partnership are:-

- (i) the desire to find new ways to share risk;
- (ii) the ability to access new resources;
- (iii) to provide new and better ways of delivering services;
- (iv) to forge new relationships.

6.2.2 Partnerships are playing an increasingly key role in delivering community strategies and in helping to promote and improve the well-being of the area. Local authorities are working in partnership with others – public agencies, private companies, community groups and voluntary organisations. Local authorities still deliver some services, but their distinctive leadership role is to bring together the contributions of the various stakeholders. They therefore need to deliver a shared vision of services based on user wishes.

6.2.3 The Council often takes a key financial management role by agreeing to act as the Accountable Body for externally funded projects. By so doing the Council will champion the needs of their areas and harness the energies of local people and community organisations.

6.2.4 The key controls are:

- (i) the nature of the partnership must be clearly stated in a partnership agreement and must include formal agreement and acceptance of each partner's roles and responsibilities. The Head of Legal And Member Services must be consulted when drawing up any such agreement;
- (ii) the partnership agreement must be subject to a risk management process to establish and manage all known risks;
- (iii) standards of financial administration must be consistent with those operated by the Council. This may mean that Financial Regulations and tendering/contract procedures need to be shared with partner organisations;
- (iv) a performance monitoring framework must be established to ensure that the objectives of the partnership are met;
- (v) a formal reporting procedure must be established to inform the Council of the financial and performance position;

- (vi) access protocols to records and documents must be established to ensure effective audit and inspection processes.

6.2.5 The responsibilities of the Director of Resources are:-

- (i) to ensure that accounting arrangements are satisfactory and meet all requirements of the funding agencies;
- (ii) to advise Council partners of their responsibilities under the Council's financial regulations;
- (iii) to advise on the key elements of funding a project;
- (iv) where the Council is the Accountable Body for an externally funded project, to ensure that all financial management arrangements take full account of the Council's responsibilities, and are approved by the Cabinet.

6.2.6 The responsibilities of Chief Officers are to:-

- (i) maintain a register of all arrangements entered into with external organisations after prior consultation with the Director of Resources;
- (ii) ensure that all partnership agreements are properly documented, do not impact adversely upon the services provided by the Council and that a risk appraisal has been undertaken, in conjunction with the Director of Resources, prior to entering such agreements;
- (iii) ensure compliance with the Council's Financial Regulations, Contract Procedure Rules and the specific requirements of external bodies where the Council acts as the Accountable Body for any scheme, project or programme.

6.3 External Funding

6.3.1 External funding can come from a variety of sources including Central Government Departments, European Union, National Lottery, Private Sector Companies and individuals. The funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Council. As the Council works with other agencies and private service providers such funds enable the Council to deliver services to the local community. However, in some instances, this funding is linked to tight specifications and time limits which may not be flexible enough to link to the Council objectives.

6.3.2 The key controls for external funding are:-

- (i) to ensure the conditions of funding and statutory requirements are followed and that the Council responsibilities as the Accountable Body are understood;
- (ii) to ensure funds acquired meet the priorities approved in the corporate plan by the full Council;

- (iii) to ensure any match-funding requirements are given due consideration prior to entering into the agreements and that they are reflected in future revenue budgets;
- (iv) to ensure there is a realistic exit strategy for time limited projects when the external funding ceases.

6.3.3 The responsibilities of the Director of Resources are:-

- (i) to ensure that all funding notified by external bodies is received and properly recorded in the Council's accounts;
- (ii) to ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements;
- (iii) to ensure that time limited projects have a realistic exit strategy;
- (iv) to ensure that any external audit requirements are met;
- (v) where he or she is specifically responsible for submitting grant claims, to ensure that all claims for funds are made by the due date.

6.3.4. Chief Officers must ensure that:-

- (i) adequate supporting documentation is maintained to enable claims for funding to be maximised, in consultation with the Director of Resources;
- (ii) all claims for funds and returns are made by the due date;
- (iii) all expenditure is properly incurred, authorised and recorded and that the project progress is appropriately recorded.

6.3.5 Cabinet members under the scheme of delegation may approve and authorise the submission of grant funding (or other resource) applications relating to their Portfolio on behalf of the Council and determine grant applications.

6.4 Work for Third Parties

6.4.1 Current legislation enables the Council to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is within the Council's legal powers.

6.4.2 The key controls for working with third parties are:-

- (i) to ensure that proposals are costed properly in accordance with guidance provided by the Director of Resources;
- (ii) to ensure that contracts are drawn up using guidance provided by the Director of Resources and that the formal approvals process is adhered to;
- (iii) to issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

6.4.3 The Director of Resources will issue guidance on the financial aspects of third party contracts.

6.4.4 Chief Officers must:-

- (i) ensure that such contracts do not impact adversely upon the services provided for the Council;
- (ii) ensure that the department/unit has the appropriate expertise to undertake the contract;
- (iii) ensure that no contract is subsidised by the Council;
- (iv) that appropriate insurance arrangements are made;
- (v) ensure that the Council is not put at risk from any bad debts;
- (vi) ensure that the approval of the Cabinet is obtained before negotiations are concluded to work for third parties;
- (vii) to ensure that all contracts are properly documented;
- (viii) to provide appropriate information to the Director of Resources to enable compliance with best accounting practice;
- (ix) ensure that, wherever possible, payment is received in advance of the delivery of the service;
- (x) maintain a register of all contracts entered into with third parties in accordance with the procedures laid down by the Director of Resources.

Audit and Risk Management Committee Update for Wirral Council

Year ended March 2016

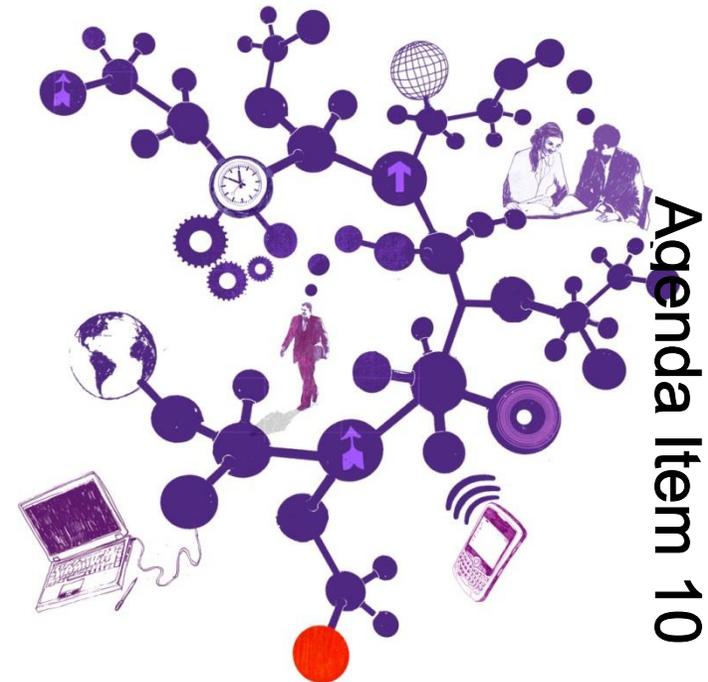
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- Making devolution work: A practical guide for local leaders
- Spreading their wings: Building a successful local authority trading company
- Easing the burden, our report on the impact of welfare reform on local government and social housing organisations
- All aboard? our local government governance review 2015

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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Progress at November 2015

Work	Planned date	Complete?	Comments
<p>2015-16 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2015-16 financial statements.</p>	March 2016	On track	We will bring the audit plan to the accounts and audit committee following completion of our interim visit.
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the Council's control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	January to March 2016	On track	We are liaising with senior finance staff to plan our interim fieldwork visit.
<p>2015-16 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2015-16 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. 	July to August 2016	On track	We will report the proposed opinion, value for money conclusion and findings from our final accounts audit to the Audit and Risk Management Committee.

Progress at November 2015

Work	Planned date	Complete?	Comments
<p>Value for Money (VfM) conclusion</p> <p>The requirements for work on our value for money conclusion are still being finalised following a consultation exercise by the National Audit office who are now responsible for the Audit Code. We expect this to be available during November and will incorporate this into our audit plan. .</p> <p>The consultation document proposes that auditors consider whether a body has proper arrangements to secure economy, efficiency and effectiveness in its use of resources with reference to the following criteria:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties. 	By August 2016	On track	We will discuss the finalised requirements with your officers once issued.
<p>Other areas of work</p> <p>We are currently completing our work on your housing benefit subsidy claim. We will complete this work to ensure submission to the Department for Work and Pensions ahead of the November deadline.</p>	November 2015	On track	
<p>Other activity undertaken</p> <p>We have invited officers to a workshop on the impact of the Accounts and Audit Regulations 2015. These regulations came into force in April and require local government bodies to prepare their 2017/18 statement of accounts by 31 May 2018, and audited by 31 July 2018. The purpose of the workshop is to discuss what preparations can be made now and in the run up to 2018.</p>	December 2015	n/a	

Making devolution work: A practical guide for local leaders

Grant Thornton market insight

Our latest report on English devolution is intended as a practical guide for areas and partnerships making a case for devolved powers or budgets.

The recent round of devolution proposals has generated a huge amount of interest and discussion and much progress has been made in a short period of time. However, it is very unlikely that all proposals will be accepted and we believe that this the start of an iterative process extending across the current Parliament and potentially beyond.

With our research partner, Localis, we have spent recent months speaking to senior figures across local and central government to get 'under the bonnet' of devolution negotiations and understand best practice from both local and national perspectives. We have also directly supported the development of devolution proposals. In our view there are some clear lessons to learn about how local leaders can pitch successfully in the future.

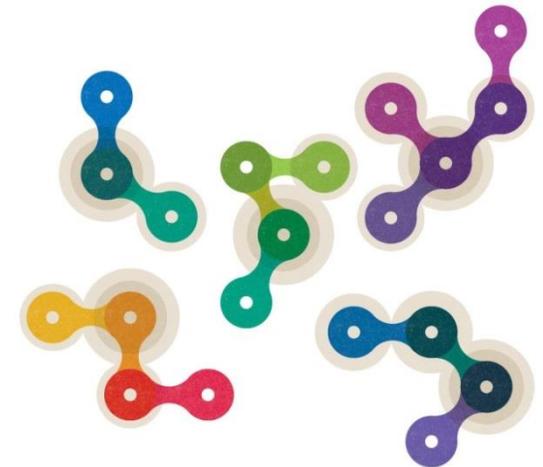
In particular, our report seeks to help local leaders think through the fundamental questions involved:

- what can we do differently and better?
- what precise powers are needed and what economic geography will be most effective?
- what governance do we need to give confidence to central government

The report 'Making devolution work: A practical guide for local leaders' can be downloaded from our website:

<http://www.grantthornton.co.uk/en/insights/making-devolution-work/>

Hard copies of our report are available from your Engagement Lead and Audit Manager

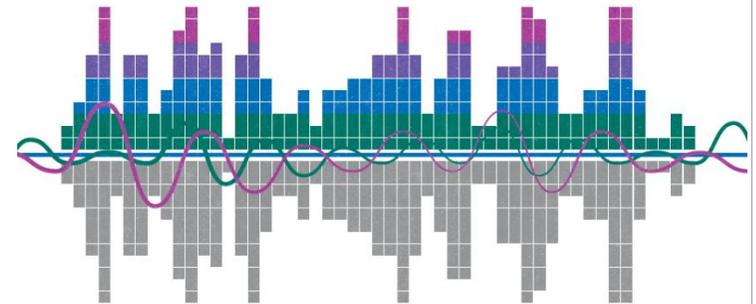


Turning up the volume: The Business Location Index

Grant Thornton market insight

Inward investment is a major component of delivering growth, helping to drive GDP, foster innovation, enhance productivity and create jobs, yet the amount of inward investment across England is starkly unequal.

The Business Location Index has been created to help local authorities, local enterprise partnerships, central government departments and other stakeholders understand more about, and ultimately redress, this imbalance. It will also contribute to the decision-making of foreign owners and investors and firms looking to relocate.



Based on in-depth research and consultation to identify the key factors that influence business location decisions around economic performance, access to people and skills and the environmental/infrastructure characteristics of an area, the Business Location Index ranks the overall quality of an area as a business location. Alongside this we have also undertaken an analysis of the costs of operating a business from each location. Together this analysis provides an interesting insight to the varied geography that exists across England, raising a number of significant implications for national and local policy makers.

At the more local level, the index helps local authorities and local enterprise partnerships better understand their strengths and assets as business locations. Armed with this analysis, they will be better equipped to turn up the volume on their inward investment strategy, promote their places and inform their devolution discussions.

The report 'Turning up the volume: The Business Location Index' can be downloaded from our website:

<http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2015/business-location-index-turning-up-the-volume.pdf>

Hard copies of our report are available from your Engagement Lead and Audit Manager

Knowing the Ropes – Audit Committee Effectiveness Review

Grant Thornton

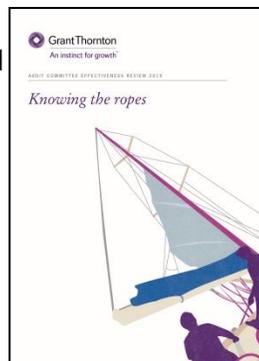
This is our first cross-sector review of audit committee effectiveness encompassing the corporate, not for profit and public sectors. It provides insight into the ways in which audit committees can create an effective role within an organisation's governance structure and understand how they are perceived more widely. It is available at <http://www.grantthornton.co.uk/en/insights/knowning-the-ropes--audit-committee-effectiveness-review-2015/>

The report is structured around four key issues:

- What is the status of the audit committee within the organisation?
- How should the audit committee be organised and operated?
- What skills and qualities are required in the audit committee members?
- How should the effectiveness of the audit committee be evaluated?

It raises key questions that audit committees, board members and senior management should ask themselves to challenge the effectiveness of their audit committee.

Our key messages are summarised opposite.



Supporting members in governance

Grant Thornton and the Centre for Public Scrutiny

We have teamed up with the Centre for Public Scrutiny to produce a member training programme on governance. Elected members are at the forefront of an era of unprecedented change, both within their own authority and increasingly as part of a wider local public sector agenda. The rising challenge of funding reductions, the increase of alternative delivery models, wider collaboration with other organisations and new devolution arrangements mean that there is a dramatic increase in the complexity of the governance landscape.

Members at local authorities – whether long-serving or newly elected – need the necessary support to develop their knowledge so that they achieve the right balance in their dual role of providing good governance while reflecting the needs and concerns of constituents.

To create an effective and on-going learning environment, our development programme is based around workshops and on-going coaching. The exact format and content is developed with you, by drawing from three broad modules to provide an affordable solution that matches the culture and the specific development requirements of your members.

- Module 1 – supporting members to meet future challenges
- Module 2 – supporting members in governance roles
- Module 3 – supporting leaders, committee chairs and portfolio holders

The development programme can begin with a baseline needs assessment, or be built on your own understanding of the situation.

Further details are available from your Engagement Lead and Audit Manager



George Osborne sets out plans for local government to gain new powers and retain local taxes

Local government issues

The Chancellor unveiled the "devolution revolution" on 5 October involving major plans to devolve new powers from Whitehall to Local Government. Local Government will now be able to retain 100 per cent of local taxes and business rates to spend on local government services; the first time since 1990. This will bring about the abolition of uniform business rates, leaving local authorities with the power to cut business rates in order to boost enterprise and economic activity within their areas. However, revenue support grants will begin to be phased out and so local authorities will have to take on additional responsibility. Elected Mayors, with the support of local business leaders in their LEPs, will have the ability to add a premium to business rates in order to fund infrastructure, however this will be capped at 2 per cent.

There has been a mixed reaction to this announcement. Some commentators believe that this will be disastrous for authorities which are too small to be self-sufficient. For these authorities, the devolution of powers and loss of government grants will make them worse off. It has also been argued that full devolution will potentially drive up council's debt as they look to borrow more to invest in business development, and that this will fragment the creditworthiness of local government.

Challenge question

Have members considered the Chancellor's "devolution revolution" announcement and its likely impact on the Council?

Councils must deliver local plans for new homes by 2017

Local government issues

The Prime Minister announced on 12 October that all local authorities must have plans for the development of new homes in their area by 2017, otherwise central government will ensure that plans are produced for them. This will help achieve government's ambition of 1 million more new homes by 2020, as part of the newly announced Housing and Planning Bill.

The government has also announced a new £10 million Starter Homes fund, which all local authorities will be able to bid for. The Right to Buy Scheme has been extended with a new agreement with Housing Associations and the National Housing Federation. The new agreement will allow a further 1.3 million families the right to buy, whilst at the same time delivering thousands of new affordable homes across the country. The proposal will increase home ownership and boost the overall housing supply. Housing Association tenants will have the right to buy the property at a discounted rate and the government will compensate the Housing Associate for their loss.

Challenge question

Have members been briefed on the government's new homes announcements and their likely impact on the Council?

Improving efficiency of council tax collection

Local government issues

DCLG have published "Improving Efficiency for Council Tax Collection", calling for consultation on the proposals to facilitate improvements in the collection and enforcement processes in business rates and council tax. The consultation is aimed specifically at local authorities, as well as other government departments, businesses and any other interested parties. The consultation document states that council tax collection rates in 2014-15 are generally high (at 97 per cent), however the government wishes to explore further tools for use by local authorities and therefore seeks consultation from local authorities on DCLG's proposals. The consultation closes on 18 November.

The Government proposes to extend the data-sharing gateway which currently exists between HMRC and local authorities. Where a liability order has been obtained, the council taxpayer will have 14 days to voluntarily share employment information with the council to enable the council to make an attachment to earnings. If this does not happen, the Government proposes to allow HMRC to share employment information with councils. This would help to avoid further court action, would provide quicker access to reliable information, and would not impose any additional costs on the debtor. The principle of this data-sharing is already well-established for council taxpayers covered by the Local Council Tax Support scheme, and it would make the powers applying to all council tax debtors consistent. Based on the results of the Manchester/HMRC pilot, Manchester estimate that £2.5m of debt could potentially be recouped in their area alone.

Challenge question

Are members aware of the government's council tax collection consultation and the Council's response to it?

Code of Audit Practice

National Audit Office

Under the Local Audit and Accountability Act 2014 the National Audit Office are responsible for setting the Code of Audit Practice which prescribes how local auditors undertake their functions for public bodies, including local authorities.

The NAO have published the Code of Audit Practice which applies for the audit of the 2015/16 financial year onwards. This is available at <http://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2015/03/Final-Code-of-Audit-Practice.pdf>

The Code is principles based and will continue to require auditors to issue:

- Opinion on the financial statements
- Opinion on other matters
- Opinion on whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the "VFM conclusion".)

The NAO plan to supplement the new Code with detailed auditor guidance in specific areas. The published draft audit guidance for consultation on the auditor's work on value for money arrangements in August 2015, which is due to be finalised in November 2015. The draft guidance includes the following.

- Definition of the nature of the opinion to be given – i.e. a "reasonable assurance" opinion as defined by ISAE 300 (revised)
- Definitions of what could constitute "proper arrangements" for securing economy, efficiency and effectiveness in the use of resources
- Guidance on the approach to be followed by auditors in relation to risk assessment, with auditors only required to carry out detailed work in areas where significant risks have been identified
- Evaluation criteria to be applied
- Reporting requirements.

Grant Thornton submitted a response to the consultation which closed on 30 September 2015.

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The Annual Audit Letter for Wirral Council

Year ended 31 March 2015

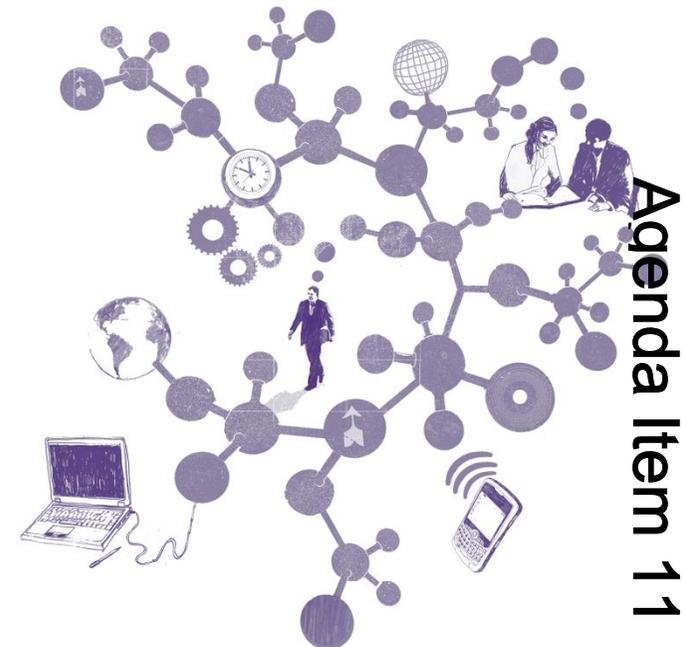
October 2015

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Agenda Item 11

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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Wirral Council ('the Council') for the year ended 31 March 2015.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued in March 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and Public Sector Audit Appointments Limited.

Financial statements audit (including audit opinion)

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We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 28 September 2015 to the Audit and Risk Management Committee. The key messages reported were:

- the draft financial statements were amended to include a third balance sheet to properly reflect the prior period adjustment in relation to the recognition of schools. This was a presentational change and our audit did not identify any material issues affecting the Council's reported financial position
- the draft accounts were prepared to a good standard and supported by appropriate working papers
- we identified a small number of material presentational errors and officers amended the draft statements
- a number of adjustments were agreed to ensure compliance with accounting practices and to improve the presentation of the financial statements.

We issued an unqualified opinion on the Council's 2014/15 financial statements on 29 September 2015, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

Looking forward

The Council will continue to face a number of challenges in 2015/16 and beyond and include:

- Ensuring that appropriate plans are in place to value transport infrastructure assets in accordance with the Code of Practice on Transport Infrastructure Assets from 2016/17 onwards. This requirement is likely to result in significant changes to local authority financial statements with estimates of the cumulative impact nationally ranging from £200bn - £400bn. To help the Council meet the implementation date it is important that we have continued effective discussions and we will assess the plans put in place to address the matters arising from this implementation..
- Meeting the significant challenges brought about by the requirement to bring forward the accounts publication date from 30 September to 31 July for the 2017-18 accounts and onwards. Moving the timetable forward by two months will require a detailed review of the final accounts closedown process and we will work with the Council to agree a suitable timetable and help identify key actions to help achieve the required outcome.

Key messages continued

Value for Money (VfM) conclusion (continued)

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We issued an unqualified VfM conclusion for 2014/15 on 29 September 2015.

Our review recognised that the Council has made real progress in establishing effective arrangements to secure financial resilience and has achieved good financial performance despite the considerable financial pressures facing local government. The Council successfully delivered its planned budget in 2014/15 and Members and senior management understand the scale of the further spending reductions that need to be made and plans are being developed that embrace new ways of working. The progress the Council has made over the last couple of years has been recognised by the Local Government Chronicle award of 'Most Improved Council' title.

The Council set a balanced budget for 2015/16 that included a savings programme of £38 million. Currently, the Council has identified that whilst over £28 million of the savings will be deliverable in year some slippage has occurred. The 2015/16 budget has been adjusted to reflect this through the use of reserves and an element of the General Fund balance. At 30 June 2015 the Council was forecasting an overspend of £2.9 million primarily due to demand pressures. Further work has been undertaken to secure corrective action and at 30 September the forecast overspend had been reduced to £0.7m.

In July 2015 the Council approved a new Wirral Council Plan: A 2020 Vision – that sets out the ambition for Wirral and the Council. It identifies the key priority areas and desired outcomes for both people and place and underpinning the three priorities are twenty outcomes designed to be delivered by 2020. The new plan is ambitious and recognises the importance of partnership working and for greater devolution across the City Region to maximise the benefit of all resources 'invested' in Wirral. The delivery of the new Plan will require new skills and the establishment of new ways of working.

The financial position is tough and could get tougher, there are still some elements of the Council's basic processes, such as procurement and dealing with sickness absence, that are not fully developed and the required cultural change will be demanding. In our view it is important the Council:

- continues to improve and embed basic processes;
- takes steps to organise itself appropriately to deliver objectives and embed a culture that encourages people to adopt new ways of working; and
- retains a focus on significant financial challenges facing local government.

Key messages continued

Value for Money (VfM) conclusion - continued

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015. We made a number of recommendations and they are set out at appendix A along with a response from Management.

The NAO has recently consulted on the approach to be adopted for the value for money conclusion for the 2015/16 audit. The outcome of the consultation is yet to be published. The consultation documents put forward a changed definition for the 'proper arrangements' an authority should have in place to secure economy, efficiency and effectiveness in its use of resources. We will be working closely with officers to implement the changes and will summarise the changes in approach in our Audit Plan to be issued early in 2016.

Key messages continued

Whole of Government Accounts	We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. We reported that the Council's pack was consistent with the audited financial statements.
Certification of housing benefit grant claim	Our work on the certification of the grant claim within the scope of the Audit Commission regime is on going. The detailed findings of our work will be reported to the Audit and Risk Management Committee on completion of our work.
Audit fee	Our fee for 2014/15 was £213,150, excluding VAT which was in line with our planned fee for the year . Further detail is included within appendix B.

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2014/15 audit.

No.	Recommendation	Priority	Management response/ responsible officer/ due date
VFM CONCLUSION			
1.	The Council needs to urgently address the issue of mis-reporting of sickness absence and ensure effective action is undertaken to reduce absence and work toward achieving the target set.	High	<p>Sickness levels are closely monitored through the enhanced self-serve system. All managers have access to the system that contains employee related information. Detailed on going action includes;</p> <ul style="list-style-type: none"> • Absence data and trigger reports are available to all managers on their desktop via self-serve. • Absence information is reported to Directorate Management Teams through monthly people management reports. HR Business Partners are supporting managers in developing action plans against long term cases. • Any areas of mis-reporting will be monitored and action taken as appropriate. • Specific support is provided to managers to deal with long-term complex cases with OH support as required. • Chief Officers, with support of HR, have met line managers in services areas during July 2015 and set out clear expectations of managers in managing absence in the workplace in line with policy. • Support is provided to employees via the employee assistance and health and wellbeing programmes. • The Attendance Management policy has been reviewed in August 2015 and a number of changes have been improved to improve effectiveness of policy. <p>Responsible officer: - Chris Hyams - Head of Human Resources and Organisational Development Due date: On going</p>

Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2014/15 audit.

No.	Recommendation	Priority	Management response/ responsible officer/ due date
Page 204	2. Continued action is required to address the issue of historic arrears and the Council needs to ensure that the management of current debt is also robust given the increase in the levels of historic debt	High	<p>The arrears at 31 March 2015 were inflated by 2 invoices to NHS England and Wirral CCG totalling £9,312,985 raised in late February for the Better Care Fund. Both invoices were cleared in early April 2015. Excluding these two invoices arrears would reduce from £30.9 million to £21.6 million, which whilst still high represents an improvement from 2013/14. For 2015/16 and on going the cumulative position is being monitored against original targeted debt and new debt to enhance the process of assessing debt collection rates. It is expected that there will be a continuation in the improvement in debt collection levels over 2014/15 and earlier years.</p> <p>Responsible officer: Malcolm Flanagan - Head of Business Processes Due date: On - going</p>
	3. Develop savings plans for each of the three years covered by the MTFS and ensure that financial plans are developed to support the Council Plan – A 2020 Vision.	High	<p>The Medium-Term Financial Strategy was considered as part of the budget setting process on 10 February 2015. It is being reviewed to reflect proposals within the Future Council programme and will be subject to further review as proposals for changes to service delivery are developed to meet the requirements of the Council Plan - A 2020 Vision. Short-term support is currently being utilised to develop savings options to support the Council Plan.</p> <p>Responsible officer: Tom Sault, Head of Financial Services & Senior Leadership Team Due date: On going with updated budget proposals to the Executive December 2015/ February 2016.</p>
	4. Ensure that robust business plans, strategies and financial plans are now put in place to help achieved the stated outcomes.	High	<p>Draft proposals to meet the outcomes are being developed. Detailed business and financial plans will be developed once agreement on the best way forward to deliver the outcomes contained within the Council Plan have been agreed with partners and the residents of Wirral.</p> <p>Responsible officer: Senior Leadership Team / Cabinet Due date: On going</p>

Appendix B: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

Fees for audit services

	Per Audit plan £	Actual fees £
Council audit	213,150	213,150
Housing benefit grant certification fee	31,800	*31,800
Total audit fees	244,950	244,950

* - We have undertaken further work on the 2013/14 Housing Benefit grant in response further questions raised by DWP following submission of our qualification letter. We have also undertaken a further review and testing of additional work carried out by the Council in response to DWP queries. We are seeking confirmation on an additional fee in relation to this work.

Fees for other services

Service	Fees £
Audit related services	
• Teachers' Pensions Return	4,200
• Regional Growth Fund Audit Report	3,890
Non-audit related services	
• Place Analytics	10,000

Reports issued

Report	Date issued
Audit Plan	March 2015
Audit Findings Report	September 2015
Certification Report	To follow
Audit and Risk Management Committee updates	January 2015 March 2015
Annual Audit Letter	October 2015



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