



Audit and Risk Management Committee

Date:	Monday, 12 June 2017
Time:	6.00 pm
Venue:	Committee Room 2 - 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 OF MEETING TUESDAY, 14 MARCH 2017 OF AUDIT AND RISK MANAGEMENT COMMITTEE (Pages 1 - 10)

To approve the accuracy of the minutes of the meeting held on 14 March 2017.

3. INTERNAL AUDIT UPDATE (Pages 11 - 20)

4. CHIEF INTERNAL AUDITOR'S ANNUAL REPORT 2016/17 (Pages 21 - 64)

5. ARMC ANNUAL REPORT 2016/17 (Pages 65 - 86)

6. COUNTER FRAUD REPORT (Pages 87 - 124)

7. PERFORMANCE APPRAISAL (Pages 125 - 130)

8. ICT PROGRESS REPORT (Pages 131 - 136)

9. PROCUREMENT - USE OF PROCEDURE RULES APPROVAL DOCUMENT PERMITTED UNDER THE COUNCIL CONTRACT PROCEDURE RULES (Pages 137 - 172)

10. **ANNUAL GOVERNANCE STATEMENT 2016-17 (Pages 173 - 192)**
11. **CORPORATE RISK REGISTER: UPDATE (Pages 193 - 208)**
12. **MANAGEMENT OF INSURANCE AND CORPORATE RISK (Pages 209 - 212)**
13. **INSURANCE FUND ANNUAL REPORT 2016/17 (Pages 213 - 226)**
14. **EXTERNAL AUDIT PLAN (Pages 227 - 248)**
15. **EXTERNAL AUDIT FEE LETTER 2017/18 (Pages 249 - 252)**
16. **REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) (Pages 253 - 256)**
17. **ARMC TRAINING AND DEVELOPMENT (Pages 257 - 260)**
18. **MATTERS FOR ESCALATION TO CABINET**
19. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)**
20. **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.

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

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 14 March 2017

Present: Councillor AER Jones (Chair)

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

48 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.

49 MINUTES

Resolved – That the minutes of the meeting held on 30 January 2017, be approved.

50 ORDER OF BUSINESS

The Chair suggested, and it was agreed that item 12 on the agenda (Urgent Business Approved by the Chair – Corporate Risk Register) be considered after item 8 on the agenda (Management of Insurance and Corporate Risk) given their content and links between the two reports.

51 INTERNAL AUDIT UPDATE

The Chief Internal Auditor introduced his report that identified and evaluated the performance of the Internal Audit Section and included items of note arising from the actual work undertaken during the period 1 January to 28 February 2017. The report focused upon:

- 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.

Members' attention was drawn specifically to one item of note that had been identified, namely Counter Fraud. The Chief Internal Auditor informed that Internal Audit Service was working on a revised corporate Counter Fraud and Corruption Strategy, Policy and Response Plan that incorporated current best professional practice in this field. The document is to be presented to the June 2017 meeting of the Audit and Risk Management Committee.

The Chief Internal Auditor drew Member's attention to the Internal Audit Performance Indicators and development improvements, examples of which were provided. A table appended to the report, identified information related to audits where recommended actions were included in audit reports and where follow-up actions had been scheduled.

The Chief Internal Auditor advised that all of the recommendations were currently Amber rated indicating that progress is being made to address identified issues and actions are expected to be completed within the reported timescales.

Members noted that the majority of actions related to ICT systems and had been the subject of a separate verbal report by the Head of Digital who provided a progress update for all outstanding items in this area to the Committee on 30 January 2017 and identified an implementation date of May 2017 for actions.

Following debate on the subject of monitoring of progress on ICT matters, the Committee felt it appropriate that a Senior Officer from Digital Services be invited to attend the next meeting of the Audit and Risk Committee in June to present a written progress update to ensure that the identified targets had been met.

Resolved - That

- 1) the report be noted; and**
- 2) a Senior Officer from Digital Services be invited to attend the next meeting of the Audit and Risk Committee in June to present a written progress update.**

52 INTERNAL AUDIT ANNUAL PLAN 2017/18

The Chief Internal Auditor introduced his report that presented the Internal Audit Plan of work for Wirral Council's Internal Audit Service for 2017/18.

The report identified work scheduled for completion that reflected the findings of the extensive planning exercise recently undertaken, as well as the inclusion of any risks to the organisation that had recently emerged, or were likely to emerge in the near future.

The Audit and Risk Management Committee were informed that the updated plan had also been presented to the Senior Leadership Team and approved for implementation. The document summarised the results of Internal Audit's planning work, setting out the:

- Responsibilities and scope of internal audit;
- Resourcing and delivery of the Council's internal audit service;
- Arrangements for reporting internal audit work; and
- Proposed programme of work for 2017/18 (the Audit Plan)

The Chief Internal Auditor informed the Committee that the Plan contained an explanation regarding its preparation, the 12 month planning cycle and mitigations of risk. He further detailed how the Audit Plan was subject to quarterly review.

Members noted the breakdown by area of the allocated total number of audit days and attached summary list detailing the specific projects and programmes for review together with the risk context and assurances.

Members questioned the Chief Internal Auditor on a number of points, including the allocation of 110 days contingency and whether this was sufficient. The Chief Internal Auditor confirmed that the time allocated for each area was adequate, and that the Plan was efficient and deliverable.

Resolved – That the work proposed in the Strategic Internal Audit Plan be endorsed.

53 INTERNAL AUDIT CHARTER & STRATEGY

The Chief Internal Auditor introduced his report that presented the Internal Audit Charter and Strategy. He informed that following some minor changes to the Public Sector Internal Audit Standards (PSIAS) during 2016 the Internal Audit Charter and Strategy had been reviewed and updated to ensure that the documents continue to comply with the revised standards.

The Chief Internal Auditor drew Members' attention to the updated Internal Audit Charter and Strategy attached at Appendix 1 to the report, and provided his assurance that the Internal Audit service was taking appropriate measures to comply with statutory requirements.

Resolved – That the revised Internal Audit Charter and Strategy be endorsed.

54 **ANNUAL GOVERNANCE STATEMENT 2016/17**

The Assistant Director: Finance and Section 151 Officer introduced his report that set out the planned approach for the production of the Council's Annual Governance Statement (AGS) 2016/17. The report also provided an outline of the work required to prepare the Statement, setting out indicative timescales.

The Committee noted that the preparation and publication of an AGS is necessary to meet the statutory requirement set out in the Accounts and Audit (England) Regulations 2011, Regulation 4(3). This work was currently being undertaken by the Law and Governance service for presentation to the Audit and Risk Management Committee at its June 2017 meeting.

The report confirmed the various principles underpinning the Annual Governance Statement, namely:

1. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social and environmental benefits.
4. Determining the interventions necessary to optimize the achievement of the intended outcomes.
5. Developing the entity's capacity including the capability of its leadership and the individuals within it.
6. Managing risk and performance through robust internal control and strong public financial management.
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Resolved - That the approach outlined in the report with regards to producing the Annual Governance Statement 2016/17 be endorsed.

55 **AGS SIGNIFICANT GOVERNANCE ISSUES UPDATE**

The Assistant Director: Finance and Section 151 Officer introduced his report that provided Members with a progress update on actions taken by Officers to address items of concern identified in the Annual Governance Statement for 2015/16. The report further requested that Members escalate any matters they deemed relevant.

The report informed that at the meeting of the Committee in September 2016 the Annual Governance Statement for 2015/16 was presented. Following discussion by Members at that time it was agreed that a standard Agenda item be added to future meetings of this Committee to provide a regular update on progress being made by Officers to address key governance issues faced by the Council and to allow Members to escalate areas of concern where required.

Following discussion on the issues highlighted in Appendix 1 to the report, Members felt it appropriate that the Assistant Director: Human Resources and Organisational Development be invited to attend the next meeting of the Audit and Risk Committee in June to present a written progress update detailing the identified targets in respect of staff performance appraisals that despite continued focus remains a matter of concern.

Resolved – That

- 1) the report be noted; and**
- 2) the Assistant Director: Human Resources and Organisational Development be invited to attend the next meeting of the Audit and Risk Committee in June to present a written progress update on the subject of staff performance.**

56 CORPORATE RISK REGISTER - UPDATE

With the approval of the Chair and agreement of the Committee, Members considered the report of the Chief Executive in relation to the Corporate Risk Register.

The matter was treated as an item of urgency given that the information content had not been considered by the Senior Leadership Team (SLT) at the time of publication of the meeting agenda. Members noted that in the interests of delivering the most up to date information to the Audit and Risk Committee the report should not be held over until its next meeting in June 2017.

The Manager: Insurance and Risk introduced the report of the Chief Executive that confirmed the outcome of the most recent quarterly review of the Corporate Risk register. Progress towards the development of risk registers for Pledge Strategies, new Delivery Units and the revised Transformation Programme were also summarised. A summary of the status of key mitigating actions for the existing Corporate Risks at the end of quarter three 2016/17 were appended to the report.

The report informed that all mitigating actions appeared to be progressing as planned with the exception of:

- The development of extra care housing (Risk 5: Integration of Health and Social Care)
- Implementation of the Wirral Waters Investment Fund (Risk 9: Economic Activity)
- It was also noted that considerable progress had been made regards recruitment to the Transformation Office (Risk 2: Organisation Development and Pace of Transformational Change). However some uncertainty remained in relation to capacity within support services.

The report further informed that the degree of progress made as at the end of Quarter 3 did not warrant changes to the scores for any of the existing corporate risks.

Members were apprised that the impact of the vote to leave the European Union had again been considered by SLT having been raised by this committee at its meeting on 30 January. The view was that this was much less of a known risk and that the Council's ability to mitigate it was limited. However the position was continually monitored to identify potential adverse impacts and consider responses. This task was further informed by quarterly briefings from the Strategy Team that are provided to Cabinet and to SLT.

A Member questioned the Officer on the matter of the Council's new Asset Strategy and the Wirral Civic Hub project. The Assistant Director: Finance and Section 151 Officer informed that this particular subject would form the basis of a report to the Business Overview and Scrutiny Committee in due course.

Members requested that all Councillors be kept informed of any proposals for the disposal of assets in their Wards.

Resolved – That

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

57 MANAGEMENT OF INSURANCE AND CORPORATE RISK

The Manager: Insurance and Risk introduced the report of the Assistant Director: Finance and Section 151 Officer that set out the key actions to be taken in relation to corporate risk and insurance management during 2017/18 and highlighted any key decisions that needed to be made. Recent progress made in relation to key actions planned for the current year was also included.

The report informed that regular update reports would continue to be presented to the Committee on work in relation to risk management and

insurance in support of the Risk Management framework, thereby maintaining the successful management of the Council's insurance programme.

The Manager: Insurance and Risk highlighted a number of key points within his report, namely an update on the tender for Casualty and Computer Insurance and Staffing Changes.

With regard to Casualty and Computer Insurance, the Manager: Insurance and Risk informed that the evaluation had been completed and letters notifying the Council's intention to award the contracts had been issued. He further informed that once the standstill period has ended the awards will be formalised and contract mobilisation will be put into effect. Full details would be provided in his next report to the Committee in June.

Members were apprised that the vacant senior post within the Risk and Insurance team had created a capacity and skills gap within the service. Although suppliers are providing support wherever possible this would present a risk to the delivery of corporate insurance and risk management activity until the position is filled. Members were informed that work had begun to recruit a replacement.

Resolved – That the report be noted.

58 **EXTERNAL AUDITOR - ANNUAL LETTER - GRANT CERTIFICATION 2015/16**

The Assistant Director: Finance and Section 151 Officer introduced the External Auditor's Annual Letter – Grant Certification 2015/16.

Members noted that the external auditor had certified the Housing Benefit subsidy claim return under Public Sector Audit Appointments (PSAA) arrangements for the financial year 2015/16 relating to the expenditure of £137.1 million. The Assistant Director: Finance and Section 151 Officer informed that the external auditor was satisfied with the arrangements the Council had in place for this most high value and complex claim.

Members were apprised that key findings had agreed that further appropriate actions to secure improvement in performance be undertaken i.e. checking of rent rebate cases. It was noted that the qualification compared favourably with other local authorities, and had continued to record improvement compared to previous years.

Resolved – That the report be noted.

59 **EXTERNAL AUDITOR - AUDIT PLAN FOR MERSEYSIDE PENSION FUND**

Mr Grant Patterson, Engagement Lead, Grant Thornton UK LLP, the Council's external auditors, presented a report on the Audit Plan for Merseyside Local Government Pension Fund year ended 31 March 2017.

The external auditor informed of the procedures employed in support of the audit plan i.e. developments relevant to the Pension Fund's business and the audit. The report informed of the governance regulations, financial pressures and the changing nature of the investment markets.

The external auditor's report provided a summary of the audit approach, materiality and referred to the significant and other risks that had been identified.

The report informed that the audit focused on significant risks as defined by ISAs where in the judgement of the auditor special consideration be made. Members were informed that three specific areas had been identified, namely:

- The revenue cycle including fraudulent transactions
- Management over-ride of controls; or
- Incorrect valuation of level 3 investments

The external auditor summarised the key procedures in place and planned works, including testing of journal entries, sampling of investments and incentives to manipulate. In each case the external auditor explained that pre-existing controls were identified as sufficient, but the planned programme would ensure continued vigilance.

The external auditor provided information on the key phases of the audit, informing members that more detail regarding their work would be reported to the June meeting of the Audit and Risk Management Committee, followed by a sign-off of the financial statements opinion scheduled for September.

The Committee was informed that the Audit Plan was also scheduled for consideration at the meeting of the Pension Committee to be held on 21 March 2017.

The Audit Plan further summarised that the total audit fee for certification work for 2015/16 (Merseyside Pension Fund) was £39,062 excluding VAT.

Resolved – That the Audit Plan for Merseyside Local Government Pension Fund be received.

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

The Group Solicitor introduced the report of the Head of Legal and Member Services that presented a summary of the use of covert surveillance by the Council, to detect evidence of criminal behaviour, between 1 November 2016 and 28 February 2017.

The report informed that during this period, the Council had used covert surveillance with the intention of detecting evidence of criminal behaviour, and that on 6 January 2017 magistrates had approved authorisations to use covert surveillance to detect suspected illegal flytipping at a site in the Wirral.

Members were further informed that a flytipping offence had been detected by means of prior covert surveillance, and that on 31 January 2017 a member of the public had been sentenced to 6 months imprisonment suspended for 2 years for 6 offences of flytipping in Kelvinside Industrial Estate, Seacombe. The Court also order him to pay £1380 in compensation to the Council for the cost of clearing up the site and £1540 as a contribution to the prosecution costs together with a victim surcharge of £80 (a total penalty £3000).

Resolved – That the report be noted.

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AUDIT AND RISK MANAGEMENT COMMITTEE 12 JUNE 2017

REPORT TITLE:	INTERNAL AUDIT UPDATE
REPORT OF:	CHIEF INTERNAL AUDITOR

REPORT SUMMARY

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 March to 31st May 2017. There are four 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 3.2.

RECOMMENDATION

Members note the report.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 To provide the Members with assurance that the Council is taking appropriate measures to ensure that the control environment is effective and to comply with statutory requirements to provide an adequate and effective internal audit service.
- 1.2 To ensure that risks to the Council are managed effectively.
- 1.3 To ensure that the Council complies with best practice guidance identified in the CIPFA publication 'A Toolkit for Local Authority Audit Committees'.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND AND AUDIT OUTPUT

- 3.1. 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 March to 31st May 2017.

3.2. Items of Note

3.2.a Attendance Management

An audit review of Attendance Management (Sickness Absence) was undertaken during the period evaluating compliance with corporate policy and procedure across the organisation. The audit opinion identified that there remains a major organisational risk, with a number of significant issues being identified from a sample of three operational areas across the Council. In a number of sickness cases entered into the Selfserve system and examined by Internal Audit, individual managers had not been taking actions in accordance with current policy requirements when trigger points had been reached. The Action Plan from the audit report identifying areas for improvement has been completed and the actions reported to, and agreed by, the Strategic Leadership Team with agreed timescales.

Internal Audit will follow up this Action Plan later in the calendar year and report the outcome to this Committee, although it must be emphasised that the responsibility to effectively manage attendance is with all levels of managers rather than expecting HR to identify issues and regularly monitor, or Internal Audit to provide ongoing compliance work on the system. Members will note that this issue remains a significant governance issue and is included in the Annual Governance Statement.

3.2.b Personal Finance Unit (PFU)

An audit has been conducted of PFU with the objective to determine whether the controls over the developments within the Unit provide reasonable assurance that effective operations are maintained. The audit focussed on:

- The continuing effectiveness of the recommendations implemented following the independent review of sundry debt previously reported;
- The issues identified from the work completed by Internal Audit in March 2016.
- Any other emerging risks and issues.

It is our opinion that PFU have considered the findings identified from the independent review and in our subsequent audit reports and has made good progress in implementing effective actions. There is a commitment to retaining sufficient resources and to a long term strategy in order to improve both income collection and debt recovery. However the delay in embedding the service level agreement between PFU, Adults and Legal Services at a practical level remains a barrier to the performance of some PFU operations and until it is fully implemented we consider there is a Moderate risk to the organisation. The audit concluded with an agreed action plan to address all the issues identified from this review and follow-up work has been scheduled within the Audit Plan for 2017/18.

3.2.c General Data Protection Regulations

The General Data Protection Regulation (GDPR) will be replacing the current EU Data Protection Directive 95/46/EC following agreement of the new framework by the European Commission, the Parliament and the Council. The Regulation will apply to all EU Member States and is expected to come into force in May 2018. The GDPR brings harmonisation by applying the same set of Data Protection rules across the EU.

As the GDPR introduces a number of obligations, it is important for all organisations to be aware of the new requirements and be prepared for when it comes into force. The potential fines for infringement are substantial, up to 4% of annual global turnover or €20 million

The ICO have developed guidance including a checklist and a '*12 Steps to Take Now*' document that the Authority should utilise. Internal Audit are scheduled to undertake a review a review of progress by the Council towards compliance in Qtr3 and in the meantime have recommended that failure to

comply with GDPR be included on the Corporate Risk Register to ensure it is mitigated in a timely manner.

3.2.d ICT/Digital Outstanding Actions

Members will recall that a number of outstanding actions arising from audit reports in this area of operations have been reported to this Committee previously and that the former Head of Digital presented a report to this Committee in March 2017 identifying progress being made towards the implementation of these actions to improve the overall control environment.

Since this report Internal Audit has been working with the Acting Head of Digital and the Senior Information Reporting Officer (SIRO) to assist them in this task. It is pleasing to note that at this moment in time good progress is being made and a separate report by the Acting Head of Digital and the SIRO detailing this is being presented to Members of this Committee elsewhere on tonight's agenda.

3.3 Outstanding Audit Recommendations

3.3.a Attached at Appendix 1 is a table identifying information relating to those audits where recommended actions included in audit reports for 2016/17 and the current year to date have not been fully implemented within agreed timescales and yet still present a serious risk.

3.3.b Where items are addressed by officers those entries are removed from the report on a rolling basis.

3.3.c All of the reports identifying outstanding actions are currently BRAG rated as 'amber' indicating that progress is being made to address identified issues

3.4 Internal Audit Performance Indicators

3.4.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 2017/18.	20	19
Percentage of High priority recommendations agreed with clients.	100	100

Percentage of returned client survey forms for the reporting period indicating satisfaction with the Internal Audit service.	90	99
Percentage of internal audit reports issued within 10 days of the completion of fieldwork.	100	100

3.4.b There are currently no significant issues arising.

3.5 Internal Audit Developments

3.5.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:

- Ongoing development and implementation of a more streamlined and dynamic AGS working to allow for further changes made to the CIPFA/SOLACE best practice guidance;
- Ongoing improvement of corporate counter fraud awareness across the Council;
- Further developments in reporting arrangements for stakeholders;
- Further development of the Mersey region Counter Fraud group led by Wirral Internal Audit to include joint fraud exercises and training;
- Continuing development of the use of computer assisted auditing techniques in the evaluation and testing of system controls for more effective and efficient auditing;
- Ongoing development and implementation of a new automated planning and management system for the service;
- Ongoing implementation of paperless working environment
- Implementation of more streamlined planning process for 2017/18.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 There are none arising from this report.

6.0 RESOURCE IMPLICATIONS

6.1 There are none arising from this report.

7.0 RELEVANT RISKS

- 7.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives.
- 7.2 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.

8.0 ENGAGEMENT/CONSULTATION

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

9.0 EQUALITY IMPLICATIONS

- 9.1 There are none arising from this report.

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APPENDICES

Appendix 1: Audit Recommendations Status Report

REFERENCE MATERIAL

Internal Audit Plan 2017/18

SUBJECT HISTORY (last 3 years)

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

**INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS
PERIOD: 01 APRIL 2016 TO 30 MAY 2017**

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

INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS

PERIOD: 01 APRIL 2016 TO 30 MAY 2017

1. Completed Audits - RED or AMBER flag

Audit	Date	Area [Section]	Organisational Risk	Areas for Development / Improvement and comments	Total Recs (H)	Timescale / Responsible Officer	Outcome	BRAG Status
Cyber Security	26/09/2016	Business Services [Digital]	Moderate	Ten recommendations were made covering: - information security policies - firewalls - vulnerability monitoring - rogue wireless access points - information risk register - information security training - cyber insurance	10 (0)	June 2017 Director of Business Services	The Head of Digital reported at the January ARMC meeting that all audit recommendations will be completed by May 2017. 24/05/2017 -	A

INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS

PERIOD: 01 APRIL 2016 TO 30 MAY 2017

2. Follow Up Audits Completed - RED or AMBER flag

Audit	Follow up date	Original Report date	Area [Section]	Organisational Risk Position as at the date of the original audit	Areas for Development / Improvement and comments	Original Total Recs (H)	Implementation timescale for all actions Director	Outcome	BRAG Status Current position	Organisational Risk Current Position
Data Loss Prevention	07/11/2016	Oct 14	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)	January 2017 Information Governance Board	The Head of Digital reported at the January ARMC meeting that the project will be complete by May 2017. This area is included in the draft Internal Audit plan for 2017/18.	A	Major

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.

RAG status

B	Audits	All actions agreed and implemented, with no further Internal Audit action necessary.
	Follow Ups	All actions implemented, with no further Internal Audit action necessary.
G	Audits	Most actions agreed and implemented, e.g. low priority recommendations are outstanding, with no further Internal Audit action planned.
	Follow Ups	Most actions implemented, e.g. low priority recommendations are outstanding, with no further Internal Audit action planned.
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.



AUDIT AND RISK MANAGEMENT COMMITTEE 12 JUNE 2017

REPORT TITLE:	CHIEF INTERNAL AUDITOR'S ANNUAL REPORT 2016/17
REPORT OF:	CHIEF INTERNAL AUDITOR

REPORT SUMMARY

The Internal Audit Service plans and completes audits to review all relevant areas of risk. Reports, including recommendations produced following audits are presented to managers. A summary report is produced annually by the Chief Internal Auditor and an overall opinion provided as to the effectiveness of the Council's control environment.

This report presents the Chief Internal Auditors Annual Report for 2016/17.

RECOMMENDATION

That the report be considered by the Members.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 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.
- 1.2 To ensure that risks to the Council are managed effectively.
- 1.3 To ensure that the Council complies with best practice guidance identified in the CIPFA publication 'A Toolkit for Local Authority Audit Committees'.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered as this is a statutory requirement.

3.0 BACKGROUND INFORMATION

- 3.1 The Accounts and Audit Regulations require that the Section 151 Officer of a local authority "shall maintain an adequate and effective system of internal audit".
- 3.2 In order to meet the statutory requirements the Internal Audit Service has conducted audits to review the operation of the internal control systems. The work has been conducted in accordance with professional standards set by the Audit Practices Board, CIPFA and the Chartered Institute of Internal Auditors.

CHIEF INTERNAL AUDITORS ANNUAL REPORT 2016/17

- 3.3 The attached Chief Internal Auditors Annual Report specifies the Internal Audit assurance opinion on key areas of the Council's activity for 2016/17.
- 3.4 The audits conducted during the year were principally planned to review the financial control systems in compliance with the requirements of the Accounts and Audit Regulations. However significant attention was also paid to key risks in the following areas:

Performance Management,
Counter Fraud and Corruption
Corporate Governance,
Risk Management,
ICT Systems,
Service Delivery.
- 3.5 The Audit Plan was compiled on a risk assessment basis that included consideration of the sensitivity and complexity of all risks identified. Client requests, systems being developed and the availability of resources were also other factors also taken into account during the year.

3.6 The Internal Audit Plan for 2016/17 was approved by this Committee in March 2016.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 There are none arising from this report.

6.0 RESOURCE IMPLICATIONS

6.1 There are none arising from this report.

7.0 RELEVANT RISKS

7.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives.

7.2 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.

8.0 ENGAGEMENT/CONSULTATION

8.1 Members of this Committee are consulted throughout the process of delivering the Chief Internal Auditors Annual Report.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising from this report.

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APPENDICES

Chief Internal Auditors Annual Report 2016/17

REFERENCE MATERIAL

Internal Audit Plan 2016/17

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee Chief Internal Auditor's	Annual Report
- Annual Report 2013/14	23 June 2014
- Annual Report 2014/15	8 June 2015
- Annual Report 2015/16	13 June 2016

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**Chief Internal Auditor's
Annual Report and Opinion on the System of Internal Control
2016/17**

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**Mark P Niblock
Chief Internal Auditor
Wirral Internal Audit Service**

May 2017

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Appendix A: Scope, Responsibilities and Assurance

1 Executive Summary

1.1 Introduction

The Public Sector Internal Audit Standards (PSIAS) note that a professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The role of the Chief Internal Auditor, in accordance with the PSIAS, is to provide an annual opinion, based upon (and limited to) the work performed, on the overall adequacy and effectiveness of the organisation's governance, risk management, and control processes (i.e. the organisation's system of internal control). This is achieved through a risk based plan of work, agreed with management and approved by the Audit and Risk Management Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described in this report.

1.2 My Overall Opinion is that:

*On the basis of our programme of work for the year, I can provide **moderate** assurance overall that there is a generally sound system of internal control, designed to meet the Council's objectives, and controls are generally being applied consistently.*

However some weaknesses in the design and inconsistent application of controls put the achievement of particular key objectives at risk. The key governance, risk and internal control issues of which the Chief Internal Auditor was made aware during the year and that impact the overall opinion are included within sections 3 and 4 of this report.

1.3 **Basis of the Opinion**

My opinion has been based on:

- Our assessment of the governance arrangements;
- Our assessment of the risk management arrangements and the framework of assurance; and
- The outcomes of our risk-based assignments.

1.3.1 **Corporate Governance**

The Code of Corporate Governance was refreshed during the year following the update to, and publication of, the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework* (2016 edition), the Code was approved by the Audit and Risk Management Committee in November 2016, and is available for reference via the Council intranet and website. Internal Audit has standing membership on the Corporate Governance Group and uses this to raise governance issues highlighted in Internal Audit reports, as well as reviewing evidence of the progress being made in respect of Significant Governance Issues highlighted in the Annual Governance Statement.

1.3.2 **Risk Management Arrangements**

During the year, an updated Risk Management Policy was approved by Cabinet. In accordance with the Policy, the Corporate Risk Register is populated with risks to the achievement of the Council's corporate objectives, and each risk is allocated to a responsible Lead Officer. The highest rated ("red") risks, and changes to the risk ratings are considered regularly by the Corporate Governance Group and Strategic Leadership Team; and the Audit and Risk Management Committee also receives regular reports on risk.

The Risk Management Policy envisages risk management arrangements to be in place for the Strategy, Delivery and Business Support hubs, Wirral pledges, and key Transformation and other projects. The extent to which risk registers and appropriate risk management arrangements for all these developing areas are fully embedded is mixed. A recent Internal Audit review confirms that where gaps exist and risk registers are not yet established or embedded following the changes in organisational structure from November 2016, appropriate arrangements are in the process of being developed.

1.3.3 **Framework of Assurance**

The Corporate Governance Group now chaired and supported by the Director for Business Services (Assistant Chief Executive), a member of the Strategic Leadership Team, met regularly during 2016/17, using the comprehensive framework of assurance to demonstrate how assurance is provided to the Chief Executives Strategic Leadership Team and the Audit and Risk Management Committee. Regular updates were provided to this group during the year on all of these key assurance components and action plans covering key areas for development and improvement monitored. This included the comprehensive action report covering the Significant Governance Issues arising from the 2015/16 Annual Governance Statement and on which progress has been made.

1.3.4 **Risk Based Assignments**

Arising from the agreed plan of work a total of 103 individual pieces of work including reports, actions plans, briefing notes and memos have been issued. The work undertaken contributes to my overall opinion on the control environment.

Opinions provided in audit reports produced during 2016/17 are very similar to the previous year when making a direct comparison with perhaps the only real point of note being the slight reduction in the number of audits identifying a 'Major' risk opinion. This is encouraging and suggests that there is a slight increase in awareness and understanding of the need for robust systems of control and governance across management, particularly important during periods of significant transformation and change.

1.3.5 **Key Control Developments in year that support the Opinion**

There have been a number of significant improvements to the organisation's governance and control environment during the year in the following areas that have reduced the Council's exposure to controllable risk:

- Partnership Working;
- Corporate Risk Management Policy;
- Constitution and Scheme of Delegation;
- Wirral Plan outcomes.

2. Introduction

UK Public Sector Internal audit Standards (PSIAS) 2013

The Public Sector Internal Audit Standards (PSIAS) note that a professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The role of the Chief Internal Auditor, in accordance with the PSIAS, is to provide an annual opinion, based upon (and limited to) the work performed, on the overall adequacy and effectiveness of the organisation's governance, risk management, and control processes (i.e. the organisation's system of internal control).

The CIPFA Statement on the role of the Head of Internal Audit (Chief Internal Auditor) in Local Government issued during 2013 noted that the Head of Internal Audit in a local authority plays a critical role in delivering the authority's strategic objectives by:

- Championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and
- Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

3. Assurance

3.1 Roles and Responsibilities

The Council is accountable collectively for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement (AGS) is an annual statement by the Council setting out:

- How the responsibilities of the Council are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- The purpose of the governance arrangements as evidenced by a description of the risk management and review processes; and
- The conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

The Council's framework of assurance should bring together all of the evidence required to support the Annual Governance Statement.

The role of the Chief Internal Auditor (CIA), in accordance with the CIPFA Code and the new Public Sector Internal Audit Standards (PSIAS), is to provide an annual opinion, based upon (and limited to) the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes i.e. the organisation's system of internal control. This is achieved through a risk based plan of work, agreed with management and approved by the Audit and Risk Management Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that internal audit have reviewed all risks and assurances relating to the Council. The purpose of the opinion is to contribute to the assurances available to the Council which underpin the Council's own assessment of the effectiveness of the organisation's governance arrangements and system of internal

control. My opinion is one component that the Council takes into account in compiling its Annual Governance Statement. In particular, apart from the overall opinion, where 'Major' or 'Moderate' organisational risk opinions have been issued against individual audits, then the Council should assess whether or not the sources of those opinions and subsequent actions taken to address issues necessitate the need for a disclosure of a significant issue.

3.2 Chief Internal Auditors Opinion

My overall opinion is that:

*On the basis of our programme of work for the year, I can provide **moderate** assurance overall that there is a generally sound system of internal control, designed to meet the Council's objectives, and controls are generally being applied consistently.*

However some weaknesses in the design and inconsistent application of controls put the achievement of particular key objectives at risk. The key governance, risk and internal control issues of which the Chief Internal Auditor was made aware during the year and that impact the overall opinion are included below.

3.3 Basis of the Opinion

The basis for forming my opinion is as follows:

- An assessment of the Code of Corporate Governance and its operation including underpinning processes;
- An assessment of the risk management arrangements and the framework of assurance; and
- An assessment of the range of individual opinions arising from risk based audit assignments, contained within the internal audit risk based plan that have been reported throughout the year. This assessment has taken account of the

relative materiality of these areas and management's progress in respect of addressing control weaknesses. A number of reports have identified major or moderate organisational risks opinions during the year however all of these reports have recommended actions which when implemented will reduce the level of risk to the organisation. Internal Audit perform work to gain assurance that the recommendations have been implemented and report the findings to the Strategic Leadership Team and Audit and Risk Management Committee Members bi-monthly; and progress throughout the year was good.

Corporate Governance

3.3.1 The Code of Corporate Governance

An assessment against the Code of Corporate Governance was undertaken by Internal Audit against the CIPFA/SOLACE Good Governance Framework (2016 edition). Overall design of controls was seen to be satisfactory and compliant with the requirements of the framework. The Code was reviewed, refreshed and approved by the Audit and Risk Management Committee in November 2016, following the publication of the 2016 edition of the Framework. The Code is publicised on the Council's Intranet and available for reference via the Council website.

Internal Audit has standing membership on the Corporate Governance Group and uses this to raise governance issues highlighted in Internal Audit reports, as well as reviewing evidence of the progress being made in respect of Significant Governance Issues highlighted in the Annual Governance Statement.

Progress has been made during the year to partially address the two Significant Governance Issues highlighted in the Annual Governance Statement (AGS) 2015/16. These issues, together with certain IT related issues, will be reported in the 2016/17 AGS and further addressed in 2017/18.

3.3.2. Significant Governance Issues

Compliance with Council Policy

Further action was required to address organisational and managerial compliance with certain Council processes and procedures, including Performance Appraisals, Absence Management, Contract Procedure Rules and Essential Training.

The current position is that sufficient progress has been made in respect of compliance with Performance Appraisals. Further progress is still needed to routinely embed compliance with Contract Procedure Rules and Essential Training. Despite considerable organisational attention, including monthly reporting to Strategic Leadership Team and proactive support from HR, Absence Management continues to be a problem area for the Council. Concerns exist over recording and reporting and, on review and follow-up, reported absences are rising and there is a significant increase in the number of cases of long term sickness absence. A recent Internal Audit Review highlights the inconsistent and irregular application of sickness absence processes by line managers. Further work will need to be undertaken to evaluate the full extent of under-reporting and non-compliance with Council policy in this area. It is clear that more needs to be done to ensure that all managers recognise their accountability and accept and discharge their responsibilities to comply with all aspects of the Council policy. More also needs to be done to strengthen the accountability for non-compliance.

Business Continuity and Disaster Recovery

There is a further significant governance issue in relation to Business Continuity, and a greater focus is needed by business plan owners and relevant Directors to ensure Business Continuity plans are kept up to date and subject to supportive challenge and review by advisers in the business continuity and IT teams. The Scrutiny Review panel set up to review the Council's IT disaster recovery arrangements reported that the Council does not have a current, fit for purpose IT disaster recovery plan. Progress is being made, in particular with the key project to relocate the Treasury Building datacentre.

Children's Services

There is ongoing action to address significant issues of concerns raised in the Ofsted inspection in July 2016 which provided an overall opinion that arrangements in place for Children's Services in Wirral were inadequate. The Improvement Board continues to drive delivery of an Improvement Action Plan developed to address the main recommendations in the report covering key assessment areas. Resourcing has been strengthened and a number of permanent appointments have been made, including a permanent Head of Children's Services. Actions are underway but it is recognised that sustained focus on plans must be maintained to ensure that the risks raised by Ofsted are fully addressed.

In addition, a serious case review is currently underway in relation to a specific case of child sexual exploitation that has recently been reported and will have implications for the Council.

More detail on this is provided in the Annual Governance Statement for 2016/17.

ICT Governance

Internal audit have continued to work with Digital during 2016/17 to identify key risks to be reviewed during 2017/18. In addition, internal audit will continue to assess and evaluate controls in place to mitigate Cyber threats.

Information Governance

Internal audit has remained an active participant on the Information Governance Delivery Group who are reviewing and monitoring progress of implementing the recommendations identified by the Information Commissionaires Office (ICO).

In addition, progress on implementing outstanding internal audit recommendations relating to information assurance continues despite a change in Senior Information Reporting Officer (SIRO).

Information Governance remains a developing area however; compliance with The General Data Protection Regulation will require significant attention in order to meet the May 2018 deadline. Failure to meet the deadline could see the organisation faced with significant financial penalties. The risk faced by the Council is not yet included on the Corporate Risk Register.

3.3.3 Risk Management Arrangements/Assurance

The Council's corporate risk management arrangements are well established, including the corporate Risk Management Policy and Corporate Risk Register.

An update to the Council's Risk Management Policy was approved by ARMC in September 2016 and formally adopted by Cabinet on behalf of the Council in November 2016.

The Corporate Risk Register is the critical means by which the Council assures itself that risks to its corporate objectives are being managed. The format of the Corporate Risk Register was updated in spring 2016. The Audit and Risk Management Committee is presented with regular updates on the corporate risk register.

The Risk Management Policy envisages risk management arrangements to be in place for the Strategy, Delivery and Business Support hubs, Wirral pledges, and key Transformation and other projects. The extent to which risk registers and appropriate risk management arrangements for all these developing areas are fully embedded is mixed. A recent IA review confirms that where gaps exist and risk registers are not yet established or embedded following the changes in organisational structure during 2016/17; appropriate arrangements are in the process of being developed.

Revised requirements concerning the management of risk in relation to transformation programmes and projects were discussed and agreed with the Transformation team in autumn 2016. These are reflected in operational guidance produced by the Transformation team, in line with the updated Corporate Risk Management Policy. The Council's Senior Risk and Insurance Officer (SRIO) has facilitated workshops with key stakeholders for both the Customer Experience and Asset Service Transformation teams to identify the key strategic and over-arching risks to their delivery. A draft register for the Asset Service team has been shared with the Transformation Board.

Revised requirements concerning the management of risk in relation to service plans were discussed and agreed with the Performance team in autumn 2016. The SRIO has addressed Business Services, Strategic hub and Delivery management teams and / or facilitated workshops. Risk registers are being developed. For the Wirral pledges, progress in establishing risk management arrangements in line with the corporate policy varies across the pledges and underlying strategies. The SRIO has facilitated workshops and/or attended steering groups as requested and risk registers are in place for some steering groups

The ability for the Risk and Insurance Team to devote the required time to embedding the revised corporate risk management arrangements, particularly in relation to pledge strategies, has been restricted due to an experienced member of staff leaving. It is expected that this vacancy will be filled by the end of quarter 1 (2017/18).

A report considering the need to update the organisations consideration of its risk appetite was presented to corporate Governance on the 13 April 2017. The report confirms that further analysis is required in order to determine fully the organisations risk appetite, after which a further report will be presented to SLT and Cabinet.

Compliance with risk management procedures remains an important element of the wider culture of compliance issue and this will be continued to be monitored during 2017/18.

As in previous years the context in which the Council operates remains a fundamental challenge to corporate objectives and delivery. Savings plans have been established for 2017/18 which will have further impact on the way the Council operates. Whilst the Council remains well placed to respond, the scale and pace of change required including reduced levels of resourcing and organisation change remains a fundamental risk to the control environment and needs to be effectively managed.

3.3.4 Risk-Based Assignments

This element of the opinion is based on an assessment of the range of individual opinions arising from risk based audit assignments, contained within the internal audit plan that have been reported throughout the year. On 14 March 2016 the Annual Internal Audit Plan was agreed by the Audit and Risk Management Committee. During the year regular updates including any necessary changes to the plan were reported to, and agreed by, the Audit and Risk Management Committee. Arising from the agreed plan of work a total of 104 reports, action plans, memos and briefing notes have been issued. All of the work undertaken contributes to my overall opinion on the control environment; all of the reports issued contained a formal organisational risk opinion and have informed the opinion in this report. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses. The outcomes and effectiveness sections of this report give fuller details of:

- Performance against plan;
- Unplanned work undertaken;
- Key points arising where our organisational risk opinion was 'major'; and
- Follow up work undertaken.

3.3.5 Fundamental Financial Systems

The internal audit plan included reviews of the core financial systems which underpin the system of internal control and financial reporting. This work is designed to provide assurance that the control environment is robust and audits were completed across all the core systems focused on the identified key areas of risk. An audit of Capital Financing has been carried forward into the Internal Audit Plan for 2017/18 following a re-evaluation of risk and the available resources during the year. We have continued to develop and utilise a suite of Computer Assisted Audit Techniques (CAATs) that enable us to test whole databases wherever possible as well as samples of individual transactions. It is used to support the work of External Audit in their review of the Statement of Accounts and significantly informs the Chief Internal Auditor’s opinion. A summary of the opinions from these audits completed in the year are identified below:

Audit	Organisation Risk
Accounts Payable – CHAPS / Faster Payments	Minor
Accounts Payable - Electronic Billing	Moderate
Accounts Payable - Williamson Art Gallery	Minor
Accounts Receivable – Recovery Processes	Negligible
Benefits - Local Welfare Assistance Scheme	Moderate
Benefits - Personal Finance Unit	Moderate
Benefits - Risk Based Verification Draft Policy	Minor
Benefits - Write-Offs	Negligible
Business Support – BACS Transactions	Minor
Business Support - Prepaid Cards	Moderate
Corporate Credit Cards	Moderate
General Ledger - Bank Reconciliations	Negligible

General Ledger – E.Audit International Auditing Standards	Negligible
Income & Banking - Establishments	Minor
Income & Banking - Postal Operation	Minor
Payroll - LGPS Annual Return	Minor
Payroll - Timesheet Processing	Moderate
Revenues - Council Tax Data Testing	Minor
Revenues - NDR Valuations	Minor

3.3.6 Merseyside Pension Fund

Given the complex nature of the Pension Fund operations and the materiality of the finances involved, its inherent risk level is significant. The delivery of the Internal Audit service to the Pension Fund has been developed and mutually agreed via a service level agreement (SLA), so as to formalise the audit relationship; clarify responsibilities and obligations on both sides; and embed positive practices. The SLA has now been operational for four years and has enhanced the effectiveness of the Internal Audit service to the Fund who have again provided very positive feedback on the assurance work undertaken.

The approved programme of audits for 2016/17 included some assurance work on systems under development at the Fund which was undertaken at the request of the Fund Operating Group (FOG). A summary of the opinions from the programme of completed audits is provided below:

Audit	Organisation Risk
Immediate Payments Process	Minor
Investments	Moderate
My Pension IT System	Negligible
Overseas Travel	Minor
Retirement Benefits Payments	Moderate

The review of the Fund's proposed operational processes to utilise the 'Immediate Payment' option within the Pensions Administration IT System (Altair), together with the trial outcomes resulted in audit assurance on the validity and accuracy of the payments.

A high level review was completed on the Fund's investments system focused on strategy, governance and performance monitoring as well as testing a sample of transactions. Assurance was provided on the compliance of the operation with approved policies and procedures and recommendations were agreed to enhance the control environment.

No risks were identified following a review of the MyPension system which is a web based application which enables members of the Local Government Pension Scheme to access their pension information online.

Officers of the Fund periodically need to make visits overseas in order to research investments, conduct due diligence and to meet with investment managers. All overseas trips undertaken in a 12 month period were examined as part of an audit review and found to comply with corporate policy.

As in previous years, the review of the Benefits system focused on providing assurance on the validity and accuracy of a sample of retirement benefits payments. Again it supported the co-operative arrangement with the external auditors by incorporating a programme of compliance tests required by Grant Thornton.

On the basis of the work undertaken during the year, the overall assurance opinion is that 'the internal control environment for the Pension Fund is adequately designed and operated'. The Pension Fund Operating Group continues to ensure identified risks are effectively managed and the recommendations emanating from the audit work are consistently and effectively implemented within the agreed timescales.

3.3.7 Key Control Developments In Year

- From discussions with partners and commissioners it is evident that, for many of the Wirral Plan partnerships, there has been significant improvement in the effectiveness of partnership working, with partnerships generally reflecting a well-co-ordinated approach, strong communication between partners and commissioners, a clear understanding of pledges and strategies and robust arrangements for the monitoring and delivery of outcomes;
- The organisation has updated its Corporate Risk Management Policy. The Corporate Governance Group, the Strategic Leadership Team and the Audit and Risk Management Committee regularly and routinely consider reports on risk, in accordance with the Risk Management Policy;
- Some risk registers have been reviewed and refined to ensure that they reflect the critical risk issues that the organisation currently faces;
- Enhanced engagement with all stakeholders including the Council's budget consultation;
- The Councils Constitution and Scheme of Delegation has been reviewed during the year and amendments approved through full Council or Standards and Constitutional Oversight Committee to ensure continued ongoing fitness for purpose;
- All Internal Audit reports issued with a major or moderate organisational risk opinion in 2016/17 have had follow up work undertaken and significant improvements have been made in these areas;
- A comprehensive Performance Management Framework is in place that is built upon, and supported by, robust systems and processes (however, scope does exist to further enhance processes to ensure performance management data/information being reported is robust and user-friendly);
- The Wirral Plan lays out twenty pledges across three areas: Business, Environment and People. Supporting the Wirral Plan and 20 pledges are a number of strategies aimed at achieving each of the pledges. Quarterly update reports

relating to the Wirral Plan have been reported to Overview and Scrutiny Committees and Cabinet. Quarterly Corporate Operational Health Reports have also been produced and routinely presented to SLT;

- A review was undertaken of Data Quality relating to "Care Leavers" performance information within Children's Services following the Ofsted review (report published 20 September 2017). It was evident that significant progress had been made since the initial Ofsted report; however, further improvements are required. Further audit work on Data Quality within CYP is to be determined and undertaken during 2017/18 as new processes become established and embedded.

4. Audit Outcomes 2016/17

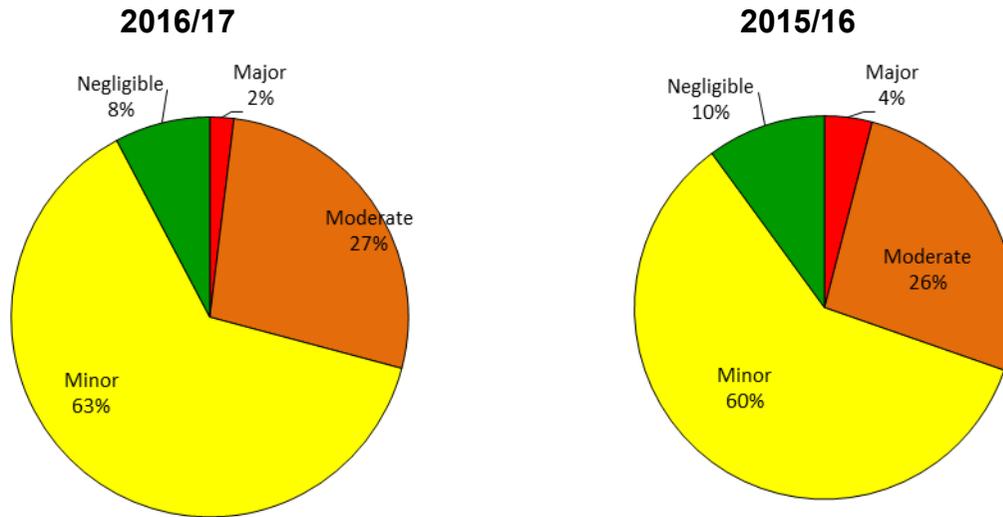
4.1 Assurances Issued During 2016/17

My opinion has taken account of the relative materiality of areas reviewed and management's progress in respect of addressing control weaknesses. Whilst all audit outcomes have contributed to the overall opinion, the following reviews and their outcomes are considered particularly relevant in determining my overall opinion.

4.2 Audit Opinions Provided

The charts below illustrate the organisational risk opinions provided in audit reports produced during 2016/17 and the previous year 2015/16. These opinions identify the risk to the organisation of the audit findings taking account of the impact and likelihood of occurrence with 'Major' being the most significant and 'Negligible' presenting the least risk opinion to the organisation.

When comparing the two years the most notable feature is the reduction in 2016/17 of the number of audits identifying a 'Major' risk opinion which is encouraging and possibly suggests that there is an increased awareness and understanding of the need for robust systems of control and governance across management, particularly important during periods of significant transformation and change. Those audits identifying other risk opinions have remained reasonably static over the two years.



These opinions are explained in more detail below:

4.2.1 Negligible Organisational Risk Opinion

A Negligible organisational risk indicates that there were no weaknesses identified during the audit review and that the Council is not exposed to any risks directly associated with the findings. This opinion was provided for the following audits:

Accounts Receivable - Recovery Processes
Annual Governance Statement - Assurance Statements Testing
CIPFA Fraud and Corruption Tracker (CFaCT) survey

General Ledger - Bank Reconciliations
General Ledger – External Audit International Auditing Standards
Public Health Contracts
Refuse Collection Contract
MPF My Pension

4.2.2 Minor Organisational Risk Opinion

A Minor organisational risk indicates that the likelihood/impact of the risks identified during the review, should they materialise, would leave the Council open to minor non fundamental or material risk. This opinion was provided for the following audits:

Accounts Payable – CHAPS / Faster Payments
Accounts Payable - Williamson Art Gallery
Agile Working
Altair Immediate Payments Process
Asset Management
Benefits - Risk Based Verification Draft Policy
Benefits - Write-Offs
Black Horse Hill Infant School
Brookhurst Primary
Business Support – BACS Transactions
Church Drive Primary
Dawpool CE Primary
Direct Payments - Children
Early Years Free Entitlement
Egremont Primary

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Financial Management - Insurance
Great Meols Primary
Greenleas Primary School
Hayfield School
Heswall Primary
Highways Maintenance
Hillside Primary
Holy Spirit Catholic & CE Primary
Hoylake Holy Trinity CE Primary
Income & Banking - Establishments
Income & Banking - Postal Operation
Information Governance and Security - Intranet Policies and Guidance
Licensing
Lingham Primary
Liscard Primary School
Mayor's Charity Fund y/e 15/16
Mersey Park Primary
Mersey Regional Fraud Group
National Fraud Initiative
OJEU Notices
Orrets Meadow School
Overseas Travel
Oxton St Saviours CE Primary
Park Primary
Payroll - LGPS Annual Return
Poulton Lancelyn
Prenton Primary
Raeburn Primary School
Referral - Money Laundering

Revenues - Council Tax Data Testing
Revenues - NDR Valuations
Sandbrook Primary
Social Care Transformation
South Wirral High School
St Georges Primary
St Joseph's Catholic Primary School (Birkenhead)
St Joseph's Catholic Primary School (Upton)
St Peters CE Primary (Heswall)
STEP Grants 1
STEP Grants 2
STEP Grants 3
The Observatory School
Thingwall Primary
Trading Standards and Environmental Health
Troubled Families
Troubled Families
Well Lane Primary School
Wirral Hospitals' Schools
Woodlands Primary School
Woodslee Primary

4.2.3 Moderate Organisational Risk Opinion

A Moderate organisational risk opinion indicates that the likelihood/impact of the risks identified during the review, should these materialise, would leave the Council open to a moderate risk of a fundamental or material nature. This opinion suggests that that there are some weaknesses in the design and/or operation of the control environment that may have varying degrees of impact on the achievement of systems and/or corporate objectives. This opinion was provided for the following audits:

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Accounts Payable - Electronic Billing
Annual Governance Statement Review
Bebington High Sports College
Benefits - Local Welfare Assistance Scheme
Benefits - Personal Finance Unit
Business Support - Prepaid Cards
Constitution
Counter Fraud - Corporate Credit Cards
Culture
Cyber Security
Data Quality (Ofsted)
Discretionary Housing Payments - Assessment and Award
Discretionary Housing Payments - Assessment and Award of Rent In Advance
Discretionary Housing Payments - DLA
Investments
MPF Retirement Benefits Payments
Organisational Change
Passenger Transport Contracts
Payroll - Timesheet Processing
Pensby High
Performance Management and Planning
Ridgeway High School
Risk Management
Tendering Management
Whistleblowing
Wirral Family Forum
Works Contracts Register

4.2.4 Major Organisational Risk Opinion

A Major organisational risk opinion indicates that the likelihood/impact of the risks identified during the review, should these materialise, would leave the Council open to a major risk of a fundamental or material nature. This opinion suggests that that there are some potentially serious weaknesses in the design and/or operation of the control environment that may have a significant impact on the achievement of systems and/or corporate objectives if not addressed.

The schedule below identifies the 2 reports out of the total of 103 produced during the year that contained 'Major' organisational risk opinions. In all cases management action to address reported weaknesses was agreed and appropriate actions either taken or started during the year as indicated.

Audit	Outcome
Special Guardianship Orders	<p>Following an audit review at the request of management into Special Guardianship, Child Arrangement and Adoption Orders action has been taken in year to significantly strengthen controls over the systems in place to prevent any overpayments being generated incorrectly.</p> <p>A satisfactory separation of duties is now in operation and controls introduced to improve operations. Internal Audit are scheduled to undertake further follow up work in this area during 2017/18 to test the effectiveness of the improved control environment including compliance with the revised procedures.</p>
Attendance Management(Sickness Absence)	<p>Actions are currently being undertaken by senior managers to address a number of issues reported following audit sample testing across three key operational areas where it was identified that corporate policy had not been consistently applied.</p> <p>These issues have been discussed by the Strategic Leadership Team who are overseeing and monitoring the implementation of a range of appropriate actions to</p>

	<p>improve the effectiveness of existing systems.</p> <p>Internal Audit are scheduled to undertake follow up work in this area during 2017/18 including judgemental sampling to provide an opinion on compliance with the policy requirements.</p>
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4.3 Additional Work during 2016/17

Additional work by internal audit during the year has included involvement in investigation work, input to developing systems and a separate programme of work for Counter Fraud, including strategy development and raising awareness.

4.3.1 Counter Fraud

The Counter Fraud Team continued to chair and co-ordinate the activities of the Mersey Region Fraud Group (MRFG), which consists of a number of neighbouring authorities and partner organisations. The group is still 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 and other counter fraud exercises.

To support the work of local authorities, CIPFAs Counter Fraud Centre (CFC) published a Code of Practice on Managing the Risk of Fraud and Corruption in 2014. 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.

The Council's compliance with the Code was initially assessed in 2015 following its publication. However, following the publication of guidance and the development of an online assessment tool provided by CIPFA, the Council's fraud arrangements were re-assessed in early 2017. The 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.

The team continues to maintain the 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 has been 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.

The Counter Fraud 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.

4.3.2 **CIPFA Fraud and Corruption Tracker (CFaCT)**

In June 2016 CIPFA's CFC carried out an annual survey of fraud and corruption detected in local authorities in England. The survey includes questions commissioned by the Fighting Fraud Locally Board and the Home Office, to provide a picture of the amount of detected fraud, emerging risks and actions taken by local authorities across the country to combat fraud and corruption.

The CFC survey identified that the largest area of growth in fraud is in procurement and investigations in this area increased by five times in the year. Business rates and Council Tax continue to be areas of concern for Local Authorities.

These areas have been incorporated into the annual Internal Audit planning process and audit work has been identified that will be undertaken during 2017/18.

4.3.3 **National Fraud Initiative**

The Counter Fraud Team facilitates and co-ordinates the Council's participation in the National Fraud Initiative which the Council is required by law to participate in.

Data sets were submitted in October 2016 for the 2016/17 National Fraud Initiative biennial data matching exercise and results of data matches were received at the end of January 2017. For this current NFI exercise £21,476.34 has been identified to date, of which £21,368.44 is being recovered.

4.3.4 Investigations

For the financial year 2016/17 Internal Audit received 63 reports and referrals via a number of sources. This represents an increase of 90% from 2015/16 and is partly due to an increased awareness of fraud risks amongst employees and members of the public as a result of successful publicity campaigns run during the past two years. The type of issues covered a broad spectrum of the Council's activities including:

- Bank Mandates
- Blue Badges
- Business Rates

4.3.5 Developing Systems

During the year Internal Audit has had input to a number of systems being developed that includes the following, advising on the control environment and proportionate risk responses:

- Public Liability Claims (Self Handling)
- Housing Benefit & Council Tax Support Risk Based Verification Policy
- Local Government Pension Scheme Annual Return
- Utility Electronic Billing
- Information Governance
- Selective Licencing

4.3.6 Value for Money /Consultancy work

Whilst value for money work is implicit within all audit work a limited number of specific exercises has been undertaken during the year as detailed below. Time has been included within the Audit Plan to develop this approach and increase our focus in this area on proactive, value adding reviews to support the organisation in delivering increased budget savings and managing service redesign. Work in this area will undoubtedly increase and this has been reflected in the work plan. Developments have taken place during the year to improve our approach to this including new operational practices and reporting formats that are now in operation and encompass a review of the effectiveness/VFM approaches in place.

- Performance Management
- Events Management
- Utilisation of casual worker pool

4.3.7 Schools Work

The objective of the schools audits was to form an opinion on the effectiveness of the controls within schools in ensuring appropriate levels of governance are exercised by the governing body and school's management over the delegated budget.

The risk self-assessment approach developed during 2015/16 to ensure a much more effective use of internal audit resources has continued. This approach targets those schools which are most in need of independent review and advice in a more timely fashion and also ensures that all schools are audited over a three year cycle.

The questionnaire utilised was developed based on the '*Scheme for Financing Schools*' which is statutory guidance provided by the Department for Education for local authorities. It relates to Section 48 of the School Standards and Framework Act 1998, and Schedule 14 to the Act.

The audit questionnaire is designed to enable the assessment of controls currently in operation at schools on a timelier basis. The questionnaire highlights a range of high risk controls and systems, including those affected by recent changes in LA procedures, such as the introduction of SelfServe. Audit findings identified during 2016/17 include over thirty assurance

opinions rated as 'Good', a clear indication that the approach continues to be well received and has encouraged schools to 'take ownership' of these systems and with ongoing support and guidance from Internal Audit and the LMS Unit ensure that appropriate and effective systems of control are in operation.

The Wirral Electronic School Communications Website (WESCOM) continues to be utilised by Internal Audit to convey best practice learning points in response to issues raised during individual audits for the collective benefit of all schools. Customer feedback in response to this audit approach remains extremely positive.

4.3.8 External Work

Edsential

As part of the SLA with Edsential to provide Internal Audit Services, a range of audit projects to evaluate the effectiveness and good governance of the service provider have been completed, in line with the audit plan agreed with the Edsential Board. Reports on this including projects and an annual internal audit opinion have been prepared for Edsential management and their respective board.

Evolutions

Internal Audit work was performed at Wirral Evolutions during the year covering visits to sample Day Centres, advice on developing financial systems and contract procedure rules, and a review of the governance and performance practices at the Local Authority Trading Company. Audit work is presented to the Managing Director and the Board, and all recommendations made have been implemented in a timely fashion.

Wirral Evolutions are retaining Internal Audit services for the 2017/18 year at least and advise us that they find the 'critical friend' approach very useful as they continue to develop. Work planned for 2017/18 includes further work on financial and governance systems as well as operational areas that includes reactive advice and assistance.

4.3.9 Other Work

The Internal Audit team's resources have been applied in several other respects:

- Support to the Audit and Risk Management Committee including training provision;
- Attendance at monthly meetings with the Chair of the Audit and Risk Management Committee;
- Support to and attendance at the Corporate Governance Group;
- Support to and attendance at the Information Governance Delivery Group;
- Support to prepaid card user group by attendance at meetings with service provider;
- Attendance at regular meetings with the Section 151 Officer;
- Regular attendance at the Strategic Leadership Team;
- Attendance at Departmental Management Team meetings
- Regular meetings with Directors
- Grant claims;
- Provision of ad-hoc advice;
- Annual planning and reporting,
- Collation of evidence for the preparation of the 2016/17 Annual Governance Statement; and
- Attendance at Commercial Approach workshop.

5 Effectiveness of Internal Audit

5.1 Internal Audit Standards

Internal Audit fully complies with the CIPFA Code of Practice for Internal Audit which has until recently been the pre-eminent best practice standard for public sector internal audit providers.

From 2013 Internal Audit are required to adhere to the new Public Sector Internal Audit Standards (PSIAS) which will replace the Code of Practice and require all public sector internal audit providers to be fully compliant with by 2018. Regular update reports on this have been presented to the Audit and Risk Management Committee during 2016/17 advising Members of the evolving requirements and progress being made by the service to become compliant. This has included the completion of a self-assessment exercise against the new standards that effectively introduce more demanding targets for internal audit across the public sector. The outcome from the self assessment exercise indicates that the service is currently over 90% compliant with full compliance only achievable when the external peer review exercise scheduled for January 2018 is completed.

The new Public Sector Internal Audit Standards (PSIAS) note that a professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The PSIAS require an external assessment of the service at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The scope of the external assessment will be agreed with the Section 151 Officer and the Chair of the Audit & Risk Management Committee as well as with the external assessor or assessment team.

Wirral Council has adopted the peer challenge assessment approach developed by the North West Chief Audit Executive's Group. This approach is acknowledged and supported by the Chartered Institute of Public Finance Accountants (CIPFA), the Chartered Institute of Internal Auditors (CIIA) and External Audit colleagues as being a best practice method of satisfying the requirements of the Standards and ensuring that internal audit are providing a robust and effective service. The assessments are to take place during 2017/18 with Wirral scheduled for completion in January 2018.

Grant Thornton in its reporting continue to acknowledge that Internal Audit provides an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment to the Council.

5.2 Quality Assurance Improvement Programme

The Internal Audit Service operates a Quality Assurance Improvement Programme (QAIP) that is designed to provide all stakeholders with reasonable assurance that the service performs its work in accordance with the Internal Audit Charter and Strategy and is compliant with the Public Sector Internal Audit Standards and Internal Audit Code of Ethics. The QAIP is designed to cover all elements of internal audit activity in accordance with PSIAS Standard 1300 ensuring compliance, adding value and helping improve organisational operations. The QAIP has a number of different elements that contribute towards an ongoing assessment of the nature and effectiveness of the service delivered and the performance of individual auditors, identifying areas for improvement and development on a continuous and ongoing basis. Included within the QAIP are the following and any improvement actions arising in year have been included within both Internal Audit Service and Personal development plans:

- Customer Satisfaction Surveys
- Post Audit Assessments
- Auditor Skills Appraisal
- Core Competencies

5.3 Internal Audit Developments

A number of improvements have been made during the year to the Internal Audit Service that have been designed to increase the overall efficiency and effectiveness of systems of internal audit across the Council. Some of these improvements include:

- The implementation of revised audit working papers to reflect current best professional practice;
- Enhanced reporting arrangements for Chief Officers and Members to reflect organisational change;
- Further development of the self-assessment approach to auditing Schools promoting ownership of issues and utilising audit resources more efficiently;
- Improved performance management system utilising quality assurance improvement programme outcomes;

- Developed approach to AGS work incorporating changes resulting from new CIPFA/SOLACE best practice guidance and updated Governance Assurance Statement;
- Utilisation of the Wescom system to communicate more effectively the outcomes of Schools audits and best practice points of note,
- Continuous ongoing improvements to engagement arrangements with Chief Officers, managers and Members;
- Developed reporting arrangements for ARMC members;
- Reviewed and revised Internal Audit Strategy and Charter incorporating changes resulting from Public Sector Internal Auditing Standards (2016), endorsed by ARMC;
- Regular scheduled attendance at departmental management meetings and the Chief Executives Strategy Group/Strategic Leadership Team by the Chief Internal Auditor;
- Ongoing benchmarking against other audit service providers;
- Developed relations with Chief Audit Executives from across the Mersey and North West regions;
- Further development of the Mersey Counter Fraud Group including the establishment of more proactive collaborative cross boundary working;
- Revisions to the Quality Assurance Improvement Programme in compliance with the Public Sector Internal Auditing Standards;
- Development of the Intranet facility as a vehicle for communicating audit and risk related issues to clients;
- Ongoing evaluation and development of the audit planning and management system incorporating full automated working papers and reports;
- Ongoing restructuring of automated working folders to reflect organisational change and best practice;
- Clarification of local arrangements to ensure compliance with the Local Audit and Accountability Act, specifically regarding the procurement of external audit services through Public Sector Audit Appointments Ltd;
- Increased utilisation of mobile technology to enhance efficiency and effectiveness;
- Development and implementation of a 'fit for purpose' model for the delivery of internal audit services to related external organisations delivering services on behalf of the Council;
- Development of the extent of the value for money work undertaken;
- Full compliance with the Public Sector Internal Audit Standards;

Many of these initiatives will continue to be the subject of ongoing review during 2017/18 to ensure that the very best use of all available resources is made and that Internal Audit continues to provide a value added service to the Council.

5.4 Performance Indicators

For 2016/17 the internal audit service continued to set some challenging targets for all of its key measures, but particularly 'plan delivery' and 'acceptance of High priority recommendations'.

These indicators form part of the overall service performance reporting information for senior management and the Audit and Risk Management Committee.

For 2016/17 summaries of the post audit feedback forms indicate an overall satisfaction rate of 100% with the audit service, with over 95% of respondents noting that they were 'very satisfied' with the service provided, an overall improvement on last year's very high satisfaction levels.

The table below details the key performance measures relating to Internal Audit and actual performance for 2016/17:

IA Performance Indicator	Target	Actual
Percentage delivery of IA Plan 2016/17	100	100
Percentage of High priority recommendations agreed with clients.	100	100
Percentage of returned client survey forms indicating satisfaction with the IA service.	80	96
Percentage of internal audit reports issued within 10 days of completion of fieldwork.	100	99

5.4.1 Completion of the Internal Audit Plan for 2016/17:

The plan was 91% complete as at the 31 March with 9% carried over into 2017/18 with completion during April/May 2017. This predominately related to audit work undertaken late in the year following issues experienced during quarters two and three with a number of vacant posts. At the time of writing this report the IA Plan for 2016/17 was 100% complete. All of the contingency days were used on referrals and investigations work, this equates to 8% of the audit days available.

5.4.2 Final reports issued within 10 working days of completion of fieldwork:

The average delay on top of this was 1 day and the majority were delays in obtaining management responses to the reports, a factor largely beyond the control of Internal Audit management.

5.4.3 Comments received on the Customer Survey Feedback Questionnaires:

“this complex and highly sensitive piece of work was completed effectively and on time”

“Highly satisfied with the overall service from Internal Audit”

“The Auditor’s observations and findings are of significant operational and strategic benefit”

“Excellent service received from Internal Audit”

“Rigorous and professional service”

“Good approach and excellent communication, the Auditor was helpful and highly professional”

Minuted feedback received from the Audit and Risk Management Committee during 2016/17:

“The Chair expressed Members’ thanks to the Officer and their continued support of the work undertaken by his team”

“Members thanked the Chief Internal Auditor for the highly comprehensive report”

5.5 Follow up Procedure

Internal Audit undertake a follow up audit of every completed assignment and report the findings to senior management, the Strategic Leadership Team and the Audit and Risk Management Committee. A summary of all recommendations made for each report is provided for the Audit and Risk Management Committee Members each month identifying:

- The actual number of recommendations made for each report and the summary narrative for each High risk recommendation made;
- The opinions provided in each audit report;
- The position statement for each High risk recommendation;
- RAG ratings indicating actions required and follow up status.

Where there is a failure to implement agreed critical or high priority recommendations by the due date, without any justification for not doing so, a formal process of notification to the Chief Officer and SLT followed by referral to the Audit and Risk Management Committee is in operation.

5.6 Working with External Audit

The Government introduced legislation for local audit during 2013. The legislation abolished the Audit Commission and in line with the government changes the Audit Commission appointed Grant Thornton as the Council's external auditors until 2017. The close links with External Audit continued to be important particularly given this change and we have liaised during the year with External Audit to ensure that we avoided any unnecessary duplication and utilised resources to the best effect. Close links with External Audit have been evidenced by:

- Provision of our plan to them for comment,
- Sharing of our reports and working papers,
- Local progress meetings on a regular basis; and,
- The development and implementation of a formal working protocol.

5.7 Working Relationships

Internal audit have continued to enjoy positive working relationships with staff at all levels of the Council. This assistance is acknowledged and welcomed.

1 Scope, Responsibilities and Assurance

1.1 Approach

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

1.2 Responsibilities of Management and Internal Auditors

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

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

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

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

1.3 Basis of Our Assessment

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

1.4 Limitations to the Scope of Our Work

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

1.5 Limitations on the assurance that internal audit can provide

- 1.5.1 There are inherent limitations as to what can be achieved by internal control and consequently limitations to the conclusions that can be drawn from our work as internal auditors. These limitations include the possibility of faulty judgement in decision making, of breakdowns because of human error, of control activities being circumvented by the collusion of two or more people and of management overriding controls. Also there is no certainty that internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks which may arise in future.
- 1.5.2 Decisions made in designing internal controls inevitably involve the acceptance of some degree of risk. As the outcome of the operation of internal controls cannot be predicted with absolute assurance any assessment of internal control is judgmental.

1.6 Access to this Report and Responsibility to Third Parties

- 1.6.1 This report is prepared solely for Wirral Council and forms part of a continuing dialogue between the Internal Audit Service, the Section 151 Officer, Chief Executive, Audit and Risk Management Committee and management of the Council. It is not therefore intended to include every matter that came to our attention during each internal audit review.
- 1.6.2 I acknowledge that this report may be made available to other parties, such as the external auditors. I accept no responsibility to any third party who may receive this report for any reliance that they may place on it and, in particular, I expect the external auditors to determine for themselves the extent to which they choose to utilise our work.



AUDIT AND RISK MANAGEMENT COMMITTEE 12 JUNE 2017

REPORT TITLE:	ARMC ANNUAL REPORT 2016/17
REPORT OF:	CHIEF INTERNAL AUDITOR

REPORT SUMMARY

To comply with statutory and best professional practice requirements the Audit and Risk Management Committee is required to complete an annual report to Cabinet on the work undertaken by the Committee.

Attached at Appendix A is the Annual Report prepared by the Chair in consultation with Internal Audit.

RECOMMENDATION

That the draft Annual Report be approved and submitted to Cabinet.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 To comply with statutory requirements and best practice identified in the CIPFA publication 'A Toolkit for Local Authority Audit Committees'.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered as this is a statutory and best practice requirement.

3.0 BACKGROUND INFORMATION

- 3.1 Regulation 6 of the Accounts and Audit Regulations require public bodies to regularly review their systems of internal audit, and for the findings to be considered by a committee of the body or by the body as a whole.

- 3.2 Advice from CIPFA includes the assertion that the "systems of internal audit" can be considered to include the role and effectiveness of the Audit Committee which therefore should be assessed and evaluated. This evaluation should include consideration of an annual report on its activities prepared by the Committee for the organisation

- 3.3 To assist Councils in this evaluation exercise CIPFA has provided a checklist and report template and recommended that this be completed annually by the Committee.

- 3.4 An annual report for 2016/17 has been prepared by the Chair in consultation with Internal Audit and is attached at Appendix A for consideration and approval by the Members.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There are none arising from this report.

5.0 LEGAL IMPLICATIONS

- 5.1 There are none arising from this report.

6.0 RESOURCE IMPLICATIONS

- 6.1 There are none arising from this report.

6.0 RELEVANT RISKS

- 7.1 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.

7.0 ENGAGEMENT/CONSULTATION

8.1 Members of this Committee have been consulted throughout the process regarding the content of the annual report and their views are reflected in the final document attached.

8.0 EQUALITY IMPLICATIONS

9.1 There are none arising from this report.

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APPENDICES

Audit and Risk Management Committee Annual Report 2016/17

REFERENCE MATERIAL

CIPFA Publication 'A Toolkit for Local Authority Audit Committees'

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	Annual Report
- Annual Report 2013/14	23 June 2014
- Annual Report 2014/15	8 June 2015
- Annual Report 2015/16	13 June 2016

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APPENDIX A

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AUDIT AND RISK MANAGEMENT COMMITTEE

ANNUAL REPORT 2016/17

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Councillor A Jones, Chair
Councillor A Davies, Vice-Chair

AUDIT AND RISK MANAGEMENT COMMITTEE - ANNUAL REPORT 2016/17

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1. FOREWORD

By the Chairman of the Audit & Risk Management Committee Councillor Adrian Jones

"I am pleased to present the Audit and Risk Management Committee's Annual Report for 2016/17. It records the extent of the work undertaken by the Committee in providing the degree of independence, questioning, and thoroughness necessary across a wide range of control and corporate governance matters.

During the year, the Committee met on five occasions and received reports in connection with the full range of issues that fall within its remit.

This report identifies the breadth of the Audit and Risk Management Committee's activities in ensuring that every aspect of the Council's work is compliant with standards and transparent to its stakeholders. I believe that this Annual Report demonstrates very clearly the enormous value that the Committee brings to the Council and the public in ensuring that improvements to the governance of the authority are being delivered.

Looking forward, the Council is facing a further period of unprecedented change and the need to maintain effective controls and standards in our public services is even more important than ever. I believe that a strong Audit and Risk Management Committee is essential to ensure that the Council achieves its objectives effectively in these areas. It is my intention in the future that the Audit and Risk Management Committee will operate in a proactive manner regarding risks to the organisation, in conjunction with officers, identifying key risks and ensuring that appropriate actions are taken in direct response to these in a timely manner.

Finally, I would like to acknowledge the sterling work of the Members of the Audit and Risk Management Committee and the supporting officers, during the past year"

2. BACKGROUND

2.1 What drives Governance Policy?

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

Effective corporate governance is a fundamental feature of any successful public sector organisation.

A sound corporate governance framework involves accountability to service users, stakeholders and the wider community, within which authorities take decisions, and lead and control their functions, to achieve their objectives. It thereby provides an opportunity to demonstrate the positive elements of an authority's business and to promote public confidence.

Wirral Council has adopted the revised local Code of Corporate Governance based on seven core principles which underpin and define the meaning of good governance:

2.2 Why do we need an Audit Committee ?

While there is no statutory obligation to have such an arrangement, Audit Committees are widely recognised as a core component of effective governance and therefore reflect good practice. Wirral's Audit and Risk Management Committee is properly constituted and, as such, is given sufficient authority and resources by the Council. In effect, the Committee has the right to obtain all the information it considers necessary and to consult directly with senior managers. In line with best practice from both the public and private sectors, the Audit and Risk Management Committee can report its observations and concerns directly to the Council.

A local authority has a duty to ensure that it is fulfilling its responsibility for adequate and effective internal control, risk management, and governance, as well as the economy, efficiency and effectiveness of its activities. The Audit and Risk

Management Committee has a key role in overseeing and assessing the internal control, risk management, and corporate governance arrangements and advising the Council on the adequacy and effectiveness of these arrangements.

2.3 What does an Audit Committee do ?

The Audit and Risk Management Committee's main responsibilities are to oversee the Council's corporate governance arrangements, the work of internal audit, and the Council's response to external audit and other external inspections.

This purpose is reflected in the committee's terms of reference which are reviewed and adopted each year (Attached at Appendix 1).

2.4. How do Officers Support the Committee?

The Audit and Risk Management Committee is supported by:

- The Director for Business Services (Assistant Chief Executive) who has overall responsibility for the arrangements;
- The Monitoring Officer who is required by law to ensure that the Council acts within its legal powers at all times; and,
- The Assistant Director: Finance, as Section 151 Officer who is responsible under the law for ensuring the proper administration of the council's financial affairs.
- The Chief Internal Auditor who has a key role to play in supporting the Committee because of the importance of the Internal Audit service to governance.
- Any other officer of the Council as required.

3. 2016/17 FINANCIAL YEAR

This Annual Report for 2016/17 produced by the Audit and Risk Management Committee has been prepared in accordance with the CIPFA best practice publication '*A Toolkit for Local Authority Audit Committees*'. The report demonstrates how the Audit and Risk Management Committee has fulfilled its terms of reference during a very difficult year and how it is fully committed to helping to improve the Council's governance and control environments during what should prove to be a very challenging year ahead.

The Committee's activities during 2016/17 were designed to make a positive contribution to the continual improvement of governance arrangements across the Council, as well as performing the statutory roles as identified in the Constitution.

4. SOME KEY INFORMATION

4.1. Audit and Risk Management Committee Membership

During 2016/17 the Audit and Risk Management Committee had the following 9 Members:

Councillor Adrian Jones – Chair
Councillor Angela Davies - Vice-Chair
Councillor John Hale - Spokesperson
Councillor Phil Gilchrist – Spokesperson
Councillor Christine Muspratt

Councillor David M Elderton
Councillor Les Rowlands
Councillor Ron Abbey
Councillor Paul Doughty

4.2. Key Features of the Audit Committee and its Operation

The Committee meets CIPFA's definition of best practice as illustrated below:

Best Practice	Expectation	Met	Comment
Independence	Independent from the executive and scrutiny	√	The Committee reports to the Council
Number of Members	3 to 5 members	√	The Committee has 9 Members
Number of meetings	Aligned to business needs	√	The frequency of meetings, 5 times a year complies with best practice.
Co-option	To be considered relative to skills	√	Training is currently provided to increase Members' skills, an evaluation of the adequacy and effectiveness of this is conducted annually as part of the self-assessment exercise undertaken against CIPFA best practice template and relevant action taken to address any shortcomings.
Terms of Reference	Accord with suggested best practice	√	The Committee has adopted the CIPFA recommended model.
Skills and training	Members have sufficient skills for the job	√	General and specific training is provided to increase Members' skills, an evaluation of the adequacy and effectiveness of this is conducted annually and actions to address any shortcomings taken.

4.3. Meetings and Attendance

The Audit Committee normally meets 5 times per year in January, March, June, September and November.

Attendance by Members and approved deputies was over 90%.

5. CORE ACTIVITY 2016/17

5.1. Terms of Reference

The Audit and Risk Management Committee's Terms of Reference are comprehensive, comply with best practice, cover all key areas and are attached at Appendix 1 to this annual report. The Committee's work and outcomes in each of its areas of responsibility are summarised in the following subsections.

Internal Audit

The Audit and Risk Management Committee:

- Approved the Chief Internal Auditor's Audit Plan,
- Considered regular reports produced by the Chief Internal Auditor, highlighting internal audit work completed, internal audit performance against key indicators and any significant issues arising during the period,
- Approved amendments to the reporting arrangements to Members including summary reports from Internal Audit,
- Considered the Chief Internal Auditor's Annual Report and assurance opinion on the Council's control environment,
- Considered reviews of the effectiveness of the systems of internal audit,
- Ensured internal and external audit plans were complementary and provided optimum use of the total audit resource,
- Received updates on the Internal Audit Counter Fraud Teams' remit and activities undertaken,
- Received and considered implications of the introduction of the first UK Public Sector Internal Audit Standards,
- Approved and endorsed the Internal Audit Charter and Strategy,
- Received updates on the new Audit and Accountability Act 2013 and considered the implications for the Council,
- Considered reports on audit investigations conducted,
- Considered and approved revisions to Chief Internal Auditors Audit Plan.

We continue to provide support to the Internal Audit service to ensure management is responsive to recommendations made and agreed.

External Audit

The Audit and Risk Management Committee:

- Considered the external auditor's Audit Plan,
- Considered progress against the plan presented by the external auditor
- Received and considered all external audit findings and inspection reports issued in the year and considered management's response to them, ensuring robust and thorough responses,
- Reviewed the external audit Committee Update reports and took appropriate actions in response to issues presented,
- Reviewed the Council's progress on all external audit and inspection recommendations on a regular basis and asked managers to explain progress where appropriate, thereby holding them to account,
- Received and considered all of the external auditors reports on the Merseyside Pension Fund,
- Considered the external auditor's Annual Audit Letter,

We continue to provide support to external audit to ensure management is responsive to recommendations made and agreed.

Risk Management

The Audit and Risk Management Committee:

- Considered regular reports on the Corporate Risk Registers,
- Promoted risk management across the Council,
- Considered reports on Corporate Risk and Insurance Management,
- Considered reports on the Corporate Risk Management Policy and the management of risk.

We continue to provide support to promote effective Risk Management policy and procedures across the Council and ensure best practice is achieved.

Internal Control and Governance

The Audit and Risk Management Committee:

- Agreed the Council's Annual Governance Statement,
- Agreed and supported the development of a reporting and monitoring mechanism for significant governance issues identified in the Annual Governance Statement,
- Agreed a mechanism for escalating any items of note to Cabinet,
- Supported the ongoing development of a Mersey region Counter Fraud Group,
- Engaged with and supported the annual Counter Fraud Awareness Week initiative,
- Supported work undertaken as part of the Audit Commission's National Fraud Initiative,
- Considered and supported amendments to the Council's counter fraud arrangements,
- Approved the revised Code of Corporate Governance,
- Approved the updated Audit and Risk Management Committee self-assessment checklist.

The Annual Governance Statement is a key document which summarises the Council's governance arrangements and the effectiveness of the arrangements during the year.

Accounts

The Audit and Risk Management Committee:

- Agreed the Council's accounting policies,
- Agreed the Annual Statement of Accounts,
- Received and considered the external auditor's reports, and ensured that the Council responded to the auditor's comments,
- Agreed the annual Merseyside Pension Funds accounts,
- Received and reviewed reports on the Insurance Fund Budget and Annual Report.
- Considered a report on the Grant Claims and Returns Certification

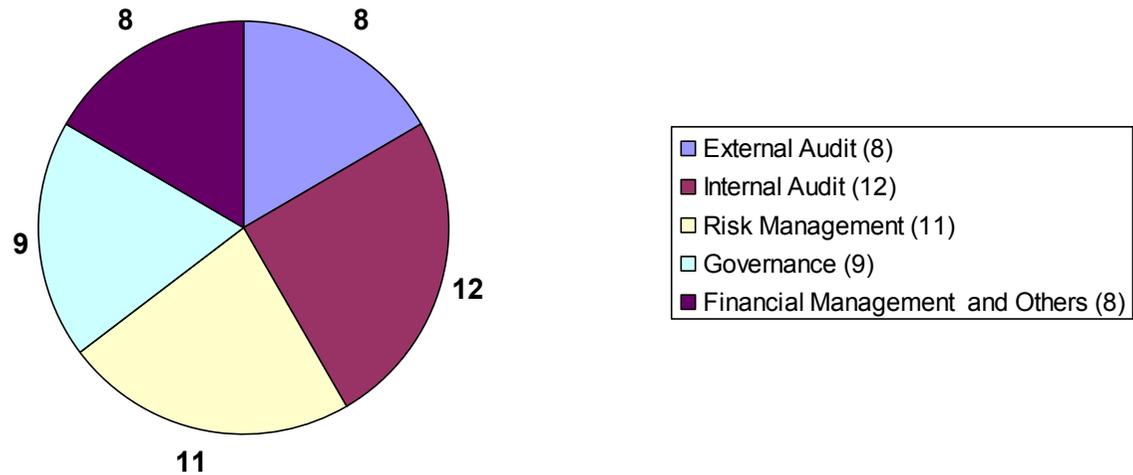
Specific Issues

The Audit and Risk Management Committee also considered reports and presentations on the following specific issues which arose in the period:

- Regulation of Investigatory Powers Act 2000,
- Insurance arrangements and performance,
- Information Governance Update

To give a flavour of our business during the year, the following shows the types and numbers of reports considered between April 2016 and March 2017:

5.2. Numbers & Types of Reports Considered by the Audit Committee



6. OTHER ACTIVITIES

During the year, the Committee demonstrated its commitment to good governance by:

- a) Authorising amendments to the draft Annual Governance Statement.
- b) Devoting significant resource to addressing governance issues arising including the development of a reporting mechanism for monitoring actions taken to address significant governance issues.
- c) Referring matters to Cabinet for attention as appropriate.
- d) Asking Chief Officers to attend as appropriate and present reports on issues identified which affected governance.

7. OUTCOMES

The Audit and Risk Management Committee aims to focus on adding value through its activity. By concentrating on outcomes the Committee can identify the benefits of its work. In particular this year the Committee:

- Oversaw and agreed work on the Statement of Accounts;
- Received reports which showed how improvements had been planned, and delivered, to the Statement Of Accounts;
- Encouraged and presided over a strengthening of the control environment, specifically by overseeing various targeted reviews and the production of the Annual Governance Statement;
- Presided over significant changes in the structure of the organisation including officers with statutory responsibilities to ensure the proper administration of financial affairs and systems of internal control;
- Encouraged and presided over significant developments and improvements to strengthen the delivery of the Internal Audit service, including further development of the Quality Assurance Improvement Plan and other initiatives designed to ensure compliance with the new Public Sector Internal Audit Standards;
- Introduced an enhanced system for escalating any items considered to be of note by ARMC to Cabinet for their attention;
- Presided over the introduction of an improved system for routinely reporting actions taken by officers in relation to items identified as being significant governance issues in the Annual Governance Statement;
- Endorsed the strengthening of the governance arrangements through the consideration and approval of the revised Code of Corporate Governance;
- Encouraged a strengthening of the Council's overall control environment specifically by overseeing various targeted reviews and the production of and challenge to the Annual Governance Statement;
- Oversaw the development and implementation of the Committee reporting mechanism for significant governance issues;
- Oversaw development of the Corporate Risk register.

In addition, individual Members and the Audit Committee collectively continued to develop and learn about our roles including attendance at professional training sessions targeted specifically at Audit Committee Members, and enabling us to deliver our roles more effectively.

8. PLANS FOR 2017/18

During 2016/17 the Audit and Risk Management Committee has consolidated the progress that has been made in previous years, and going forward will look to develop further and cement our role as the recognised champion of good governance for the Council, helping to address any identified issues in what promises to be again a very challenging and difficult environment. Our priorities for 2017/18 are to continue to meet our duties as specified in the Constitution by developing and building on our current status as well as responding to and implementing any new requirements as they arise. For 2017/18 we will:

- Continue to develop the Wirral Council Audit and Risk Management Committee to review all governance issues identified,
- Continue to develop our working relations with officers to improve our understanding of the respective roles and improvement opportunities available,
- Oversee actions required to ensure that the requirements of the Local Audit and Accountability Act 2014 are met,
- Continue to drive up standards and meet the demanding requirements of the external inspection and assessment regime,
- Continue to review all governance arrangements to ensure the Council adopts the very latest best practice,
- Continue to support the work of Internal and External Audit and ensure appropriate responses are given to their recommendations,
- Continue to ensure that all aspects of the new Public Sector Internal Auditing Standards are complied with,
- Continue to help the Council to manage the risk of fraud and corruption by supporting the work of Internal Audit and colleagues in this area,
- Continue to develop the Wirral Council Audit and Risk Management Committee to review risk and partnerships' issues and safeguard public sector interests,
- Continue to oversee the development of audit plans to evaluate and test controls in respect of services delivered either by trading companies run by the Council or on behalf of them,
- Equip existing and any new Members to fulfil our responsibilities by providing more detailed and effective training on all key areas of responsibility including financial arrangements and risk management, governance and internal audit operations.

Councillor Adrian Jones (Chair)

9. APPENDIX 1

AUDIT AND RISK MANAGEMENT COMMITTEE - TERMS OF REFERENCE

1. To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process.
2. The Committee has the following duties, powers and authorities:
 - 2.1. approval of the Council's statement of accounts;
 - 2.2. the responsibilities of the Council under section 151 of the Local Government Act 1972 to make proper provision for its financial affairs;
 - 2.3. to consider and make recommendations to Council or Cabinet as appropriate on:
 - 2.3.1. the annual Audit Report and the Management Letter of the external auditor;
 - 2.3.2. any other statutory report of the external auditor;
 - 2.3.3. any internal audit report that may be referred to the committee by the Chief Executive, the Director of Resources, the Chief Internal Auditor or the Head of Legal and Member Services (as Monitoring Officer);
 - 2.3.4. summaries of specific internal audit reports as requested;
 - 2.3.5. the effectiveness and adequacy of the response by the Council, the Cabinet, any committee or sub-committee of the Council or of any officer to any internal or external audit report or management letter;

- 2.3.6. the systems of control and the arrangements for the prevention of fraud and corruption within the Council;
- 2.3.7. any other matter relevant to the audit of the Council's accounts and financial records or its systems for the control and safeguarding of all the Council's assets;
- 2.3.8. a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale; and
- 2.3.9. the Head of Internal Audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's governance and control arrangements;
- 2.4. to approve (but not direct) the strategy, plan and performance of the Council's internal audit service;
- 2.5. to oversee the production of the Authority's Annual Governance Statement;
- 2.6. to maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and to make recommendations to Council or Cabinet, as appropriate;
- 2.7. to monitor the Council's policies on "Raising Concerns at Work", to the anti-fraud and corruption strategy and the complaints procedure;
- 2.8. to liaise with the Audit Commission over the appointment of the Council's external auditors.
3. The Chair of the Audit and Risk Management Committee shall act as the Council's Risk Management Champion.
4. Executive Members will not normally be members of the Audit and Risk Management Committee

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AUDIT AND RISK MANAGEMENT COMMITTEE 12 JUNE 2017

REPORT TITLE:	COUNTER FRAUD POLICIES
REPORT OF:	CHIEF INTERNAL AUDITOR

REPORT SUMMARY

The purpose of this report is to provide Members of the Committee with details of the outcome of the recent periodic review of the Council's overall Counter Fraud and Corruption arrangements and to seek formal Committee approval for the proposed Counter-Fraud and Corruption Strategy, Anti-Fraud and Corruption Policy, Fraud Response Plan and revised Anti-Bribery Policy.

RECOMMENDATION

The Audit and Risk Management Committee approves the following strategy and policy documents:

- (i) Counter-Fraud and Corruption Strategy (Appendix 1)
- (ii) Anti-Fraud and Corruption Policy (Appendix 2)
- (iii) Fraud Response Plan (Appendix 3)
- (iv) Revised Anti-Bribery Policy (Appendix 4)

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 To follow a structured approach in ensuring that the Council has sound governance arrangements in place relating to acknowledging, preventing and pursuing fraud, corruption and bribery related risks.
- 1.2 To provide assurance to the Council's stakeholders that:
 - Fraud related risks facing the Council are being effectively considered and managed;
 - Fraud related activity will not be tolerated by the Council and perpetrators of fraud will be subject to severe sanctions;
 - Public resources are being protected from abuse and utilised efficiently in providing value for money services.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND

- 3.1 To support the work of local authorities, the Chartered Institute of Public Finance and Accountancy (CIPFA) published a 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 helps the Council secure good governance and demonstrate effective financial stewardship of public monies.
- 3.2 The Code was first published in 2014/15 and an initial assessment undertaken by the Council to ensure compliance in key areas at that time, an online assessment tool and further guidance was subsequently made available to Council's during 2016/17 and the Council's processes re-assessed for full compliance with all aspects of the Code.
- 3.3 The assessment tool and guidance contains 68 performance statements which were used to measure the Council's effectiveness against the five key principles of managing the risks of fraud and corruption, which are to:
 - Acknowledge the responsibility 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.

3.4 On completion of the assessment a written statement was generated by CIPFA summarising the Council's performance to date, against each of these principles, and scoring activities against three levels of performance 'Good', 'Basic' and 'Poor'. The results for Wirral Council are detailed below:

a) **Acknowledge responsibility**

The Council has reached a **Good** level of performance. The leadership team including officers and Members is acknowledging the risks and demonstrating positive leadership to help build an anti-fraud culture and proactively manage risk. There are some areas where more could be done on a regular basis to ensure the focus is maintained and to publicly demonstrate the Council's anti-fraud commitment.

b) **Identify risks**

The Council has reached a **Basic** level of performance against this standard. This includes the identification of some fraud risks. To improve more needs to be done to ensure that there is a regular review of fraud risks to the Council's principal activities and ensure arrangements for reporting and escalation of risks are robust. The Council should ensure that it is regularly reviewing external evidence of fraud risks and supporting fraud awareness amongst its managers and staff.

c) **Develop strategy**

The Council is meeting the **Basic** standard set out in the Code of Practice. It has put in place a strategy to address its fraud and corruption risks and has defined responsibilities for implementation and oversight. The Council's high level of performance in this area means that it is taking robust steps to improve and maintain its resilience to fraud.

d) **Provide resources**

The Council has reached a **Good** level of performance against this standard. The Council has put in place appropriately skilled resources and reviews its resourcing needs. There are some areas where more needs to be done to ensure that its counter fraud capability is able to operate effectively across the Council and collaborative arrangements.

e) **Take action**

The Council has reached a **Good** level of performance against this standard. The Council is proactive in addressing its fraud risks and takes appropriate action to referrals. It has put in place arrangements to provide assurance and accountability over its performance and so is able to identify its strengths and weaknesses. There are some areas where improvements can be made to the effectiveness of its arrangements and to ensure they fully address the scope of the Counter-Fraud and Corruption Strategy.

Overall Assessment

The Council has reached a **Good** level of performance against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. This means that the Council has put in place effective arrangements across many aspects of the Code of Practice and is taking positive action to manage its risks. The Council is performing well against the Code and is actively working to improve its resilience to fraud and to manage its fraud risks. There are some areas that should be

reviewed to develop and improve existing arrangements and the Council should consider further opportunities to extend the effectiveness of its counter fraud and corruption arrangements.

- 3.5 Early indications are that the Council compares favourably with other neighbouring authorities which is encouraging and reflects the extensive work that the Council has undertaken in developing initiatives such as the Mersey Region Counter Fraud Hub and associated publicity campaigns as well as targeted joint working.
- 3.6 Internal Audit are currently liaising with relevant officers across the Council to ensure that action points identified following the assessment are implemented in a timely fashion. One of the main areas identified relates to the completion of a Corporate Fraud Risk Assessment for the Council, with key fraud risks being incorporated within a formal Risk Register. At the time of writing this report, significant progress has been made in carrying out this task, with emphasis being placed on the main areas of fraud highlighted within CIPFAs Fraud and corruption Tracker (CFaCT) 2016.

Counter Fraud and Corruption Strategy

- 3.7 CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption states that an organisation needs a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.
- 3.8 It is recognised that to reduce losses to fraud and corruption to an absolute minimum, a strategic approach with a clear remit covering all areas of fraud and corruption that may affect the Council is required. There needs to be a clear understanding of the importance of the links between policy work (to develop a counter-fraud and corruption culture, create a strong deterrent effect and prevent fraud and corruption by designing robust policies and systems) and operational work (to detect and investigate fraud and corruption and seek to apply sanctions and recover losses where they are found).
- 3.9 Until 2017, the Council had an Anti-Fraud and Corruption Policy and Fraud Response Plan and adopted a strategic approach, but had not documented the overarching strategy. The Council's draft Counter-Fraud and Corruption Strategy clearly identifies the Council's commitment to an effective Counter-Fraud and Corruption approach, as part of its overall Corporate Governance arrangements. The draft strategy outlines the principles that the Council is committed to in preventing and reporting fraud and corruption.
- 3.10 The draft Counter-Fraud and Corruption Strategy is attached as Appendix 1 to this report for Member consideration and approval.
- 3.11 Regular reports on any activity relating to this Strategy, and progress against the Action Plan, will be provided to the Audit and Risk Management Committee.
- 3.12 The Annual Counter Fraud report which is presented to this Committee in November each year will in future incorporate an assessment of the Council's performance against the Strategy and the effectiveness of the Strategy. Conclusions will also be featured in the Annual Governance Statement.

Anti-Fraud and Corruption Policy and Fraud Response Plan

- 3.13 An Anti-Fraud and Corruption Policy and Fraud Response Plan forms an important part of the Counter-Fraud and Corruption Strategy by setting the tone, culture and expectations of the Council, as part of the corporate framework.
- 3.14 Wirral Council has had an Anti-Fraud and Corruption Policy and Fraud Response Plan for many years. As part of the 2017 review both documents have been updated to take account of current best practice and guidance.
- 3.15 The Anti-Fraud and Corruption Policy outlines the Council's attitude to, and position on, fraud and corruption and sets out responsibilities for its prevention and detection. It also communicates important deterrence messages to employees, Members and third parties that fraudulent conduct will not be tolerated by the Council and that the fight against fraud and corruption is endorsed and supported at the most senior level.
- 3.16 The Fraud Response Plan details the Council's procedures for responding to any incidents of suspected fraud or corruption. The Plan sets out how suspicions should be raised and how investigations will be conducted and concluded.
- 3.17 The draft Anti-Fraud and Corruption Policy and Fraud Response Plan are attached as Appendix 2 and 3 to this report and include the relatively minor updates required for Member consideration and approval.

Anti-Bribery Policy

- 3.18 There has been no change to the Bribery legislation since it came in to force in July 2011. However, some minor changes have been made to the Anti-Bribery Policy following a review in 2017.
- 3.19 The Anti-Bribery Policy sets out the actions required by Wirral Council officers to ensure compliance with the Bribery Act 2010 and details the sanctions which are applicable to individuals and to the Council, in the event of a prosecution under the Act.
- 3.20 The sanctions are severe and offences include the corporate offence of "failing to prevent an act of bribery". There is however a defence available to the Council of having "Adequate Procedures" in place. To successfully rely on this defence the Serious Fraud Office would have to be satisfied that the anti-bribery philosophy is embedded in the culture of the Council. In order to prove that the Council has adequate procedures in place, the Ministry of Justice has advocated a list of actions which the Council should have undertaken. The list includes:
- Completion of a risk assessment to identify all areas of the organisation potentially susceptible to Bribery;
 - Ensuring that there is top level commitment to a culture of zero tolerance to bribery;
 - Putting in place proportionate due diligence procedures;
 - Ensuring that all pertinent policies are practical and accessible and understood by all employees;

- Ensuring that there is a system in place to monitor and review the effectiveness of the organisation's approach.

3.21 An assessment of the Council's anti-bribery arrangements will be reviewed during 2017/18 by the Internal Audit Team and the findings will subsequently be reported to Members.

3.22 The draft Anti-Bribery Policy is attached as Appendix 4 to this report for Member consideration and approval.

Conclusion

3.23 In aligning the Council's Counter Fraud and Corruption Strategy with CIPFA's Code of practice on managing the risks of fraud and corruption, the Council continues to apply best practice.

3.24 The adoption and promotion of an effective Counter Fraud and Corruption Strategy, helps the Council proactively encourage the detection of fraud and irregularities, and manage them appropriately.

3.25 It is essential that the Strategy and Policies named above are embedded within the culture of the Council and pro-actively drawn to the attention of all employees and Members of the Council. To facilitate this, they will be made available on the Council's Intranet and Internet sites and e-learning packages.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 Local Authorities have a statutory duty to make arrangements for the proper administration of their financial affairs. That duty includes the prevention, detection and deterrence of fraud and corruption. The Counter Fraud and Corruption Strategy, Anti-Fraud and Corruption Policy and Fraud Response Plan provides a framework for fraud awareness, response and key actions relating to improving the Council's counter fraud and corruption framework. In the absence of an up to date strategy and policies there is a risk that fraud and corruption may not be monitored or be unreported.

5.2 The Bribery Act 2010 reformed the criminal law to provide a new, modern and comprehensive scheme of bribery offences that enables courts and prosecutors to respond more effectively to bribery at home or abroad and provides a more effective legal framework to combat bribery in the private and public sector. It replaced the fragmented offences in common law and the Prevention of Corruption Acts 1889-1916. The Act created two general offences covering the offering, promising or giving of an advantage and requesting, agreeing to receive or accepting of an advantage. It also introduced a corporate offence of failure to prevent bribery by persons working on behalf of a business. An organisation can avoid conviction if it can show that it has adequate procedures in place to prevent bribery.

6.0 RESOURCE IMPLICATIONS

6.1 It is envisaged that all work will be carried out within existing resources.

7.0 RELEVANT RISKS

7.1 As the Council is required to make significant cuts in its current and future budgets, it is essential that it continues to maintain strong defences against fraud and corruption, directing its resources most effectively to mitigate the risk of fraud and reduce loss to the public purse.

7.2 Failure by the Council to fully embed a culture of zero tolerance to bribery could lead to the prosecution of the Council under Section 7 of the Bribery Act 2010, with the potential sanction of an unlimited fine, disbarment from certain trading opportunities and consequential adverse publicity.

8.0 ENGAGEMENT/CONSULTATION

8.1 The Counter-Fraud and Corruption Strategy and revised policies have been developed following consultation with relevant officers within the Council and discussions with colleagues within neighbouring Councils.

9.0 EQUALITY IMPLICATIONS

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

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APPENDICES

Appendix 1- Counter-Fraud and Corruption Strategy

Appendix 2 - Anti-Fraud and Corruption Policy

Appendix 3 - Fraud Response Plan

Appendix 4 - Anti-Bribery Policy

REFERENCE MATERIAL

Managing the Risk of Fraud and Corruption– CIPFA Publication

The Local Government Counter Fraud and Corruption Strategy 2016-19

The Bribery Act 2010 – Ministry of Justice Publication

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Appendix 1

WIRRAL COUNCIL

**COUNTER-FRAUD
AND
CORRUPTION STRATEGY**

Wirral Internal Audit Service

Contents

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1. Foreword

This document sets out Wirral Council's strategy which outlines the principles that Wirral Council is committed to in preventing and reporting fraud and corruption. It has the full support of Members and Chief Officers.

The size and nature of Wirral Council's services mean that there is an ever present risk of loss due to fraud and corruption, from both internal and external sources. By putting in place effective measures to counter the risk of fraud and corruption Wirral Council can reduce losses which undermine standards of service and reduce the resources available for the good of the whole community.

Members and employees have a responsibility for promoting a culture of good governance by ensuring that effective measures are in place to prevent fraud, corruption and by promptly identifying and reporting potential instances for investigation.

Good corporate governance and stewardship of the public funds and assets which are administered by Wirral Council are crucial to the successful delivery of the corporate strategic aims.

High ethical standards are an integral part of good governance and can lead to increased public confidence in local democracy. In promoting good governance standards Wirral Council aims to create an anti-fraud culture and environment to deter those who may commit fraudulent and corrupt acts and encourage those who suspect such activity to report it promptly.

Wirral Council therefore, expects the highest standard of probity, propriety and conduct from Members and employees. This includes the requirement of those concerned to act lawfully and to comply at all times with Wirral Council's policies, regulations and procedures.

Wirral Council also expects the same level of commitment from all outside individuals and organisations, including partners, contractors and customers, ensuring that they act towards Wirral Council with honesty and integrity.

Wirral Council is determined to protect itself from fraud and corruption and will seek to prevent fraud and corruption in all areas of its activities. Where any instances are discovered, Wirral Council will take all action as is necessary to hold perpetrators to account and reduce losses to an absolute minimum.

Signed:

Leader of the Council

Signed:

Chief Executive

2. Introduction

2.1 Wirral Council (hereafter referred to as the Council) has the responsibility of protecting the public purse. In order to meet this responsibility the Council is committed to maintaining an effective Counter-Fraud and Corruption Strategy which follows the principles contained in the Code of Practice on Managing the Risk of Fraud and Corruption, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). With this in mind the Council aims to:

- Ensure all employees and Members are aware of their individual and collective responsibilities relating to the prevention and detection of fraud and corruption;
- Continually review and assess its fraud and corruption risks and implement actions to minimise the likelihood of them materialising;
- Discourage and prevent incidents of fraud and corruption from occurring, particularly in the areas of greatest risk;
- Promote and enhance detection routines to identify any incidents that do occur;
- Investigate and respond effectively to minimise the impact of any suspected or identified incidents of fraud or corruption affecting the Council;
- Strengthen any weaknesses in control systems identified from the investigative process to prevent any recurrence of the situation;
- Take the strongest possible action against proven perpetrators of fraud or corruption, including offences committed by employees, taking account of the circumstances of each case;
- Recover any identified losses stemming from confirmed cases of fraud or corruption in addition to any associated investigation costs.

2.2 It is the responsibility of Chief Officers to communicate this Counter-Fraud and Corruption Strategy to all managers and employees and to promote greater awareness of the risk of fraud and corruption within their Directorates.

3. Legal Definition

3.1 The Fraud Act 2006 describes fraud as the intention to make gain or cause loss under three main headings:

- Fraud by false representation:
A person is in breach of this section if this is done dishonestly and there is intent, by making the representation, to make a gain for himself or another; or to cause or expose the risk of loss to another.
- Fraud by failing to disclose information:
A person is in breach of this section if he dishonestly fails to disclose to another person information which he is under a legal duty to disclose; and intends by failing to do so, make a gain for himself or another; or to cause or expose the risk of loss to another.
- Fraud by abuse of position:
A person is in breach of this section if he occupies a position in which he is expected to safeguard, or not to act against, the financial interests of another

person; dishonestly abuses that position with the intention to make a gain for himself or another; or to cause or expose the risk of loss to another.

There are further subheadings of fraud described, including possession of articles for use in fraud, making or supplying articles for use in frauds, participating in fraudulent business and or obtaining services dishonestly.

3.2 Corruption is defined as the offering, giving, soliciting or acceptance of an inducement or reward, or showing any favour or disfavour which may influence any person to act improperly.

4. Corporate Framework and Culture

4.1 The Council has a range of interrelated policies and procedures that provide a corporate framework to help counter any fraudulent or corrupt activity. These have been formulated in line with the appropriate legislative requirements and professional best practice and include:

- Code of Conduct for members and employees
- “Whistleblowing” Policy and Complaints Procedures
- Fraud Awareness and Training
- Disciplinary Policy
- Effective Recruitment and Selection procedures
- Financial Regulations & Contract Procedural Rules
- Anti- Money Laundering Policy
- Anti-Fraud and Corruption Policy
- Fraud Response Plan
- Anti-Bribery Policy
- Information Security Policy
- Gifts and Hospitality Policy and Register
- Conflicts of Interest Policy and Register
- Cyber Fraud guidance
- Robust internal controls systems

4.2 The Council also has an effective Internal Audit Service, Corporate Fraud Team and Fraud and Compliance Team that assists the corporate framework to help counter any fraudulent activity.

4.3 The Council believes the best defence against fraud and corruption is to create a strong anti-fraud culture within the organisation and that a culture of honest and openness is a key element in tackling fraud and corruption. The codes of conduct for members and employees are based upon the Nolan principles of Standards in Public Life, namely:

- Selflessness – you must act solely in terms of the public interest and not in order to gain financial or other material benefits for yourself, family, or friends.
- Integrity – you should not place yourself under any financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.

- Objectivity – you must make choices on merit when making decision on appointments, contracts, or recommending rewards and benefits for individuals.
- Accountability – you are accountable for your decisions and actions to the public and you must submit yourself to whatever scrutiny is appropriate.
- Openness – you should be as open as possible about all decisions and actions that you take. You should give reasons for your decisions and restrict information only when the wider public interest clearly demands
- Honesty – you have a duty to declare any private interests relating to your work and you need to take steps to resolve any conflicts arising in the way that protects the public interest.
- Leadership – you should promote and support these principles by leadership and example.

4.4 The Council expects all of its employees and members to comply with the seven principles of public life in all of its activities and to embrace these principles as the cornerstone of its Counter-Fraud and Corruption Strategy.

5. Prevention and Deterrence

5.1 An effective internal control system is a vital factor in helping to prevent fraud and corruption. The internal control system comprises the whole range of financial, operational and managerial systems and procedures established within the Council to ensure its objectives are achieved in an effective and efficient manner.

5.2 It is management's responsibility to establish sound systems of internal control designed to reduce the risk posed by fraud and corruption within service areas. To this end, Internal Audit endeavours to provide appropriate advice to managers to ensure they are fully aware of the need to give sufficient emphasis to the preventative aspects of fraud and corruption work.

5.3 When delivering the Internal Audit Plan to the Council, Internal Audit has the key function of monitoring the effectiveness of internal controls in operation. The Internal Audit Plan includes a programme of work based on key risk areas as identified under the Council's risk management arrangements. This programme of work is not restricted solely to the investigation of detected fraud but also includes anti-fraud assurance work intended to deter and prevent fraud.

5.4 The Internal Audit Plan also includes fraud risk identification and assessment work which forms part of the Council's strategic risk management process.

5.5 The Council will continue to identify and assess fraud and corruption risks by:

- Increasing the understanding of potential for fraud and corruption in each Directorate.
- Undertaking detailed risk assessments of those specific areas potentially at risk of fraud and corruption.

- 5.6 The Council will seek to deter potential fraudsters from committing or attempting to commit fraudulent or corrupt acts by:
- Deploying robust systems of internal control, to mitigate the opportunity for fraud and corruption.
 - Publicising the fact that the Council will not tolerate fraud and corruption, demonstrated by this Counter-Fraud and Corruption Strategy and the Whistleblowing Policy.
 - Acting robustly and decisively when fraud or corruption is suspected and proven.
 - Taking action to effect the maximum recoveries for the Council, engaging with the Press and Public relations media, to optimise the publicity opportunities associated with anti-fraud and corruption activity within the the Council. Where appropriate, the results of any action taken, including prosecutions, will be reported in the media.
- 5.7 The Council does not act in isolation to counter fraud and corruption. Links have been established with a number of external agencies, including:
- National Anti-Fraud Network
 - The Police
 - CIPFA Better Governance Forum and Counter Fraud Centre
 - Networks of Heads of Internal Audit
 - External Audit
 - Mersey Region Fraud Group
 - Cabinet Office
 - External Audit
 - HM Immigration Office
 - Department for Work and Pensions
 - HM Revenues and Customs
- 5.8 As technologies develop, there is an ever increasing need to take advantage of the processing and analysis of data stored throughout the Council and beyond. This enables the information and intelligence to be generated, which is a recognised means of detecting and preventing fraud and corruption.
- 5.9 The Council is committed to exchanging information with other local and national agencies; activities such as these are carried out in full compliance with the Data Protection Act 1998 and with the codes of practice for National Fraud Initiative data matching exercises and includes provision of information to other agencies for data matching purposes.

6. Detection and Investigation

6.1 The Council will continue to detect fraud and corruption by:

- Exchanging data with external parties such as other local authorities and other public bodies in line with the requirements of the Data Protection Act.
- Participating in the Cabinet Office' biennial National Fraud Initiative data matching exercise.
- Undertaking proactive anti-fraud audits in areas of known fraud risk and having regard to the possibility of fraud and corruption in all Internal Audit reviews.
- Encouraging Members, employees, members of the public and those we work in partnership with the Council to report allegations of fraud and corruption.

6.2 It is the responsibility of Chief Officers and managers to maintain good control systems and procedures, and ensure that all employees comply with such instructions.

6.3 When information relating to alleged fraud or corruption is obtained it is reviewed and subject to a risk assessment. Some allegations are followed up with a full investigation; others are better dealt with as management issues. Where appropriate managers shall:

- Report allegations to Internal Audit.
- Report allegations promptly and follow any guidance given.
- Where appropriate, contact other agencies, e.g. the Police.

6.4 Depending on the nature and anticipated extent of the allegations, Internal Audit will normally work closely with:

- Senior Managers
- Human Resources
- Legal Services
- Other agencies, such as the Police and the Department for work and Pensions

This is to ensure that all allegations and evidence are properly investigated and reported upon, and where appropriate, maximum recoveries are made for the Council.

6.5 The Council's External Auditor also has powers to independently investigate fraud and corruption.

6.6 The Council is committed to pursuing all possible sanctions for proven cases of fraud and corruption. The Council's Anti-Fraud and Corruption Policy and Response Plan will be adhered to regarding the appropriate level of investigation of suspected cases. The Council is committed to pursuing disciplinary, criminal and civil sanctions where there is evidence to support the occurrence of fraud and corruption. These sanctions will be sought pursuant to the Council's Anti-Fraud and Corruption Policy and Response Plan.

6.7 The Council is committed to seeking to minimise any potential loss due to fraud and corruption. In all cases of suspected fraud and corruption the Council will take action to minimise the risk of further loss. In all cases of proven fraud and corruption the Council will take action where it is available to seek to recover any funds lost due to fraud. The provisions of the Council's Anti-Fraud and Corruption Policy and Fraud Response Plan will be adhered to in all instances.

6.8 Where fraud or corruption has occurred, management will need to take action to ensure that any control weaknesses which provided the opportunity for this are addressed. Any lessons learnt will be disseminated to relevant staff.

7. Training and Awareness

7.1 The Council recognises that the continuing success of its Counter-Fraud and Corruption Strategy will depend largely on the effectiveness of training, communication and responsiveness of employees throughout the organisation.

7.2 To facilitate this, the Council is committed to ensuring employees and Members are aware of their responsibilities with regard to preventing fraud and corruption. To this end, the Council will ensure that there is an on-going training programme regarding measures to minimise the risk of fraud and corruption.

7.3 The Council also recognises that the organisation is exposed to risk from external partners and suppliers and that the reporting of malpractice can be in relation to third parties working for or on behalf of the Council. To this end, the Council will ensure there is an on-going programme of awareness to ensure external partners and suppliers are aware of the Council's commitment to protect its funds against fraud and corruption.

7.4 The review of the Council's internal control systems and the investigation of corporate fraud and corruption centres on Internal Audit, apart from the investigation of fraud related to those services delivered by Assessments and Revenues which rests with the Fraud and Compliance Team. Officers' working to counter fraud and corruption are professionally accredited and keep abreast of new developments and legislation by regularly attending relevant training courses.

8. Summary

8.1 The Counter-Fraud and Corruption Strategy provides a framework for preventing and tackling fraudulent and corrupt acts against the Council. The approval of the Strategy by the Audit and Risk Management Committee, on behalf of Wirral Council, demonstrates the Council's commitment to the protection of public funds and the minimising of losses.

8.2 Having made this commitment it is imperative that arrangements for the circulation of this strategy and promoting fraud awareness across the Council are maintained.

8.3 Wirral Council is determined to keep pace with any future developments in preventative and detection techniques and to be able to respond and make changes to its Counter-Fraud and Corruption strategy.

9. Review

- 9.1 Regular reports on any activity relating to this Strategy, and progress against the fraud self-assessment action plan, will be provided to the Audit and Risk Management Committee.
- 9.2 Internal Audit will ensure that this Strategy is subject to regular review, to ensure its accuracy, and to ensure that the Strategy is being successfully delivered. The success of the Strategy will be measured by the extent to which:
- Fraud is minimised, particularly within the areas that Councils are deemed most at risk from fraud and corruption.
 - Proven cases of fraud, corruption or other irregularity are subject to the severest sanctions being imposed, depending on the circumstances of each case.
 - Proven cases involving employees are dealt with through the Council's disciplinary process.
 - Any identified losses are recovered and where appropriate a financial investigation will be conducted in line with the Proceeds of Crime Act 2002.
 - Successful prosecutions and disciplinary hearings are publicised, taking account of any restrictions on reporting.
 - Employees and members are provided with training and are aware of their anti-fraud and corruption responsibilities.
- 9.3 An annual report will be provided to the Audit and Risk Management Committee on performance against the Strategy and the effectiveness of the Strategy. Conclusions will also be featured in the Annual Governance Statement.

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Appendix 2

WIRRAL COUNCIL

**ANTI-FRAUD
AND
CORRUPTION POLICY**

1. Introduction

- 1.1 Fraud is estimated to cost the public sector billions of pounds every year and diverts resources from those who need them. Fraud also undermines political confidence in public services and can impact negatively upon employee morale. Wirral Council (hereafter referred to as the Council) is determined to discharge its responsibility to safeguard public funds and is committed to combating fraud and corruption from both internal and external sources.
- 1.2 The Council expects the highest standard of probity, propriety and conduct from Members and employees. This includes the requirement of those concerned to act lawfully and to comply at all times with Wirral Council's policies, regulations and procedures.
- 1.3 The Council also expects the same level of commitment from all outside individuals and organisations, including partners, contractors and customers, ensuring that they act towards Wirral Council with honesty and integrity.
- 1.4 The Council has a zero tolerance policy to fraud and corruption whether perpetrated by Members, employees, suppliers or customers. Where any instances are discovered, the Council will take all action as is necessary to hold perpetrators to account and reduce losses to an absolute minimum.

2. Scope of this Policy

- 2.1 This Policy is applicable to Members and employees and forms an important part of the Counter-Fraud and Corruption Strategy by setting out the tone, culture and expectations of the Council, as part of the corporate framework.
- 2.2 This policy should be read in conjunction with the range of interrelated policies and procedures of the Council that provide a corporate framework to counter fraud and corruption (Appendix 1).
- 2.3 It is the responsibility of Chief Officers to communicate this Counter-Fraud and Corruption Policy to all employees and to promote greater awareness of the risk of fraud and corruption within their Directorates.

3. Legal Definition

- 3.1 The Fraud Act 2006 describes fraud as the intention to make gain or cause loss under three main headings:
 - Fraud by false representation
 - Fraud by failing to disclose information
 - Fraud by abuse of position
- 3.2 Corruption is defined as the offering, giving, soliciting or acceptance of an inducement or reward, or showing any favour or disfavour which may influence any person to act improperly.

- 3.3 Although this document specifically refers to fraud and corruption, it equally applies to any forms of malpractice that can reduce public confidence in the Council and its services, and may also include acts committed outside of official duties but which impact upon the Council's trust in the individual concerned. Examples may include, bribery, the criminal acts of theft of "property", which includes all assets and cash; false accounting; obtaining by deception; pecuniary advantage by deception; computer abuse and computer crime.

4. Responsibilities

Members

- 4.1 Members have a duty to protect the assets of the Council and avoid any suspicion of impropriety. Members must ensure proper financial practice and adhere to all codes of ethics and standards and Constitutional Procedure Rules. Members are expected to conduct themselves in line with the regulations laid out in the Code of Conduct, and the seven Nolan principles for public life. These principles have been included at Appendix 2 to this document.

Audit and Risk Management Committee (ARMC)

- 4.2 The ARMC is responsible for monitoring the Council's Counter-Fraud and Corruption Strategy and policies. The committee receives, as appropriate, information from Internal Audit, External Audit and any other Investigating Officers where suspected fraud or corruption has been investigated.

Chief Officers

- 4.3 It is the responsibility of Chief Officers to take steps as are reasonably open to them to prevent and detect fraud. This includes:
- Taking steps to provide reasonable assurance that activities of the Council are conducted honestly and that its assets are safeguarded, including assessing the fraud risk involved in the operations for which they are responsible;
 - Ensuring, that to the best of their knowledge and belief, financial information, whether used in the Council's operations or for financial reporting is reliable;
 - Establishing arrangements designed to deter fraudulent or other dishonest conduct and ensuring these arrangements are complied with;
 - Implementing new controls to reduce the risk of similar fraud where frauds have taken place; and
 - Ensuring that all suspected irregularities and financial improprieties are reported to the Assistant Director of Finance (Section 151 Officer).

Managers

- 4.4 Managers are responsible for ensuring that corporate procedures and systems of internal control are in place to safeguard the resources for which they are accountable. To help achieve this management has a responsibility to ensure employees are aware and comply with requirements of the Council's Code of Ethics, Financial Regulations, and other Council policies and regulations. As part of their stewardship role managers should identify all areas within their service that could be subject to fraud and corruption. Managers must satisfy themselves that adequate controls are in place to detect irregularities at the earliest opportunity. Internal Audit is

there to support all managers in this role and they should be contacted if any manager requires advice or guidance.

Employees

4.5 All employees are responsible for ensuring that their conduct complies with the Employee Code of Conduct laid out by the Council, and the seven principles of public life (Appendix 2). Employees have a responsibility to carry out their duties carefully and honestly and to follow the Council's procedures and guidance. Such diligence will ensure that the Council operates with integrity and in the best interests of the people of Wirral. The Council expects its Members and employees to lead by example in ensuring opposition to fraud and corruption. These responsibilities will be enacted in the following ways:

- Complying with the law, the Council's Financial Regulations and other policies;
- Acting with propriety in the handling and use of official resources and public funds via payment systems, receipts, contracting and grant claims;
- Conducting themselves in accordance with the seven principles of public life;
- Being alert to the possibility that unusual events or transactions could be indicators of fraud or corruption;
- Reporting details immediately through the appropriate channel if they suspect that a fraud or corruption has been committed or attempted; and
- Co-operating fully with whoever is conducting internal checks or reviews or fraud investigations.

4.6 Employees should always be aware of the possibility that fraud and corruption, including other offences such as theft and bribery, may occur in the work place. All employees are encouraged to take a positive role in identifying all such irregularities. Employees should ensure that if they have any suspicions of such irregularities, they follow the clearly laid down procedures within the Fraud Response Plan document.

Internal and External Audit

4.7 It is not the Internal and External Auditors' responsibility to prevent fraud. The fact that an audit is carried out may, however, act as a deterrent. The primary role of Internal Audit is to provide an independent appraisal of internal controls within the Council's financial and management systems. In conducting this role, Internal Audit may identify financial irregularity. Internal Audit should consider the risks of fraud and corruption in the course of its assurance activities, and assist in the deterrence and prevention of fraud by examining and evaluating the effectiveness of controls.

4.8 Where fraud occurs Internal Audit will analyse the underlying risk and compliance issues to inform preventative action. Set out below are Internal Audit's specific role and responsibilities in relation to counter fraud activity:

- Agree a preventative work programme with senior management;
- Conduct investigations in line with recognised best practice;
- Inform senior management of any allegation as appropriate; and
- Report to senior management on the outcome and make recommendations to address any underlying issues with risk and control.

Assistant Director of Finance

- 4.9 Responsibility for corporately managing the risk of fraud and corruption is that of the Assistant Director of Finance. Under Section 151 of the Local Government Act 1972 and The Accounts and Audit Regulations, the "Responsible Financial Officer" (i.e. the Director of Finance) is responsible for ensuring that the Council has control systems and measures in place "to enable the prevention and detection of fraud and corruption ". An Anti-Fraud and Corruption Policy and Counter-Fraud and Corruption Strategy helps towards discharging part of this responsibility.
- 4.10 Also, under The Accounts and Audit Regulations, the Council has delegated to the Assistant Director of Finance, the responsibility for maintaining "an adequate and effective system of internal audit of the Council's accounting records and its systems of internal control in accordance with proper practices in relation to internal control", together with the statutory right of access to documents, records, information and explanations considered necessary for that purpose.
- 4.11 Accordingly, the Assistant Director of Finance will:
- Take overall responsibility for the maintenance and operation of this policy;
 - Promote awareness of the principles and practices it contains;
 - Maintain records of concerns and allegations received, matters arising from audits, investigations and evidence and the outcomes;
 - Report as necessary to the ARMC; and
 - Co-ordinate assurances about the effectiveness of the Anti-Fraud Strategy and Policy to support the Annual Governance Statement.

Human Resources

- 4.12 Human Resources are responsible for:
- Providing advice and support to management in implementing suspensions and any subsequent disciplinary investigation, including advising on the application of the Council's Disciplinary Policy; and
 - Ensuring employment matters are dealt with in a consistent and fair way regarding any case of suspected fraud.

Service Users and Members of the Public

- 4.13 If service users or the public have any suspicions regarding fraud and corruption within the Council , they are positively encouraged to report such concerns directly to Internal Audit, in line with the Fraud Response Plan or to the Council's Monitoring Officer, in accordance with the Council's Whistleblowing Procedure.
- 4.14 If the concern relates to any of the following areas, the report should be made to the Fraud and Compliance Team (Delivery Services):
- Council Tax
 - Council Tax Support
 - Personal Finance Unit
 - Local Welfare Assistance
 - Discretionary Housing Payments
 - School Places

Contractors, Partners and Other Associated Bodies

- 4.15 Contractors, partners and other bodies working with the Council will follow their own policies on fraud and corruption but they are expected to conform to the same high standards of conduct and integrity that the Council operates to. Such partners should be required to:
- Have adequate internal controls in place to prevent fraud and corruption that may affect the name of the Council; and
 - Co-operate with the Council's counter-fraud activity.

5. Fraud Response Plan

- 5.1 The Council's Fraud Response Plan details the Council's procedures for responding to any incidents of suspected fraud or corruption. The Response Plan sets out how suspicions should be raised and how investigations will be conducted and concluded. The Response Plan should be read in conjunction with this Anti-Fraud and Corruption Policy.

6. Conclusion

- 6.1 The Council takes fraud and corruption extremely seriously and actively seeks to prevent any level of fraud or corrupt act. All cases of actual or suspected fraud or corruption will be vigorously and promptly investigated and appropriate action will be taken.

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Appendix 1

Corporate Framework to Counter Fraud and Corruption

- Code of Conduct for Members and employees
- “Whistleblowing” Policy and Complaints Procedures
- Fraud Awareness and Training
- Disciplinary Policy
- Effective Recruitment and Selection procedures
- Financial Regulations & Contract Procedural Rules
- Accounting Procedures and Records
- Anti-Money Laundering Policy
- Fraud Response Plan
- Anti-Bribery Policy
- Information Security Policy
-
- Gifts and Hospitality Policy and Register
- Conflicts of Interest Policy and Register
- Cyber Fraud guidance
- Robust Internal Controls Systems
- Effective Internal Audit Service
- Risk Management Policy

Appendix 2

The 7 Principles of Public Life

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behavior. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

WIRRAL COUNCIL

FRAUD RESPONSE PLAN

DRAFT

1. Introduction

- 1.1 The purpose of Wirral Council's Fraud Response Plan is to define responsibilities for action and reporting lines in the event of suspected fraud or corrupt activity. The use of the Plan should enable the Council to prevent loss of public money, recover losses and establish and secure the evidence necessary for any civil, criminal or disciplinary action.
- 1.2 The Response Plan should also provide direction to take appropriate action against those responsible for any fraud or corrupt act.
- 1.3 The Response Plan complements the Anti-Fraud and Corruption Policy and forms part of the overall Counter-Fraud and Corruption Strategy of the Council.
- 1.4 Allegations of Fraud relating to services delivered by Assessments and Revenues are investigated by the Fraud and Compliance Team (Delivery Services). The Team has specific arrangements for investigating fraud in this area, which form part of the Council's overall Counter-Fraud and Corruption framework.

2. Prevention

- 2.1 In some circumstances it is not possible to deter fraudsters. Therefore, the next most preferable course of action is to prevent fraud from succeeding before there is any loss to Council funds. This can be achieved by developing systems with administrative or technical features, which make them less vulnerable to fraud. These are referred to as Internal Controls.
- 2.2 It is management's responsibility to establish and maintain systems of internal control and to ensure that the Council's resources are applied appropriately. Internal Audit operates as an aid to management to give assurance as to the effectiveness of Internal Control and to make recommendations for improvement. Management should strive to design the potential for fraud out of all new policies and procedures.
- 2.3 It is recognised that in organisations in which fraud occurs, frauds are often perpetrated by employees who familiarise themselves with controls in order that they can circumvent these controls for personal gain. The honesty and integrity of employees is therefore paramount. It is management's responsibility to ensure that in line with the Council's Recruitment Policy appropriate pre-employment screening is operated diligently to prevent unsuitable candidates from securing positions within the Council. (This includes agency staff)

3. Detection and reporting suspected fraud

- 3.1 All employees and Members should be aware of the possibility of fraud and corruption and should report any concerns they have without fear of recrimination. There are a variety of ways of making reports, both personally and anonymously, by using the Council's [Whistleblowing reporting system](#), reporting to management or to Internal Audit's Counter Fraud team - using either the [Fraud Reporting Form](#) or by leaving a message on the fraud reporting answer phone 666 3990.

- 3.2 All concerns will be treated in confidence and will be investigated promptly and fully in a professional manner, in line with this Fraud Response Plan. It should be noted that an allegation does not mean the individual person or organisation is guilty of any wrong-doing, and so they will not be treated as such until the case is proven.
- 3.3 There is a need to ensure that the investigation process is not misused, therefore, if it is found that an allegation has been made in bad faith, maliciously, or for personal gain, then disciplinary action may be taken against that employee.
- 3.4 The Council is committed to the exchange of data with external parties such as other local authorities and other public bodies which are aimed at detecting fraud. In line with the requirements of the Data Protection Act, the Council has in place fair processing notices to facilitate this data exchange. Wirral Council fully participates in the Cabinet Office's National Fraud Initiative (NFI); a biennial data matching exercise aimed at detecting fraud.
- 3.5 All Internal Audit reviews will have regard to the possibility of fraud. In addition, a series of pro-active anti-fraud audits are undertaken annually in areas of known fraud risk.

4. Investigation

- 4.1 Where it is appropriate to do so (i.e. without alerting the alleged fraudster, initial enquiries may be made by the manager or the Counter Fraud team, as agreed with the Chief Internal Auditor, to determine if there actually does appear to be an issue of fraud or other irregularity.
- 4.2 During the initial enquiries, managers should:
- Determine the factors that gave rise to the suspicion;
 - Examine the factors to determine whether a genuine mistake had been made or whether a fraud or irregularity has occurred;
 - Where necessary, carry out discreet enquiries with staff and / or review documents.
 - Contact the Chief Internal Auditor to discuss the allegation and agree any proposed action.
- 4.3 An evaluation of the case should include the following details:
- Outline of allegations;
 - Officers involved, including job role and line manager;
 - Amount involved / materiality / impact;
 - Involvement of any other parties;
 - Timescales – one off or ongoing; and
 - Evidence – where held and access.
- 4.4 In accordance with the Anti-fraud & Corruption Strategy, without prejudice to any action required of Chief Officers under any disciplinary codes, procedures or regulations, the Chief Internal Auditor will, in consultation with the Monitoring Officer and the appropriate Chief Officer, make a decision on the action to take, including any preliminary audit investigation or referral to the Police.

- 4.5 The Chief Internal Auditor should be informed of the results of the initial enquiry so that the case can be closed or a more detailed investigation organised. Internal Audit staff have the power to access documents, and obtain information and explanations from any officer for the purpose of audit.
- 4.6 Where the initial enquiry appears to indicate misconduct by a council employee the manager should inform Internal Audit of:
- All the evidence gathered; and
 - The actions taken with regard to the employee (e.g. suspension or redeployment) or any other action taken to prevent further loss.
- 4.7 The manager should liaise with Human Resources and be aware of the council's requirements regarding the disciplinary process. If suspension is necessary, this requires the prior approval from the Head of Service.
- 4.8 Depending on the size of the fraud or the circumstances of its perpetration, the Chief Internal Auditor will consider whether the Counter Fraud team should undertake the investigation. If appropriate, advice and guidance will be provided by Internal Audit and Human Resources to enable an investigation to be undertaken by an appropriate officer within the service area.
- 4.9 Internal Audit will review the outcome of the investigation (irrespective of whether undertaken by its own staff or the staff from the service area), to ensure that appropriate action is taken to help detect/prevent similar frauds and make recommendations to strengthen internal control systems.
- 4.10 The Investigating Officer will:
- Deal promptly with the matter;
 - Record all evidence that has been received;
 - Ensure that evidence is sound and adequately supported;
 - Secure all of the evidence that has been collected;
 - Where appropriate, contact other agencies;
 - When appropriate, arrange for the notification of the Council's insurers;
 - Report to senior management, and where appropriate, recommend the action to be taken by management in accordance with the Anti-Fraud and Corruption Strategy and the Council's Disciplinary Procedure;
 - If a criminal act is being investigated seek advice from the Monitoring Officer to ensure that the investigation is undertaken in accordance with the Police and Criminal Evidence Act 1984 (PACE).
- 4.11 Where circumstances merit, close liaison will take place between the Investigating Officer, Internal Audit, S151 Officer, Monitoring Officer, the respective Service/Directorate and Human Resources as appropriate.

5. Sanctions and Recovery of Losses

5.1 The Council will seek the strongest sanctions against individuals/organisations who commit fraud against the Council. The Council will in appropriate cases:

- Take disciplinary action where it involves an employee and this may lead to dismissal.
- Refer the case for local investigation by the Standards Committee where it involves a Member.
- Pursue a criminal prosecution. This will act as a deterrent to other fraudsters.
- Pursue civil proceedings to recovery all amounts due to the Council.
- Where appropriate the results of any action taken, including prosecutions will be reported in the media.

5.2 If the Chief Internal Auditor determines that the Police need to be involved, either from the start or at a later stage in the investigation, Internal Audit will support the police investigation as necessary.

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Appendix 4

WIRRAL COUNCIL

**ANTI-BRIBERY
POLICY**

1. Policy Statement

- 1.1 Bribery is a criminal offence. Wirral Council will neither, pay bribes nor offer improper inducements to anyone for any purpose, nor accept bribes or improper inducements.
- 1.2 To use a third party as a conduit to channel bribes to others is a criminal offence. The Council does not, and will not, engage indirectly in or otherwise encourage bribery.
- 1.3 Wirral Council is committed to the prevention, deterrence and detection of bribery and has a zero-tolerance towards bribery. Anti-bribery compliance is to be embedded in every aspect of the Council's operations.

2. Objective of this policy

- 2.1 This policy provides a coherent and consistent framework to enable the Council's employees and Members to understand and implement arrangements enabling compliance. In conjunction with related policies and key documents it will also enable employees and Members to identify and effectively report a potential breach.
- 2.2 It is the responsibility of all personnel, including those permanently employed, temporary agency staff and contractors and Members to:
 - Act honestly and with integrity at all times and to safeguard the Council's resources for which they are responsible;
 - Comply with the spirit, as well as the letter, of the laws and regulations of all jurisdictions in which the Council operates, in respect of the lawful and responsible conduct of activities.

3. Scope of this policy

- 3.1 This policy applies to all of the Council's activities. For partners, joint ventures and suppliers, the Council will seek to promote the adoption of policies consistent with the principles set out in this policy.
- 3.2 Within the Council, the responsibility to control the risk of bribery occurring resides at all levels of the organisation. It does not rest solely within assurance functions, but in all business units and corporate functions.
- 3.3 This policy covers all personnel, including all levels and grades, those permanently employed, temporary agency staff, contractors, non-executives, agents, all Members, volunteers and consultants.

4. Wirral Council's commitment to action

- 4.1 This Council commits to:
 - Setting out a clear anti-bribery policy and keeping it up to date;
 - Making all employees and Members aware of their responsibilities to adhere strictly to this policy at all times;
 - Training all employees and Members so that they can recognise and avoid the use of bribery by themselves and others;

- Encouraging all employees and Members to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately;
- Rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution;
- Taking firm and vigorous action against any individual(s) involved in bribery;
- Providing information to all employees and Members to report breaches and suspected breaches of this policy;
- Including appropriate clauses in contacts to prevent bribery.

5. Bribery

5.1 Is an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage.

6. The Bribery Act

6.1 There are four key offences under the Act:

- Bribery of another person (section 1)
- Accepting a bribe (section 2)
- Bribing a foreign official (section 6)
- Failing to prevent bribery (section 7)

6.2 The [Bribery Act 2010](#) makes it an offence to offer, promise or give a bribe (Section 1). It also makes it an offence to request, agree to receive, or accept a bribe (Section 2).

6.3 Section 6 of the Act creates a separate offence of bribing a foreign public official with the intention of obtaining or retaining business or an advantage in the conduct of business.

6.4 There is also a corporate offence under Section 7 of failure by a commercial organisation to prevent bribery that is intended to obtain or retain business, or an advantage in the conduct of business, for the organisation. An organisation will have a defence to this corporate offence if it can show that it had in place adequate procedures designed to prevent bribery by or of persons associated with the organisation.

6.5 For the purposes of the Act, relevant commercial organisations are not limited to private sector businesses, but potentially include organisations which engage in commercial activity, even if they are performing a public function.

7. Penalties

7.1 An individual guilty of an offence under sections 1, 2 or 6 is liable:

- On conviction in a magistrates court, to imprisonment for a maximum term of 12 months (six months in Northern Ireland), or to a fine not exceeding £5,000, or to both;
- On conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both.

7.2 Organisations are liable for these fines and if guilty of an offence under section 7 are liable to an unlimited fine.

8. Bribery is not tolerated by Wirral Council

8.1 It is unacceptable to:

- Give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- Give, promise to give, or offer a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- Accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- Accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- Retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy;
- Engage in activity in breach of this policy.

9. Facilitation payments

9.1 Facilitation payments are not tolerated and are illegal. Facilitation payments are unofficial payments made to public officials in order to secure or expedite actions.

10. Gifts and hospitality

10.1 This policy should be read in conjunction with the [Gifts and Hospitality Policy and Procedure](#) which makes it clear that:

With the exceptions listed below, an employee should refuse any personal gift (including cash) offered to him/her or to a member of his/her family by any person who has, or seeks, dealings with the Council, and the offer should be reported to the Chief Officer of the directorate concerned.

Exceptions:

- A small/low value gift of promotional character given to a wide range of people and not uniquely to specific employees. These gifts are usually given at Christmas time and include calendars, diaries, pens, mugs or other articles of use in the office or for the job.
- Small/low value gifts on the conclusion of any courtesy visit to a factory or firm of a sort normally given by that firm.
- Light refreshments (e.g. tea, coffee, biscuits, sandwiches) provided as part of a meeting, event or conference.

10.2 Similarly employees and Members should be cautious about the acceptance of Hospitality or Entertainment, as detailed in the [Gifts and Hospitality Policy and Procedures](#) which states that:

Special caution is needed where the host is a private individual or seeking to do business with the Council or to obtain a decision from it or has been involved with the Council commercially. It is important to avoid any suggestion of undue influence and therefore in these circumstances hospitality/entertainment should normally be avoided with the exception of modest refreshments provided during discussions/negotiations. Any hospitality/entertainment received should be registered.

11. Responsibilities

- 11.1 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Council or under its control. All employees and Members are required to avoid activity that breaches this policy.
- 11.2 You must:
- ensure that you read, understand and comply with this policy;
 - raise concerns as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future.
- 11.3 As well as the possibility of civil and criminal prosecution, employees that breach this policy will face disciplinary action, which could result in dismissal for gross misconduct.

12. Raising a concern

- 12.1 The Council is committed to ensuring that all employees and Members have a safe, reliable, and confidential way of reporting any suspicious activity. Each and every employee or Member can raise concerns.
- 12.2 All employees and Members have a responsibility to help detect, prevent and report instances of bribery. Anyone who has a concern regarding a suspected instance of bribery or corruption should report it.
- 12.3 There are various channels through which concerns can be raised. Please refer to the [Whistleblowing Policy](#) or the Anti-Fraud and Corruption Policy (link to be inserted following approval of both policies at ARMC June 17)
- 12.4 Concerns can be anonymous. In the event that an incident of bribery, corruption, or wrongdoing is reported, action will be taken as soon as possible to evaluate the situation. The Council has clearly defined procedures for investigating fraud, misconduct and non-compliance issues and these will be followed in any investigation of this kind. This is easier and quicker if concerns raised are not anonymously.
- 12.5 Employees and Members who refuse to accept or offer a bribe, or those who raise concerns or report wrongdoing can understandably be worried about the repercussions. The Council will support anyone who raises a genuine concern in good faith under this policy, even if they turn out to be mistaken.
- 12.6 The Council is committed to ensuring nobody suffers detrimental treatment through refusing to take part in bribery or corruption, or because of reporting a concern in good faith.

Other relevant policies

- Anti-Fraud and Corruption Policy (link to be inserted following approval at ARMC June 17)
- [Anti-Money Laundering Policy](#)
- [Whistleblowing Policy](#)
- [Gifts and Hospitality Policy](#)
- [Conflict of Interest Policy](#)

Document Ownership	
Policy owned by:	Mark Niblock, Chief Internal Auditor, Internal Audit – Business Services
Policy documented by:	Beverley Edwards, Principal Auditor, Internal Audit
Date policy documented:	June 2011
Date policy due for 1st review:	June 2014

Version Control Table			
All changes to this document are recorded in this table			
Date	Notes/Amendments	Officer	Next Scheduled Review Date
May 2017	Reviewed and reformatted	Luan Quirke – Lead Auditor	May 2018



**AUDIT AND RISK MANAGEMENT COMMITTEE
MONDAY 12 JUNE 2017**

REPORT TITLE:	PERFORMANCE APPRAISAL
REPORT OF:	ACTING HEAD OF HR/OD

REPORT SUMMARY

This report sets out the Council position in relation to the Council's performance in completing employee appraisals in 2016/17.

RECOMMENDATION

Audit and Risk Management Committee note the Council's performance in completing employee appraisals.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

The Council's performance in this area has been a regular item for discussion at Audit and Risk Management Committee as part of performance reporting. At the last Committee a specific report was requested on the latest position for employee appraisals.

2.0 OTHER OPTIONS CONSIDERED

2.1 None

3.0 BACKGROUND AND KEY ISSUE/S

3.1 Process

The Council uses a top-down staged approach for completing performance appraisal throughout the year, starting with Chief Officers. This is a standard approach in order that senior management objectives are aligned with corporate objectives (delivery of Wirral Plan and supporting strategies) and in turn these are reflected in the objectives of staff who report to them.

The process includes a review of performance against objectives set the previous year with feedback and discussion between line manager and employee, setting objectives for the next 12 months linked to team and service plans and identifying any training and other support required to deliver objectives. There is also a 'checklist' of HR and other key policies to ensure compliance, awareness and understanding.

With over 3,500 employees delivering a wide variety of services, the Council is a large and complex organisation. There is a wide range of working arrangements in place. Group appraisals were undertaken with some staff groups that work remotely and/or with limited part time working hours (e.g. Pupil Escorts, School Crossing Patrol and Leisure Services).

The Council set a target of 100% completion for both employee and manager appraisals for 2016/17.

3.2 Performance for 2016/17

Appendix one sets out the performance against performance appraisals in 2016/17.

The report shows that 96.2% of employees had employee appraisals during 2016/17, and that 99.2% of managers had appraisals by 31 March 2017.

This compares to 46% recorded and completed in 2014/15 and 78% in 2015/16.

The target date for all managers (by 30 June) and all employees (by 30 September) was not fully met. Following the Ofsted inspection in July 2017 and the dedicated improvement work that commenced arising from that, the timeframe for Children's Social Care was extended to complete appraisals in the service by 31 March 2017.

Human Resources have reviewed all instances where appraisals have not been undertaken with relevant line managers and are satisfied why they were not undertaken in the period. This includes long-term sickness and maternity, post changes and some interim/agency arrangements.

The Audit and Risk Management Committee's previous concern about the Council's performance in this area has been acknowledged. This has been given a very high priority. There has been a significant effort in communicating and re-enforcing expectations and there has been a considerable progress in performance in this area.

The clear expectation is that all employees have an annual appraisal. This should be an embedded and valued part of a performance management culture. The performance appraisal process is very important in ensuring staff have clear expectations, providing the opportunity for a structured, two way discussion about performance, setting objectives for the next year and identifying support required to deliver those objectives.

Performance in this area will continue to be monitored and reported as part of the regular organisational performance reports. We have continued to refine and develop the process for performance appraisals.

The target for 2017/18 is that all employees have an appraisal by 31 March 2018.

4.0 FINANCIAL IMPLICATIONS

4.1 None

5.0 LEGAL IMPLICATIONS

5.1 None

6.0 RESOURCE IMPLICATIONS

6.1 None

7.0 RELEVANT RISKS

7.1 There are potential risks to the Council if performance appraisal is not undertaken regularly with employees. It is the starting point for managers in managing the performance of others. There would be a potential risk to the Council arising from a lack of clarity around expectations, poor performance not being identified, employees not receiving the support required to

undertake roles and develop and career development opportunities being missed.

8.0 ENGAGEMENT/CONSULTATION

8.1 None

9.0 EQUALITY IMPLICATIONS

9.1 None

REPORT AUTHOR:

Tony Williams
Acting Head of Human Resources/Organisational Development.

APPENDICES

Appendix One: Performance Appraisals 2016/17

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	14 March 2017

Performance Appraisals completed and Registered 2016/17

Managers (100% Expected by 30 June)	Total Managers	PA Completed / Registered	
		Number	%
Business Services	75	75	100.0%
Children's Services	85	81	95.3%
Delivery Services	281	281	100.0%
Strategic Hub	49	49	100.0%
Transformation	4	4	100.0%
Total	494	490	99.2%

All Staff Levels (100% expected by 30 September)	Total People	PA Completed / Registered	
		Number	%
Business Services	557	538	96.6%
Children's Services	505	486	96.2%
Delivery Services	2082	2003	96.2%
Strategic Hub	166	157	94.6%
Transformation	14	13	92.9%
Total	3324	3197	96.2%

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AUDIT AND RISK MANAGEMENT COMMITTEE 12 JUNE 2017

REPORT TITLE:	DIGITAL UPDATE
REPORT OF:	HEAD OF DIGITAL & SENIOR INFORMATION RISK OWNER (SIRO)

REPORT SUMMARY

This report provides Members with a progress update on actions taken by Digital Officers to remove and mitigate risk associated with underinvestment in IT infrastructure in the past.

RECOMMENDATION

Members should note the report.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 The former Head of Digital and Senior Information Risk Owner (SIRO), Mike Zammit, gave a verbal report to members in January.
- 1.2 At the March meeting members requested a written report and a senior member of Digital to attend the June meeting.
- 1.3 In April Mike Zammit left the authority. The interim Head of Digital is Jeff Ashworth, the interim SIRO is Surjit Tour.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND

- 3.1 At the meeting of this Committee in January 2017, Mike Zammit, the then Head of Digital and SIRO gave a verbal report on the following programmes of work:-
 - IT Contingency.
 - Disaster Recovery.
 - Data Loss Prevention.
 - Cyber Security.
 - Information Governance.
- 3.2 This written report will document and update Mike Zammit's verbal report on the 5 programmes of work. The work will now be split between the interim Head of Digital and interim SIRO.

PROGRESS

3.4 IT Contingency and Disaster Recovery

- 3.5 The fibre ring serving council buildings in central Birkenhead has been upgraded, including improved resilience, to provide a link to the Merseytravel datacentre.
- 3.6 The tendering process for the migration of all production services to the Merseytravel datacentre and the repurposing of the Treasury building datacentre as a Disaster Recovery site has been completed and was won by SCC.

- 3.7 The project with SCC will start week commencing 5 June with the initial phase, the discovery and design phase, estimated to last 6 weeks.
- 3.8 Please find Project Plan attached in Appendix A
- 3.8 Data Loss Prevention (DLP)**
- 3.9 The Council has a number of technical and procedural controls to reduce the deliberate or accidental loss of sensitive information. These include: policies and documented procedures; training of staff; endpoint protection (eg laptop encryption; anti-virus and anti-malware software); and disabling of Universal Serial Bus (USB) ports.
- 3.10 Three DLP recommendations from Internal Audit are still outstanding. One relates directly to the creation of a policy and will be completed alongside implementation of the General Data Protection Regulation (GDPR) compliance project. Completion of the other two recommendations, which relate to technical controls and the Information Asset Owners' responsibility to enforce appropriate working practices, will follow on from the identification of the information assets. This will also be part of the GDPR compliance project.
- 3.11 Five DLP recommendations from the Information Commissioner's Office (ICO) audit are still outstanding. Two will be completed by end of May 17. Two have been superseded by superior solutions that are currently being implemented. One recommendation is awaiting contact and agreement from a 3rd party.
- 3.12 Cyber security**
- 3.13 Of the five medium priority recommendations, the two infrastructure recommendations (firewalls and wireless access) are in progress. The information governance recommendations have been covered as part of the ICO audit.
- 3.14 Work by Digital to replace all XP machines with Window 7 machines has significantly reduced the site's vulnerability to malware/ransomware attack.
- 3.15 Digital's implementation of McAfee's software security suite enabled Digital to install an additional security package to detect the 'wannacry' malware within hours of the Ransomware attack on 12th May.
- 3.16 As part of Wirral's Target Operating Environment project, Windows 2003 servers were upgraded to Windows 2008 or 2012. This has increased the site's security
- 3.15 Information governance (IG)**
- 3.16 All IG policy and procedure documents are being reviewed following recommendations made in the ICO Audit and the Internal Audit review of Intranet Policies and Guidance. A rolling programme of reviews has been planned to address all of the recommendations made in these audits, including ensuring that all documents are up-to-date, are in a standard format, have

nominated owners and a scheduled review cycle. The review programme has been scheduled to complete in March 2018 to coincide with the Council's readiness for GDPR compliance.

4.0 FINANCIAL

4.1 Budget has been allocated for the data centre move.

5.0 LEGAL IMPLICATIONS

5.1 There are none arising from this report.

6.0 RESOURCE IMPLICATIONS

6.1 There is none arising from this report.

7.0 RELEVANT RISKS

7.1 There is a risk to IT resilience until the completion of the data centre move.

8.0 ENGAGEMENT/CONSULTATION

8.1 None

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising from this report.

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SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	Jan/March 2017

15054 : Data Centre Review IT

Project Manager : Mallam, George

	Task	Start	End	% complete	Duration	Notes
1	PHASE 1 - PROJECT STARTUP - Discovery Phase	23-Jun-15	29-Jul-16	 100%	289	
2	Confirm the scope	8-Jul-15	21-Jul-15	 100%	10	
3	Agree options to consider	8-Jul-15	9-Jul-15	 100%	2	
4	Complete options appraisal	6-Jul-15	29-Feb-16	 100%	171	
5	BT Site visit	23-Jun-15	23-Jun-15	 100%	1	
6	Datacentre cleansing and consolidation	2-Jul-15	29-Jul-16	 100%	282	
7	Merseytravel Visit	10-Jul-15	10-Jul-15	 100%	1	
8	Mersey travel Proposal meeting	3-Dec-15	3-Dec-15	 100%	1	
9	Strategic Director Briefing	31-Mar-16	31-Mar-16	 100%	1	
10	Legal Approval	1-Feb-16	31-Mar-16	 100%	44	
11	Merseytravel Service proposal	3-Feb-16	3-Feb-16	 100%	1	
12	Check point meeting - Agree way forward	13-Aug-15	13-Aug-15	 100%	1	
13	Check Birkenhead Fibre ring	22-Feb-16	14-Mar-16	 100%	16	
14	Check Tunnel fibres	22-Feb-16	14-Mar-16	 100%	16	
15	Treasury Building options paper	13-Nov-15	25-Mar-16	 100%	96	
16	Treasury Building Capitial expenditure Approval	31-Mar-16	31-Mar-16	 100%	1	
17	Merseytravel internal management approval	2-Jun-16	2-Jun-16	 100%	1	
18	Contract signing	17-Jun-16	17-Jun-16	 100%	1	
19	PHASE 2 - PROJECT DELIVERY	2-Jun-16	29-Sep-17	 81%	347	
20	Georges Dock enhancements	30-Jun-16	31-Aug-16	 100%	45	George Dock datacentre enhancements to meet Wirral Council requirements
21	Fibre networking Link 1 - Tender	2-Jun-16	30-Sep-16	 100%	87	To Implement of the recommendations of the independent Link 1health check
22	Fibre networking Link 2 - Tender	2-Jun-16	30-Sep-16	 100%	87	To complete the identified remedial work and laying of a new Birkenhead fibre ring
23	Audit of the existing datacentre infrastructure	1-Sep-16	30-Dec-16	 100%	87	Complete the rationalisation of the existing datacentre infrastructure
24	Implement Fibre networking upgrade - Birkenhead Town Centre	1-Nov-16	30-Dec-16	 100%	44	Install the required fibre Link1 communications links to Georges Dock
25	test Fibre networking Link to Georges Dock	30-Dec-16	13-Jan-17	 100%	11	Completion of the remediation and installation of the Birkenhead loop new fibre network

15054 : Data Centre Review IT

Project Manager : Mallam, George

	Task	Start	End	% complete	Duration	Notes
26	DC Tender for the move to George Dock	7-Apr-17	29-May-17	 100%	37	Tender for the decommissioning of the Treasury Link IT equipment and servers and re-commissioning Georges dock
27	Georges Dock and DR in Treasury Design phase	19-Jun-17	31-Jul-17	 0%	31	Design Wirral architecture in Georges Dock
28	Migration from the Treasury link to George Dock	1-Sep-17	29-Sep-17	 0%	21	Decommissioning of the Treasury Link IT equipment and servers and re-commissioning Georges dock
29	Relocate Telcos services	1-Aug-17	29-Sep-17	 0%	44	The relocation of the services from Treasury Link to George Dock, will be defined by the SLA agreement with each of these suppliers
30	PHASE 3 - PROJECT Closure	29-Sep-17	29-Sep-17	 0%	1	
31	PM submits Benefits log	29-Sep-17	29-Sep-17	 0%	1	
32	PM submits closure report	29-Sep-17	29-Sep-17	 0%	1	
33	Request project closure	29-Sep-17	29-Sep-17	 0%	1	
34	PM ensures all documents	29-Sep-17	29-Sep-17	 0%	1	
35	PM notifies PO project completed	29-Sep-17	29-Sep-17	 0%	1	

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**AUDIT AND RISK MANAGEMENT COMMITTEE
MONDAY 12 JUNE 2017**

REPORT TITLE	PROCUREMENT - USE OF PROCEDURE RULES APPROVAL DOCUMENT PERMITTED UNDER THE COUNCIL CONTRACT PROCEDURE RULES
REPORT OF	HEAD OF PROCUREMENT

REPORT SUMMARY

This report informs the Committee of the range and number of contracts awarded which have been subject to Contracts Procedure Rules (“CPRs”) Rule12 Extension/Variation; Rule 11 Waiving the Rules, as required under the CPRs.

The Appendix details the contracts subject to the Extension/Variation or Waiver rules for the period 1 April 2016 to 31 March 2017 which under Contracts Procedure Rule 16 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 Assistant Director of Finance (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.

RECOMMENDATIONS

That the report be noted.

That further updates be provided to Committee on a six monthly basis.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 To provide Committee with assurance that the Council is taking appropriate measures to comply with Contract Procedure Rules.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council's Contract Procedure Rules require this report be presented to this Committee. There is an option over the frequency of the reporting and whilst this report covers a 12 month period it is recommended that future report should cover a six month period.

3.0 BACKGROUND INFORMATION

- 3.1 Revised Contracts Procedure Rules that came into effect on the 1 December 2013 significantly changed the rules and the way they are applied.
- 3.2 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.
- 3.3 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 Assistant Director of Finance (S151 Officer) according to the nature and value of the contract.
- 3.4 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.
- 3.5 A complete review of the CPRs was undertaken and the revised Rules, approved by this committee on the 24 November 2015, came into effect on the 1 April 2016.
- 3.6 Within the revised Rules the **Officer Decision Notice** was replaced with four, distinct, **Procedure Rules Approval Documents (PRAD)** - documents of approval are 1-4, for Exceptions to CPR's (1); Variations to Contracts (2); Extensions to Contracts (3); Contract Award (4). These form the basis of all reports to this Committee in accordance with Rule 16.
- 3.7 The revised CPRs included the adoption of the Public Procurement Regulations 2015, the Transparency Code 2014, and the requirement to publish all contracts over £5,000 in value.
- 3.8 Prior to the implementation of the revised CPR's in April 2016, Corporate Procurement provided formal training, for officers involved in contracts, between January 2016 and the end of March 2016. A total 230 officers completed the training.

- 3.9 Corporate Procurement have also produced a new online eForm PRAD approval process, and although there have been problems and amendments, which has prevented an earlier report to Members, officers have found that the system now provides a more efficient approval procedure.
- 3.10 From the 1 November 2016 a new eLearning module, designed by Corporate Procurement with the OD Team, entitled 'Understanding Procurement Processors' was introduced as mandatory for managers to complete, the new CPR's being fundamental to the completion of the course. To date 52% have completed the module.
- 3.11 The appendices attached show all PRADs over 12 months from 1 April 2016 to 31 October 2016 prior to the Council's New Operating Model (NOM) and from 1 November 2016 to 31 March 2017 post the NOM.
- 3.12 There have been 69 Exceptions (**PRAD 1**) to the CPR's approved for the period. Requests to waive the CPR's for under EU threshold contracts (or where the thresholds do not apply) been authorised only 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.
- 3.13 The remainder of PRAD's, detailed within the appendices, are as follows:
- Extensions 47 (extended within Contract terms)
 - Variations 12 (within the interests of the Council)
 - Awards 14 (over £500,000.00, under a full tender process)

4.0 FINANCIAL IMPLICATIONS

- 4.1 The appendices detail a total of 142 PRAD's, approved in compliance with the Council's Contract Procedure Rules against an overall third party spend of in excess of £170 million during 2016/17.

5.0 LEGAL IMPLICATIONS

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

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 The revised CPR's resulted in changing workloads in order to improve the efficiency and effectiveness of the Council's commissioning and procurement processes.
- 6.2 The PRAD 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.

7.0 RELEVANT RISKS

- 7.1 There are none arising directly from this report.

8.0 ENGAGEMENT / CONSULTATION

- 8.1 There was no specific consultation undertaken in respect of this report.
- 8.2 As detailed in the report formal training was provided for officers involved in contracts, between January 2016 and the end of March 2016 and a new eLearning module, was made available for all managers from 1 November 2016.

9.0 EQUALITY IMPLICATIONS

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

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APPENDICES

- Appendix 1 Procedure Rules Approval Documents 1 April 2016 – 31 October 2016
Appendix 2 Procedure Rules Approval Documents 1 November 2016- 31 March 2017

SUBJECT HISTORY (last 3 years)

Meeting	Date
Audit and Risk Management Committee – Revised Contract Procedure Rules	25 November 2015

APPENDIX 1–PRAD (Procurement Rules Approval Document) 1st April 2016- 31st October 2016

Date	Project Status	Project Title	Directorate	Service Area	Project Description	Value of Decision	Departmental Contact	Signed By	Approved By
Extensions (all extensions are within the terms of the contract)									
03/05/2016	Extension	Storeton Land Fill Gas Maintenance – Environmental Scientifics Group Limited	Regeneration and Environment	Environmental Health	Storeton Maintenance Contract Extension due to retender. This is a revised tender process. During the tender process it became apparent that the licensing /copyright of software used to control plant was not included in the initial RFQ (the copyright and licence is held by the incumbent contractor). To enable a fair and effective contract renewal to take place it was decided to carry out a revised tender process. The extension is to cover this process.. 2 month extension- 30/04/2016-30/06/2016	6671	Environmental Health Operations Manager	Senior Manager Environmental Health/Trading Stands.	AD - Finance (\$151 officer)
25/05/2016	Extension	Wellbeing for all – Aged UK	Families and wellbeing	Adult Social services	Delivery of Day Centre Places and Day Activities for Elderly and those suffering from Dementia. The contract had the option to extend for 12 months. This service will form part of the new joint commission with DASS and the CCG through the Carers Wellbeing and the Early Intervention and Prevention service for April 2017. 12 month extension 1/4/2016 to 31/3/2017	519,450	Commissioning Lead (Commissioning and Transform)	Senior Manager Transform & Commissioning	AD - Finance (\$151 officer)
05/05/2016	Extension	Advice4All – Age UK Wirral	Families and wellbeing	Adult Social services	Advice4All- Early Intervention and Prevention. Original contract had the option to extend for 12 months. This service is now forming part of a wider Council Info and Advice service being jointly commissioned with PH and the CCG. Funding needed to enable the new tender process to run. 12 month extension 31/03/2016-31/03/2017	127,912	Commissioning Lead (Commissioning and Transform)	Senior Manager Transform & Commissioning	AD - Finance (\$151 officer)
25/05/2016	Extension	Support4All – Wirral Mind	Families and wellbeing	Adult Social services	Support4 All- Early Intervention and Prevention. Service was funding by Public Health from 2015 but has recently formed part of the budget reductions. PH and DASS have committed to funding this service for 2016/17 with a view to the service forming part of the wider early intervention and prevention recommission for April 2017. We therefore require the funding to maintain the service while redesigning and recommissioning is undertaken. 12 month extension 31/03/2016-31/03/2017	214,923	Commissioning Lead (Commissioning and Transform)	Senior Manager Transform & Commissioning	AD - Finance (\$151 officer)
03/06/2016	Extension	Direct Payments Support Service - Penderels Trust	Families and wellbeing	DASS	Delivery of a Support Service for individuals requiring a Direct payment. Service is performing well and under review for further service provision. The Department is also joining a Regional tender for pre-paid cards. This will determine the future that the service will take. The extension is required to allow the reshaping to be undertaken. It maybe re-commissioned sooner if possible. 12 month extension 30/06/2016-30/06/2017	94,320	Commissioning Lead (Commissioning and Transform)	Senior Manager Transform & Commissioning	AD - Finance (\$151 officer)

08/06/2016	Extension	Fidelity Guarantee Insurance - Zurich Municipal	Transformation and resources	Risk Insurance	The existing contract provides an indemnity against financial loss to the authority from the dishonesty of Council staff. A high limit of indemnity (£20m) is required to cover transactions made by Merseyside Pension Fund and the Council's Treasury Management team. 24 month extension 29/06/2016-29/06/2018	51,925.66	Senior Risk and insurance Officer	AD - Finance (\$151 officer)	AD - Finance (\$151 officer)
15/06/2016	Extension	Parking Enforcement Services - NSL	Regeneration and Environment	Traffic & Transportation Division	The issue of Penalty Charge Notices within the Civil Enforcement Area for all on and off street permitted parking, loading, waiting contraventions and associated activities. Compliance with the traffic management act 2004 (TMA) Part 6 and all associated regulations and legislation. Primary business case is that it will save money. Contract costs will increase by going out to tender. The largest cost is salaries, which due to recent changes to minimum wages are likely to increase. The rates NSL currently pay is below average, retendering would see an increase to these rates. I wish to exercise the option to extend for a further year as permitted in the current contract. 12 month extension 16/11/2016-16/11/2017	575,000	Parking Manager	Strategic Commissioner - Environment	AD - Finance (\$151 officer)
21/06/2016	Extension	LADO/DASM Workspace – Liquid Logic Ltd	Families and wellbeing	CYPD	The contract is for the provision of the LADO/DASM workspace on the LiquidLogic case management system. The workspace will support the confidential management of all cases related to allegations against members of the children's and adults workforce and allow for the running of performance reports and an auditable trail. This will replace the largely paper based inefficient current system. 60 month extension 25/11/2016-25/05/2021	5,000	Lead Commissioner - All Age Independence	Lead Commissioner - All Age Independence	AD - Finance (\$151 officer)
06/07/2016	Extension	Voluntary Community Faith Sector Support Service - Voluntary	Public Health	Public Health	Infrastructure support for voluntary community and faith sector organizations. Third sector involvement is integral to the delivery of the Wirral 2020 Plan therefore the continued support of the VCF sector and infrastructure support organization is	102,793.38	Third Sector Development Officer	Director for Health and Wellbeing	AD - Finance (\$151 officer)

		Community Action Wirral now called Community Action Wirral			required to deliver on the Plan's outcomes. This service will reviewed and recommissioned during the period of the contract extension. 12 month extension 15/07/2016-15/07/2017				
06/07/2016	Extension	General Advice Service - Wirral citizen Advice Bureau Ltd	Public Health	Public Health	The provision of general advice and information for Wirral residents. An extension is required for the continuation of service whilst a joint service is commissioned by the Council and CCG. This will ensure a streamlined joined up service and best use of resources. 12 month extension 15/07/2016-15/07/2017	260,000	Third Sector Development Officer	Director for Health and Wellbeing	AD - Finance (\$151 officer)
15/07/2016	Extension	MapInfo Professional Software Support and Maintenance - Dotted Eyes	Transformation and resources	Legal and Member Services	Provision of MapInfo Professional Software support and maintenance for 50 users on the latest version. Exercising final year extension in contract term of original contract. 12 month extension 31/07/2016-31/07/2017	10,950	Records and Information Manager	AD - Law & Governance	AD - Finance (\$151 officer)
15/07/2016	Extension	Management of Council Stock Wirral Partnership Homes T/A Magenta Living	Regeneration and Environment	Housing and community safety	Management of Council Stock. Procurement process to let new contract is underway and will be out to tender shortly. This extension is to bridge the gap between the current arrangement and the new arrangement commencing. 3 month extension 25/08/2016-25/11/2016	5666.67	Strategic Housing & Investment Manager	AD - Finance (\$151 officer)	AD - Finance (\$151 officer)
30/09/2016	Extension	Hardware and Software Support and Maintenance for two EMC Centera Storage Systems – Dacoll Ltd.	Transformation and resources	IT	Hardware and Software Support and Maintenance for two EMC Centera Storage Systems. These systems are used to store Revenues & Benefits scanned images and the Email archive. Contract was for 1 year with the option of extension for a further 2 years, renewable annually. As these systems are still in use storing live data they need to be supported and provided with upgrades to maintain PSN compliance 12 month extension 28/09/2016-28/09/2017	12,170	Infrastructure Manager Digital	Infrastructure Manager Digital	AD - Finance (\$151 officer)
30/09/2016	Extension	Temporary Workers -Matrix SCM Limited	Transformation and resources	Human Resources	For all temporary workers across the Council. Collaborative agreement across Merseyside authorities. Option to extend contract for 12 months. 12 month extension 30/04/2017-30/04/2018	6,000,000	AD - HR/OD	AD - HR/OD	AD - Finance (\$151 officer)
30/09/2016	Extension	Supported Housing Contract for Mainstay (additional functionality and helpdesk	Regeneration and Environment	Housing & Community Safety	Provision of a client helpdesk to Wirral users, access to training for all users, development of bespoke reports covering all data including client needs/demographics; Service performance/demand; Cross authority referrals; client records/outcomes data. The Mainstay system is free until April 2017 following a Merseyside Authority bid but YMCA hosts the system and charge for the invaluable extras. 6 month extension 30/08/2016-31/03/2017	6,695	Supported Housing & Homelessness Senior Manager	AD - Environmental Services	AD - Finance (\$151 officer)
30/09/2016	Extension	Internet and Front of House Card Payment Solutions - CAPITA	Transformation and resources	Transaction centre	Internet and Front of House Card Payment Solutions module of the CAPITA Payments system. ACV and ECV variable as charge per transaction figures have shown minimum. Enable Internet and card payments to continue. 12 month extension 30/11/2015-30/11/2016	5,001	Manager - Income and Debt	Transaction Centre Senior Manager	AD - Finance (\$151 officer)

30/09/2016	Extension	Supported Housing for clients with Learning Disabilities- Wirral Mind	Regeneration and Environment	Housing & Community Safety	Housing related support to up to 12 people aimed at sustaining independent living and alleviating social isolation. The provision consists of support delivered by support/key workers. Clients are charges as part of their tenancy agreement. Housing Support subsidy is only payable following means test with some elements of the service also funded by Housing Benefits. 4 month extension 02/10/2016-29/01/2017	39,841.2	Supported Housing & Homelessness Senior Manager	AD - Environmental Services	AD - Finance (\$151 officer)
30/09/2016	Extension	Supported Housing for clients with Learning Disabilities- Options for Supported Living	Regeneration and Environment	Housing & Community Safety	Housing related support to up to 43 people aimed at sustaining independent living and alleviating social isolation. The provision consists of support delivered by support/key workers. Clients are charges as part of their tenancy agreement. Housing Support subsidy is only payable following means test with some elements of the service also funded by Housing Benefits. 4 month extension 02/10/2016-29/01/2017	112,883.4	Supported Housing & Homelessness Senior Manager	AD - Environmental Services	AD - Finance (\$151 officer)
30/09/2016	Extension	Supported Housing for clients with Learning Disabilities- Disabilities Trust	Regeneration and Environment	Housing & Community Safety	Housing related support to up to 20 people aimed at sustaining independent living and alleviating social isolation. The provision consists of support delivered by support/key workers. Clients are charges as part of their tenancy agreement. Housing Support subsidy is only payable following means test with some elements of the service also funded by Housing Benefits. 4 month extension 02/10/2016-29/01/2017	66,402	Supported Housing & Homelessness Senior Manager	AD - Environmental Services	AD - Finance (\$151 officer)
30/09/2016	Extension	Supported Housing for clients with Learning Disabilities- Alternative Futures	Regeneration and Environment	Housing & Community Safety	Housing related support to up to 16 people aimed at sustaining independent living and alleviating social isolation. The provision consists of support delivered by Support/key workers. Clients are charges as part of their tenancy agreement. Housing Support subsidy is only payable following means test with some elements of the service also funded by Housing Benefits. 4 month extension 02/10/2016-29/01/2017	53,121.6	Supported Housing & Homelessness Senior Manager	AD - Environmental Services	AD - Finance (\$151 officer)

	Variations								
03/06/2016	Variation	Custody Services for Merseyside Pension Fund – Northern Trust	MPF	MPF	Custody Services presently comprises safekeeping of the Fund's assets and an investment accounting service. Fund assets are currently valued at £6.79 billion (end March 2016). The proposed variation will involve the take-up of the contractor's Performance Measurement Service to carry out independent assessment of investment performance, in line with the Fund's Statement of Investment Principles.	332,500	Group Accountant (MPF)	Director - Merseyside Pension Fund	AD - Finance (\$151 officer)
04/08/2016	Variation	Independent Healthwatch Cross Boundary Advocacy Services - Carer's Federation	Families and wellbeing	Adult Social services	Cheshire and Merseyside joint contract. Lead commissioner is Liverpool City Council whose legal and procurement team have been fully involved with variation negotiations. Healthwatch advocacy a statutory requirement to be delivered by each Local Authority area. Costs of contract shared across Cheshire and Merseyside region. Initial contract based on block payment for Tier 1 interventions and Tier 2 paid at hourly rate. Initial estimates for Tier 2 were too low and allocated budget would not meet this cost. Following incontract negotiations moved to Tier 2 being paid on a block arrangement while this is at a higher cost that allocated budget it does equate to a saving on what actual costs would be with original.	2,200	Contract lead- Adult Social services	AD - Integrated Commissioning Programme	AD - Finance (\$151 officer)
18/08/2016	Variation	To develop, host, support, licence and provide training for the Wirral Tourism website - New Mind Internet Consultancy Limited	Neighbourhoods and engagement	Tourism	A 3 year contract (3 x £8k annual fees plus ongoing development costs) is required to continue Wirral's position as the fastest growing Tourism economy in the LCR. The site was created for The Open Championship and is updated regularly to meet new market need. The Wirral Plan for 2020 Tourism pledge target of £450m is on track due in part to the website, which attracts 1 million visitors a year.	24,000	Visitor Economy Senior Manager	Director for Business Services (Assistant CEX)	AD - Finance (\$151 officer)
16/09/2016	Variation	Provision of Adult Learning 2015/16 under the Neighbourhood Learning Deprived Communities Programme (NLIDC) for Wirral - Ferries Family Groups	Families and wellbeing	CYPD	To build local capacity to supply effective learning to hard to reach learners and to support them to progress positively. Projects are funded entirely for Wirral Learners aged +19 years. The service will continue to address the needs of groups of people who are underrepresented in adult learning, the individuals and families who are most disadvantaged, people from deprived areas, those with disabilities and people from BME groups. By varying the contract to extend for another year, this will provide continuity of service.	12,000	Commissioning and Contracts Manager	Deputy Director Childrens' Services	AD - Finance (\$151 officer)
30/09/2016	Variation	Domiciliary Care - Professional Carers	Families and wellbeing	Adult Social services	Professional Carers- Domiciliary Care Services provide personal care for people living in their own homes and are currently independently regulated by the Care Quality Commission under the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010 and the Care Quality Commission (Registration) Regulations 2009. Due to the tier 1 provider for that zone ie Mears care having served notice on 24/6/2016, tier 2 provider for that geographical zone Premier Care is to become tier 1 provider with effect from 26/9/2016. Therefore Professional Carers as a current tier 3 provider is to step up to tier 2 in order to meet the statutory number of	500,000	Contract Lead (Market Trans. and Contracts)	AD - Integrated Commissioning Programme	AD - Finance (\$151 officer)

					clients being referred to the dept. plus assist with hospital discharges				
30/09/2016	Variation	Domiciliary Care - Allied Healthcare	Families and wellbeing	Adult Social services	<p>Allied Healthcare- Domiciliary Care Services provide personal care for people living in their own homes and are currently independently regulated by the Care Quality Commission under the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010 and the Care Quality Commission (Registration) Regulations 2009.</p> <p>Tier 2 provider for that geographical zone Premier Care is to become tier 1 provider with effect from 26/9/2016.</p> <p>Therefore, Allied Care as a current tier 3 provider is to step up to tier 2 in order to meet the statutory number of clients being referred to the department plus to assist with hospital discharges</p>	675,000	Contract Lead (Market Trans. and Contracts)	AD - Integrated Commissioning Programme	AD - Finance (\$151 officer)

	Awards								
16/05/2016	Award	External Legal support for Wirral Waters Investment Fund - DWF	Regeneration and Environment	Investment Strategy Team	External Legal support for Wirral Waters Investment Fund. Legal support to advice on the implementation of the WW Investment Fund. EZ's allow for any business rate growth to be reinvested into the zone in order to bring forward development and growth. The contract is for £100,000 to be spent on support as required over 3 yrs, this does not have annual contract value as it will be dependent to projects coming through & expertise required. No of Invitations: 5 No of Bids Received: 2	100,000	Economic Development Lead	Strategic Commissioner - Growth	Strategic Commissioner - Growth
05/07/2016	Award	Wirral Ways to Work Programme - Involve Northwest, PeoplePlus and Career Connect	Regeneration and Environment	Economic Policy Team	Lot 1: Engages workless residents and provides an intensive personalised package of into sustainable employment. Lot 2: Specialist personalised programme with access to a personalised budget to support young people aged 16 to 29 into sustainable employment. Lot 3: Careers Education Information Advice and Guidance primarily available to NEET young people below the age of 19/relevant young adults. Start Date 08 Jul 2016 End Date 31 Dec 2018 No of Invitations: 55 No of Bids Received : 5	2,057,910	Director for Business Services (Assistant CEX)	Strategic Commissioner - Growth	Strategic Commissioner - Growth
10/07/2016	Award	Oval Leisure Centre Fitness Suite, Studios and Catering Facilities – Northwest Construction	Families and wellbeing	Leisure Services	Refurbishment of the fitness facility and movement to the top floor, creation of new studios and catering area at the Oval. No of Invitations: 6 No of Bids Received : 4	737,644	Leisure Operations Manager	Senior Manager Leisure Services	Senior Manager Leisure Services
15/07/2016	Award	Passenger Transport Contract 2016 - Various transport companies	Transformation and resources	Integrated Transport Unit	LOT 1 Transport for children with Special Educational Needs and/or Disability (SEND) from home to school and transport for Children in Care. LOT 2 Transport for vulnerable adults to day centres or other venues as directed. Start Date 01 Sep 2016 End Date 31 Aug 2017 No of Invitations: 23 No of Bids Received: 21	3,590,353	Team Leader Transport	Lead Commissioner - Schools	Lead Commissioner - Schools
05/08/2016	Award	Town Lane Infants Alterations & Extension works MAC Roofing & Contracting -	Transformation and resources	Asset Management	Alterations to internal aspects of the school building including a classroom extension, improved resource area's and further pupil toilets. Start Date 22 Aug 2016 End Date 13 Feb 2017 No of Invitations: 6 No of Bids Received: 4	554,000	Senior Manager Asset Management	Director for Business Services (Assistant CEX)	Director for Business Services (Assistant CEX)

07/09/2016	Award	The supply, installation & maintenance of multifunctional devices, photocopiers & desk top printers - CANDA COPYING LTD	Transformation and resources	IT	Supply of Multifunction devices, copiers and desk top printers alongside associated software for devices and to enable "follow me" printing. The contract also covers the ability to provide bulk printing options and hybrid mail as decided between the vendor and Wirral Council. Start Date 01 Oct 2016 End Date 30 Sep 2019 No of Invitations: 52 No of Bids Received: 6	2,500,000	Group Leader Digital (Storage, Dbase, Schedule)	Head of Digital & SIRO	Head of Digital & SIRO
08/09/2016	Award	Wirral Shared Lives - PSS (Person Shaped Support)	Families and wellbeing	Adult Social Services	Shared Lives is care and/or support provided by individuals, couples and families who have been approved and trained for that role by the Service Provider. Care and/or support may also be provided either within or outside of the home of the carer as well as support to people living in their own homes. Start Date 10 Jan 2017 End Date 09 Jan 2019 No of Invitations: 5 No of Bids Received: 5	600,000	Commissioning Lead (Commissioning and Transform)	Senior Manager Transform & Commissioning	Senior Manager Transform & Commissioning
11/09/2016	Award	Arboriculture Services - Mancoed VM Ltd	Regeneration and Environment	Highway Management Division	To manage and maintain the Council's highway trees and other specified trees in parks, public open spaces and other Council owned premises. Start Date: 05 Sep 2016 End Date: 04 Sep 2018 No of Invitations: OPEN No of Bids Received: 13	539,999.99	Highways Asset Manager	Strategic Commissioner - Environment	Strategic Commissioner - Environment
14/10/2016	Award	Wirral Advocacy Hub – N Compass	Families and wellbeing	Adult Social services	The contract will ensure that there is a range of statutory and non-statutory advocacy services delivered to individuals in Wirral, this will include: Independent Mental Capacity Advocacy, Independent Mental Health Advocacy, Care Act Advocacy, General Advocacy, Self advocacy and Peer Advocacy. Start Date 01 Feb 2017 End Date 31 Jan 2019 No of Invitations : 20 No of Bids Received: 4	1,173,000	Commissioning Lead	Senior Manager Transform & Commissioning	AD - Integrated Commissioning Programme

Waivers

20/04/2016	Exception	Transitional Care Hospital - Resilience Bed - Four Seasons (No 11)	DASS	DASS	For effective service delivery all beds need to be at one site at this time this is the only nursing home on Wirral that has the required 15 vacant beds. The service has been running from this site since 14.12.15. This contract will be a further continuation of this service. As part of initial set up investment in wrap around teams was completed and moving at this time would detract from this. Contract Start Date 18 Apr 2016 Contract End date 29 May 2016.	115,740	Contract lead-Adult Social services	AD - Integrated Commissioning Programme	Head of Procurement/ AD - Law & Governance
15/05/2016	Exception	Development of the Transformation Programme - Capita Group PLC	Transformation and resources	Change team	Transformation stage delivered by Capita. Phase 1 work has delivered a clear view of the capacity, skills and governance required to deliver a transformation programme. A further phase of support is required to provide expertise the Council doesn't have in-house and to ensure momentum and pace are maintained, whilst longer term arrangements are secured. Another supplier would not be able to mobilise quickly enough to maintain this pace. Contract Start Date 01 Apr 2016 Contract End Date 31 May 2016	130,000	Senior Manager Transformation & Improvement	AD - Law & Governance	Head of Procurement
27/05/2016	Exception	Children's services commissioning - Wirral Centre for Autism	CYPD	CYPD	Friendship groups and sitting service for children with disabilities short breaks, this organisation are the only charity in Wirral who deal with Autism only, for this client group change can be difficult and a full engagement consultation process would have to take place as well as transfer of cases. There is no capacity in commissioning and contracts and this extra resource needed would create difficulties and have an extra cost for children's services. Contract Start Date 01 Jun 2016 Contract End Date 31 Mar 2017	67,732	Commissioning and Contracts Manager	Deputy Director Children's Services	Procurement Manager
05/05/2016	Exception	Missing from Home and Care - Catch 22	CYPD	CYPD	Missing from home and care, children who are sexually exploited. This is a specialised area and when we went to procurement there was not a market to deliver this statutory obligation on our behalf. Contract Start Date 01 Jun 2016 Contract End Date 31 Mar 2017	93,571	Commissioning and Contracts Manager	Deputy Director Children's Services	Procurement Manager
25/05/2016	Exception	Independent Domestic Violence Advisor (IDVA) - Catch 22	CYPD	CYPD	Support for families affected by domestic abuse. The workers are collocated within the MASH and work within Wirral Council's procedures. To procure at this stage could destabilise the MASH which has just been launched. Contract Start Date 01 Jun 2016 Contract End Date 31 Mar 2017	366,667	Commissioning and Contracts Manager	Deputy Director Children's Services	Procurement Manager
25/05/2016	Exception	Advocacy and IV - Barnardos	CYPD	CYPD	To provide advocacy and Independent visiting to children looked after to enable them to have a voice in relation to care plans and with mainstream services. In previous years this service cost in the region of £120,000 and it is now being delivered at a low cost and has a high quality of provision. Contract Start Date 01 Jun 2016 Contract End Date 31 Mar 2017	59,790	Commissioning and Contracts Manager	Deputy Director Children's Services	Procurement Manager
27/05/2016	Exception	Microsoft- CSA EoL (Support for End of Life Operating Systems) – Microsoft Ltd	Transformation and resources	IT	Microsoft- CSA EoL (Support for End of Life Operating Systems). Single supplier – the cost justification is based on Public Services Network to Whitehall Services e.g. DWP and provides compliance with the PSN requirements. Contract Start Date 13 July 2016 Contract End Date 11 July 2017	331,150	Head of Digital & SIRO	Head of Digital & SIRO	Procurement Manager
16/06/2016	Exception	Payment for 2015/16 CRC Allowances - Department for Energy and	Transformation and resources	Design Consultancy	Payment for 2015/16 CRC Allowances for previous financial year payment to be made in July 2016. Contract Start Date 01 April 2015 Contract End Date 31 Mar 2016	448,811	Energy Conservation Engineer	Director for Business Services (Assistant CEX)	AD - Law & Governance

		Climate Change							
21/07/2016	Exception	Greenbank Road Project - Regenda Homes	Regeneration and Environment	Supported Housing	Provision of 3 self-contained flats with onsite support delivered 24:7 to 3 young people, aged 16-17 years old, who are leaving care and who are owed a statutory duty. The contract will be for 12 months with an option to extend for a further 12 months. The contract is developed and funded in partnership with CYP but will be held and monitored by Supported Housing. Full HOS approval in place. Contract Start Date 01 Sep 2016 Contract End Date 31 Aug 2017	146,000	Supported Housing & Homelessness Senior Manager	Head of Housing	AD - Law & Governance
28/07/2016	Exception	Culture Programme for Wirral Council - Effective Training & Development Ltd	Transformation and resources	Human Resources	The contract is a call off contract with a ceiling of £70,000.00 including VAT. The contract will support the successful delivery of the organisation's new operating model. Specific focus will be given on cultural changes and challenges, including changes in our SME Yes VCS No approach to reflect new ways of working, essential to the successful delivery of the Wirral Council Plan and its 20 pledges. Contract Start Date 01 August 2016 Contract End Date 1 Feb 2018	70,000	Senior OD Officer	AD - HR/OD	Head of Procurement
28/07/2016	Exception	Supported Housing Contract Sanctuary Housing - Sanctuary Group	Regeneration and Environment	Supported Housing	Supported Housing service for up to 10 vulnerable people with mental health issues housed throughout Wirral. The 12 month extension will allow for a strategic review of services, stakeholder consultation and market testing then tendering process. This has been delayed due to resource issues within Supported Housing service resulting from tendering of other socially excluded contracts. Tendering will be carried out in Spring 2017 with contract award July 2017. Contract Start Date 01 August 2016 Contract End Date 3 July 2017	67,542.8	Supported Housing & Homelessness Senior Manager	Head of Housing	Procurement Manager
28/07/2016	Exception	Supported Accommodation / Domestic Abuse Outreach Service - WWACA	Regeneration and Environment	Supported Housing	Council submitted successful bid, in partnership with local Women's Refuge, to CLG for additional Domestic Abuse funding (£64,000). Funding awarded to Council on basis that it would be administered to WWACA. Bid proposed the recruitment of two additional staff to be based at SME Yes VCS Yes Refuge and securing of dispersed property across the Borough. Contract Start Date 01 Jun 2016 Contract End Date 31 May 2017	64,000	Supported Housing & Homelessness Senior Manager	Head of Housing	Procurement Manager
28/07/2016	Exception	Supported Housing Contract - Making Space	Regeneration and Environment	Supported Housing	Supported Housing service for up to 16 vulnerable people with mental health issues. The 12 month extension will allow for a strategic review of services, stakeholder consultation and market testing then tendering process. This has been delayed due to resource issues within Supported Housing service resulting from tendering of other socially excluded contracts. Tendering will be carried out in Spring 2017 with contract award July 2017. Contract Start Date 01 Aug 2016 Contract End Date 30 Jul 2017	63,789.44	Supported Housing & Homelessness Senior Manager	Head of Housing	Procurement Manager
28/07/2016	Exception	Supported Housing Contract - Wirral Independent Living service Ltd.	Regeneration and Environment	Supported Housing	Supported Housing for up to 23 people with substance misuse issues delivered at various addresses on Wirral. Procurement/tender process will be applied in November following a full strategic review of all services for socially excluded groups, including stakeholder consultation/market testing. The 34 week contract extension will allow time for the full review of services, tendering exercise in November and contract award in March 2017. Contract Start Date 01 Aug 2016 Contract End Date 26 Mar 2017	55,905.86	Supported Housing & Homelessness Senior Manager	Head of Housing	Procurement Manager

01/08/2016	Exception	Supported Housing - Phoenix Futures	Regeneration and Environment	Supported Housing	Supported Housing for up to 23 people with substance misuse issues delivered at various addresses on Wirral. Contract was negotiated in 2013 with a 15% efficiency, following a benchmarking exercise with neighbouring authorities. The extension will allow the service to continue until a consultation exercise is completed and tendering is carried out in November 2016 with a new contract award in March 2017. Contract Start Date 01 Aug 2016 Contract End Date 26 Mar 2017	80,920	Supported Housing & Homelessness Senior Manager	Head of Housing	Procurement Manager
01/08/2016	Exception	Shared Lives - Avalon Group	Families and Wellbeing	Adult Social services	Shared Lives is an Adult Placement scheme where vulnerable Adults can live with paid Carers as an alternative to Residential Care. It will be necessary to extend the existing contract until Jan 2017 until the new provider can start delivering this is outside the contract period of 24 months. Three months notice to allow for TUPE and for COMPAC are necessary. The new provider is marginally cheaper than the existing although the existing provider has provided the council with value for money over the length of the contract. Contract Start Date 10 Jul 2016 Contract End Date 10 Jan 2017	110,000	Commissioning Lead (Commissioning and Transform)	Senior Manager Transform & Commissioning	AD - Law & Governance
01/08/2016	Exception	Supported Housing Contract Harbour Supported Living	Regeneration and Environment	Supported Housing	Supported Housing service for up to 20 vulnerable people with mental health issues housed throughout Wirral. Supports the Council to respond to statutory homelessness duties and negates the need for more costly social care/health intervention; ensures support for vulnerable residents; was renegotiated in 2013 with 15% efficiency. Extension allows service continuity until a strategic review is completed with competitive tendering to follow in Spring 2017. Contract Start Date 01 Aug 2016 Contract End Date 30 Jul 2017	208,000	Supported Housing & Homelessness Senior Manager	Head of Housing	AD - Law & Governance
01/08/2016	Exception	Supported Housing Contract (Cambrian)	Regeneration and Environment	Supported Housing	Supported Housing service for up to 28 vulnerable people with mental health issues, housed throughout Wirral. Extension allows service continuity until a strategic review is completed with competitive tendering to follow in Spring 2017. Tendering will be carried out in Spring 2017 with contract award from July 2017. Contract Start Date 01 Aug 2016 Contract End Date 30 Jul 2017	178,039.68	Supported Housing & Homelessness Senior Manager	Head of Housing	AD - Law & Governance
01/08/2016	Exception	Supported Housing Contract- Stonham (Care and Support division of Home Group)	Regeneration and Environment	Supported Housing	Short term housing support in a hostel for up to 21 single homeless offenders/people at risk of offending aged 18+; Plus move on housing and support for 24 vulnerable, chaotic offenders. The 34 week extension will allow for a strategic review of services, stakeholder consultation and market testing then tendering process. The process has been delayed to ensure we can respond effectively to impacts of Welfare Reform on homeless and socially excluded people whilst meeting our statutory responsibilities in the future. Tendering will occur in November with contract award March 2017. Contract Start Date 01 Aug 2016 Contract End Date 26 Mar 2017	252,977.54	Supported Housing & Homelessness Senior Manager	Head of Housing	AD - Law & Governance
01/08/2016	Exception	Supported Housing Contract YMCA Wirral	Regeneration and Environment	Supported Housing	Short term housing support for up to 56 single homeless people aged 18+, often with chaotic behaviour/multiple complex needs. The 34 week extension will allow for a strategic review of services, stakeholder consultation and market testing then tendering process. The process has been delayed to ensure we can respond effectively to impacts of Welfare Reform on homeless and socially excluded people whilst meeting our statutory responsibilities in the future. Tendering will occur in November with contract award March 2017. Contract Start Date 01 Aug 2016 Contract End Date 26 Mar 2017	203,004.71	Supported Housing & Homelessness Senior Manager	Head of Housing	AD - Law & Governance

01/08/2016	Exception	Supported Housing Contract- Wirral Churches Ark	Regeneration and Environment	Supported Housing	Short term housing support in hostel housing up to 25 single homeless people aged 18+; With chaotic behaviour/multiple complex needs plus move on housing and support for 12 most vulnerable & chaotic people. The 34 week extension will allow for a strategic review of services, stakeholder consultation and market testing then tendering process. The process has been delayed to ensure we can respond effectively to impacts of Welfare Reform on homeless and socially excluded people whilst meeting our statutory responsibilities in the future. Tendering will occur in November with contract award March 2017. Contract Start Date 01 Aug 2016 Contract End 26 Mar 2017	204,590.28	Supported Housing & Homelessness Senior Manager	Head of Housing	AD - Law & Governance
01/08/2016	Exception	Supported Housing Contract- Local Solutions	Regeneration and Environment	Supported Housing	Supported lodgings for up to 36 young people at risk/homeless (aged 16/25) housed throughout Wirral. Supports Social Care objective of keeping vulnerable young people healthy and safe. The 34 week extension will allow a strategic review of services, stakeholder consultation, market testing and tendering process. The process has been delayed to ensure we can respond effectively and fully to the potential impacts of Welfare Reform on young homeless people and other socially excluded groups. Contract Start Date 16 Aug 2016 Contract End Date 17 Mar 2017	123,795.94	Supported Housing & Homelessness Senior Manager	Head of Housing	AD - Law & Governance
01/08/2016	Exception	Supported Housing for Teenage Parents and Young People at risk - Your Housing Group	Regeneration and Environment	Supported Housing	Supported accommodation and outreach for teenage parents and young people at risk provide in various locations on Wirral. Total 22 units. The fees have been benchmarked and demonstrate Value for money. The 34 week extension will allow for a strategic review of services, stakeholder consultation and market testing and procurement process. The consultation process has been delayed to ensure that we can effectively respond to the potential impact of Welfare reforms on the homeless and socially excluded groups. Contract Start Date 01 Aug 2016 Contract End Date 26 Mar 2017	106,969.59	Supported Housing & Homelessness Senior Manager	Head of Housing	AD - Law & Governance
09/09/2016	Exception	Supported Housing for Young People Risk Homeless - Forum Housing Association	Regeneration and Environment	Supported Housing	Supported housing to young people at risk/homeless at various schemes on Wirral including direct access hostel, 24hr supported housing and low level/move on supported accom. The extension provides 163 units of accom (previously 213). With a further reduction of £250,000 pa proposed from 1st August 2016. The service has been compared to CYPD spot purchased schemes and is significantly cheaper. However the service will form part of a tendering exercise from November 2016 onwards with new contracts to be awarded by end of March 2017. Contract Start Date 01 Aug 2016 Contract End Date 26 Mar 2017	584,949.63	Supported Housing & Homelessness Senior Manager	Head of Housing	AD - Law & Governance
09/09/2016	Exception	Carers Health and Wellbeing - Short Break Beds - Four Seasons (JB) Ltd	Families and wellbeing	Adult Social services	To provide pre bookable short break beds (respite), we intend to pilot the provision of eleven beds with a single provider for a period of between 6 9 months. The beds will consist of 6 residential EMI, 3 residential and 2 nursing care; The provider will take a flexible approach to the management of the beds. There will be a scoping exercise in readiness to undertake a procurement exercise. Contract Start Date 05 Sep 2016 Contract End Date 31 Mar 2017	150,000	Carers Project Worker	AD - Integrated Commissioning Programme/ Senior Manager Transform & Commissioning	Head of Procurement/AD - Law & Governance
11/10/2016	Exception	Elgin Roadwork's System – Roadworks Information Ltd	Regeneration and Environment	Highway Management Division	This system supports one of the Council's key outcomes relating to the 'Connecting Wirral Transport Strategy'. It is also forms an integral element relating to the improvement of the Street Works service as part of the impending move to Permit Authority SME No VCS No status. The company currently delivers this service to approximately 95% of the 175 local highway authorities. With the introduction of the Wirral Permit Scheme it was decided to take part in an initial 3 month free	51,000	Team Leader (Permit Authority)	Strategic Commissioner - Environment	Senior Procurement Officer

					trial. Following on from this it is considered that a successful introduction can assist in a number of areas, namely coordination, reduced customer contact and increased customer selfserve. Contract Start Date 19 Sep 2016 Contract End Date 18 Sep 2019				
	Exception	Civica Pensions5 IT System - Civica UK Limited	Merseyside Pension Fund	MPPF	The Fund makes use of the Civica product called Pensions5. This is a system that manages workflow within the administration teams and holds electronic documents related to members and employers. Currently, Pension5 holds 3.2million documents of which there are 8million images (pages). These relate to a membership base in excess of 150,000 people. IT strategy is to integrate workflow and document imaging into a single pension administration system, thus gaining efficiencies. Fund procuring integrated Pension Administration system via Framework. Migration of images and workflow reengineering expected within 2years. Project migration costs have been considered, sum of contract is not expected to exceed £90,000. Contract Start Date 01 Jan 2017 Contract End Date 31 Dec 2018	90,000	Operations Manager (MPPF)	Director - Merseyside Pension Fund	Head of Procurement

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APPENDIX 2-PRAD (Procurement Rules Approval Document) 1ST November 2016 to 31ST March 2017

Date	Project Status	Project Title	Directorate	Service Area	Project Description	Value of Decision	Departmental Contact	Signed By	Approved By
Extensions (all extensions are within the terms of the contract)									
03/11/2016	Extension	Oracle Premier Support and Maintenance for two Oracle Solaris M5000 servers. - Specialist Computer Centres plc	Business services	Digital	Hardware and Operating System Support and Maintenance for two Oracle M5000 multidomain servers. These servers run Oracle CRM/ERP (1Business), Capita Revenues and Benefits, and EMC Documentum. Contract was for 1 year with the option to extend for a further 2 years, renewable annually. As these systems are still in use running corporate Oracle applications they need to be supported and provided with upgrades to maintain PSN compliance. 12 month extension 03/12/2016-02/12/2017	15,891.98	Group Leader Digital (Storage, Dbase, Schedule)	Head of Digital & SIRO	AD - Finance (\$151 officer)
22/12/2016	Extension	Supported Housing. Community - Alarm (Alpha)	Delivery services	Environmental Services	Community Alarms for up to 20 people. Funding varies: sum quoted is max. value; Actual 2016/17 = £1,363.87. Charge included in tenancy. The alarm is hard wired into the accom.; is part of rental cost/condition of living in the accom. The tenant cannot opt out. CA allows clients to live independently, if they have an emergency they Can get help from response centre. Subsidy is means tested. 12 month extension 31/12/2016-31/12/2017	1783.29	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	AD - Finance (\$151 officer)
22/12/2016	Extension	Supported Housing. Community Alarm (Family Housing)	Delivery Services	Environmental services	Community Alarm for up to 54 people. Funding varies: sum quoted is max. value; Actual 2016/17 = £6,559.64. Charge included in tenancy. The alarm is hard wired into the accom.; is part of rental cost/condition of living in the accom. The tenant cannot opt out. CA allows clients to live independently, if they have an emergency they Can get help from response centre. Subsidy is means tested. 12 month extension 25/12/2016-24/12/2017	8454.16	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	AD - Finance (\$151 officer)
22/12/2016	Extension	Supported Housing. Community Alarm (Regenda)	Delivery Services	Environmental services	Community Alarms for up to 28 people. Funding varies: sum quoted is max. value; Actual 2016/17 = £182.51. Charge included in tenancy. The alarm is hard wired into the accommodation.; is part of rental cost/condition of living in the accommodation. The tenant cannot opt out. CA allows clients to live independently, if they have an emergency they Can get help from response centre. Subsidy is means tested. 12 month extension 25/12/2016-24/12/2017	800.8	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	AD - Finance (\$151 officer)
22/12/2016	Extension	Supported Housing. Community Alarm (LHT)	Delivery Services	Environmental services	Community Alarms for up to 32 people. Funding varies: sum quoted is max. value; Actual 2016/17 = £3,565.68. Charge included in tenancy. The alarm is hard wired into the accommodation ; Is part of rental cost/condition of living in the accommodation the tenant cannot opt out. CA allows clients to live independently; if they have an emergency they can get help from response centre. Subsidy is means tested. 12 month extension 25/12/2016-24/12/2017	3941.6	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	AD - Finance (\$151 officer)

22/12/2016	Extension	Supported Housing. Community Alarm (Riverside)	Delivery Services	Environmental services	Community Alarms for up to 37 people. Funding varies: sum quoted is max. value; Actual 2016/17 = £1,929.98. Charge included in tenancy. The alarm is hard wired into the accom.; Is part of rental cost/condition of living in the accommodation the tenant cannot opt out. CA allows clients to live independently, if they have an emergency they Can get help from response centre. Subsidy is means tested. 12 month extension 25/12/2016-24/12/2017	4,017.52	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	AD - Finance (\$151 officer)
22/12/2016	Extension	Weight Management Slimming World	Strategic Hub	Health & wellbeing	Weight Management Services for Wirral- Slimming World. The contract is providing value for money and the extension is required to continue service provision. 12 month extension 31/03/2017-31/03/2018	100,000	Senior Commissioning & Contracting Manager	Head of Public Health/Lead Commissioner for PH	AD - Finance (\$151 officer)
22/12/2016	Extension	Weight Management Weight Watchers	Strategic Hub	Health & wellbeing	Weight Management Services for Wirral- Weight Watchers. The contract is providing value for money. The extension is required in order to continue service provision. 12 month extension 31/03/2017-31/03/2018	100,000	Senior Commissioning & Contracting Manager	Head of Public Health/Lead Commissioner for PH	AD - Finance (\$151 officer)
19/01/2017	Extension	Neighbourhood Learning Short Introductory Learning Opportunities to Engage Socially Isolate people Wirral Environmental Network	Children's services	Performance Qual and Improve	Pre-Employment skills in Horticulture / Gardening / Outdoor Work, to prepare adults for working in parks, gardens, self-employment, outdoor voluntary work etc. 11 month extension 30/09/2016-31/08/2017	16,500	Commissioning and Contracts Manager	Deputy Director Childrens' Services	AD - Finance (\$151 officer)
19/01/2017	Extension	Neighbourhood Learning Short Introductory Learning Opportunities to Engage Socially Isolated people. North Birkenhead Development Trust	Children's services	Performance Qual and improve	Pre-Employment Skills for adults a range of courses including Cookery and Employability, to prepare adults for work or volunteering in the community. 11 month extension 30/09/2016-31/08/2017	19,038	Commissioning and Contracts Manager	Deputy Director Childrens' Services	AD - Finance (\$151 officer)
19/01/2017	Extension	Neighbourhood Learning Short Introductory Learning Opportunities to engage Socially Isolated People. Wirral Connect (formerly known as Wirral CVS)	Children's services	Performance Qual and improve	Pre-Employment Skills for adults a range of courses, to include training on Volunteering in the Community. 11 month extension 30/09/2016-31/08/2017	20,215	Commissioning and Contracts Manager	Deputy Director Childrens' Services	AD - Finance (\$151 officer)

19/01/2017	Extension	Neighbourhood Learning Short introductory Opportunities to Engage Socially Isolated people. Ferries Family Group	Children's services	Performance Qual and improve	Nurturing Programme for vulnerable and socially isolated adults in the Rock Ferry and New Ferry areas, which encompasses adult learning opportunities. 11 month extension 30/09/2016-31/08/2017	12,000	Commissioning and Contracts Manager	Deputy Director Childrens' Services	AD - Finance (\$151 officer)
19/01/2017	Extension	Programme Control System. - Concerto Support Services Limited	Transformation	Transformation	Provision and support of a programme control solution. Extended use of the provision and support a corporate programme control solution. 12 month extension 31/10/2016-31/10/2017	12,000	Senior Manager Transformation & Improvement	Senior Manager Transformation & Improvement	AD - Finance (\$151 officer)
20/01/2017	Extension	Supported Housing Contract. Disabilities Trust	Delivery services	Environmental services	Accommodation based Housing Related support for up to 20 people with a Learning Disability. The service and funding is not statutory but is part of clients joint funding with Social Care, based on service user assessment. Support funded in this contract assists Social Care to meet their duties and reduces the level of funding from that budget. DASS hold a separate agreement with the provider. 7 month extension 29/01/2017-27/08/2017	117,180	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	AD - Finance (\$151 officer)
20/01/2017	Extension	Supported Housing Contract. Haven Care	Delivery services	Environmental services	Accommodation based Housing Related Support for up to 8 people with a Learning Disability. The service and funding is not statutory but is part of clients joint funding with Social Care, based on service user assessment. Support funded in this contract assists Social Care to meet their duties and reduces the level of funding from that budget. DASS hold a separate agreement with the provider. 7 month extension 29/01/2017-27/08/2017	15,600	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	AD - Finance (\$151 officer)
20/01/2017	Extension	Supported Housing Contract. MacIntyre Care	Delivery services	Environmental services	Accommodation based Housing Related Support for up to 13 people with a Learning Disability. The service and funding is not statutory but is part of clients joint funding with Social Care, based on service user assessment. Support funded in this contract assists Social Care to meet their duties and reduces the level of funding from that budget. DASS hold a separate agreement with the provider. 7 month extension 29/01/2017-27/08/2017	35,154	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	AD - Finance (\$151 officer)
20/01/2017	Extension	Supported Housing Contract. Options for Supported Living	Delivery services	Environmental services	Accommodation based Housing Related Support for up to 43 people with a Learning Disability. The service and funding is not statutory but is part of clients joint funding with Social Care, based on service user assessment. Support funded in this contract assists Social Care to meet their duties and reduces the level of funding from that budget. DASS hold a separate agreement with the provider. 7 month extension 29/01/2017-27/08/2017	199,206	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	AD - Finance (\$151 officer)
20/01/2017	Extension	Supported Housing Contract. Wirral Mind	Delivery services	Environmental services	Accommodation based Housing Related Support for up to 12 people with a Learning Disability. The service and funding is not statutory but is part of clients joint funding with Social Care, based on service user assessment. Support funded in this contract assists Social Care to meet their duties and reduces the level of funding from that budget. DASS hold a separate agreement with the provider. 7 month extension 29/01/2017-27/08/2017	70,308	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	AD - Finance (\$151 officer)

20/01/2017	Extension	Supported Housing. - Alternative Futures	Delivery services	Environmental services	Accommodation based Housing Related Support for up to 16 people with a Learning Disability. The service and funding is not statutory but is part of clients joint funding with Social Care, based on service user assessment. Support funded in this contract assists Social Care to meet their duties and reduces the level of funding from that budget. DASS hold a separate agreement with the provider. 7 month extension 29/01/2017-27/08/2017	93,744	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	AD - Finance (\$151 officer)
10/03/2017	Extension	Supported Housing Contract -. Sahir House	Delivery Services	Environmental Services	Provision of short term housing related floating support service for up to 7 people with HIV/AIDS. Aims: to improve health, wellbeing and quality of life; Ensure clients live in good quality housing; Reduce crime and tackle other social issues. Purpose: to assist clients to establish and maintain suitable permanent accommodation working in partnership with other agencies. 3 month extension 02/04/2017-02/07/2017	5,306.02	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	AD - Finance (\$151 officer)
10/03/2017	Extension	Supported Housing Contract. MSDP	Delivery Services	Environmental Services	Short term housing related support for vulnerable adults with a sensory impairment. Contract supports up to 25 individuals and provides a drop-in facility for individuals to access advice and support when required. This is part of a larger service commissioned by Adult Social Care. 12 month extension 31/03/2017-31/03/2018	39,000	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	AD - Finance (\$151 officer)
10/03/2017	Extension	Festival of Beautiful Ideas. Beautiful Ideas Company (North) CIC	Strategic Hub	Growth	Developing and delivering a Festival of beautiful Ideas by 31st March 2017 to support the development of the creative, digital and cultural sector in Birkenhead and Woodside. Beautiful Ideas Company (BICO) established steering group in January 2017 consisting of Wirral Council, Cllr Christine Spriggs, Wirral Chamber of Commerce and Peel Holdings. BICO set out timescales for delivery however the group considered that the quality of the Festival would be compromised if delivered by 31 March 2017 and strongly advised for an extension to 30 April 2017. 1 month extension 31/03/2017-30/04/2017	0.00	Strategic Commissioner - Growth	Strategic Commissioner - Growth	AD - Finance (\$151 officer)
20/03/2017	Extension	Maintenance contract renewal for corporate UPS units. Data Centre Response Ltd	Business Services	Digital	Support and maintenance to six EPI UPS units. Still using these units to provide emergency power for corporate systems. 12 month extension 31/03/2017-31/03/2018	6372.00	Principal ICT Technician	Head of Digital (SIRO)	AD - Finance (\$151 officer)
23/03/2017	Extension	Children and Adult Transport Services. Various local transport companies	Delivery Services	Community Services	Service to provide Council funded transport to eligible children and adults who have substantial need. Transport provision for adults to various day centres. Transport provision for children who attend special schools and bases. 12 month extension 31/08/2017-31/08/2018	3129000	Team Leader Transport	Head of Community Safety & Transport Services	AD - Finance (\$151 officer)

23/03/2017	Extension	Supported Housing Contract. Sahir House	Delivery Services	Environmental Services	<p>Provision of short term housing related floating support service for up to 7 people with HIV/AIDS. Aims: to improve health, wellbeing and quality of life; Ensure clients live in good quality housing; Reduce crime and tackle other social issues. Purpose: to assist clients to establish and maintain suitable permanent accommodation working in partnership with other agencies.</p> <p>This scheme supports the delivery of priorities and commitments required by Public Health and is continued at their request. The extension is on same terms as the existing contract and does not involve a change in the nature of the service provided (Reg. 72, Public Contracts Regs 2015).</p> <p>5 month extension 02/07/2017-26/11/2017</p>	8571.26	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	AD - Finance (\$151 officer)
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	Variations								
24/10/2016	Variation	Skill Framework for the Information Age BSM Impact Ltd	Transformation and resources	IT	To undertake a SFIA based skills assessment for each member of WITS. To give a baseline assessment and gap analysis and recommendations for next steps. The original quoted price was based on an assessment of the number of validation interviews that would be required. That number was greater than expected.	22,723	Head of Digital & SIRO	Head of Digital & SIRO	AD - Finance (\$151 officer)
03/11/2016	Variation	General Advice Contract Citizens Advice Bureau Wallasey	Delivery Services	Environmental services	Integrated single point of access for free information/advice/signposting for vulnerable people to increases their independence meaning less reliance on statutory services. Includes: benefit advice, financial/debt advice so people are able to manage their finances and experience less poverty and hardship. Does not include write offs, administration orders, bankruptcy orders to stop homelessness. Welfare reforms/housing benefit cap in Dec.16 will increase demand for homeless/housing advice so Housing Options must commission a service to support statutory homeless obligations. The variation will allow the Contract to be expanded (Nov 16Apr 17) for enhanced debt management, write offs, administration orders, bankruptcy orders to alleviate homelessness and stop use of costly temporary accomm.	280,200	Supported Housing & Homelessness Senior Manager	AD - Environmental Services	AD - Finance (\$151 officer)
09/12/2016	Variation	Advocacy and IV for Children Looked After Barnardos	Children's services	Performance quality and improve	To provide Advocacy and Independent Visiting for Children Looked after (CLA). Reason for Variation- There is not enough capacity in this contract and this is one of the Ofsted recommendations to ensure that all CLA are offered an advocate or IV.	75,500	Strategic Commissioning Manager	Director for Children	AD - Finance (\$151 officer)
01/01/2017	Variation	Provision of Voice connections and 4G mobile Data for Wirral Council/ Mobile telephony line rental and minutes. Vodafone PLC	Business services	Digital	The council has a 24 month contract with Vodafone to provide voice and data for 1700 Council users. The minimum spend on the contract is £261,756. As part of the contract Vodafone have made a technology fund of £150,000 available for the purchase of hardware. As of 1st January 2017 the spend on the contract stood at £308,397 and £135,000 had been spent from the technology fund. Monthly spend is circa £13k taking the total expected spend to £425K by the end of the contract. A contract variation to reflect the increased spend would give the Council an additional £40k of tech fund. The contract would still conclude in September 17. If there is no contract variation we will spend £425K but receive no additional tech fund money to buy hardware for council users.	261,756.00 New Budget 405937.38	Change Programme Manager	Head of Digital & SIRO	AD - Finance (\$151 officer)
10/02/2017	Variation	Domiciliary Care Premier Care	Strategic Hub	Health and care	Domiciliary Care Services provide personal care for people living in their own homes and are currently independently regulated by the Care Quality Commission under the Health and Social Care Act 2008 (Regulated Activities 2010 and the Care Quality Commission (Registration) Regulations 2009. Following the termination of 3 domiciliary care tier 1 contracts (Warren care, Mears Care and Local Solutions) between July and October 2016, Premier Care are now tier 1 provider for zones 1 and 2 as they were already tier 2 provider in those 2 zones. They are also providing some care in zone 4.	2372000	Contract Lead	AD - Integrated Commissioning Programme	AD - Finance (\$151 officer)

28/02/2017	Variation	West Kirby Flood Alleviation Project Appraisal Report AECOM Ltd	Delivery Services	Environmental Services	Production of a Business Case in the form of a Project Appraisal Report (PAR) for the West Kirby Flood Alleviation Scheme. The PAR to be produced in line with Environment Agency Flood & Coastal Erosion Appraisal Guidance to support the delivery of the scheme and secure Grant and Local Levy of £2.2m. PAR considers Environmental & Economic Assessments to determine preferred option for the scheme. The PAR has been submitted for approval. Discussion with the EA National Assurance Board has identified that further work is required to confirm the outputs of the economic assessment. This is primarily around sensitivity analysis of flood outline modelling and risk to life analysis. The Environment Agency has agreed to fund the additional work through Grant Aid.	14,185	Team Leader Highway Assets	AD - Environmental Services	AD - Finance (S151 officer)
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	Awards								
08/11/2016	Award	Community Connectors Involve Northwest	Strategic Hub	Health and wellbeing	The service will engage the disengaged by setting up a network of new roles in the community to tackle the issue of social isolation and promote active inclusion which will improve and provide health benefits and lead to greater readiness for work. No of Invitations 0 No of Bids Received 5 Start Date 01 Feb 2017 End Date 31 Jan 2019	850,000	Senior Commissioning & Contracting Manager	Head of Public Health/Lead Commissioner for PH	Head of Public Health/Lead Commissioner for PH
10/11/2016	Award	Step Up To Social Work – Academic Delivery Edge Hill University	Delivery Services	Environmental services	Contract for HEI to deliver a Post Graduate Diploma in Social Work for Step Up To Social Work Programme with Wirral Council being the Lead Local Authority for a Regional Partnership that coordinates the programme (subject to successful grant funding bid to the DfE) The Post Graduate Diploma runs between 01/201803/ 2019 however the HEI will be involved throughout recruitment & development stages. No of Invitations 12 No of Bids Received 4 Start Date 01 Jan 2018 End Date 31 Mar 2019	639,354.24	Project Support Officer OD	Director for Children	Director for Children
11/11/2016	Award	Integrated Sexual Health Service. Wirral Community NHS Foundation Trust	Strategic Hub	Health & wellbeing	The aim of the Wirral Integrated Sexual Health Service is to manage and deliver an efficient and clinically effective service that responds effectively to the sexual and reproductive health needs of Wirral residents. No of Invitations 0 No of Bids Received 1 Start Date 01 Apr 2016 End Date 31 Mar 2022	13,949,795	Commissioning & Contracting Manager (Health & Wellbeing)	Head of Public Health/Lead Commissioner for PH	Head of Public Health/Lead Commissioner for PH
22/12/2016	Award	Information and Advice Services Wirral Citizens Advice Bureau Ltd	Strategic Hub	Health & wellbeing	An information, advice and signposting service transforming the way local people get access to information or advice relating to the care and support they need. No of Invitations 1 No of Bids Received 1 Start Date 01 Apr 2017 End Date 31 Mar 2020	812,816	Senior Commissioning & Contracting Manager	Head of Public Health/Lead Commissioner for PH	Head of Public Health/Lead Commissioner for PH
30/03/2017	Award	Support In Extra Care Housing (Harvest Court, Granville Court, Willowbank Court) Premier Care Ltd	Strategic Hub	Health & Care	Provision of domiciliary care in Harvest Court, Granville Court and Willowbank Court. Domiciliary Care Services provide personal care for people living in their own homes and are currently independently regulated by the Care Quality Commission under the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010 and the Care Quality Commission (Registration) Regulations 2009. No of Invitations 3 No of Bids Received 3 Start Date 07 Sep 2016 End Date 31 Mar 2018	1,345,656	Commissioning Lead (Health & Care)	AD - Integrated Commissioning Programme	AD - Integrated Commissioning Programme

Waivers

31/10/2016	Exception	Advertising on council websites Council Advertising Network	Strategic Hub	Communication	Council Advertising Network will sell advertising space on the council's websites on behalf of the council. They will provide a system that manages which adverts are displayed on the website. The Council will receive 50% of net revenue from the advertising with the remainder SME Yes VCS No going to the Council Advertising Network. All costs come out of advertising revenue so there is no outlay by the council. Council Advertising Network provides a fully managed service with no out of pocket costs to the council. This enables each council to take advantage of network scale and generate income from digital advertising without upfront costs. Setup fees are taken from the council's revenue share. All councils are charged the same rate. Estimated revenue for year one is £13,500, year 2 £19,900. Contract Start 14 Nov 2016 Contract End 13 Nov 2019	53,300	Digital Services Officer	Head of Communications	Senior Procurement Officer
31/10/2016	Exception	Acute Winter Beds Wirral Elderly limited	Strategic Hub	Health & Care	To provide 15 discharge to assess winter pressure beds funded by the Acute Trust so support the emergency winter planning strategy. 15 beds for 23 weeks. The cost of 15 beds in the community is less than 15 beds in the Acute setting and those individuals identified to use the beds would be medically optimized and as such without the beds would be occupying an acute hospital bed when an alternative in the community is available. Contract Start 16 Oct 2016 Contract End 01 Apr 2017	189,060	AD - Integrated Commissioning Programme	AD - Integrated Commissioning Programme	Head of Procurement/AD - Law & Governance
04/11/2016	Exception	10 Respite facility at 31-33 Tollemache Road Sanctuary Home care	Strategic Hub	Health & Care	The service is to provide a respite care facility for Adults with special/complex needs, who have been assessed as having Care Act eligible needs. The service will provide a mix of planned respite, with emergency placement provision and a responsive bed based service to support Carer breakdown. The contract will run for a period of 2 years, with a review within the lifetime of the contract. There is no other deliverable facility that could meet the anticipated demand within the time frame available to meet local assessed need. An open procurement process would not have delivered an alternative solution to meet need locally on the Wirral. Contract Start 06 Feb 2016 Contract End 06 Feb 2018	1,603,680.00	Senior Manager Transform & Commissioning (Health and Care)	Senior Manager Transform & Commissioning (Health and Care)	Head of Procurement
11/11/2016	Exception	Mitel Support Cost Mitel Networks Ltd	Business Services	Digital	12 months maintenance support contract for corporate, Schools and PFI. This contract undertakes software support, hardware and Mitel software assurance. The original contract was to support physical PABX telephone systems, plus Mitel software assurance. This has now moved to virtual platform and maintenance on physical PABX systems which have been terminated with the exception of 3 corporate sites. Software assurance is paid to Mitel through CNS on a 12 months basis which is still needed for Mitel to support CNS, to support Wirral. Contract Start 01 Jan 2017 Contract End 31 Dec 2017	88,432	Principal ICT Technician (Digital)	Head of Digital & SIRO	Head of Procurement

11/11/2016	Exception	Teletriage for Care Homes Wirral Community NHS Foundation Trust	Strategic Hub	Health & care	To deliver a pilot Teletriage model within 30 care homes delivered by the Wirral Community Trust's Integrated Gateway. This involves specialist nurses' video conferencing Care Homes to assist in SME No VCS No avoiding unnecessary Ambulance Service Calls and Hospital Admissions. Nurses will form part of the Integrated Gateway that will also offer the wrap around rapid response that will support homes. We are looking for a 12 month Pilot and then to undertake a procurement exercise to further develop this service across the remaining approx. 47 Care Homes. The Wirral H&SC economy currently has a £16m in year financial challenge. This is a proven Business Model with a local delivery element offering Social Value which will shift us into a more responsive and efficient 7 day/24hr service. Contract Start 01 Feb 2017 Contract End 31 Jan 2018	188,000	Commissioning Lead (Health and Care)	Senior Manager Transform & Commissioning (Health and Care)	Head of Procurement
22/11/2016	Exception	Bloomberg terminals Bloomberg LP	Delivery Services	MPF	Financial data vendor. Live and historic pricing information for international bond and equity markets; Other assets; Financial ratios; News feeds; Risk metrics and portfolio management. The two year rolling contracts mean that a procurement process cannot be immediately initiated but will commence at a suitable opportunity over the next 12 to 18 months. Pooling negotiations are likely to have an influence on the timing of the review. Contract Start 16 Nov 2016 Contract End 15 Nov 2018	140,000	Director - Merseyside Pension Fund	Director - Merseyside Pension Fund	Head of Procurement
01/12/2016	Exception	Licence Support and Maintenance Civica UK Limited	Delivery Services	Customer Services	Licence support and maintenance of Civica workflow application for 2017. We currently use the Civica workflow application and Civica themselves are the only ones that can then provide support and maintenance for the application and associated hardware licenses. Contract Start 01 Jan 2017 Contract End 31 Dec 2017	50,579.95	Manager - Income and Debt	Manager - Income and Debt	Procurement Manager
09/12/2016	Exception	Electoral Registration and Election Printing Electoral Reform Services Ltd	Business Services	Law & Governance	To provide all printing requirements for Individual Electoral Registration and for elections/referenda. Due to the unexpected referendum on Great Britain membership of the European Union the procurement exercise for a new printing contract was postponed and would not be completed in time for a new contract to be in place for the combined authority mayoral election in 2017. Contract Start 01 Jan 2017 Contract End 30 Jun 2017	50,000	Electoral Services Manager	AD - Law & Governance	Procurement Manager
13/12/2016	Exception	Research in Practice Programme for Children's Services (post Ofsted) Research in Practice	Business services	Human Resources	This development programme provided by Research in Practice builds on capacity and confidence amongst management colleagues and addresses practitioner knowledge. As a multilevel programme, it starts with senior managers cascading learning to practitioners with managers playing an active role in the delivery. A robust evaluation measures impact on practice and outcomes for children and families. The programme represents excellent value for money. The total cost of the programme is £67,100.00 for 186 employees within children's services ranging from senior leaders to frontline practitioners. The cost per person per programme is £360.00. Strategic leaders and managers attend a 3 day programme at a cost of £120 per day and SW's a 5 day programme at a cost of £72 per day. Evidence submitted.	67,100	Senior OD Officer	AD - HR/OD	Head of Procurement

					Contract Start 01 Apr 2017 Contract End 31 Jul 2018				
04/01/2017	Exception	Town Lane Infants School Classroom Extension Mac Roofing & Contracting Ltd	Business services	Assets	Internal alterations to improve access and egress to Key Stage 1 pupils with provision of additional toilets including drainage alterations. The school have to take in additional children in September 2017, the main scheme will be sent to tender with an anticipated start of Easter 2017 to complete August 2017. The work proposed is to enable full Completion prior to September 2017.	74,000	Senior Manager Const. & Facilities Mgmt.	Director for Business Services (Assistant CEX)	Head of Procurement
					Contract Start 04 Jan 2017 Contract End 24 Mar 2017				
20/01/2017	Exception	Mental Health Research Project 16 17 Tranmere Rovers Football Club	Children's services	Performance Qual and improve	A Government Funded Adult Mental Health Research Pilot funded to July 2017. Justification as to why a procurement process could not be applied - Timescale the project is behind schedule and needs to start urgently.	80,000	Strategic Commissioning Manager (Performance Qual. and Improve)	Commissioning and Contracts Manager	Head of Procurement
					Contract Start 23 Jan 2017 Contract End 31 Jul 2017				
09/02/2017	Exception	Supported Housing & Homelessness Royal Mencap Society	Delivery services	Environmental services	Support for up to 12 people with a Learning Disability to sustain their independent living. The service and funding is not statutory but is part of clients joint funding with Social Care, based on service user assessment. Support funded in this contract assists Social Care to meet their duties and reduces the level of funding from that budget. DASS hold a separate agreement with the provider. Adult Social Care have benchmarked the hourly rate against other authorities and have after negotiations agreed an increase from £12.72 to £13.02 as authorised by Council. Employees of the contractor provide both support and care and therefore the hourly rate is the same. This contract is paid at this same rate as per advice from legal services. Clients/service are jointly funded.	56,637	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement
					Contract Start 30 Jan 2017 Contract End 27 Aug 2017				
14/02/2017	Exception	Adult Early Intervention and Prevention Service General Support Support 4 All Wirral Mind	Strategic Hub	Health and care	Providing low level intervention and prevention to vulnerable and socially isolated adults across Wirral with Mental Health, Learning Difficulties, and Physical Difficulties and for Older People. Interventions include: Drop in Sessions, befriending, transport, shopping, training, phone support etc. Justification as to why a procurement process could not be applied- Currently no other service can offer the breath of service provision and the volunteer base during the 3 months requested. Extension utilizes existing contract rates.	53,730.75	Commissioning Lead (Health and Care)	Senior Manager Transform & Commissioning (Health and Care)	Head of Procurement
					Contract Start 01 Apr 2017 Contract End 30 Jun 2017				
14/02/2017	Exception	Adult Early Intervention and Prevention Service Day - Services Wellbeing - 4 All Age UK Wirral	Strategic Hub	Health and Care	Day service provision for eligible individuals with Dementia or those Frail & Elderly. Based on a Block Contract. Justification as to why a procurement process could not be applied- Currently no other provider can offer the volume of Day Care places required at the prices that was previously commissioned for the short three month period required. Extension utilizes existing contract rates.	129,862.5	Commissioning Lead (Health and Care)	Senior Manager Transform & Commissioning (Health and Care)	Head of Procurement/ AD - Law & Governance
					Contract Start 01 Apr 2017 Contract End 30 Jun 2017				

14/02/2017	Exception	Carers Health and Wellbeing Service Lots 1 & 2 Wired	Strategic Hub	Health and care	To provide a Carers practical support service and Carers Grant to Carers in Wirral. Justification as to why a procurement process could not be applied- Extension utilizes existing contract rates. Continuity of service provision throughout the 3 month period. Contract Start 01 Apr 2017 Contract End 30 Jun 2017	72500.00	Carers Project Worker	AD - Integrated Commissioning Programme	Head of Procurement
16/02/2017	Exception	Safe Families for Children Safe Families for Children	Children's services	Performance Qual and improve	Safe Families for Children will provide support to children aged 012 years old (up to Secondary School Year 7) and their families who are living in Wirral. The service will work closely with children's services to deliver Early Help and Edge of Care interventions and will link SME No VCS Yes with local volunteers who can offer appropriate help and support. The independent evaluation of the service following its pilot phase concluded that Safe Families for Children has the potential to greatly reduce the number of children in care and going into care. Ultimately it will bring cost savings and cost benefits to Wirral Council. Going forward this will be reviewed as part of the commissioning intentions and procurement plan for 2018 onwards. Contract Start 01 Apr 2017 Contract End 31 Mar 2018	60,000	Strategic Commissioning Manager	Director for Children	Head of Procurement
17/02/2017	Exception	OCCUPATIONAL HEALTH CONTRACT People Asset Management	Delivery services	Community services	Supply of OH services to the Council and c 80% of Wirral schools under an SLA every April March. Services include OH Advisor; OH Physician: Wellbeing (mental health and Physiotherapist) services; An EAP for the Council and schools. Schools are charged for their services which may make up 50% give or take of the total contract value. Current supplier has >250 employees but < £50m turnover. Following some soft market testing and request to include a Day One Absence service within the specification, we do not have time to complete the procurement exercise by 1st April. Suppliers advised a longer lead time to mobilise the contract. Ave value over 3 years £103,000 pa and we request a further 5 months with current supplier. Contract Start 01 Apr 2017 Contract End 31 Aug 2017	50,000	Head of Community Safety & Transport Services	Head of Community Safety & Transport Services	Head of Procurement
17/02/2017	Exception	Occupational Health for Children Looked After Wirral University Teaching Hospital (WUTH)	Children's Services	Performance Qual and improve	To provide a range of Occupational therapy assessments to support children looked after and provide training for foster carers and schools on how to safely use equipment. The salaries have a national benchmark which is the NHS be applied Agenda for Change. There is no alternative but to fund according to this as this is a national salary scale for work within the NHS. Going forward this will also be reviewed as part of the potential procurement process for March 2018. Contract Start 01 Apr 2017 Contract End 31 Mar 2018	133000	Strategic Commissioning Manager	Director for Children	Head of Procurement/ AD - Law & Governance
01/03/2017	Exception	Nurse Practitioner Service for the Homeless Cheshire and Wirral Partnership NHS Trust	Strategic Hub	Health and Wellbeing	This service will provide improved access, and particularly early access, to health promotion and harm reduction interventions and services for homeless people. It will Contribute towards the reduction in the number of A&E presentations by homeless people and towards their improved health. The cost of this service relates to the provision of one qualified nurse, the cost has not been increased for a number of years and can be viewed as value for money when compared to the cost of the provision of nursing posts elsewhere. It is anticipated that this service will be included in a tender for broader hostel provision in the future.	59,220	Senior Commissioning & Contracting Manager	Head of Public Health/Lead Commissioner for PH	Head of Procurement

					Contract Start 01 Apr 2017 Contract End 31 Mar 2018				
02/03/2017	Exception	Specialist Nursing Support Hepatitis B and C Screening and treatment, Specialist Substance Misuse Liaison Nurse, Community Tuberculosis Service, Community.	Strategic Hub	Health and Wellbeing	Specialist Nursing Support Hepatitis B and C Screening and treatment, Specialist Substance Misuse Liaison Nurse, Community Tuberculosis Service, Community Paediatrician input to the child death review process. This contract was originally an NHS contract which transferred to Wirral Council with the Public Health Service. NHS costs are regulated by the Department of Health and wages are fixed within the NHS Agenda for Change Policies. It is delivering in line with original objectives and ongoing contract monitoring and performance measurement indicates that the provider is achieving required standards.	200,000	Senior Commissioning & Contracting Manager (Health and Wellbeing)	Head of Public Health/Lead Commissioner for PH	Head of Procurement/ AD - Law & Governance
02/03/2017	Exception	BME Health Improvement Service Wirral Change Ltd	Strategic Hub	Health and Wellbeing	The BME Health Improvement Service operates to remove barriers and engage with people from the BME community in order to increase the uptake of activities and behaviours that support a positive lifestyle. This will improve engagement with the BME community to address the issue of poor representation within health improvement services. Service cost of has not been increased for 4 years. It is anticipated that this service will be retendered as part of a broader provision during the 2017 2018 Financial Year. The waiver is requested to award this contract for up to 12 Months. This will allow current insight work to be completed to allow future service requirements to be evaluated and incorporated in the service specification.	52,528	Senior Commissioning & Contracting Manager	Head of Public Health/Lead Commissioner for PH	Head of Procurement
03/03/2017	Exception	West Kirby Sailing Centre Improvements to Changing Areas Wilson Development & Construction Ltd	Business Services	Assets	Essential work to ensure the building is compliant and can be used for the busy Spring and Summer season. Work involves installation of showers, toilets, suitable flooring, DDA alterations M&E including fire safety. All the aforementioned would have been undertaken within the main £1m+ scheme that have now been put on hold. The timescales for tendering would mean that the facility is not fit for purpose and unsafe to use for the commencement of the season, this would result in a significant loss of income and damage the reputation of the Council.	580,000	Senior Manager Const. & Facilities Mgmt.	Director for Business Services (Assistant CEX)	Head of Procurement/ AD - Law & Governance
08/03/2017	Exception	Puffell Ice Creates Ltd	Strategic Hub	Health and wellbeing	Puffell is a digital behaviour change tool that supports residents and communities to make better happen. By using behavioural economics, marketing communications and digital solutions, it provides an online platform to support individuals to manage their health and wellbeing more effectively. The investment of £25,000 by Wirral Council will attract an additional investment of £50,000 from Public Health England. This will provide an enhanced service for the residents and communities of Wirral and provide excellent value for money.	75,000	Senior Commissioning & Contracting Manager	Head of Public Health/Lead Commissioner for PH	Head of Procurement
					Contract Start 01 Jul 2017 Contract End 31 Dec 2018				

20/03/2017	Exception	Supported Housing Contract. Your Housing Group	Delivery Services	Environmental Services	Provision of supported housing, with 24 hour onsite support for homeless/at risk 16/17 year olds. The contract provides short term safe emergency accommodation for 6 young people with access to advice and support. The scheme supports CYPD in the statutory duty to secure appropriate accommodation for young people. The service was commissioned in Partnership with CYP to remove the need to spot purchase with a cost of £685 per person per week for up to 8 weeks. It is estimated that the development of this service generates a saving of £94,500 per annum for CYP. The service is part of the tendering exercise to be completed. Contract Start 01 May 2017 Contract End 26 Nov 2017	68,449.27	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement
20/03/2017	Exception	Supported Housing Contract. Wirral Independent Living Service Ltd	Delivery Services	Environmental Services	Supported Housing for up to 13 people with substance misuse issues. Clients are supported with their substance misuse problems and assisted in gaining the skills needed to live independently in the future. They also receive help to find and keep their own home. The scheme helps meet statutory responsibilities re homelessness and supports health and criminal justice system and community safety. Contract was negotiated in 2013 with 15% efficiency, following a benchmarking exercise with neighbouring authorities. However, the service is included as part of our tendering exercise. Contract Start 27 Mar 2017 Contract End 26 Nov 2017	57,550.15	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement
23/03/2017	Exception	Supported Housing Contract Forum Housing Association	Delivery Services	Environmental Services	Supported housing for homeless/at risk young people in various schemes on Wirral, including: direct access hostel; 24hr supported housing and low level/move on supported housing. The contract provides 163 units of accommodation with support. The schemes also support CYPD's statutory duty regarding housing children who are Looked After/leaving care and young people know to them. Contract was renegotiated in 2013 with 20% efficiency and a further reduction of £250,000 pa from 1st August 2016. The services have been compared to CYPD spot purchased schemes and are significantly cheaper. The service is part of a tendering exercise to be completed. Contract Start 27 Mar 2017 Contract End 26 Nov 2017	602,156.04	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	AD - Law & Governance
23/03/2017	Exception	Supported Housing Contract. Nacro	Delivery Services	Environmental services	Provision of short term housing related floating support for up to 125 vulnerable individuals. Aims: to assist people to establish and maintain stable accommodation to reduce incidences of tenancy breakdown and eviction; Improve health, wellbeing and safety; reduce crime and antisocial behaviour; to work with other agencies to help reduce calls for more costly statutory services. The contract was renegotiated in 2013 and a saving of 15% was achieved. Service supports Council's statutory duties and reduces calls for funding from budgets such as Homelessness funding for temporary accommodation. Tender is part of a tendering exercise to be completed. Contract Start 03 Apr 2017 Contract End 02 Jul 2017	64,525.86	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement
23/03/2017	Exception	Supported Housing & Homelessness Adullam Homes	Delivery Services	Environmental Services	Provision of short term housing related floating support for up to 90 vulnerable individuals who have Mental Ill Health or are ex-offenders. Aims: to assist people to establish and maintain stable accommodation; Improve health, wellbeing and safety; Reduce crime and antisocial behaviour; Work with other agencies to help reduce calls for more costly statutory services. The extension will allow continuation in this service to vulnerable	59,721.41	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement

					people. It is on same terms as the existing contract and does not involve a change in the nature of the service provided (Reg. 72, Public Contracts Regs 2015). The service supports Council's statutory duties and reduces calls for funding from Homelessness budget for temporary accommodation when individuals are evicted. Contract Start 03 Apr 2017 Contract End 02 Jul 2017				
23/03/2017	Exception	Supported Housing Contract. Phoenix Futures	Delivery Services	Environmental Services	Supported Housing for up to 23 people with substance misuse issues delivered at various addresses on Wirral. Clients are supported with their substance misuse issues and to gain the skills needed to live independently in the future, also receive help to find and keep their own homes. The scheme helps meet statutory responsibilities re homelessness and supports health and criminal justice system. The contract was negotiated in 2013 with 15% efficiency, following a benchmarking exercise with neighbouring authorities. The extension will allow the service to continue until tendering is carried out. Contract Start 27 Mar 2017 Contract End 26 Nov 2017	83,300	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement
23/03/2017	Exception	Engagement of young men and men in physical activity, 1 - 1 and group activities/learning to reduce low mood and increase positive mental health Tranmere Rovers in the Community	Children's Services	CYPD	Engagement of young men and men in physical activity, 1-1 and group activities/learning to reduce low mood and increase positive mental health. This limited funding has specific targets to achieve. It will be applied build on the Life Long Learning mental health research project as well as support the Ofsted action plan. A procurement process would reduce the impact of this funding and data from this project will be used to bench mark a potential procurement exercise at the end of this process subject to continuing funding. Contract Start 23 Mar 2017 Contract End 22 Aug 2017	80,000	Commissioning and Contracts Manager	Deputy Director Childrens' Services	Head of Procurement
23/03/2017	Exception	Supported Housing Contract. Local Solutions	Delivery Services	Environmental Services	Supported lodging service for homeless/at risk young people. The provider recruits, vets, selects, trains householders and receives & assesses referrals for placements and matches them to householders who offer accommodation with support. The contract is for 23 units of accomm. With support. The scheme supports CYPD's statutory duty to house looked after/leaving care young people know to them. The service has been compared to CYPD spot purchase schemes and is significantly cheaper. However, the service is included as part of our tendering exercise. Contract Start 27 Mar 2017 Contract End 26 Nov 2017	127,437	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement/ AD - Law & Governance
									Head of Procurement
23/03/2017	Exception	Supported Housing Contract. Stonham (Care and Support division of	Delivery Services	Environmental Services	Short term housing support in a hostel for up to 21 single homeless offenders/people at risk of offending aged 18+; Move on dispersed housing/support for 24 vulnerable, chaotic offenders. Support clients to gain access to appropriate move on accommodation support and treatment programmes. The service supports the Council in	260,418.05	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement/ AD - Law & Governance

		Home Group)			<p>responding to statutory homelessness duties and Criminal Justice system.</p> <p>The service supports the Council in responding to statutory homelessness duties by providing accommodation/support for offenders who are leaving prison/excluded. The contract was renegotiated in 2013 with 15% efficiency. The extension will allow service continuation until we tender.</p> <p>Contract Start 27 Mar 2017 Contract End 26 Nov 2017</p>				
23/03/2017	Exception	Supported Housing Contract. Wirral Churches Ark	Delivery Services	Environmental Services	<p>Short term housing support in a hostel housing up to 25 single homeless people with chaotic behaviour/multiple complex need aged 18 +, CDE + move on housing/support for 12 most vulnerable & chaotic people. Support clients to gain access to appropriate move on accommodation, ongoing support and treatment programme.</p> <p>The service supports the Council in responding to statutory homelessness duties.</p> <p>The service supports the Council in responding to statutory homelessness duties. The contract was renegotiated in 2013 with 15% efficiency. The extension will allow service continuation until we complete a tendering exercise.</p> <p>Contract Start 27 Mar 2017 Contract End 26 Nov 2017</p>	249,998.18	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement/AD - Law & Governance
23/03/2017	Exception	Supported Housing Contract. YMCA	Delivery Services	Environmental Services	<p>Short term housing support for up to 56 single homeless people aged 18+, often with chaotic behaviour/multiple complex needs. Support clients to ensure they gain access to appropriate move on accommodation, support and treatment programmes. The service assists the Council in responding to statutory homelessness duties. Service also includes provision of a Controlled Drinking Environment.</p> <p>The service supports the Council in responding to statutory homelessness duties. The contract was renegotiated in 2013 with 15% efficiency. However, the service is included as part of our tendering exercise.</p> <p>Contract Start 27 Mar 2017 Contract End 26 Nov 2017</p>	228,670.71	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement/AD - Law & Governance
23/03/2017	Exception	Supported Housing Contract. Your Housing Group	Delivery Services	Environmental Services	<p>Supported accommodation and outreach for teenage parents and young people at risk provided in various locations on Wirral, totalling 22 units. The service supports health and social care objectives to keep young parents and their children healthy and safe.</p> <p>Contract was renegotiated with 15% savings/efficiencies in 2013, following benchmarking exercise with neighbouring authorities. However, the service is included as part of our tendering exercise.</p> <p>Contract Start 27 Mar 2017 Contract End 26 Nov 2017</p>	110,115.75	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement/AD - Law & Governance
23/03/2017	Exception	Supported Housing Contract. Wirral Women & Children's Aid	Delivery Services	Environmental Services	<p>Provision of a refuge for women (and their children) fleeing domestic abuse in 12 purpose built units of accommodation and outreach support for 20 women in the community.</p> <p>Service supports Council's statutory duties and reduces calls for funding from more costly budgets such as Homelessness funding for temporary accommodation or involvement from Social Care to house children and young people. The service will be included in the Supported Housing tendering exercise.</p> <p>Contract Start 02 Apr 2017 Contract End 26 Nov 2017</p>	114,494.9	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement/AD - Law & Governance

28/03/2017	Exception	Management Audit iPeople	Children's Services	Performance Qual and improve	To provide a Management Audit of for Social Care Team Managers and Senior Managers. There needs to be a quick turnaround and not to complete this exercise would further impede the Ofsted improvement requirements as well as incur further costs, impact on service delivery and oversight as well as potentially further sanctions being applied to CYPD. Contract Start 01 Apr 2017 Contract End 31 May 2017	56,550	Strategic Commissioning Manager	Director for Children	Head of Procurement
28/03/2017	Exception	Carers Health and Wellbeing Service Phase 2 Lot 1 Community Caring Ltd	Strategic Hub	Health and Care	To provide flexible breaks for Carers following a Carers Assessment. Support for the cared for is provided in the home or the community. A maximum of 60 hours can be allocated to a Carer to take within the year. The service operates between 7.00 am 11.00pm, quality breaks should not be less than 3 hours in duration. The service is provided at the Wirral domiciliary care rate. Continuation of the service will provide stability and continuity of service to the current service users and their Carers. A review of the service will be taken during 2017/18 with a business decision as to whether to continue with the service in the future. Contract Start 01 Apr 2017 Contract End 31 Mar 2018	140,000	Carers Project Worker	AD - Integrated Commissioning Programme	Head of Procurement/ AD - Law & Governance
28/03/2017	Exception	Carers Health and Wellbeing Lot 2D Short Break Beds Four Seasons (JB) Ltd	Strategic Hub	Health and Care	To provide prebookable short break beds (respite) with a single provider in an eleven bed unit. The beds will consist of 6 residential EMI, 4 (or 5) residential beds and 1 nursing care bed; the provider will take a flexible approach to the bed management to maximize capacity. There is instability in the Care Home market and the extended pilot period will allow the continuation of blocked booked bed provision over the summer period for continuity of service. The previous providers who were awarded the contract in 2015 handed back their contracts in 2016. Contract Start 08 Apr 2017 Contract End 10 Sep 2017	110,000	Carers Project Worker	AD - Integrated Commissioning Programme	Head of Procurement/ AD - Law & Governance
30/03/2017	Exception	Healthwatch Wirral Healthwatch Wirral	Strategic Hub	Health and Care	Healthwatch Wirral is a statutory service that provides independent consumer championing for Health and Social Care. Representing and gathering the views of patients and customers, supporting individuals who might want to make a complaint. Wirral needs to decide on the options available LCR regional approach, recommission locally, potentially join Cheshire, merge HW advocacy and Healthwatch or HW advocacy move to Wirral advocacy hub or stay regional. Further review required. Current service is in line with other authorities in relation to spend. Contract Start 01 Apr 2017 Contract End 31 Mar 2018	169,627	Commissioning Lead (Health and Care)	Senior Manager Transform & Commissioning (Health and Care)	Head of Procurement/ AD - Law & Governance
30/03/2017	Exception	Early Intervention and Prevention for People with who are Deaf or have a Hearing Impairment Merseyside Society for the Deaf	Strategic Hub	Health and Care	MSDP provide our Early Intervention and Prevention offer to people with a Hearing Impairment or who are Deaf. This includes Duty advice, Specialist Social Worker Assessment, Equipment Assessment and Equipment Installation and general support via their Wirral Hub. Wirral is bench marking against Liverpool and Sefton Authorities and initial finding are that this service provides good value for money. Further review is required before we will be able to take a view to join the LCR commission or procure with Cheshire or on our own. Also looking to merge contracts with Housing colleagues.	125,443	Commissioning Lead (Health and Care)	Senior Manager Transform & Commissioning (Health and Care)	Head of Procurement/ AD - Law & Governance

Contract Start 01 Apr 2017 Contract End 31 Mar 2018



AUDIT AND RISK MANAGEMENT COMMITTEE MONDAY, 12 JUNE 2017

REPORT TITLE:	ANNUAL GOVERNANCE STATEMENT 2016-17
REPORT OF:	CHIEF EXECUTIVE

REPORT SUMMARY

The preparation of an Annual Governance Statement (AGS) is necessary to meet the statutory requirement set out in Regulation 6 (1) (b) of the Accounts and Audit (England and Wales) Regulations 2015.

The report presents the Audit and Risk Management Committee with the final Annual Governance Statement and action plan for consideration.

RECOMMENDATION/S

That the Annual Governance Statement and action plan are considered by the Audit and Risk Management Committee and presented to cabinet for approval on the 17th July 2017.

That progress on the Annual Governance Statement action plan shall be reported to each meeting of the Audit and Risk Management Committee.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The preparation of an Annual Governance Statement (AGS) is necessary to meet the statutory requirement set out in Regulation 6 (1) (b) of the Accounts and Audit (England and Wales) Regulations 2015.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council is under a statutory duty to prepare and publish an Annual Governance Statement.

3.0 BACKGROUND INFORMATION

- 3.1 It is necessary for the Council to have approved and adopted a Code of Corporate Governance that complies with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016; and to report publicly through the Annual Governance Statement the extent to which the governance processes outlined in the Code are operating effectively in practice.

- 3.2 The Framework identifies seven core principles of good governance:

- Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- Principle B: Ensuring openness and comprehensive stakeholder engagement.
- Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Principle E: Developing the entity's capacity including the capability of its leadership and the individuals within it.
- Principle F: Managing risk and performance through robust internal control and strong public financial management.
- Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

4.0 Annual Governance Statement 2016-17

4.1 The Approach

The Annual Governance Statement 2016-17 covers the period from April 2016 to March 2017 and therefore the significant governance issues identified are those which have occurred during this period.

Whilst positive progress was made in relation to the Council's compliance issues of absence management, Contract Procedure Rules and essential training in 2016-17, the statement recognises that these compliance issues

remain outstanding. Significant progress was made in the management of performance appraisals and the same is marked as “complete” by internal audit.

The Annual Governance Statement 2016-17 action plan outlines the progress that has been made to date on the aforementioned outstanding compliance issues and communicates the manner in which the Council will continue in its endeavours to ensure that these issues are addressed during this municipal year.

As the Council’s approach to Governance along with its digital management has improved, new issues have been identified in ICT relating to business continuity and resilience planning. The addressing of these issues is a facet of the Council’s ICT strategy and is more particularised in the statement action plan.

Following an inspection by Ofsted of Children’s Services in 2016, an Improvement Notice was issued by the Secretary of State for Education on the 30th September 2016. As a result of this notice the Council has created an improvement board and plan to address the identified findings. This is the final issue identified and highlighted in the statement action plan.

The production of the Council’s Annual Governance Statement is based on relevant supporting evidence provided by Internal Audit, with the overall direction provided by the Strategic Leadership Team to ensure high level corporate engagement and ownership.

The Council’s Internal Audit team has been responsible for undertaking the relevant assurance work; however, it is important to note that the Annual Governance Statement is not owned by the audit function and is a Council statement on the effectiveness of its governance processes.

The review of the Annual Governance Statement and the accompanying assurances are also important roles for the Audit and Risk Management Committee.

4.2 Evidence

Internal Audit has provided the following sources of evidence and documentation to support the production of the Annual Governance Statement:

- a) A review of the key governance processes in place.
- b) Collation and review of Chief Officers and Managers Assurance Statements (in which assurances are provided and weaknesses highlighted over a range of key governance processes within specific areas of responsibility).
- c) A review of reports by external review agencies has been completed.

4.3 Progress on significant governance issues: compliance

Despite the fact that 3 out of the 4 compliance issues from 2015-16 remain outstanding, there has been encouraging progress made from April 2016 to date, to address the issue of compliance. An overview of the current position is outlined within the statement action plan to provide Members of the Committee with assurance that action is being taken and is having a positive impact.

4.4 Significant governance issues identified 2016-17

4.4.1 Children's Services Ofsted Inspection 2016

Following the 2016 Ofsted report and subsequent Improvement Notice issued by the Secretary of State for Education (30th September 2016), the inspection recommendations were accepted as a significant issue and became a high priority for the organisation.

In response to the findings, an improvement plan was created and delivery of the same is underway, with oversight being provided by the independently chaired Wirral Improvement Board.

The Board meets every month to consider its progress against the Ofsted recommendations and monitor the impact of the delivery of the improvement plan.

Additional oversight for the improvement plan is provided by the Council's Children and Families Committee.

The Leader of the Council was also committed to the setting up of a Leader's Task Force to ensure oversight of the improvement plan.

4.4.2 Serious Case Review

The Audit & Risk Management Committee's attention is brought to the fact that a Serious Case Review is currently underway in relation to a specific case of child sexual exploitation. The Review is chaired by Jane Booth, who is nationally recognised and respected in the field of children safeguarding.

The Local Safeguarding Children Board undertakes the Serious Case Review in accordance with statutory guidance and is completely independent of the Council and other agencies. The scope of the review was determined by the governing Board and focuses on a single case and what learning can be taken following an in-depth analysis and review of the case. OFSTED is aware of the Review being undertaken. The final Serious Case Review report and response of the Board must be published.

4.4.3 ICT Business Continuity and Resilience Planning

Following a review of the Council's ICT Business Continuity plans in 2015-16 and a subsequent scrutiny review panel in November 2016, it was clear that the Council did not retain a fit for purpose I.T. disaster recovery plan.

The scrutiny review panel requested that a comprehensive I.T. disaster recovery plan be created. The panel request was approved by Cabinet, with all recommendations to be implemented by September 2017.

Following the aforementioned findings, the ICT business continuity and resilience planning were recognised as new significant governance issues for 2016-17.

5.0 FINANCIAL IMPLICATIONS

There are none arising directly from this report. Any implications identified in the production of the Annual Governance Statement will be reported to the Council's Strategic Leadership Team, Cabinet and the Audit and Risk Management Committee to identify the appropriate action that will be taken.

6.0 LEGAL IMPLICATIONS

The preparation of an Annual Governance Statement (AGS) is necessary to meet the statutory requirement set out in Regulation 6 (1) (b) of the Accounts and Audit (England and Wales) Regulations 2015.

7.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

There are none arising directly from this report. Any implications identified in the production of the Annual Governance Statement will be reported to the Council's Strategic Leadership Team, Cabinet and the Audit and Risk Management Committee to identify the appropriate action that will be taken.

8.0 RELEVANT RISKS

Potential failure of the Council to comply with the statutory requirement set out in Regulation 6 the Accounts and Audit (England) Regulations 2011, Regulation 4(3).

9.0 ENGAGEMENT/CONSULTATION

All appropriate Council stakeholders have been consulted by the author in the preparation of the Annual Governance Statement.

10.0 EQUALITY IMPLICATIONS

None identified

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APPENDICES

Annual Governance Statement 2016-17

REFERENCE MATERIAL

- CIPFA/SOLACE Delivering Good Governance in Local Government: Guidance Note and Framework (2016).
- Accounts and Audit Regulations (England) 2015.
- CIPFA The Role of the Chief Financial Officer in Local Government (2015).
- CIPFA The Role of the Head of Internal Audit in Public Service Organisations (2010).

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Annual Governance Statement	18th March 2015
Audit & Risk Management draft Annual Governance Statement	8th June 2015
Audit & Risk Management Annual Governance Statement	22nd September 2015
Audit & Risk Management Annual Governance Statement	15th March 2016
Audit & Risk Management draft Annual Governance Statement	13th June 2016
Audit & Risk Management Annual Governance Statement	26th September 2016
Audit & Risk Management Annual Governance Statement – Significant governance issues update	22nd November 2016
Audit & Risk Management Annual Governance Statement – Significant governance issues update	30th January 2017
Audit & Risk Management Annual Governance Statement	14th March 2017

ANNUAL GOVERNANCE STATEMENT 2017-18

1. Scope of Responsibility

Wirral Borough Council has continued with its ambition to continually improve upon the manner in which it strives to discharge its governance responsibilities.

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Council also retains a best value duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness

By discharging this responsibility (including as accountable body for the Merseyside Pension Fund), the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions which includes arrangements for the management of risk.

The Council has approved and adopted the Code of Corporate Governance, which is consistent with the principles of the CIPFSA / SOLACE Framework for Delivering Good Governance in Local Government 2016. A copy of the Code is available on our website: www.wirral.gov.uk.

This statement explains how the Council has complied with the Code and also meets the requirements of Regulation 6 (1) (b) of the Accounts and Audit (England & Wales) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

2. What is Corporate Governance?

Corporate Governance generally refers to the processes by which organisations are directed, controlled, led and held to account.

The Council's governance framework aims to ensure that in conducting business it:

- Operates in a lawful, open, inclusive and honest manner
- Ensures that public money is safeguarded, properly accounted for and used economically, efficiently and effectively
- Has effective arrangements for the management of risk
- Secures continuous improvements in the manner in which it operates.

3. The purpose of the Governance Framework

The governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

Adhering to this framework enables the Council to monitor the success of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate / cost effective services.

Both risk management and internal control measurements are a significant part of the Council's corporate governance framework and are designed to manage risk to a reasonable level.

These safeguarding processes cannot eliminate all risk of failure to achieve the goals set by our policies, aims and strategic objectives and can therefore only provide reasonable, rather than absolute assurances of their effectiveness.

The system of risk management and internal control are based upon an ongoing process, designed to identify and prioritise the risk to the achievement of the Councils' policies, aims and strategic objectives, to evaluate the likelihood and potential impact of those risk being realised and to manage them efficiently, effectively and economically.

This statement builds upon those of previous years. Many of the key governance mechanisms remain in place and are referred to in previous statements that are available on the Council's website. This statement therefore describes the key changes and developments within the Council's governance framework during 2016-17 and up to the date of the approval of the annual financial report.

The progress that has been made in dealing with significant governance issues last year is included and those governance issues that have been identified from the governance review are highlighted.

4. The Governance Framework

The CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' identifies seven core principles of governance best practice. Wirral Council's governance framework is aligned to these core principles. The key elements of the systems and processes which comprise the Council's governance arrangements (as detailed in the Code of Corporate Governance) and where assurance against these is required are shown below.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

This is achieved by:

- Applying a set of standards (the Nolan principles) of conduct and behaviours expected from Members with constitutional oversight.
- Ensuring all Officers receive performance appraisals linked to the organisational priorities and values.
- Equality Impact Assessment is embedded in all decision making.
- Applying clear conflict of interest policy approaches for employees and Members and maintaining a Register of Interests.

Principle B: Ensuring openness and comprehensive stakeholder engagement

This is achieved by:

- Developing constructive relationships with stakeholders.
- Ensuring consultation responses inform future developments.

- Ensuring residents engage in budget proposals to influence decision making.
- Taking an active and planned approach to dialogue with the public.
- Utilising the Wirral View publication and associated website to communicate and share information with stakeholders.
- Using social media to reach a wider community demographic.
- Publishing an annual report which communicates the authority's activities and achievements, its financial position and performance

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

This is achieved by:

- Clearly communicating the outcome focused vision of the Wirral Plan.
- Continued working with all partners and stakeholders to provide outcome focused delivery.
- Making best use of resources and providing services that are good value for money including development of commercial opportunities.
- Seeking the views of residents to inform the development of planning and improvement.
- Ensuring the inclusion of the regional dimension to maximise outcome delivery.
- Effective medium term financial planning within a transparent financial framework, thus ensuring that the Council retains its commitment to stability, utilising available resources, whilst monitoring income and expenditure levels.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

This is achieved by:

- Utilising insight to develop evidence based decision making.
- Robust reporting, monitoring and review to support delivery of impact and benefits.
- Optimise partnership approaches including integration to derive best value.
- Effective use of transformational expertise and capacity.

Principle E: Developing the entity's capacity including the capability of its leadership and the individuals within it

This is achieved by:

- Clearly setting out the roles and responsibilities of Members and Officers.
- Setting out executive and non-executive functions and roles and responsibilities of the scrutiny function.
- Embedding the Councils restructured Operating Model approach.
- Providing appropriate training and developmental opportunities.
- Delivering the Wirral Leadership Programme – a shared partnership approach to developing leadership skills and behaviours.
- Delivering the Transformation programme.
- Ensuring clarity on what is expected from partners.
- Effective and regular strategic and operational communication.
- The Council is currently working in partnership with the LGA to develop the Member's Development Plan. The Members Development Steering Group has been convened to oversee this process.

Principle F: Managing risk and performance through robust internal control and strong public financial management

This is achieved by:

- Ensuring the risk management approach is effective and embedded in practice
- Delivering the Business Planning and Performance Management Framework
- Having rigorous and transparent decision making processes in place
- Maintaining an effective scrutiny process
- Acting within the law
- Effective medium term financial planning

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

This is achieved by:

- Providing good quality information, advice and support to Members and partners.
- Published information is accurate and reliable.
- Delivering an effective audit function.
- Adhering to the Transparency Code requirements.
- Publicising a robust complaints process and responding effectively to complaints.
- The Council's new complaints process "Customer Feedback" went "live" in April 2017, with the 1st reports to be available June 2017.
- Adhering to all access to information statutory requirements

The Council carries out regular review of the elements that make up the governance framework to ensure it remains effective. In 2016-17 key changes that impact on the framework include:

- The establishment of an Improvement Board to oversee improvement in response to the Ofsted inspection report published in September 2016 that provided an overall judgement of inadequate for Children's Services.
- The appointment of a new Wirral Safeguarding Children Board (WSCB) Chair to oversee improvement in response to the Ofsted inspection report published in September 2016 that provided an overall judgement of inadequate for WSCB.
- A restructure of the Council in November 2016 resulting in an Operating Model approach designed to create a focus on delivery of the Council and Wirral partnership priorities and to modernise operations.
- The operating model also reflects the Ofsted findings in that Children's Services functions remain as one entity reporting directly to the Chief Executive to ensure robust focus on all requirements in relation to responding to inspection findings.
- The establishment of a new Transformation function reporting directly to the Chief Executive to enable the delivery of key initiatives.
- The establishment in June 2016 of a new Scrutiny model designed around the Wirral Plan themes of People, Business and Environment to ensure a focus on priorities.

- Liverpool City Region Combined Authority Mayoral Model was adopted by Wirral Council in December 2016 to allow powers to be transferred to the City Region and enable the Council to work collaboratively on a wider footprint.
- A review of the Code of Corporate Governance was carried out and agreed by Audit and Risk Management Committee in November 2016, this code ensures our commitment to the principles of good governance.

5. Review of Effectiveness

Wirral Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

This review is informed by the work of Internal Audit and the Chief Internal Auditor's Annual Report, findings and reports issued by the external auditors and other review agencies and inspectorates. It also reflects feedback and comments provided by Chief Officers and managers within the Authority who have responsibility for the development and maintenance of the governance environment.

Internal Audit

Internal Audit is a key component of the Council's governance framework. Internal Audit has completed a self-assessment of its compliance with the Public Sector Internal Audit Standards. Wirral is fully compliant with 88% of the standards with full compliance expected by the statutory deadline of March 2018.

One of the key assurance statements the Council receives is the annual report and opinion of Internal Audit. The opinion of the Chief Internal Auditor for the 12 month period ending in March 2017 is:

On the basis of our programme of work for the year, Internal Audit can provide moderate assurance overall that there is a generally sound system of internal control, designed to meet the Council's objectives, and controls are generally being applied consistently. However some weaknesses in the design and inconsistent application of controls put the achievement of particular key objectives at risk.

Key areas of weakness have been included in the significant governance issues in Section 7.

External Audit

Grant Thornton is the Council's independently appointed External Auditor with a broad remit covering the Council's finance and governance matters. The annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the National Audit Office and includes nationally prescribed and locally determined work. The Auditors work considers the Council's key risks when reaching its conclusions under the Code.

External audit of the Council's statutory financial statements for 2016-17 is currently being undertaken and will be reviewed by the Council's Audit and Risk Management Committee 21/11/17.

Responsible Financial Officer

This role is a member of the Senior Management Team which permits direct access to the CEO and other team members and has responsibility for delivering and overseeing the financial management arrangements of the Council. The role conforms to the good practice requirements within the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015).

The Responsible Financial Officer has been involved in reviewing the Code of Corporate Governance and prepared this Statement. He is satisfied with the arrangements that are in place for managing finances and is satisfied that no matters of significance have been omitted from this statement.

Children's Services Ofsted Inspection 2016

In 2016 Ofsted completed an inspection of services for children in need of help and protection, children looked after, care leavers and the effectiveness of the Wirral Safeguarding Children's Board (WSCB) and reported its findings in September 2016. The inspection provided an overall judgement that children's services are inadequate and made nineteen recommendations for action. They also concluded that WSCB was inadequate and made seven recommendations for action. An Improvement Notice was issued by the Secretary of State for Education (30th September 2016).

In response to the findings an Improvement Plan has been established and delivery of improvement is underway with oversight provided by the Improvement Board with an independent chair.

This has resulted in a new significant governance issue for 2016-17.

Serious Case Review

A Serious Case Review is currently underway in relation to a specific case of child sexual exploitation. The Review is chaired by Jane Booth, who is nationally recognised and respected in the field of children safeguarding. The Local Safeguarding Children Board undertakes the Serious Case Review in accordance with statutory guidance and is completely independent of the Council and other agencies. The scope of the review was determined by the governing Board and focuses on a single case and what learning can be taken following an in-depth analysis and review of the case. OFSTED is aware of the Review being undertaken. The final Serious Case Review report and response of the Board must be published.

ICT Business Continuity and Resilience Planning

In 2015-16 a review of ICT Business Continuity Plans for all 30 identified critical services was carried out. The findings are that a greater focus is needed by business plan owners and relevant Directors to ensure business continuity plans are kept up to date and subject to supportive challenge and review by advisers in the business continuity and IT teams.

In November 2016 the findings of the scrutiny review Panel set up to review the Council's IT disaster recovery arrangements were reported to Cabinet. The report noted that *'it was clear to the Panel that Wirral does not have a current, fit for purpose IT disaster recovery plan...* The IT disaster recovery plan presented to the Review Panel was out of date and did not provide a comprehensive overview of the Council's IT infrastructure. The plan did not outline steps to take to recover key systems in the event of an IT disaster and it was clear to the Review Panel that this plan had not been reviewed or tested for a number of years'.

Although a number of projects were underway or completed the Panel requested a need for this work to be consolidated into a comprehensive IT disaster recovery plan. Cabinet approved the recommendations, with the Chief Information Officer to report on progress to future Cabinet. The report noted that it is planned that the recommendations will be implemented by September 2017 which will increase IT resilience and reduce the risks of IT disaster. It is planned that preparation of a comprehensive disaster recovery plan will follow the successful completion of the project.

These findings have resulted in a two new significant governance issues for 2016-17:

- ICT Business Continuity Planning
- ICT Resilience Planning.

Information Commissioner's Office Voluntary Audit 2016

In January 2016 the Council agreed to a voluntary audit by the Information Commissioner's Office (ICO) of their processing of personal data, focussing on the areas of subject access requests and records management (manual and electronic). The overall conclusion of the review was that "there is a limited level of assurance that processes and procedures are in place and delivering data protection compliance". The Council meets its legal obligations in relation to information governance however the audit considers areas for improvement beyond the minimum legal obligations.

The Council chose to subject itself to the audit as part of its drive for continuous improvement.

The Council Information Governance Delivery Group (IGDG), which is an officer group led by the Acting SIRO, has oversight of the information governance / security issues and additionally reports into the Corporate Governance Group.

The Council delivered an update against the action plan to the ICO on the 12th May 2017. Since September 2016, 69% of the action plan has been completed. The follow up Data Protection ICO Audit report of the ICO confirmed in May 2017, concluded that significant improvement had been made by the Council in completing the action plan.

The outstanding action plan items will be addressed over the next 12 months to ensure that the Council continues with its information governance improvements. The action plan will also be amended to ensure the council completes all relevant actions to ensure compliance with the new General Data Protection Regulations (GDPR).

Corporate Management Assurance

An officer Corporate Governance Group is chaired by the Strategic Director for Business Services. The group includes strategic leads including Governance, Performance, Risk, Internal Audit and Strategy to ensure it has an appropriate profile within the organisation and significant governance issues are monitored and responded to in a timely manner. This group has managed the development of the Annual Governance Statement and oversees the monitoring arrangements of the action plan, holding officers at all levels accountable for delivery of actions.

A quarterly governance report will be prepared by the Corporate Governance Group, to be circulated to the Leader of the Council and Audit Risk Management Committee.

The Council's Strategic Leadership Team has approved the Annual Governance Statement to

provide a level of corporate engagement and ownership.

Council

Council sets the authority's overall policies and budget each year and holds the Cabinet to account. Council has an agreed policy framework that is embedded within its constitution.

Cabinet

The Leader of the Council leads on ensuring the effective governance of the council on behalf of the Executive. However, all Cabinet Members along with Elected Members and officers play a vital role in ensuring good governance arrangements are in place across the Council.

Audit and Risk Management Committee

The Audit and Risk Management Committee has an important role in maintaining the Council's system of internal control. It provides an independent assurance and scrutiny of the Council's financial and non-financial performance, including an assessment of the adequacy of the Council's risk management arrangements.

Audit and Risk Management Committee receive and review internal and external audit reports and the Chair of the Committee produces an annual report. The Committee also complete an annual self-assessment based on CIPFA guidance.

Standards and Constitutional Oversight Committee

The Standards and Constitutional Oversight Committee is responsible for keeping the Council's constitutional arrangements under review and recommends constitutional amendments to Council which support the Council to better achieve its aims and objectives. The Committee also oversees and agrees minor changes to the Council's constitutional arrangements as recommended by the Monitoring Officer.

The Standards and Constitutional Oversight Committee plays an important part in ensuring the council's governance arrangements are fit for purpose.

Overview and Scrutiny Committees

Overview and Scrutiny (O&S) supports good governance by holding the Council's Executive and key partners to account.

This function is discharged through four Overview and Scrutiny Committees which reflect the Wirral Plan themes of Business, People and Environment. Due to the large scope of the People theme, this has been split across two committees: the Adult Care and Health Committee and the Children and Families Committee. This provides the extra capacity needed for oversight of children's safeguarding and the Ofsted Improvement Plan.

Each committee develops a work programme for the year prioritising topics for examination in support of improved outcomes for Wirral residents.

The committee work programmes ensure that statutory responsibilities for scrutinising local health provision, the Community Safety Partnership and flood and coastal erosion risk are

effectively delivered.

Each committee meets at least five times a year, interspersed with workshops and task and finish groups to deliver the work programme.

Merseyside Pension Fund

Wirral Council is also the administering authority for the Merseyside Pension Fund which publishes its own statement of accounts on an annual basis and includes a “Governance Compliance Statement”. The statement outlines compliance to industry specific governance principles.

As part of this review of effectiveness, progress against the issues identified in 2015-16 has been assessed and an update of the progress included in Section 6. Where sufficient progress has not been made, the issues and outstanding actions have been carried forward and included in the 2016-17 significant governance issues list for continued action. Three new key areas have also been included.

The significant governance issues, associated review and action plans are outlined below.

6. Progress of the Governance Issues from 2015-16

The table below describes the significant governance issues identified during 2015-16 and the progress that has been made against the implementation of actions to address these issues during 2016-17. Where evaluation determines that the progress is not sufficient for removal as a significant governance issue this is noted, and the issue will be carried forward into the 2016-17 statement.

Key Area for Improvement	Update on Position and Implication for the 2016-17 Annual Governance Statement
<p>Organisational and Managerial Compliance (Including Council processes and procedures, performance appraisals, absence management, contract procedure rules and essential training).</p>	<p><u>Performance Appraisals</u></p> <p>The percentage of performance appraisals completed has improved significantly (98% of managers and 96% of all staff at 31/03/17) and adequate explanations have been provided for the shortfall in completion compared to the 100% target. This no longer remains a significant governance issue.</p> <p>Complete</p> <p><u>Absence Management</u></p> <p>The overall 2016-17 target was achieved. However, an Internal Audit review identified that the application of the absence management policy is inconsistent; and managerial accountability for absence management requires strengthening.</p> <p>Carry forward</p> <p><u>Contract Procedure Rules (CPR)</u></p> <p>Compliance with the CPR was the reason for inclusion in the 2015-16 AGS. The introduction of electronic approval forms has helped to strengthen compliance with the CPR, alongside the procurement team’s training for managers. The complexity of the current procurement procedures is acknowledged and the same is being retained as an issue for 2017-18.</p> <p>Carry forward</p> <p><u>Essential Training</u></p> <p>The requirement that 100% of management staff and employees complete 2016-17 corporate essential management training and corporate essential training by 31 March 2017 was not been met. Actions taken, to embed this practice across the organisation, include:</p> <ul style="list-style-type: none"> • Communication with all staff through a number of relevant channels to raise awareness of the training modules and completion dates. • Production of training materials in different formats to ensure all staff can access training effectively • Monthly monitoring reports to Senior Leadership Team. <p>It is clear that, in terms of training, this remains an issue.</p> <p>Carry forward</p>
<p>Improvement Notice issued by the Secretary of State for Education (30th September</p>	<p>Ofsted’s “<i>Inspection of services for children in need of help and protection, children looked after and care leavers and Review of the effectiveness of the Local Safeguarding Children Board</i>”, in July 2016 found significant weaknesses in each area reviewed.</p> <p>The Council has put in place and is delivering an Improvement Plan to address the</p>

Key Area for Improvement	Update on Position and Implication for the 2016-17 Annual Governance Statement
2016)	<p>identified findings.</p> <p>The Wirral Improvement Board meets each month to consider progress against Ofsted recommendations and monitor the impact of delivery of the Improvement Plan.</p> <p>Carry forward</p>

7. Significant Governance Issues and Action Plan for 2017-18

Based on the Council's established risk management approach, the following issues have been assessed as being "significant" in relation to the Council achieving its vision. In 2017-18 appropriate actions to address these matters and further enhance governance arrangements will be taken. These actions will address the need for improvements identified in the review of effectiveness and their implementation and operation will be robustly monitored.

Key Improvement Area and Actions for Implementation	Responsibility and Implementation Date
<p>Improvement Notice issued by the Secretary of State for Education (30th September 2016)</p> <p><i>Ofsted's "Inspection of services for children in need of help and protection, children looked after and care leavers and Review of the effectiveness of the Local Safeguarding Children Board", in July 2016 found significant weaknesses in each area reviewed.</i></p> <p>The Council has put in place and is delivering an Improvement Plan to address the identified findings.</p> <p>The Wirral Improvement Board meets each month to consider progress against Ofsted recommendations and monitor the impact of delivery of the Improvement Plan.</p>	<p>Director of Children's Services</p> <p>March 2018</p>
<p>ICT Business Continuity Planning</p> <p>A greater focus is needed by business plan owners and relevant Directors to ensure business continuity plans are kept up to date and subject to supportive challenge and review by advisers in the business continuity and IT teams.</p> <p>ICT are supporting the Business Continuity team to ensure effective Business Continuity Plans are being put in place, should a disruptive incident occur. ICT have recognised a marked improvement in the ownership of the IT element of the Council's business continuity plans over the last quarter</p> <p>Six monthly and annual reviews are planned for all business critical plans.</p>	<p>Head of Community Safety / Acting Head of Digital</p> <p>September 2017</p> <p>March 2018</p>
<p>ICT Resilience Planning</p> <p>A Scrutiny review in November 2016 identified that the Council's IT disaster recovery arrangements required further work and that the Council does not have a current, fit for purpose IT disaster recovery plan.</p> <p>A working group is in place to monitor progress with the key project to relocate the Treasury Building Datacentre. It is planned that a comprehensive disaster recovery plan will be prepared following the successful completion of this project, scheduled to be completed by September 2017.</p> <p>The project remains on course for completion within the proposed timeline. The Council has successfully negotiated with Merseytravel to host the data centre and the network connection through the Mersey tunnel is in place. The tendering to relocate the data centre was won by SCC. The process to plan and then move the data centre to Merseytravel will shortly be underway.</p>	<p>Acting Head of Digital</p> <p>September 2017</p>

Key Improvement Area and Actions for Implementation	Responsibility and Implementation Date
<p>Compliance - Absence Management</p> <p>Ensuring compliance with the Council’s sickness absence policy remains a Significant Governance Issue for the 2016-17 AGS.</p> <p>An action plan has recently been agreed and is being delivered in response to the audit review. The action plan includes a focus on support and training for managers including targeting of identified groups. Additional work is being put in place to strengthen the organisational approach and ensure that all managers recognise their accountability and accept and discharge their responsibilities to comply with all aspects of the Council policy.</p> <p>HR are realigning resources to provide further dedicated support and monitoring of management actions in relation to absence.</p>	<p>Assistant Director: Human Resources and Organisational Development March 2018</p>
<p>Compliance - Essential Training</p> <p>Compliance with supporting staff development through the provision of essential training remains a Significant Governance Issue for the 2016-17 AGS.</p> <p>A project plan to adopt a refreshed approach to the delivery of essential training in 2017-18 has been developed and is being implemented with a robust communication approach / monitoring to rapidly address non-compliance.</p> <p>In addition to the roll out of essential training for 2017-18 led by the Senior Leadership Team corporate ownership must be displayed by all management and staff to ensure routine compliance with training.</p> <p>There has been a complete refresh of the Ulearning portal, with a regular staff compliance report available to all managers. Essential training will subsequently be linked to appraisal accountability statements, to promote compliance across the organisation. This will in turn hold both staff and their managers accountable for the completion of the training program.</p>	<p>Assistant Director: Human Resources and Organisational Development March 2018</p>
<p>Compliance - Contract Procedure Rules (CPR’s)</p> <p>Compliance with the Councils CPR’s remains a Significant Governance Issue for the purposes of the 2016-17 AGS.</p> <p>Development work is underway in 2017-18 to address this issue; a number of actions are being implemented. These include a new procurement model structure to be in place by September 2017. Additional training will be provided to officers and a targeted approach based on insight of areas of non-compliance put in place.</p>	<p>Head of Procurement March 2018</p>

8. Certification

On the basis of the programme of work undertaken, the Chief Internal Auditor has concluded that he can provide moderate assurance overall that there is a generally sound system of internal control, designed to meet the Council’s objectives, and controls are generally being applied consistently. However some weaknesses in the design and inconsistent application of controls put the achievement of particular key objectives at risk.

To the best of our knowledge, the governance arrangements, as outlined above have been effectively operating during the year with the exception of those areas identified as requiring improvement. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.

Signed: _____ Date: _____

Eric Robinson, Chief Executive

Signed: _____ Date: _____

Phil Davies, Leader of the Council



AUDIT AND RISK MANAGEMENT COMMITTEE MONDAY 12 JUNE 2017

REPORT TITLE	CORPORATE RISK REGISTER: UPDATE
REPORT OF	CHIEF EXECUTIVE

REPORT SUMMARY

This report confirms progress in the implementation of key mitigating actions for the existing Corporate Risks during quarter four 2016/17. A summary of the status of those actions is appended to the report.

RECOMMENDATIONS

That Committee consider the report on progress in managing the corporate risks.

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

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 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.
- 1.2 The provision of regular reports to this Committee on the Corporate Risk Register is a requirement of the Council's Corporate Risk Management Policy.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 None.

3.0 BACKGROUND INFORMATION

- 3.1 Following adoption of the Wirral Plan in 2015 the Strategic Leadership Team (SLT) revised the Council's Corporate Risk Register. This was reported to this Committee on 14 June 2016.
- 3.2 A review is undertaken at the end of each quarter by SLT. This addresses progress in relation to the management of the existing corporate risks as well as emerging risk areas for possible addition to the Register.

REVIEW QUARTER FOUR 2016/17

- 3.3 The quarter four review is scheduled to be undertaken by the Strategic Leadership Team this month.
- 3.4 To support the review status updates on all key mitigating actions at the end of Quarter 4 have been obtained from officers across the Council. That information is summarised within the Appendix to this report
- 3.5 The information indicates that all mitigating actions appear to be progressing as planned with the exception of:
 - Development of Extra Care Housing (Risk 5: Integration of Health and Social Care)
 - Review of the Members' Code of Conduct (Risk 8: Governance)
 - Implementation of the new Asset Strategy (Risk 10: Resources and Infrastructure).
- 3.6 The Appendix shows the position at 31 March 2017. The position relating to the Safeguarding risk will form part of the Quarter 4 review as there have been a number of recent changes which have to be considered by the Improvement Board.

DEVELOPMENT OF OTHER RISK REGISTERS

- 3.7 Work on developing the Registers follows the review of the Wirral Plan Action Plans and this is progressing.
- 3.8 Work continues on reviewing and enhancing the Registers for the elements within the Council Operating Model.

4.0 FINANCIAL IMPLICATIONS

4.1 There are no direct implications arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 There are no direct implications arising from this report

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

6.1 There are no direct implications arising from this report.

7.0 RELEVANT RISKS

7.1 There are no risks arising directly from this report.

8.0 ENGAGEMENT/CONSULTATION

8.1 Arrangements for the production of risk registers for Pledge Strategies, the Transformation Programme and business plans were developed in consultation with the Policy, Performance & Scrutiny and Change teams.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising directly from this report.

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APPENDIX

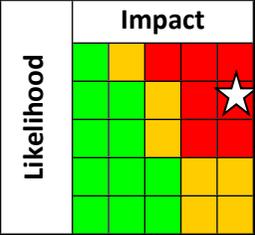
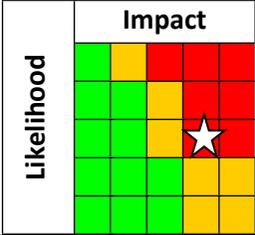
2016/17 CRR Controls 310317

SUBJECT HISTORY (last 3 years)

Meeting	Date
Audit & Risk Management Committee	14 th March 2017
Audit & Risk Management Committee	30 th January 2017
Audit & Risk Management Committee	22 nd November 2016
Audit & Risk Management Committee	26 th September 2016

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2016/17 Corporate Risk Register – Q4 Update Report

Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
1.Financial Resilience		20 Likelihood 4 x Impact 5	<ul style="list-style-type: none"> Financial planning, management and reporting Management of demand Programmes to reduce costs Programmes to increase revenue 		12 Likelihood 3 x Impact 4
Lead Responsibility	Assistant Director: Finance / S151 Officer				
Additional Controls – Quarter 4 update	<p>Future budgets and funding – The Local Government Finance Settlement was confirmed in February 2017 and additional Adult Social Care Funding announced for 2017/20. Council agreed 2017/18 Budget and Medium Term Financial Strategy on 6 March 2017.</p> <p>Reducing costs <u>Integration with Health</u> - The Integrated Care Team with Wirral Community Foundation Trust will go-live from June 1st 2017, following a further period of negotiation and consultation. Work on the Integrated commissioning hub has commenced with workshops completed and a draft structure has now been created. A draft memorandum of understanding has been developed supported by an accompanying financial framework. A due diligence exercise is currently underway with a view to move to a formal arrangement being in place for Autumn 2017. <u>Enhanced Transformation Programme</u> - The Transformation Programme is established with Customer Experience and Asset programme definitions completed and programme managers in position. A Portfolio Board reviews a dashboard setting out the programmes financial benefits, key milestones risk and issues. This is underpinned by monthly Programme Boards for Customer Experience and Assets. 2 new programmes have recently been established for digital and libraries Leisure and Cultural Services – recruitment is underway for 2 additional programme managers. A review of the structure content and governance of Transformation Programme is being undertaken by the new Director who took up the post in February. <u>Working across the Liverpool City Region (LCR)</u> - LCR Chief Executives group are progressing the LCR Public Service Transformation Programme to reduce duplication, deliver better outcomes and generate significant financial efficiencies across the City Region. The Programme is a key strategic priority for the CEXs group, and is producing a set of feasibility studies and business cases to develop new partnership delivery proposals for a number of services. Strategic linkages continue to be developed with Wirral’s Transformation Programme to identify opportunities to collaborate across the LCR to accelerate local proposals and maximise opportunities to generate additional savings.</p> <p>Increasing revenue <u>Business Rates Retention Pilot</u> - This Liverpool City Region Pilot will commence April 2017. Agreement with Government signed in March 2017 which includes there being no financial detriment from participation.</p>				

Commercialisation/Income Maximisation - The main activity for quarter 4 included:

- Income collection report and recommendations passed across to BAU
- Investments – developing a proposal for increasing investment in assets
- Property company development
- Energy Company report through Cabinet
- Commercial training programme for managers being developed
- Work is ongoing with the positioning of the commercial strategy and subsequent governance and support being determined
- Additional income through increased fees and charges assessed and final figures being agreed through Finance

Implementation of Growth Plan - A range of actions are in place in order to deliver the Growth Plan. Outcomes were as follows:

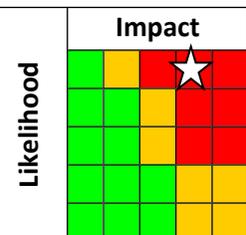
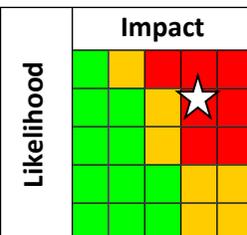
Greater Job Opportunities: Delivery of the Wirral Ways to Work programme is progressing well, with 1,426 clients engaged across all 4 Ways to Work projects as at the 31st March 2017.

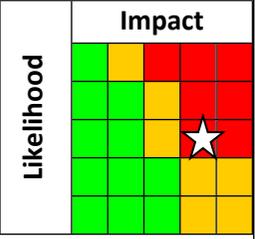
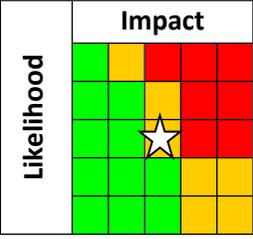
Delivery of the two services which make up the Wirral Health Related Worklessness programme began on 1 February.

Of the Wirral applications to the Liverpool City Region Single Investment Fund (SIF), 3 have been invited to proceed to Round One Second Stage and 2 have been invited to proceed via an alternative route. The Council is supporting applicants proceeding to the Round One Stage Two application process and further work is planned to prepare further strategic projects for submission to SIF Round Two, expected Summer 2017.

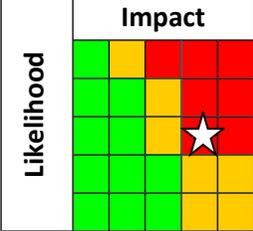
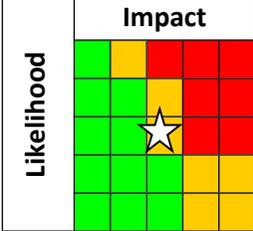
Work between the Combined Authority and the DWP to design future employment support for harder to reach claimants is complete and supplier selection is underway, with final contract award scheduled for September.

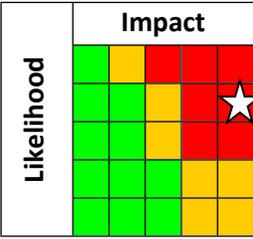
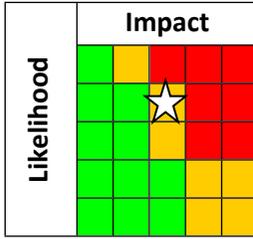
Growing Competitive businesses: Contract mobilisation by the new business support supplier is underway, with a scheduled start date of 1st June. Key activities include: sector networking, start-up and growth support, workforce development and pilot projects in support of town centre high streets.

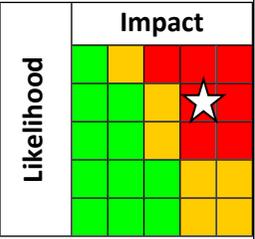
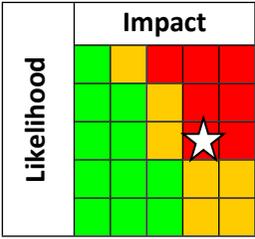
Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
2.Organisation Development and Pace of Transformational Change		20 Likelihood 5 x Impact 4	<ul style="list-style-type: none"> • Performance appraisals • Accountability statements • Ad-hoc initiatives -e.g. Children’s Social Work • HR involvement in development of business cases for Alternative Delivery Models 		16 Likelihood 4 x Impact 4
Lead Responsibility	Director for Transformation				
Additional Controls – Quarter 4 update	<p>Capacity and Expertise – The work on organisational culture is being finalised and will feed into the Organisational Development Plan – April. Team’s culture plans are to be included within the accountability framework to be issued in May. A report on progress will be taken to the Strategic Leadership Team in May.</p> <p>Transformation <u>Resources needed to support Alternative Delivery Models</u> – Programme Boards receive monthly updates on the work in progress and work within the pipeline to be initiated. Work with the Strategic Hub continues to ensure the totality of change initiatives is documented. HR colleagues attend Project / Programme Boards. The Transformational Change programme has been agreed and resourced. A Director of Transformation (a key role in driving transformation at the required pace) was appointed and started in February. The Transformation Office continues to recruit resources through a mixture of permanent, interim, and specialist staff. Recent appointments due to start in May are 2 Programme support officers and recruitment process is underway for 2 programme managers. An appraisal of resources required to support the transformation programme has been conducted and reported to Business Services in February.</p> <p><u>Implementation of agreed governance to monitor and control delivery</u> – Governance arrangements have continued as programmes are established. Gateway model for business case development has been agreed, based on the HM Treasury five case model.</p> <p><u>Strengthen programme management arrangements using standardised tools and techniques</u> - Configuration of the Concerto system is complete, with ongoing upload of Projects. Concerto training continues to be delivered for officers outside the Transformation Office but who are involved in project delivery and programme management. A project toolkit has been developed with standard guidance and templates. This is available to the project management community via Concerto and is scheduled to be launched on the intranet in Q1 for access by the wider organisation. A Transformation Office web page launched with overview, links to the commercialisation and Alternative Delivery Model toolkits and individual pages for the transformation projects that currently impact on staff, so they have a central point for any communication. Further development required in Q1 for the Transformation Team, Roles, and Governance along with the publication of the supporting toolkits and documentation for the wider organisation. Business analyst framework developed and being used by the Transformation Office. Scheduled to be launched on the intranet in Q1, for access by the wider organisation</p> <p><u>Establish a central Transformation Office with clearly defined roles / responsibilities</u> –Resourcing of the transformation Office continues to be kept under review as the programme(s) develop. Additional recruitment was established in Q4 and further permanent resource is to be recruited in Q1.</p>				

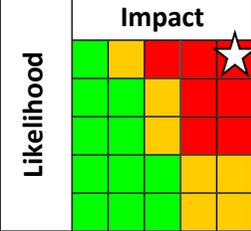
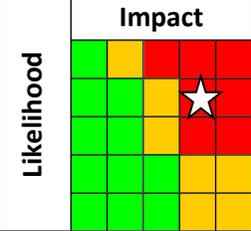
Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
3.Partnerships		<p>12</p> <p>Likelihood 3 x Impact 4</p>	<ul style="list-style-type: none"> The Wirral Partnership agreed a single Wirral Plan with joint priorities, and committed to a partnership approach with collective actions to deliver it Partners have lead responsibility for a number of the Pledges and are involved in delivery of all of them To ensure a single approach, the Partnership Delivery Group (PDG) meets regularly, bringing together Chief Executives of partner organisations to co-design implementation of the Plan and emerging strategies 		<p>9</p> <p>Likelihood 3 x Impact 3</p>
<p>Lead Responsibility</p> <p>Additional Controls – Quarter 4 update</p>	<p>Chief Executive</p> <p>Implementation of new governance arrangements - Established governance and reporting processes for the Wirral Plan and strategies continue to drive the production of comprehensive progress reports. Q4 performance/implementation reports have now been produced and will be considered by Cabinet, SLT and the Wirral Partnership. A comprehensive Review of the Wirral Plan and Pledges has been taking place with partners, to systematically assess the implementation, performance and achievements of all the Pledges to date, and to ensure that future action plans, partnerships and delivery arrangements are the most effective they can be .</p> <p>Activity to strengthen links between the Partnership Development Group (PDG) and other groups/boards - As referenced above, the Review of the Wirral Plan has been systematically considering all of the Action Plans and Partnership Groups to summarise progress, identify any issues and propose solutions in relation to governance, partnership working and effective delivery. The Wirral Leadership Academy commenced in February 2017. Wirral’s Programme is based on the national commissioning academy programme, uses a collaborative learning approach and is attended by senior representatives of the Wirral Partnership. The Programme is significantly building greater collaboration across the Partnership to deliver the Wirral Plan and Pledges and through the underpinning Pledge Boards, to utilise collective resources to deliver better outcomes for Wirral residents.</p>				

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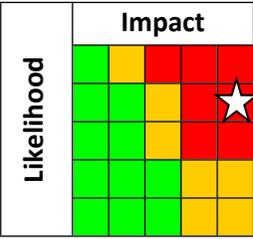
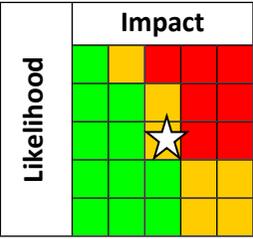
Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
4.Devolution		<p>12</p> <p>Likelihood 3 x Impact 4</p>	<ul style="list-style-type: none"> To ensure up to date knowledge and communication of developments: Regular updates and briefings with elected members and Strategic Leadership Team (SLT) i.e. through Leader's Portfolio reports; Policy & Performance progress reports; Scrutiny Review; SLT discussions To optimise Wirral's influence: Wirral's Chief Executive and Leader part of regular LCR meetings to develop new LCR arrangements and devolution deal Wirral elected members appointed to LCR Scrutiny and other thematic Boards Wirral officers represent Wirral's interests and priorities at relevant LCR boards and networks Ongoing activity to develop Wirral projects and ensure that they are represented within LCR strategic priorities SLT ongoing discussions to ensure a strategic and comprehensive knowledge of developments; to agree Corporate approach; and identify Wirral's priority focus and projects for the short, medium and long term 		<p>9</p> <p>Likelihood 3 x Impact 3</p>
Lead Responsibility	Chief Executive				
Additional Controls – Quarter 4 update	<p>Review arrangements for City Region governance and implementation - Following the Liverpool City Region (LCR) Governance Review and public consultation, in December 2016 Wirral, the other City Region Local Authorities, and the LCR Combined Authority agreed the final legal and governance requirements to establish the Liverpool City Region Combined Authority (LCRCA) Mayoral Model with the devolved powers and functions agreed as part of the Devolution Deal in November 2015. A review of the LCR Combined Authority has since taken place and a revised Constitution will be considered by the Combined Authority in April.</p> <p>Consultation to enable Wirral and partners to play an effective role in the new arrangements - The LCR Combined Authority mayoral election was launched on 24th March, with the election to take place on 4th May 2017. Following the election, further detailed proposals for implementation (including the new Mayor's Office) will be produced. To ensure Wirral awareness, understanding and effective input into all LCR developments, the Policy Team continues to deliver a set of structured updates and briefings including at Scrutiny Committee; Cabinet/SLT; Leadership; the Wirral Partnership.</p>				

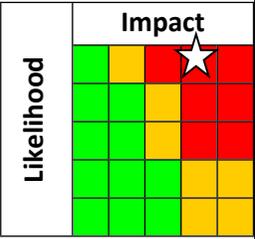
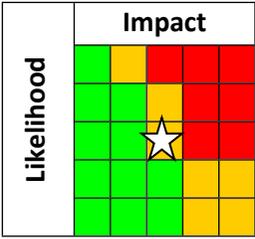
Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
5.Integration of health and social care		20 Likelihood 4 x Impact 5	<ul style="list-style-type: none"> Integration of community and older people's services Integrated commissioning hub Integration project for all age mental health services Integration of all age disability services Initiative to reduce long term care admissions Initiatives around review of activity and replacement with alternatives (e.g. assistive technology) Wirral Independence Service Short term crisis support, to avoid admission STAR Re-ablement service Integrated single gateway into services Rapid Community Response Service – with Wirral Community NHS Trust 		12 Likelihood 4 x Impact 3
Lead Responsibility	Director for Health and Care				
Additional Controls – Quarter 4 update	<p>Introduction of on-line self-assessment - Self-assessment has been fully rolled out and we are now receiving online submissions for individuals and carers seeking support. A review of the current process is underway and further actions in place to improve activity in this area. We are continuing to work with partner agencies to maximise uptake of self-assessments. Care connectors are facilitating self-assessment within community settings.</p> <p>Development of extra care housing - Challenges remain with the Government not having resolved the issues in relation to the local rent levels, and potential caps. There are concerns as to how the Chancellor's plans to cap the amount of rent that Housing Benefit will cover in the social sector will apply to supported housing. The new system is planned to be implemented from 2019 and the proposed Local Housing Allowance (LHA) cap will not apply to supported and sheltered housing until then. A consultation by the Government on the proposals closed in February. No conclusions or recommendations have yet been published. This has resulted in continued resistance from registered providers (RP) of housing to develop Extra Care at risk, given the capital and revenue implications. Capital and Assets group have been given an exception report outlining these risks and action planned to address them.</p> <p>Review of the supported living service model – Work is underway with providers to 'pilot' the new model which has been agreed as part of the annual fees work, and two agencies have volunteered to work with the local authority on testing it. The work on the model has been shared with colleagues in the Liverpool City Region as part of the "new models of care" group and interest has been shown from other areas on the outcomes including Cheshire West & Chester.</p> <p>Support regional work around specialist services and fees - A cost of care indicator tool introduced to look at placements that cannot be placed at standard Wirral rates is being used to work with providers and operational staff to provide costs on individual cases for placement. We continue to attend the Liverpool City Region "models of care" group for specialist services with identified commissioning leads in place.</p>				

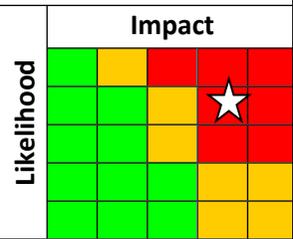
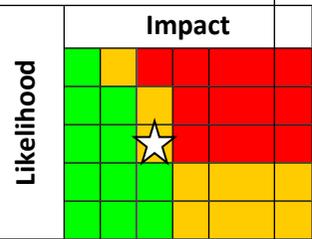
Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
6.Effect of demographic changes on demand for services		<p>16</p> <p>Likelihood 4 x Impact 4</p>	<ul style="list-style-type: none"> • Integrated Care programme • Joint Commissioning arrangements with the Clinical Commissioning Group • Delivery of commissioned lifestyle services - Head of Public Health • Vision 2018 work stream on early intervention and prevention 		<p>12</p> <p>Likelihood 3 x Impact 4</p>
Lead Responsibility	Director for Health and Care				
Additional Controls – Quarter 4 update	<p>Integration agenda (Healthy Wirral) - The Business Intelligence Hub has now been formed and is working with commissioners as part of the Integrated Commissioning Hub project. Commissioners and Intelligence staff are working collaboratively to agree shared work plans. A Wirral Intelligence Network has also been set up with health and other key public sector partners. This group will seek to embed a culture of partnership working and will explore opportunities for maximising the use of intelligence across all partners. The marketplace and self-assessment tools are available to the public and work is remains on going across the Liverpool City Region regarding publicity and branding of the marketplace.</p> <p>Programmes of early intervention and prevention - The joint commission for advice and information contract has been awarded and will commence in April 2017. Work is currently underway with the third sector to look at a Wirral offer across to respond positively to council commitments. This work is being led by Adult social care and includes the requirements for adults, children, public health and the Clinical Commissioning Group.</p> <p>Implement health and social care integration - Approval has been given by both Cabinet and the NHS Community Foundation Trust Board. Implementation is underway following consultation with staff. The go-live date is 1st June and will see a phased transfer of staff to Wirral Community Foundation Trust. Dedicated work streams remain on going to work through the practicalities of the transfer and also agree the contractual relationship which will be underpinned by the Section 75 agreement. The Section 75 agreement has been drawn up and an initial draft has been shared with the Community Trust. Comments have been received back by the Council and are currently being worked through. A final version of the agreement will be in place by 18th May.</p>				

Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
7.Safeguarding		<p>25</p> <p>Likelihood 5 x Impact 5</p>	<ul style="list-style-type: none"> • An Improvement Board was established to drive the improvements needed to respond to the Ofsted recommendations; the board meets monthly to ensure the improvement plan including the safeguarding board. recommendations are gripped, and progress is monitored and challenged. The Board now includes an independent chair and an independent adviser appointed by the DFE. • Deputy Director for Children’s Care Services and an Independent Chair of the Wirral Safeguarding Children Board recruited. • Interim strategic lead for children’s social care and experienced social work practice improvement lead appointed • Children’s early help and intervention offer strengthened through increased partnership engagement to meet children’s needs earlier and so reduce demand for children’s social care. • Single senior manager established to lead and oversee the MASH (Multiagency Safeguarding Hub) Performance management and reporting arrangements for managers, leaders and elected members will be overhauled to ensure these are based on accurate, reliable data that is used to effectively measure and inform service improvements. • An HR and OD team co-located in the Children and Young People’s Department enabling close working with service managers to rapidly recruit, induct, develop and retain social workers and social work managers; and support managers at all levels to develop and challenge staff to meet the higher bar set through the Wirral Social Work Practice Standards. 		<p>16</p> <p>Likelihood 4 x Impact 4</p>
Lead Responsibility	Director for Children				

Additional Controls – Quarter 4 update	<p>Implement service improvement plan resulting from the recent diagnostic and self-assessments – actions identified within the Plan which commenced prior to the Ofsted visit continue to be refined in the light of further work to ensure there is a robust plan in place to deliver the improvement.</p> <p>Implement programme in relation to children in care and on the edge of care – as above the actions identified within the Programme are being progressed to improve and strengthen our approach in this area.</p> <p>Deliver the priorities of the Local Children’s Safeguarding Board (LSCB) and the Safeguarding Adults Partnership Board (SAPB) –In relation to Adult Safeguarding there is now a combined authority SAPB established across Liverpool, Sefton, Wirral and Knowsley. Its inaugural meeting was held in April month, and a new set of priorities for joint working was agreed</p> <p>Implement ‘Making Safeguarding Personal’ (MSP) and evaluate its impact – There has been a programme of audits to evaluate the approach and inform a refresh of the safeguarding procedures</p>
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Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
8.Governance (including information governance)		20 Likelihood 4 x Impact 5	<ul style="list-style-type: none"> • Council Constitution • Code of Corporate Governance • Member / Officer Protocol • Staff Policies (e.g. Dignity at Work) • Corporate Policies (e.g. Whistleblowing) • Operational policies (e.g. Information Governance, Gifts and Hospitality) • Ethical Framework for Members • Regulatory policies - Planning and Licensing 		9 Likelihood 3 x Impact 3
Lead Responsibility	Assistant Director - Law & Governance				
Additional Controls – Quarter 4 update	<p>Review the Constitution, Code of Corporate Governance and Members Code of Conduct - The revision of the Constitution continues to be overseen by the Standards and Constitutional Oversight Committee. In the quarter there have been further amendments to the Constitution which have been considered by the Standards and Oversight Committee and subsequently approved by Council in Dec 2016. The Code of Corporate Governance has been refreshed and also approved by Council at its meeting in Dec 2016 and will be subject to an annual review thereafter. The Constitution has been updated to reflect the approved changes and to include the revised Code of Corporate Governance The Members’ Code of Conduct was to be reviewed by the Standards and Constitutional Oversight Working Group during Q4 and report any recommendations to the Standards and Constitutional Oversight Committee by the end of this Municipal Year, however due to the untimely passing of the Chairperson, Cllr Denise Roberts, the scheduled work of the Working Group has been postponed to the next Municipal Year.</p> <p>Introduce the webcasting of Council Committee and Cabinet meetings – Soft marketing testing has been completed, suppliers identified and tender documentation drafted. SLT and Leadership have approved the specification and tendering arrangements for this project. Funding has now been approved and the tendering exercise is to commence next month (May 2017).</p> <p>Review and enhance information governance arrangements – The Information Governance Delivery Group has continued to implement the action plan drafted to address the recommendations in the report produced by the Information Commissioners’ Office following the review undertake in 2016. A review of the Information Governance and Security policy and guidance documents and Intranet content has begun.</p>				

Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
9.Economic Activity	 <p>Impact 4 Likelihood 5</p>	20 Likelihood 5 x Impact 4	<ul style="list-style-type: none"> Implementation of the Growth Plan 	 <p>Impact 3 Likelihood 3</p>	9 Likelihood 3 x Impact 3
Lead Responsibility	Strategic Commissioner - Growth				
Additional Controls – Quarter 4 update	<p>Implementation of place marketing activities – The City Region ERDF Bid for Place Marketing activities was successful and work is underway to develop sector focused foreign direct investment marketing in conjunction with Liverpool Vision and Combined Authority partners for 2017/18. Investor delegations from Netherlands, China and Indonesia have been supported. Investor focused: wirralwellmade.com was launched in March to coincide with the Council’s presence at MIPIM Cannes.</p> <p>Delivery of programmes to drive key growth sectors, such as the Maritime Knowledge Hub - Skills Brokers have engaged with 30 employers across Wirral during 2016/17 with 349 Wirral based employees receiving training to strengthen businesses in key growth sectors. A Single Investment Fund application for funding to deliver Phase 2 of the Maritime Knowledge Hub was successful at Stage One of the process and the Stage Two application: Outline Business Case is being prepared for submission in April 2017.</p> <p>Implementation of the Wirral Waters Investment Fund - The collaboration agreement has been finalised between the Council and Peel, with the formal signing scheduled for April 2017. Applications for the Investment Fund are now being prepared by Peel for submission.</p> <p>Delivery of the Ways to Work programme - Delivery of the Wirral Ways to Work programme is progressing well, with 1,426 clients engaged across all 4 Ways to Work projects as at the 31st March 2017.</p>				

Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
10.Resources and Infrastructure		<p>16</p> <p>Likelihood 4 x Impact 4</p>	<ul style="list-style-type: none"> • Implementation of current asset management strategy. • Business continuity policy. • Additional backup /security at Cheshire Lines. • Standardised, refreshed IT hardware. 		<p>9</p> <p>Likelihood 3 x Impact 3</p>
Lead Responsibility	Director for Business Services				
Additional Controls – Quarter 4 update	<p>Establishment of data centres –The decision was taken in January to develop the Merseytravel Georges Dock facility as the primary Council datacentre, by re-provisioning all productions services to Georges dock. The Treasury building datacentre is to be repurposed as the council’s Disaster Recovery site. This not only reduces costs, but also gives greater flexibility in terms of the future usage of sites. The specification of a tender for the migration of services has been drafted and the Invitation to Tender published, with a return date of the end of April. The fibre ring serving key Council buildings in central Birkenhead (including the Treasury) has been upgraded to give improved resilience and provide a link to the Merseytravel data centre.</p> <p>Implementation of new Digital Strategy (including Rationalisation and standardisation of systems and applications) – As part of the comprehensive Review of the Wirral Plan and Pledges, the Digital Strategy is currently being reviewed to assess progress and further refine future priorities and drive forward key actions. The Strategy is a key enabler to the Wirral Plan and many of the Pledges, and has a number of cross-cutting measures and action plans, which are currently being reviewed to ensure a single, co-ordinated and strategic Digital approach. The refreshed Digital Action Plan will be produced in May.</p> <p>Implementation of new Asset strategy - Unfortunately the One Public Estate bid was unsuccessful, which will not allow us to appoint additional support for the project. In the absence of external funding, support will be provided by the Transformation office to Asset Management which will be aligned to the new Civic Hub Project. The accommodation risks associated with Council-wide Transformation projects have largely been managed within existing Council structures. However, some of the identified risks are controlled by non-Council organisations. Better communication between project leads for the key Transformation projects has helped manage the risk more effectively. But this still requires improvement for some projects. Key decisions have been made to vacate and demolish operational premises, which reduces the risk of revenue overspend; this will continue into the new reporting year. A clearer vision has been developed for the future use of premises across the Borough, linked to the new Civic Hub and the formation of PropCo. There remains an issue with the slow progress of approval for release and the low Capital potential of sites identified for sale, many of which had been withdrawn for sale due to objections. The anticipated progress made towards the end of Q4 should start to accelerate the disposal process. Improved dialogue with Cabinet members will assist to accelerate the approvals to sell.</p> <p>Roll out of testing programme for business continuity plans – Desktop exercises have been carried out on 10 plans (Building Control, Env Health, Payroll, One Stop Shops, Electoral Services, Legal & Member Services, Strategic Housing, Public Health, Registrars & CYPD Specialist Services). Reminder emails are being sent to plan owners to schedule in their desk top exercises.</p>				



AUDIT AND RISK MANAGEMENT COMMITTEE MONDAY, 12 JUNE 2017

REPORT TITLE:	MANAGEMENT OF INSURANCE AND CORPORATE RISK
REPORT OF:	ASSISTANT DIRECTOR: FINANCE

REPORT SUMMARY

This report sets out progress made since my previous report in relation to key actions planned for 2017/18.

RECOMMENDATION/S

That the content of this report be noted

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Regular update reports are presented to this Committee on the work around risk management and insurance which seek to support the Risk Management framework and maintain the successful management of the insurance programme.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not applicable to this report.

3.0 BACKGROUND INFORMATION

- 3.1 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.

- 3.2 In addition to day-to-day operations the service is responsible for major procurement exercises and improvement activities. This area of the report focuses on the latter. The key actions to be implemented during 2017/18 were included in the report to this Committee on 14 March 2017. Progress since my last report in respect of those actions is summarised in the paragraphs below.

3.2.1 Alignment of Risk Management and Performance Management

The Risk and Insurance Manager has facilitated a further risk workshop for the Business Services function as part of the 2017/18 service planning process.

3.2.2 Corporate Risk Register

The corporate risk register is the subject of a separate report to this meeting.

3.2.3 Traded Service for Schools and Academies

Four primary schools which converted to become the Oak Tree Multi Academy Trust on 1 June have they signed a Service Level Agreement with the Council for risk and insurance services. A further school which is to join the Trust in September will also take out a Service Level Agreement.

3.2.4 Corporate Insurance Budget

The Insurance Fund Annual Review is the subject of a separate report to this meeting.

3.2.5 Policy Renewals – April 2017

Renewal of the Council's Motor and Engineering insurance contracts was agreed. The premiums are within the estimates for the current financial year.

3.2.6 Tender for Casualty and Computer Insurance

Members may recall that the procurement exercise conducted in recent months resulted in the award of the Council's Casualty (Liability) insurance to Protector Insurance. The contract provides a higher level of cover at a lower cost than in 2016/17. Since the contract award officers have held meetings with the new insurers and their claims handlers and with existing legal service providers to establish new processes and lines of reporting and a new imprest account for the payment of claims. The first claims under the new contract were received in May.

3.2.7 Policy Renewals June 2017

Information on the Council's Property, Business Interruption, Museums, Marine and Personal Accident/Business Travel risks were sent to the Council's insurers and insurance brokers at the end of May. At the time of writing renewal terms have yet to be received. Renewal premiums are expected to be within budget with the exception of the Museums where the sum to be insured is greater than that on which the 2017/18 estimate was based.

3.2.8 Claims Handling Changes

New Liability claims continue to be reported at a historically low level. This has been reflected in the lower cost of external claims handling under the new Casualty insurance contract. The vacancy within the Risk and Insurance team which has existed since January has had a particular impact in this area of work. However the knowledge and experience of other officers and support provided by suppliers has helped to limit that impact.

3.2.9 Staffing Changes

Following a successful recruitment exercise the vacant post within the Risk and Insurance team has been filled.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising directly from this report.

5.0 LEGAL IMPLICATIONS

5.1 There are none arising directly from this report.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

6.1 There are none arising directly from this report.

7.0 RELEVANT RISKS

- 7.1 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.
- 7.2 If a large number of schools were to convert to academies the pool of contributors to the Insurance Fund would decrease. Over time this could reduce the authority's buying power and the degree to which it could self-insure. This in turn could increase the cost of financing insurable risk. However my officers remain vigilant to potential conversions and will make changes to the authority's arrangements to ensure that potential negative impacts are gradual and limited wherever possible.

8.0 ENGAGEMENT/CONSULTATION

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

9.0 EQUALITY IMPLICATIONS

- 9.1 There are none arising directly from this report.

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APPENDICES

None

REFERENCE MATERIAL

Correspondence with insurers, brokers and legal services providers

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee	14 March 2017
Corporate Risk & Insurance Management	30 January 2017
Corporate Risk & Insurance Management	22 November 2016
Corporate Risk & Insurance Management	26 September 2016



**AUDIT AND RISK MANAGEMENT COMMITTEE
MONDAY, 12 JUNE 2017**

REPORT TITLE:	INSURANCE FUND ANNUAL REPORT 2016/17
REPORT OF:	ASSISTANT DIRECTOR: FINANCE

REPORT SUMMARY

This report provides a review of Risk and Insurance activity during 2016/17 and the plans for 2017/18 and beyond. It details the underwriting arrangements and recent loss histories for the principal areas of insured risk and describes the impact of measures taken to improve their management. The provisions and reserves within the Insurance Fund at the end of 2016/17 are confirmed.

RECOMMENDATION/S

That Committee endorse the release of monies from the Insurance Fund to the General Fund indicated in paragraph 3.43.

That the Insurance Fund Budget 2018/19 be prepared for presentation to this committee in January 2018.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To maintain appropriate financial reserves.
- 1.2 The Insurance Fund Budget forms part of the Council budget-setting process

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The excess of reserves on the Property and Liability classes of business could have been retained within the Insurance Fund. However this would have presented a lost opportunity to support General Fund balances,

3.0 BACKGROUND INFORMATION

Approach to Risk Financing

- 3.1 Since 1988 the Authority has used a combination of self-insurance and external insurance to address the financial consequences of risk.
- 3.2 Those risks which have the potential to generate substantial losses are self-insured to a high level but with a cap on the Council's liability above which costs are met by insurers. Such risks include legal liability to members of the public and to other organisations for injury or damage to property motor accidents involving Council vehicles and damage to Council buildings.
- 3.3 Other more minor, expected, losses such as damage to equipment and plate glass are wholly self-insured.
- 3.4 The self-funding of losses is part of the Council's overall approach to managing risk. It provides a greater incentive to deal with risk more effectively given that any reduction in claims directly benefits the Authority. It also minimises the Council's liability for Insurance Premium Tax (currently levied at 12%) and contributions to insurers' administrative costs and profit margins. The level of self-insurance is influenced by the need to maintain the stability of the Insurance Fund over the long term and by the Council's appetite for risk. However as a point of principle the Council is seeking to cover more low value insurable risks through the Insurance Fund to leverage greater value from the Fund.
- 3.5 Claims are met from the Insurance Fund with the Fund being maintained through proportionate annual contributions from all functions and from schools.
- 3.6 The Fund also holds reserves which are available to support the implementation of initiatives to improve the management of risks both insured and uninsured.

Principal Areas of Insured Risk - Liability

- 3.7 The Council currently self-insures liability risks to a maximum aggregate of £3.2m for all claims occurring in any one policy year. The level of aggregate varies from year to year according to market conditions and loss history. It has been as high as £7.25m in 2005/06. In addition the Council's maximum liability for any single insured claim is currently limited to £250,000. Any costs above this are met by the insurer Protector Insurance. The current policy resulted from a competitive tender exercise undertaken in 2016/17. The Long Term Agreement on this contract is in place until 31 March 2020 at which point the Council has an option to renew it for a further 2 years.
- 3.8 Members may recall that the Council had been trialling the self-handling of self-represented (no solicitor involvement) Liability claims involving low value property damage. The trial proved successful and the new contract was let on the basis that the Council would continue to self-handle low value property damage where no solicitor was involved. This has meant that the lower claims handling costs achieved in 2016/17 will continue. During 2016/17 36 claims were handled by the Risk and Insurance team. As at 31 March 2017 15 of these claims remained open. Of the 21 which had been closed liability was denied in 17 cases. The total amount paid for the 4 files which were closed with a payment was £1,075.
- 3.9 A large proportion of claims are still administered by both the former insurer Zurich Municipal and the new insurer Protector. However neither company has authority to settle claims within the deductible limits. All decisions on tactics, settlement and quantum on claims up to £250,000 are controlled by the risk and insurance function within the Council. This ensures that decisions are made in the best interests of the authority rather than the insurers and that a stable claims strategy can be maintained. As the insurers have no financial interest in claims below the deductible they may have little motivation to secure the most efficient outcomes. On the rare matters that have the potential to exceed £250,000 the Council works in partnership with the insurers to agree mutually acceptable outcomes. Both insurers and the solicitors engaged to defend legal proceedings work to defined service level agreements and the Council continuously monitors and manages their performance.
- 3.10 The per-claim self-insured retention on liability has remained stable at £250,000 for over 15 years. In this period the real terms value of this deductible has been eroded by the effect of inflation. Officers did consider the relative merits of increasing this limit to £350,000 as part of the procurement of the Liability insurance contract. However the reduction in premium offered by competing insurers was outweighed by the additional claims which the Council would have to meet and so the self-insured retention per claim remains at £250,000.

Changes in the Civil Justice Regime

- 3.11 Behaviours within the claims environment have continued to evolve following the changes in claims regulation reported in previous versions of this report. Claimant solicitors continue to push at the boundaries to test the system as

they attempt to maximise their costs income. However, the reduction in average legal costs on fast track matters appears to be sustained. A further extension of fixed costs in personal injury claims and an increase in the small claims limit are contained in the Prisons and Courts Bill. These changes have the potential to further reduce the average cost per claim for the Council. Whilst the Bill was not brought into law before Parliament was dissolved for the General Election it is thought that it will be brought back later in 2017.

Public Liability Claims Statistics

3.12 The rate of receipt of new Public Liability (PL) claims has continued to fall. During 2016/17 a total of 228 new claims were received. This was a 37% reduction over 2015/16 and a cumulative 53% fall over 5 years. The reduction of volume over the last few years will be partially attributable to the outsourcing of services, the community asset transfer program and the change to Academy status of many of the larger secondary schools. Whilst the majority of claims continue to relate to simple highway slips and trips a proportion are significantly more complex involving abuse, defamation, bullying and harassment, failure to educate, disease, tree related subsidence, nuisance and social services matters for both failure to remove and / or inappropriate removal. Table 1 below shows the rate of receipt of Public Liability claims over the last 5 years.

Table 1: Claims received – Public Liability

	Number of new Public Liability Claims Received within year				
	2012/13	2013/14	2014/15	2015/16	2016/17
Highway Claims	435	373	319	324	204
Other	55	72	71	39	24
Total Claims	490	445	390	363	228
Year on Year	n/a	- 9%	- 12%	- 7%	-37%

3.13 Whilst good risk management activity can affect the outcome of PL claims, by providing a defence, the frequency of receipt is influenced by factors over which the Council has little control. Dominant influences will include the incidence of severe weather, claims farming activity and the prevailing propensity to claim within the community. It will be noted that the winter of 2016/17 was again relatively mild and this is likely to have contributed to the fall in highway claims receipt.

3.14 This “claims received” table data describes the level of claims management activity required within the given periods. It is not necessarily reflective of the impact on individual account years as a claim could be received many years

after the incident. Whilst this delayed receipt issue is more of an issue on Employers liability matters, as will be shown, it should be noted.

- 3.15 Individual claims can take many years to settle. A portfolio of approximately 300 open public liability files with a potential combined value circa £2.9m is currently being managed.

Employers Liability Claims Statistics

- 3.16 The number of Employers Liability (EL) claims received in 2016/17 fell markedly to a total of 18. This is significantly less than the peak several years ago and less than the long term average. In recent years many of the EL claims received have related to disease from exposure many years before. This trend continued in 2016/17. The alleged causes of the new claims are noted within table 2 below.

Table 2: Claims Received – Employers Liability

New Employers Liability Claims Reported by Date with Alleged Cause					
	2012/13	2013/14	2014/15	2015/16	2016/17
Vibration	6	7	6	6	2
Noise (NIHL)	6	15	5	11	5
Asbestos	0	1	0	2	0
Slip / trip / trap / fall	11	18	12	5	7
Others including assault / stress and harassment	22	9	13	11	4
Total for year	55	50	36	35	18

- 3.17 Employers liability claims generally take much longer than public liability claims to be reported, investigated and, if necessary settled. The Council is still receiving claims with alleged exposure periods as far back as the 1950's and 1960's for matters such as Noise Induced Hearing Loss and cancers relating to asbestos exposure.

- 3.18 Given the long exposure periods of disease claims a separate claim needs to be registered against each policy period covered by the exposure. This results in claims payments being distributed across multiple insurers with associated complexity due to the varying aggregate and deductible positions across these policies. Some insurers insist that a separate claim is recorded for each year within a long term policy period. With some alleged exposures spanning a 40 year employment period this can create extensive administration. Whilst Wirral has comparatively good records of historic insurances and can trace all

insurers for most claims, there are uninsured periods due to insurer insolvency (Independent Insurance 1981–1984 and earlier Municipal Mutual Insurance (MMI) exposures for both Bebington Corporation and Birkenhead) and exposure to some employment prior to 1950 for which no insurer details can be traced.

- 3.19 The overall reserve for known EL claims was approximately £650,000 at 31/03/17 across 52 current live files (excludes multiple registrations for account years).
- 3.20 The level of complexity within individual EL cases continues to increase. It is also generally becoming more difficult to track down essential witnesses and documents. A lack of documentation for historic cases is expected. However the ongoing reorganisation and contraction within services can often make the location of evidence and witnesses for even recent incidents difficult. The Council's ability to defend Employers' liability claims can be impacted by this position.
- 3.21 The management of Liability claims continues to occupy a substantial amount of the risk and insurance resource. Again in 2016/17 new cases received included a number of complex and technically demanding claims. Whilst the Council continues to retain a good record in defending such cases this success requires an ongoing investment of time and expertise.
- 3.22 The account continues to generally perform well. The defence rates are high in most areas of exposure. The Highways claims statistics in particular continue at peer leading levels. The 'firm but fair' stance on liability and the counter-claims fraud strategy contribute to this outcome. The performance of claims handling and legal services providers and the continuing active involvement of experienced officers in controlling tactics and procedure all assist in containing the overall cost to the Council of this area of risk.

Property and Business Interruption

- 3.23 The Council self-insures to a maximum of £500,000 damage to property through fire and to a maximum of £1m for damage to commercial properties and to schools through storm flood and escape of water. It also has a maximum liability of £500,000 for business continuity losses through fire and £1m through storm and flood. Any costs above this are met by the insurer Zurich Municipal. These contracts expire on 29 June 2018 requiring a competitive tender exercise to be conducted in the current financial year.
- 3.24 Although all property losses are reported to insurers minor claims are investigated and administered directly by the Council. A loss adjuster would be appointed to investigate and report to insurers on larger losses (those estimated to cost in the region of £30,000 or more). However the authority would still have a significant role in managing any necessary reinstatement process and ensuring the optimum settlement is achieved from the insurer.

3.25 The table below shows the number and cost of claims in the last 5 policy years.

Year	Number	Paid to Date	Outstanding	Total
2012/13	16	£ 31,508	£ 0	£ 31,508
2013/14	17	£ 30,529	£ 0	£ 30,529
2014/15	13	£ 73,259	£ 17,380	£ 90,639
2015/16	13	£101,205	£ 0	£ 101,205
2016/17 *	13	£ 22,912	£ 18,037	£ 40,949

* Part year figures (as at 26 May 2017)

Motor

3.26 The Council self-insures to a maximum £208,900 all claims relating to any one policy year. In addition its maximum liability for any single claim is limited to £75,000. Any costs above this are met by the insurer. As reported previously the Long Term Agreement on this contract has been extended until 31 March 2019.

3.27 The Risk and Insurance service is responsible for handling all claims for 'own damage'. Insurers administer third party claims but must refer to the Council any proposals to pay or reject claims. As with Liability claims the authority has input into all decisions on tactics and quantum and continuously monitors and manages the performance of the claims handlers.

3.28 The reduction in vehicle numbers has been partly responsible for a decrease in the volume and cost of claims in recent years. However better management of fleet risk is another factor. The authorisation to drive procedure, minibuss assessment process and a more robust approach to the investigation of accidents and the service's management of claims are all elements of this approach.

3.29 The table below shows the number and cost of claims in the last 5 policy years.

Year	Number	Paid to Date	Outstanding	Total
2012/13	42	£91,963	£ 8,331	£100,294
2013/14	32	£50,369	£ 0	£ 50,369
2014/15	43	£32,297	£ 0	£ 32,297
2015/16	38	£34,623	£40,799	£ 75,422
2016/17	28	£24,713	£20,720	£45,433

Other Classes of Business

3.30 Risks which present a more limited exposure to loss (such as damage to equipment, loss of money, damage to water craft and damage to plate glass) are wholly self-insured. Responsibility for handling claims for these areas rests solely with the Risk and Insurance service. Others (such as Computer Crime and Personal Accident) are partially underwritten by insurers. They are procured through competitive tender and subject to Long Term Agreements. The authority liaises with insurers over the small number of claims generated by these contracts.

Review of Liability Reserves and Provisions

3.31 Whilst it is important to ensure that the Insurance Fund holds sufficient resources to meet its liabilities there is also an opportunity cost to maintaining a greater balance than is needed.

3.32 To help ensure that the Fund is sufficient to meet the cost of liability claims but is not over resourced reviews are undertaken every three to four years by an external actuary who assesses the amount needed to fund anticipated liabilities for previous years. In the intervening years internal evaluations are undertaken for the same purpose.

3.33 Actuaries will generally not provide a specific defined figure for recommended funding levels. The advice contained within the output from their reports is usually heavily caveated and provided in a wide range for the scheme manager to consider funding levels based on the organisational risk appetite. These reports cost around £10,000 to commission and in periods of claims environment volatility, such as we are currently experiencing, they can be of limited value as they use historic trends to predict future funding requirements.

3.34 The output from the last external review to be commissioned was reported to this committee on 28 January 2014. As in 2015/16 a further detailed in house evaluation of the sums required as at 31 March 2017 has been undertaken to inform this report.

3.35 The evaluation took as its starting point the figure recommended by the actuary as the provision required as at 31 March 2013. To this were added the liability funding figures for 2013/14 2014/15 2015/16 and 2016/17. The value of all liability claims payments made during those years (including payments due under the Municipal Mutual Insurance (MMI) Scheme of Arrangement and payments made against the uninsured liability reserve) were then deducted. The figures have then been considered by officers using their knowledge of the Council's Liability account. Officers are content that current funding levels are likely to lie within the upper range of certainty from an externally commissioned actuarial report.

3.36 This exercise indicated that a sum of £7,762,679 was required as at 31 March 2017 to meet outstanding liabilities as per the right hand column of the following table.

Combined Liability	Position as at 01/04/2016 £	Funds Available at 31/03/2017 £	Calculated Requirement at 31/03/17 £
Provisions < 1 year (275 x IF028 provision for known liability claims that is expected to be utilised entirely within 2016/17)	1,300,000	1,300,000	1,000,000
Provisions > 1 year (276x IF028 provision for known liability claims where payment is expected to be made beyond the next year)	2,449,671	2,449,671	2,195,381
Insured Liability Reserve (475x IF028 reserve for insured claims incurred but not yet received, or claims received but insufficiently reserved)	4,003,424	4,662,918	3,162,918
Uninsured Liability Reserve (475x IF056 reserve to cover claims payments for periods of insurer insolvency or policy coverage deficiency)	1,000,000	997,488	1,000,000
MMI reserve / provision (475x IF022 + 275x IF022 reserve to cover claims payments for periods of insurer insolvency or policy coverage deficiency)	430,192	380,088	404,380
Total liability reserves / provisions	9,183,287	9,790,165	7,762,679

3.37 It will be noted that as at 31 March 2017 the Fund held significantly greater funds than required to meet its commitments in relation to Liability claims. Given the high opportunity cost of retaining excess funding I have arranged for £2m to be released from the Liability reserves and provisions to General Fund balances.

3.38 However I have also taken the opportunity to use in year surpluses on other classes of insurance business written by the Insurance Fund to give one off additional funding of £350,000 to provide additional contingency for unforeseen claims. This will increase the Insured Liability Reserve to £3,512,918.

3.39 As reported in my last Insurance Fund Annual Report the administrators of the MMI Scheme of Arrangement announced in March 2016 that a further payment of £49,805 would be required from the authority and that it would be responsible for 25% of all liability claims settlements made on or after 1 April 2016. That payment and contributions to 2 claims settlements explain the reduction in available funds at 31 March 2017. Wirral remains considerably less affected by these changes than other authorities and officers remain satisfied that current funding levels are adequate to manage the exposure.

3.40 The last formal actuarial study of the Council reserves and provisions for Liability claims was undertaken on claims data at 31 March 2013. I consider that it would be prudent to commission a further study based on claims data at 31 March 2017 and am making arrangements to do so. This study will help to inform the level of contribution to the Insurance Fund in 2018/19 and beyond. It will also assist with the review of reserves and provisions needed at the end of the current financial year.

Review of Other Reserves and Provisions

3.41 As indicated above the Insurance Fund underwrites a number of other classes of business. It also holds sums in respect of uninsured liability risks and to pay for risk improvement measures. These figures are also reviewed each financial year. The table below compares the actual amounts held as at the end of March 2016 in respect of these elements of the Fund.

Class	Position as at 01/04/16 £	Sum Held as at 31/03/17 £	Sum Required at 31/03/17 £
Property (IF020)	2,500,000	2,500,000	2,000,000
Motor (IF018)	200,000	200,000	200,000
Wholly self-insured claims (PFI plate glass equipment money marine) (IF051, IF053, IF103, IF104)	173,648	131,220	131,220
Fidelity Fund (IF105)	30,000	31,500	31,500
Civil Contingency (funds improvements in resilience to service disruption) (IF021)	1,500,000	1,500,000	1,500,000

Professional Indemnity (funds excesses on Professional Indemnity claims any claims for uninsured services.) (IF046)	50,000	50,000	50,000
Risk Management (supports individual risk improvement initiatives) (IF024)	150,000	150,000	150,000
Claims Management (funds the legal costs of handling uninsured liability claims) (IF047)	150,300	161,373	161,373
Contaminated Land (funds uninsured liability claims for environmental impairment) (IF023)	750,000	750,000	750,000
Budget Surplus / Deficit (balance of Fund income v expenditure) (IF052)	82,993	69,976	69,976
Total	5,586,941	5,544,069	5,044,069

3.42 The Reserve for Property claims has been held at a level which provides near full funding for Council's maximum possible self-insured retention for both material damage and business interruption losses in any one year for both fire and other perils. Based on the Council's previous loss experience such a situation is very unlikely to occur. As such I have arranged to return £500,000 of this reserve to general fund balances in 2016/17.

3.43 The closedown of the Insurance Fund accounts for 2016/17 and review / amendment of the reserves and provisions held within it therefore resulted in the following key actions.

- (i) **The release of £2m from the provision and reserve for Liability claims to the General Fund.**
- (ii) **The release of £500,000 from the reserve for Property claims to the General Fund**

3.44 The reserves and provisions within the Insurance Fund amount to a substantial sum. Whilst all are clearly earmarked for specific purposes Members may take the view that the Authority's financial position is such that further amounts should be released to support general balances. Any decision would depend on Members risk appetite as such a release could mean that the Fund had insufficient resources to meet its future liabilities.

Insurance and Risk Management 2016/17

3.45 Throughout 2016/17 regular progress reports on Risk and Insurance Management were presented to this Committee.

Services for Schools

3.46 The insurance facility for Academy schools established in 2011/12 remained very popular with schools which have taken the decision to convert. The authority assists schools with tendering to obtain competitive quotations for academy-specific insurance packages, critically appraises policy wordings verifies all policy documentation provides support with claims and general risk management advice. The service generated income of approximately £33,500 in 2016/17. This helped to offset the Council's own insurance administration costs.

3.47 Wirral has remained at the forefront of developments in the field of insurance for academies. Any increase in academy conversions presents both threats and opportunities. For the risk and insurance service itself the change holds out the potential for increased fee income from individual academy clients and the service is looking to capitalise on this. However academies cannot be covered under the Council's corporate insurance arrangements. So as more schools convert the pool of contributors to the Insurance Fund will decrease. Over time this could reduce the authority's buying power and the degree to which it could of self-insure. This in turn could increase the cost of financing insurable risk.

Budget

3.48 The Insurance Fund Budget 2017/18 was approved by Audit & Risk Management Committee on 30 January 2017. The report confirmed that the cost to the General Fund would be £75,000 less than the Budget for 2016/17.

Insurance Management 2017/18 and beyond

3.49 Regular reports on the progress of Insurance and Risk Management will continue to be presented to the Audit and Risk Management Committee.

3.50 The following table shows the key insurance / claims tasks for the year ahead and the target dates for completion.

Task	Target Date
Negotiate annual renewal of Property, Business Interruption, Museums, Marine Liability and Personal Accident / Business Travel policies	30 June 2017
Compile the Insurance Fund Budget 2018/19	January 2018
Negotiate annual renewal of the Casualty, Motor, Engineering, Foster Care and Computer policies.	March 2018
Undertake competitive tender for the Council's Property, Business Interruption, Crime, Museums and Personal Accident / Business Travel insurance	March 2018

4.0 FINANCIAL IMPLICATIONS

- 4.1 The performance of the Insurance Fund has enabled £2.5m to be released to General Fund balances in 2016/17.
- 4.2 The need to remarket the Property, Business Interruption, Crime, Museums and Personal Accident / Business Travel insurance contracts creates uncertainty around the cost of these contracts in 2018/19 and beyond.

5.0 LEGAL IMPLICATIONS

- 5.1 There are none arising directly from this report.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 Remarketing large components of the Council's insurance programme will take up a significant proportion of the capacity within the Risk and Insurance service.

7.0 RELEVANT RISKS

- 7.1 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.
- 7.2 Tendering the Property, Business Interruption, Crime, Museums and Personal Accident / Business Travel insurance contracts indicated in paragraph 3.48 could result in the Council facing higher premiums than at present. Although an increase in competition for such risks particularly Property in recent years should help to mitigate this. Officers will also work to create the maximum interest in and competition for these contracts.
- 7.3. As indicated in paragraph 3.45 a rapid expansion of Academies in the borough could ultimately make the authority's insurance programme relatively more expensive than at present. Officers remain vigilant to potential conversions and will make changes to the authority's arrangements to ensure that potential negative impacts are gradual and limited wherever possible.

8.0 ENGAGEMENT/CONSULTATION

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

9.0 EQUALITY IMPLICATIONS

- 9.1 There are none arising directly from this report.

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APPENDICES

None

REFERENCE MATERIAL

Correspondence with insurers, brokers and legal services providers

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee	
Insurance Fund Annual Report	13 June 2016
Insurance Fund Annual Report	8 June 2015
Insurance Fund Annual Report	23 June 2014
Insurance Fund Annual Report	18 September 2013

The Audit Plan for Wirral Council

Year ended 31 March 2017

May 2017

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Agenda Item 14

Wirral Council
Wallasey Town Hall
Brighton Street
Wallasey
Wirral

May 2017

Dear Members of the Audit & Risk Management Committee

Audit Plan for Wirral Council for the year ending 31 March 2017

This Audit Plan sets out for the benefit of those charged with governance (in the case of Wirral Council, the Audit & Risk Management Committee), an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality with us, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Council and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015.

Our responsibilities under the Code are to:

- give an opinion on the Council's financial statements
- satisfy ourselves the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements which give a true and fair view.

We look forward to working with you during the course of the audit.

Yours sincerely

Robin Baker

Engagement Lead

Chartered Accountants

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Understanding your business and key developments

Developments

Highways network asset (HNA)

We have reported previously that CIPFA/LASAAC had announced that local authorities would be required to measure their Highways Network Asset and account for the asset at Depreciated Replacement Cost in financial statements from 2016/17.

At its meeting on March 8th 2017, CIPFA/LASAAC have decided not to proceed with the introduction of the Highways Network Asset Code into the financial reporting requirements for local authorities. The Board decided that, currently and in particular in the absence of central support for key elements of the valuation, the benefits are outweighed by the costs of implementation for local authorities. Further consideration to this issue only if provided with clear evidence that benefits outweigh costs for local authorities.

Integration with health sector

Under transfers of responsibility for public health to local government, and more specifically Better Care Fund (BCF) plans and the associated pooled budgets have been operational since 1st April 2015. Progress to integrate health and social care is being made by the Council and a single commissioning organisation with the CCG is to be established.

Liverpool City Region Devolution deal

Progress has been made with the City Region's devolution deal. The deal has been agreed with Government and new powers and funding are being provided to the Combined Authority. The first City Region Mayor was elected in May 2017.

Key challenges

Financial Position and Medium Term Financial Strategy (MTFS) 2017/18 – 2020/21

The Quarter 3 revenue monitoring report 2016/17 set out a forecast underspend of £0.4 million. However, the report sets out significant overspends for Childrens services (£5.3m) and Adult services (£3.4m) offset by savings within other areas.

Future budgets remain challenging with further reductions required and increasing demands and costs. The MTFS details an anticipated funding gap of £132 million over the four years of the plan and includes a £45million funding gap in 2017/18. The strategy recognises that key elements of future funding are subject to further decisions resulting in increased financial uncertainty.

OFSTED Inspection

In September 2016 Ofsted issued their report to the Council following an Inspection of the Council's services for children in need of help and protection, children looked after and care leavers and review of the effectiveness of the Local Safeguarding Children Board. The report concluded that the overall arrangements for ensuring the effectiveness of Children's Services at the Council and the Local Safeguarding Board in the Wirral Council area were judged to be inadequate. Consequently, we issued a qualified "except for" VFM conclusion in 2015/16.

The Council have since taken action to begin to secure the required improvements there however remain areas for improvement that the Council still need to address

Financial reporting changes

CIPFA Code of Practice 2016/17 (the Code)

Changes to the Code in 2016/17 reflect aims of the 'Telling the Story' project, to streamline the financial statements to be more in line with internal organisational reporting and improve accessibility to the reader of the financial statements.

The changes affect the presentation of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statements, segmental reporting disclosures and a new Expenditure and Funding Analysis note has been introduced. The Code also requires these amendments to be reflected in the 2015/16 comparatives by way of a prior period adjustment.

Earlier closedown

The Accounts and Audit Regulations 2015 require councils to bring forward the approval and audit of financial statements to 31 July by the 2017/2018 financial year.

For 2016/17 financial statements the Council is working towards having its accounts available for audit this year ahead of the end of June deadline.

Our response

- We aim to complete all our substantive audit work of your financial statements ahead by 30 September 2017.
- As part of our opinion on your financial statements, we will consider whether your financial statements accurately reflect the financial reporting changes in the 2016/17 Code
- We will review the Council's progress in managing addressing Ofsted concerns as part of our work in reaching our VFM conclusion..
- We will keep you informed of changes to the financial reporting requirements for 2016/17 through on-going discussions and invitations to our technical update workshops

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature, for example, when greater precision is required (e.g. senior manager salaries and allowances).

We determine planning materiality (materiality for the financial statements as a whole determined at the planning stage of the audit) in order to estimate the tolerable level of misstatement in the financial statements, assist in establishing the scope of our audit engagement and audit tests, calculate sample sizes and assist in evaluating the effect of known and likely misstatements in the financial statements.

We have determined planning materiality based upon professional judgement in the context of our knowledge of the Council. In line with previous years, we have calculated financial statements materiality based on a proportion of the gross revenue expenditure of the Council. For purposes of planning the audit we have determined overall materiality to be £13.803 million (being 1.9% of gross revenue expenditure). Our assessment of materiality is kept under review throughout the audit process and we will advise you if we revise this during the audit.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £690k.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'. We have identified the following items where separate materiality levels are appropriate:

Balance/transaction/disclosure	Explanation	Materiality level
Disclosures of officers' remuneration, salary bandings and exit packages in the notes to the financial statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£10,000
Related party transactions	Due to public interest in these disclosures and the statutory requirement for them to be made.	Errors will be assessed individually, with due regard given to the nature of the error and its potential impact on the materiality of the other party.

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK and Ireland) 320)

Significant risks identified

An audit is focused on risks. Significant risks are defined by ISAs (UK and Ireland) as risks that, in the judgment of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Description	Audit procedures
The revenue cycle includes fraudulent transactions	<p>Under ISA (UK and Ireland) 240 there is a presumed risk that revenue streams may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Wirral Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • The culture and ethical frameworks of local authorities, including Wirral Council, mean that all forms of fraud are seen as unacceptable <p>Therefore do not consider this to be a significant risk for Wirral Council.</p>
Management over-ride of controls	<p>Under ISA (UK and Ireland) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p>	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Review of journal entry process and selection of unusual journal entries for testing back to supporting documentation • Review of unusual significant transactions

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"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK and Ireland) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK and Ireland) 550)

Significant risks identified (continued)

We have also identified the following significant risks of material misstatement from our understanding of the entity. We set out below the work we have completed to date and the work we plan to address these risks.

Significant risk	Description	Audit procedures
The expenditure cycle includes fraudulent transactions	Practice Note 10 suggests that the risk of material misstatement due to fraudulent financial reporting that may arise from the manipulation of expenditure recognition needs to be considered.	<p>We have considered this risk and do not consider it to require additional audit procedures, because the nature of Council's expenditure streams means that material expenditure recognition fraud would be difficult to perpetrate and conceal.</p> <p>Our normal substantive procedures, including the work done in relation to the risk of management override of controls, adequately address the risk of fraud through provisions and accruals.</p>
Valuation of property, plant and equipment	The Council revalues its assets on a rolling basis over a five year period. The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements.	<p>Work planned:</p> <ul style="list-style-type: none"> • Review of management's processes and assumptions for the calculation of the estimate. • Review of the competence, expertise and objectivity of any management experts used. • Review of the instructions issued to valuation experts and the scope of their work • Discussions with valuer about the basis on which the valuation is carried out and challenge of the key assumptions. • Review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding. • Testing of revaluations made during the year to ensure they are input correctly into the Council's asset register • Evaluation of the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.

Significant risks identified (continued)

Significant risk	Description	Audit procedures
Valuation of pension fund net liability	<p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p>	<p>Work planned:</p> <ul style="list-style-type: none"> • We will identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. • We will review the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out. • We will undertake procedures to confirm the reasonableness of the actuarial assumptions made. • We will review the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.

Other risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR or other risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Reasonably possible risks	Description of risk	Audit procedures
Operating expenses	Year end creditors and accruals are understated or not recorded in the correct period.	<p>Work completed to date:</p> <ul style="list-style-type: none"> Documentation of the processes and controls within the operating expenses cycle and a walkthrough of controls to confirm our understanding Initial substantive testing of a sample of expenditure to check for valid spend <p>Further work planned</p> <ul style="list-style-type: none"> Further substantive testing of expenditure Testing of reconciliations Testing of payments made after the year-end to identify potential unrecorded liabilities and gain assurance over the completeness of the payables balance in the accounts.
Employee remuneration	Employee remuneration accruals are understated	<p>Work completed to date</p> <ul style="list-style-type: none"> Documentation of the processes and controls within the employee remuneration cycle and a walkthrough of controls to confirm our understanding Initial testing of employee expenses to staff record, pay rates, and classification in the ledger <p>Further Work planned:</p> <ul style="list-style-type: none"> Testing the reconciliation of payroll expenditure recorded in the general ledger to the subsidiary systems and interfaces Use of analytical techniques to compare expected payroll costs with actual Review of payroll reconciliations including at the year end

"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK and Ireland) 315)

Other risks identified (continued)

Other risks	Description	Audit procedures
Changes to the presentation of Council's financial statements.	CIPFA Code changes 'Telling the story' – restatement of CIES and MIRS plus additional note disclosures	<p>Work planned:</p> <ul style="list-style-type: none"> • We will document and evaluate the process for the recording the required financial reporting changes to the 2016/17 financial statements. • We will review the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Authority's internal reporting structure. • We will review the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS). • We will test the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES. • We will test the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger. • We will review the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice.

Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK and Ireland) 570). We will review the management's assessment of the going concern assumption and the disclosures in the financial statements.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in the previous sections but will include:

- Heritage assets
- Investment property
- Investments (long term)
- Borrowings and other liabilities (long and short term)
- Useable and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Financing and investment income and expenditure
- Welfare benefits expenditure
- Taxation and non-specific grants
- Schools balances and transactions
- New note disclosures
- Officers' remuneration note
- Leases note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- Collection Fund and associated notes
- Cash and cash equivalents
- Trade and other receivables (long and short term)

Value for Money

Background

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The National Audit Office (NAO) issued its guidance for auditors on value for money work for 2016/17 in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

This is supported by three sub-criteria as set out opposite:

Sub-criteria	Detail
Informed decision making	<ul style="list-style-type: none"> Acting in the public interest, through demonstrating and applying the principles and values of sound governance Understanding and using appropriate cost and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management Reliable and timely financial reporting that supports the delivery of strategic priorities Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	<ul style="list-style-type: none"> Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions Managing and utilising assets effectively to support the delivery of strategic priorities Planning, organising and developing the workforce effectively to deliver strategic priorities.
Working with partners and other third parties	<ul style="list-style-type: none"> Working with third parties effectively to deliver strategic priorities Commissioning services effectively to support the delivery of strategic priorities Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for Money (continued)

Risk assessment

We have carried out an initial risk assessment based on the NAO's auditor's guidance note (AGN03). In our initial risk assessment, we considered:

- our cumulative knowledge of the Council, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements.
- the findings of other inspectorates and review agencies,
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

We have identified significant risks which we are required to communicate to you and these are set out overleaf. Our risk assessment is an on going process and we will continue to consider relevant information and update our assessment of risks throughout the audit.

Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and in the Annual Audit Letter.

We will include our conclusion in our auditor's report on your financial statements.

Value for money (continued)

We set out below the significant risks we have identified as a result of our initial risk assessment and the work we propose to address these risks.

Significant risk	Link to sub-criteria	Work proposed to address
<p>Financial position</p> <p>The Council's medium term financial strategy (MTFS) 2017/18 – 2020/21 continues to be aligned with the delivery of the Wirral Plan and has been updated and sets out the scale of the financial challenge that the Council continues to face.</p> <p>The MTFS details an anticipated funding gap of £132 million over the four years of the plan and includes a £45million funding gap in 2017/18. The strategy recognises that key elements of future funding are subject to further decisions resulting in increased financial uncertainty.</p> <p>Savings plans are in place for 2017/18 alongside indicative proposals for 2018/19 – 2020/21 and progress in delivery will be continue to be monitored through a combination of existing arrangements and under the direction of the Transformation Programme that will report to Cabinet on a quarterly basis.</p> <p>The on going uncertainty and delivery of the required savings represent a significant challenge to the Council.</p>	<p>This links to the Council's arrangements for ensuring they plan finances effectively to support their strategic functions and arrangements for ensuring informed decision making.</p>	<p>We will review the Council's arrangements for updating and agreeing savings plans alongside the monitoring arrangements and communication of key findings to Cabinet and Council.</p>
<p>Ofsted inspection of children's services</p> <p>Ofsted issued a report on the Council's children's services in 2015/16 which rated these as 'inadequate' and the Council is currently subject to follow up review. Until such time as Ofsted has confirmed that adequate arrangements are in place this remains a significant risk to the Council's arrangements.</p>	<p>This links to the Council's arrangements for managing risks effectively and maintaining a sound system of internal control, demonstrating and applying the principles and values of sound governance, and planning, organising and developing the workforce effectively to deliver strategic priorities.</p>	<p>We will review update reports from Ofsted as they become available and review progress made by the Council in the delivery of required improvement actions.</p>

Other audit responsibilities

In addition to our responsibilities under the Code of Practice in relation to your financial statements and arrangements for economy, efficiency and effectiveness we have a number of other audit responsibilities, as follows:

- We will undertake work to satisfy ourselves that the disclosures made in your Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Council.
- We will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- We will carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
- We consider our other duties under the Act and the Code, as and when required, including:
 - We will give electors the opportunity to raise questions about your financial statements and consider and decide upon any objections received in relation to the financial statements;
 - issue of a report in the public interest; and
 - making a written recommendation to the Council, copied to the Secretary of State

We certify completion of our audit.

Members are aware that we are yet to certify completion of our 2015/16 audit due to the on going review of an objection relating to Lender Option Borrower Options (LOBO) loans held by the Council. We will keep Members informed of progress on this review.

Results of interim audit work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusion
Internal audit	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We will also consider the findings from internal audit's work on the Council's key financial systems</p>	Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment.
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility 	Our work has not identified any weaknesses which we consider are likely to adversely impact on the Council's financial statements.
Walkthrough testing	<p>We have completed walkthrough tests of the Council's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements. This includes the payroll and accounts payables systems.</p> <p>Our work has not identified any issues which we wish to bring to your attention.</p>	Our work has not identified any weaknesses which impact on our audit approach.
Review of information technology controls	Our information systems specialist will complete a high level review of the general IT control environment, as part of the overall review of the internal controls system.	We will monitor progress in this area leading up to our audit on the financial statements.

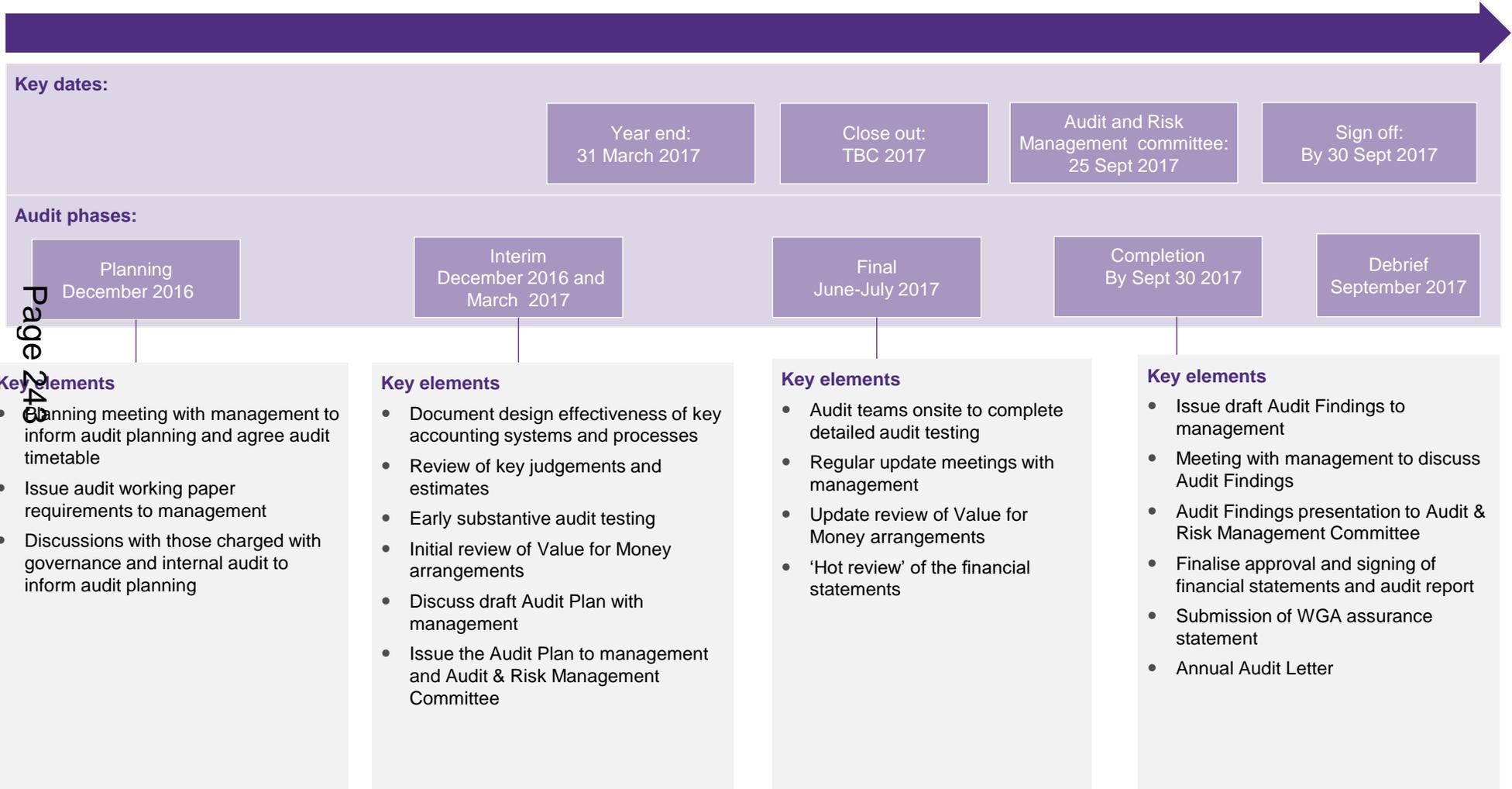
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Results of interim audit work (continued)

	Work performed/Audit procedures	Conclusion
Journal entry controls	We have reviewed the Council's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.	We have not identified any material weaknesses which are likely to adversely impact on the Council's control environment or financial statements. We will extract a listing of all journals posted in the general ledger for 2016/17 and interrogate this to identify large or unusual journals to test substantively.
Consideration of Group accounts assessment	We will review the assessment that the Council completes annually to determine whether there have been any changes within the group boundary that would require the production of group accounts.	We will review this assessment and will update the Audit and Risk Management Committee on our planned approach if group accounts are required.

The audit cycle

The audit timeline



Audit Fees

Fees

	£
Council audit	159,863
Grant Certification	23,850
Total audit fees (excluding VAT)	183,713

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities, have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited
- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

Fees for other services

Fees for other services detailed on the following page, reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

What is included within our fees

- A reliable and risk-focused audit appropriate for your business
- Feed back on your systems and processes, and identifying potential risks, opportunities and savings
- Invitations to events hosted by Grant Thornton in your sector, as well as the wider finance community
- Regular sector updates
- Ad-hoc telephone calls and queries
- Technical briefings and updates
- Internal benchmarking of key controls including IT systems
- Regular contact to discuss strategy and other important areas
- A review of accounting policies for appropriateness and consistency
- Annual technical updates for members of your finance team
- Regular Audit Committee Progress Reports

Independence and non-audit services

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to Client Name. The following audit related and non-audit services were identified for the Council for 2016/17:

Fees for other services

Service	Fees £	Planned outputs
Audit related		
Teachers Pensions Agency	4,200	Reasonable Assurance Report
Report on Skills Funding Agency sub contracting arrangements	3,950	Factual Findings Report
Non-audit related		
None at this stage		

The amounts detailed are fees agreed to-date for audit related and non-audit services (to be) undertaken by Grant Thornton UK LLP (and Grant Thornton International Limited network member Firms) in the current financial year. Full details of all fees charged for audit and non-audit services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

The above services are consistent with the Council's policy on the allotment of non-audit work to your auditors.

Communication of audit matters with those charged with governance

International Standard on Auditing (UK and Ireland) (ISA) 260, as well as other ISAs (UK and Ireland) prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment/>)

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Council's key risks when reaching our conclusions under the Code.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓

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19 April 2017

Dear Eric

Planned audit fee for 2017/18

The Local Audit and Accountability Act 2014 provides the framework for local public audit. Under these provisions the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Audit Commission's audit contracts for local government bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until 2017/18. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

From 2018/19 PSAA has been specified by the Secretary of State as an appointing person for principal local government and police bodies, and will make auditor appointments and set fees for bodies that have opted into the national auditor appointment scheme it is developing.

Scale fee

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no changes to the overall work programme for local government audited bodies for 2017/18, following the recent CIPFA/LASAAC announcement that their planned introduction of the Highways Network Asset Code into the financial reporting requirements for local authorities in 2017/18 will no longer proceed. PSAA have therefore set the 2017/18 scale audit fees at the same level as the scale fees applicable for 2016/17. The Council's scale fee for 2017/18 has been set by PSAA at £159,863

The audit planning process for 2017/18, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors from April 2015. Audits of the accounts for 2017/18 will be undertaken under this Code, on the basis of the 2017/18 work-programme and scales of fees set out on the PSAA website. Further information on the NAO Code and guidance is available on the NAO website.

The scale fee covers:

- our audit of your financial statements;
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion); and
- our work on your whole of government accounts return (if applicable).

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Certification of grant claims and returns

At the request of the Department for Work and Pensions, auditors appointed by PSAA will continue to certify local authority claims for housing benefit subsidy for 2017/18.

The Council's indicative fee for this certification work has yet to be set by PSAA. We will write to you to confirm the fee when this has been confirmed.

Assurance engagements for other schemes will be subject to separate arrangements and fees agreed between the grant-paying body, the Council and ourselves.

Pension Fund audit

PSAA has established a scale of fees for pension fund audits based on a fixed element with uplift based on the percentage of net assets. The scale fee for the audit of the pension fund is £36,882. Our work on the pension fund will be undertaken by our specialist pension fund audit team.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2017	39,965
December 2017	39,965
March 2018	39,965
June 2018	39,968
Total	159,863

Grant Certification	
March 2018	To be confirmed

Pension Fund audit	
March 2018	36,882

Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2017 to February 2018. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in July 2018 alongside our work on the whole of government accounts return.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November 2017 – February 2018	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	June-July 2018	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	January-June 2018	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	July 2018	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	September 2018	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	June-November 2018	Grant certification report	A report summarising the findings of our housing benefit certification work

Our team

The key members of the audit team for 2017/18 are:

	Name	Phone number	E-mail
Engagement Lead	Robin Baker	0161 214 6399 07880 456 159	robin.j.baker@uk.gt.com
Engagement Manager	Chris Whittingham	0161 214 6362 07880 456 174	c.whittingham@uk.gt.com
Pensions Engagement Lead	Grant Patterson	0121 232 5296	grant.b.patterson@uk.gt.com
Pensions Audit Manager	Heather Green	0161 234 6381	heather.green@uk.gt.com
In Charge Auditor	Stuart Basnett	0151 224 7232	stuart.h.basnett@uk.gt.com

Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively, you may wish to contact Sarah Howard, our Head of Public Sector Assurance (sarah.howard@uk.gt.com).

Yours sincerely



Robin Baker
Engagement Lead
For Grant Thornton UK LLP



**AUDIT AND RISK MANAGEMENT COMMITTEE
12 JUNE 2017**

REPORT TITLE	REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)
REPORT OF	ASSISTANT DIRECTOR: LAW AND GOVERNANCE

REPORT SUMMARY

This report summarises the use of covert surveillance by the Council between 1 November 2016 and 31 May 2017.

This report was requested in the work plan for the Committee.

It affects all Wards within the Borough.

The decision is not a key decision.

RECOMMENDATIONS

The Committee notes the report.

SUPPORTING INFORMATION

1.0 REASONS FOR THE RECOMMENDATIONS.

The Committee receives quarterly reports on the Council's use of covert surveillance.

2.0 OTHER OPTIONS

None

3.0 BACKGROUND INFORMATION

- 3.1 The Regulation of Investigatory Powers Act 2000 (RIPA) governs how public bodies use surveillance methods. The Council may use covert surveillance for the purpose of preventing or detecting crime.
- 3.2 The origin of RIPA lies in the Human Rights Act 1998 which places restrictions on the extent to which public bodies may interfere with a person's right to respect for his or her home and private life and correspondence during the course of an investigation into suspected criminal activities. The provisions of RIPA ensure (in summary) that any such interferences are in accordance with the law and are necessary and proportionate (i.e. the seriousness of the suspected crime must outweigh any possible interferences with the personal privacy of the persons being investigated and of persons who associate with them).
- 3.3 The Council's Constitution authorises Directors to designate Heads of Service and Service Managers to authorise the use of covert surveillance in accordance with the procedures prescribed by RIPA. Since 1 November 2012 such authorisations require the further approval of a magistrate where the legislation applies.
- 3.4 The Office of Surveillance Commissioners (OSC) is responsible for overseeing the operation of RIPA. The OSC inspected the Council on 13 May 2015. The outcome of that inspection was reported to the Committee on 22 September 2015. The Committee approved amendments to the Council's Policy and Guidance Document made in response to the Report.
- 3.5 Further amendments to the Policy and Guidance Document were approved by the Committee at its meeting on 22 November 2016

4.0 THE USE OF RIPA BY THE COUNCIL

- 4.1 The Council obtained on 6 January 2017 and 22 May 2017 approval from a magistrate to use covert surveillance to detect suspected illegal flytipping at sites in Wirral.
- 4.2 The Council's Anti-Social Behaviour obtained on 1 December 2016 approval from a Magistrate to conduct covert surveillance to detect suspected criminal damage and harassment of residents in an area of Wirral.

5.0 CHANGES IN LEGISLATION

5.1 The Protection of Freedoms Act 2012 came into force on 1 November 2012 and made the following changes to the law;

- A Magistrate's approval is required for a local authority's use of RIPA. It is in addition to the authorisation needed from a senior officer and the more general oversight by elected councillors.
- Use of RIPA to authorise directed surveillance is confined to cases where the offence under investigation carries a custodial sentence of six months imprisonment or more except in relation to underage sales of alcohol and tobacco, where this sentencing threshold will not apply.

6.0 PROSECUTIONS ARISING FROM AUTHORISED COVERT SURVEILLANCE

6.1 On 11 May 2017 a 22 year old man was sentenced to 200 hours unpaid community works for 3 offences of flytipping in Kelvinside Industrial Estate Seacombe.

6.2 The Court also ordered him to pay £450 in compensation to the Council for the cost of clearing up the site, £500 as a contribution to prosecution costs and £85 in respect of the Victim Surcharge.

7.0 FINANCIAL IMPLICATIONS

7.1 None.

8.0 LEGAL IMPLICATIONS

8.1 The Protection of Freedoms Act 2012, which requires local authorities (where RIPA applies) to obtain the approval of a magistrate for the use of covert surveillance, came into force on 1 November 2012.

8.2 In suitable cases where the RIPA legislation does not apply, covert surveillance could be authorised under the Data Protection Act 1998 and Article 8 of the European Convention on Human Rights (which balance the value of the surveillance against intrusions into people's private lives). This is explained in the previous report to the Committee on 22 November 2016.

9.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

9.1. There are none at present.

10.0 RELEVANT RISKS

10.1 These have been discussed in previous reports.

10.2 There is a risk that some investigations of anti-social behaviour will not be able to use covert surveillance because the suspected criminal behaviour does not carry a custodial sentence of 6 months or more.

10.3 The Anti-Social Behaviour Team are however intent on applying to the Court for approval of covert surveillance in suitable cases of suspected harassment of individuals which would amount to an offence under the Protection from Harassment Act 1997 (which can attract a sentence of 6 months or more imprisonment).

10.4 As described earlier in this Report, the Anti-Social Behaviour Team did apply for and obtain a Magistrates approve on 1 December 2016 to conduct covert surveillance to detect suspected harassment and criminal damage.

10.5 Where RIPA does not apply but covert surveillance would be legitimate necessary and proportionate then it would have to be authorised by the Authorising Officers in accordance with the Data Protection Act 1998 e.g. to supply evidence in disciplinary or care proceedings as explained in paragraph 10 of the amended Policy and Procedures Guidance Document and the report to the Committee on 22 November 2016.

11.0 ENGAGEMENT/CONSULTATION

11.1 Not applicable.

12.0 EQUALITY IMPLICATIONS

12.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

No because there is no proposal which is relevant to equality.

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REFERENCE MATERIAL

Authorisations for directed surveillance - exempt from publication because they relate to individuals and may be the subject of continuing investigations into alleged criminal behaviour.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Reports to the Audit & Risk Management Committee	28 January 2014 18 March 2014 17 September 2014 27 January 2015 8 June 2015 22 September 2015 17 February 2016 22 November 2016 14 March 2017



**AUDIT AND RISK MANAGEMENT COMMITTEE
12 JUNE 2017**

REPORT TITLE:	ARMC TRAINING AND DEVELOPMENT
REPORT OF:	CHIEF INTERNAL AUDITOR

REPORT SUMMARY

This report provides Members with feedback from a recent training and development session provided to Members of this Committee by a professional trainer representing the Chartered Institute of Public Finance Accountants (CIPFA). The focus of the training was on the role of the Audit Committee in the public sector and the aim was to inform and enlighten Members regarding their individual role and responsibilities in operating an effective Audit Committee.

RECOMMENDATION

That further 'targeted' training sessions be provided to Members during 2017/18.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 To provide Members with assurance that the Council is taking appropriate measures to effectively support the Audit and Risk Management Committee so that it remains effective and complies with statutory and professional best practice including the CIPFA publication 'A Toolkit for Local Authority Audit Committees'.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Views sought from Members regarding the provision of further similarly targeted training during 2017/18.

3.0 BACKGROUND AND AUDIT OUTPUT

- 3.1 The annual ARMC Self-Assessment exercise undertaken against the CIPFA Toolkit for Local Authority Audit Committees completed during 2016/17 identified a development need for more effective training for Members of the Committee.

- 3.2 A training session was subsequently organised with CIPFA and delivered in April 2017, with all Members of the Committee and relevant reporting officers invited to attend. The session was designed to comprehensively cover all of the key areas of responsibility for a typical public sector audit committee and covered the following topics, more detail on which is included in the presentation slides which will be circulated to Members of this Committee in due course:

- Developments and Legislation
- Governance and the Annual Statement
- Current Challenges/Concerns for Audit Committees
- Internal/External Audit
- Risk Management
- Financial Reporting

- 3.3 The session whilst being highly informative and enlightening did identify a number of potential areas for development that might help to further inform and develop Members knowledge and understanding in key areas. These will be further evaluated by officers with the intention of designing and developing future targeted development sessions for Members:

- 3.4 The professional trainer responsible for delivering the session provided officers with the following informal feedback on the operation of Wirral's Audit Committee following the training session:

- The Council has an effective Audit Committee structure in operation that is providing the right level of challenge across the correct range of subject matter,

- The Committee is supported well by and has a healthy relationship with relevant officers of the Council who provide timely and comprehensive information to Members,
- The Committee appears to understand its role in promoting good governance and effective control and is comfortable calling officers to account as appropriate.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 There are none arising from this report.

6.0 RESOURCE IMPLICATIONS

6.1 There are none arising from this report.

7.0 RELEVANT RISKS

7.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives.

7.2 Failure to properly train and support Members will prevent them from effectively fulfilling their role on the Audit Committee.

7.3 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.

8.0 ENGAGEMENT/CONSULTATION

8.1 Members of this Committee have been consulted throughout the process of delivering this training.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising from this report.

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REFERENCE MATERIAL

CIPFA Publication: A Toolkit for Local Authority Audit Committees

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