

# AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 18 November 2019

Present:

Councillor	JE Green (Chair)	
Councillors	K Cannon	K Hodson
	A Gardner	AER Jones
	P Gilchrist	S Whittingham
	K Greaney	G Wood

Deputies:

Councillor	I Lewis (In place of T Anderson)
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## 21 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.

Councillors Ian Lewis and Stuart Whittingham declared personal interests in Item 6 (LGA Peer Review – Planning) by virtue of their having been interviewed in respect of this matter.

Councillor Stuart Whittingham sought advice from the Director of Governance and Assurance as to whether his role as Cabinet Member for Housing and would preclude him from taking part in discussion on planning related items on the agenda, namely Items 5 and 6 (LGA Peer Review – Planning and Thornton Manor – High Court Judgement). The Director advised that this was not a prejudicial interest and that Councillor Whittingham would not be debarred from contributing to discussions or voting when the matters were considered.

## 22 MINUTES

**Resolved – That the minutes of the meeting held on 23 September 2019, be approved.**

## 23 ARMC TERMS OF REFERENCE

Philip McCourt, Director of Governance and Assurance introduced his report that presented the Chartered Institute of Public Finance & Accountancy (CIPFA) publication Audit Committees: Practical Guidance for Local Authorities and Police (2018), and associated Position Statement, for review and comment.

The Position Statement emphasised the importance of audit committees being in place in all principal local authorities and police bodies and recognised that audit committees are a key component of governance, setting out guidance on the committee's function and operation. It also included suggested terms of reference and Members were asked to consider revising the Audit and Risk Management Committee's constitution and terms of reference to be in accord with this national guidance.

The Director of Governance and Assurance provided Members with a summary of the content of his report that detailed the CIPFA view on best practice for audit committees in local authorities throughout the UK and for police audit committees in England and Wales.

The Director of Governance and Assurance highlighted two key elements of note, namely that:

- as part of Governance Review and the move away from audit and risk oversight of a one party executive model to a politically proportional committee based system of governance at Wirral Council (and resultant changes to the Constitution), more in depth consideration regarding changes to the Audit and Risk Management Committee responsibilities i.e. management of risk – to form part of each new Committee terms of reference – would be required; and
- the inclusion of an Independent Member on the new 'Audit Committee' be it a Constitution, Audit or Standards Committee - or any combination of these responsibility areas.

Such considerations / recommendations would be progressed as the Governance Review progressed, with recommendations presented to the Standards and Constitutional Oversight Committee at the appropriate time.

Chair expressed a view that he was not keen on seeing role of the current Audit and Risk Management Committee being 'diluted' and questioned the Director regarding future consultation on the matter.

Mr McCourt responded informing that all these matters were led by Member Working Group, who in turn report back to their political groups, prior to final agreement at Council.

Chair – thank Mr McCourt and encouraged Members from all political groups to make representations as the Governance Review progressed.

**The Chair expressed the views of the Committee that the Director of Governance and Assurance be thanked for his report, and it was**

**Resolved – That:**

- 1. the revised CIPFA’s Position Statement: Audit Committees in Local Authorities and Police (2018), be noted; and**
- 2.**
  - (a) an alteration to the make-up of the Audit and Risk Management Committee to include the appointment of an independent person as per the 2018 Position Statement, be agreed;**
  - (b) updating of the Committee’s current terms of reference to those suggested by the 2018 Position Statement (attached at Appendix A to the report), be considered as part of the Governance Review; and**
  - (c) the impact that a change to a committee system might have on the role and function of the committee, including the option to combine audit, governance and standards functions in one committee, taking into account example alternatives from other authorities (as attached at Appendix C to the report), also be considered as part of the Governance Review; and**
- 3. Members be requested to feed their views, observations or recommendations on any matters pertaining to the above matters and the Governance Review to the Standards and Constitutional Oversight Committee’s Governance Working Group.**

**24 WHISTLE BLOWING PROCEDURE REVIEW**

As requested by the Audit and Risk Management Committee at its meeting held on 23 September 2019 (Minute 12 refers) Nicholas O’Neill, Governance and Practice Manager introduced his report that set out how the Council currently managed its whistleblowing concerns.

The report additionally informed of the progress of the Council’s whistleblowing project, which had been commissioned by the Council’s Organisational Change & Design, Governance & Assurance and Audit, Risk & Business Continuity departments in October 2018 - to review and refresh the current process, with a view to aligning the same with national whistleblowing best practice.

The Governance and Practice Manager informed of progress of the Whistleblowing Project, commissioned in October 2018

The Chair expressed the view that there was a need for some form of oversight and highlighted that Members were not aware of how many cases there were, how long they had been in progress, what stages they were at. He

added that he also wished to ensure whistleblowers were appropriately treated during the process.

A Member informed that there had been issues relating to this subject in the past and he would seek assurance that what happened then will not happen again. These had included the individual having been delegated menial tasks, working in an isolated location. As a result the staff member did not return. The Member pointed out that staff should be able to raise matters of concern, and not suffer personally if a complaint was upheld or not.

The Chair stated he was keen to have a compliance risk included in respect of adherence to policies, and in the case of whistleblowing ensuring cases were properly investigated within a set time and monitored or 'tracked'.

The Chair noted that as detailed in the report Wirral had been liaising with PROTECT (an organisation that embraces the importance of whistleblowing) and that they had identified this Council's work on the matter as a model of best practice.

Members thanked the Governance and Practice Manager for his report.

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

## 25 **THORNTON MANOR - HIGH COURT JUDGEMENT**

Further to Minute 13 (23 September 2019) David Ball, Assistant Director Major Growth Projects & Housing Delivery introduced the report of the Interim Director of Economic and Housing Growth that updated and advised Members on the present position in connection with the erection of three marquees at Thornton Manor. The report further provided Members with assurance that the Council was taking appropriate measures to address the criticisms set out in the recent Court of Appeal judgement.

The Assistant Director Major Growth Projects & Housing Delivery provided Members with a summary background to the matter and detailed the issues whereby Planning application APP/10/00445 (received by the Council on 9 April 2010) sought permission for the erection/retention of 3 marquees within Thornton Manor Estate (at The Dell, The Walled Garden and the Lake) to be used for private functions and conferences. He informed that following the Planning Committee decision, negotiations were begun about the detail of the Section 106 Agreement and on 11 November 2011, a Section 106 agreement was concluded. Schedule 2 of the Agreement detailed a draft notice of the grant of planning permission, which included all 11 conditions and the reasons for them, including the condition with the five-year time limit. At this point the Decision Notice containing all conditions should have been issued to the applicant thereby releasing the grant of Planning Permission. However, for reasons that it has just not been possible to understand, a decision notice was

not produced or issued on 11 November 2011 but was issued on 20 December 2011 and published to the Council's web. This Decision Notice had been issued without any conditions.

The Assistant Director Major Growth Projects & Housing Delivery informed that on 23 August 2017, a claim for judicial review of the Council's decision was brought to the High Court by Thornton Hall Hotel Limited. The claimant (Thornton Hall Hotel Ltd) maintained that the decision issued on 20 December 2011 was a mistake and that the planning permission should have been subject to the conditions approved by the Planning Committee but omitted in error from the decision notice that granted the planning permission. The Local Planning Authority accepted and asserted that it made the error and did not contest the claim.

Following further explanation of the legal process in respect of the judicial review, and confirmation that in August of this year an appeal was lodged with the Planning Inspectorate against the Council's decision to refuse planning permission - an appeal against the Enforcement Notice was also lodged on 17 September 2019. The Assistant Director Major Growth Projects & Housing Delivery confirmed that both matters were now with the Planning Inspectorate and were likely to be subject to a public inquiry in the coming months. He stated that he wished to assure the Committee that the issues that brought about this situation had been addressed, to ensure nothing like this happened again.

Members questioned the Assistant Director Major Growth Projects & Housing Delivery on matters relating to the reasons for delay in identifying the issue, the risk of potential compensation and why, when officers knew that the planning notice was incorrect, the matter had not been addressed at the time.

Additional questions were raised concerning quarterly reviews, monitoring of S.106 agreements and costs in respect of the legal action and legal representation.

A Member requested that a full summary of costs be presented to the Audit and Risk Management Committee in due course, once all expenditure had been confirmed.

Another Member informed the Committee that when acting as Chair of the Planning Committee on the night of the application in question, the Planning Committee had been advised that application would assist in the restoration of the grounds and although residents in attendance had objected the conclusions of Planning Committee had recommended approval subject to limiting of the application. Over time English Heritage had also moved to support a S.106 agreement and would expect this sensitive application to be 'closely monitored'.

The Audit and Risk Management Committee (ARMC) was apprised that systems had been reviewed – the IT system was new at time – and now each decision was recorded when produced. The applicant was working Council to discharge conditions (S.106 did include the 11 conditions), and although legal advice had been taken at the time and acted upon – Counsel and Wirral Legal – the Judge had disagreed.

The Director of Governance and Assurance informed that the report detailed what happened and when. The Council's legal department were in a position to advise 'what to do' and a novel approach had been taken in this instance. Council had encouraged a Judicial Review (JR) itself, with the most practical approach being for the 3<sup>rd</sup> party to JR the Council. As a result, in effect Council won, quashing the permission, with reduced costs, because the applicant had also been at fault. He added that policies and practices were now in place to ensure incidents of this nature did not happen again.

The Chair re-iterated the request that a further report be presented to the ARMC on costs. With a review working of policy practices to follow at an appropriate time in the future.

Further questions were asked of the Officers regarding the Council's business arrangements with the Thornton Manor, and if there were any conflicts of interest arising. Members were advised that no such conflicts existed.

#### **Resolved – That**

- 1) the report be noted; and**
- 2) a further report - detailing the legal findings, financial costs and resultant action plan - be presented to a future meeting of the Audit and Risk Management Committee.**

#### **26 LGA PEER REVIEW - PLANNING**

Further to Minute 13 (23 September 2019) Alan Evans, Director of Economic and Housing Growth introduced his report that provided Members with an overview on the implementation of recommendations from the Local Government Association led Peer Review of Planning which was undertaken on 25 - 27 June 2019.

The Director Economic and Housing Growth informed that the external review had been undertaken by a peer group of Local Government Officers, Elected Members and LGA Officers to provide an assessment of Wirral's Planning department, looking at all elements of the function including Local Plan preparations and strategic vision. Members were apprised of the 14 recommendations as set out at Appendix 1 to the report and associated implementation action plan at Appendix 2 to the report.

The Committee noted that one of the key recommendations arising from the peer review had been to establish a Place Directorate, to help aid and action regeneration in the Borough. This would include the design and production of a business plan for implementation in 2020. Each of the items listed in the action plan were cross referenced to the Peer Review recommendations.

Members thanked the peer review team and officers for their work and accepted the recommendations as contained within the report and further supported the work being done to address the points identified.

The Chair provided a brief comment on the related matter of general IT provision and core systems and suggested a future report and assurance on the Council's IT strategy.

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

## 27 **CLIENT FINANCE SUPPORT UNIT REPORT**

Shaer Halewood, Director of Finance and Investment (S151) introduced her report that provide an update and assurance to members on an item of note regarding the Client Finance Support Team brought to the attention of the Members in the Chief Internal Auditors report (Section 3.3.5) for year ended 31 March 2019. The report informed that The Mental Capacity Act 2005 (MCA) provided for powers to be granted by the Court of Protection to a Local Authority Deputy in order for them to make best interests decisions about an incapacitated person, in any setting, in relation to their property and financial affairs. This Deputyship was applied in circumstances where there was no other person willing or able to act on their behalf. Where a person's income is state benefits, the team may also apply for an Appointeeship to the Department for Work and Pensions to manage these benefits and assist with a resident's day to day financial affairs. The Local Authority Deputy (Director of Adult Social Care & Health) delegates these responsibilities to the team workers in the Client Finance Support Team. The report further informed that all activities that the team undertake and are committed to meeting were set out in the service specification (Section 75 agreement) as part of the Wirral Health and Care Commissioning arrangements for health and adult social care integration.

The Director of Finance and Investment's report provided a summary of the following key areas:

- Process Review
- Improvement Plan
- Legacy Issues

Members were apprised that the project remained on plan with most of the actions required delivered by October 2019. At the time of writing, the areas of the improvement plan requiring completion were, new banking arrangements for Clients to replace inefficient processes, and the IT implementation of a Financial Protection Module to ensure records are electronic with greater visibility and management oversight of activity. This work had started, and the plan was that these will be in place no later than March 2020.

The Director of Finance and Investment provided assurance that no mismanagement had been identified and staff had been trying to do their best for clients, sometimes putting themselves at risk e.g. transporting valuable items from service user's homes to be secured safely in the office. This, and other identified matters were identified as part of the improvement plan attached at Appendix 1 to her report. The Director informed that a working group had been established and the initial action plan was being worked through.

In response to a Member question regarding the return of all possessions, the Director informed that the bulk of such items had all been returned to client or appointed executive, however where persons could not be identified these would be handled by HM Treasury.

A Member sought assurance that on methods used to ensure procedures were watertight and there was no financial mismanagement of Client's / Service User's affairs.

The Director of Finance and Investment responded, stating that in most circumstances 2 people handled Client's financial matters, and having spoken to the team, it was clear they were passionate about the people they managed, often visiting in their spare time, above and beyond their normal duties to ensure receipt of proper care - an extremely diligent team. New processes now included 2 people, taking pictures, assess level of vulnerability, items described and logged, and cash transport procedures arranged.

The Director of Finance and Investment provided further assurance regarding the clear roles and responsibilities of the client support team and social workers, and that significant advice had been taken from legal as part of the Support Unit review. Additionally, communication had also taken place with hospitals to ensure mapping of needs and criteria – with some flexibility built in.

The Chair thanked The Director of Finance and Investment for her report.

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

## 28 INTERNAL AUDIT UPDATE

Iain Miles, Internal Auditor Manager introduced the report of the Chief Internal Auditor that identified and evaluated the performance of the Internal Audit Section and included four items of note arising from the actual work undertaken during the period 1 September to 31 October 2019. The items of note were:

- Wirral Health and Care Commissioning
- Personal Finance Unit
- Health Safety and Wellbeing
- Windows 10 Rollout Project
- Counter Fraud Publicity Campaign

Details of audit work undertaken in these areas and actions arising were provided to the committee.

The Internal Audit Manager provided a brief update on internal audit activity over the reporting period as attached at Appendix 1 to the report that detailed the audits completed, identifying opinions provided and a current BRAG rating indicating the current status of the report and progress being made by officers to address identified issues

The Chair informed Members that he, and the party spokespersons would be reviewing the audits in detail.

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

## 29 ARMC ANNUAL SELF ASSESSMENT

Iain Miles, Internal Auditor Manager, introduced the report of the Chief Internal Auditor that informed that to comply with best professional practice the Audit and Risk Management Committee was required to complete an annual evaluation of its role and effectiveness as part of the systems of internal audit. The CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities 2018' recommended the use of a self-assessment checklist to achieve this task. Councillor Jeff Green, Chair of the Audit and Risk Management Committee had completed the checklist attached at Appendix 1 to the report, along with a corresponding Action Plan at Appendix 2.

The Internal Audit Manager reported that the Chair had utilised the checklist to complete the evaluation and prepared the associated action plan identifying areas for action and development. The views expressed in the Appendices were presented to the wider Committee to consider and agree a final conclusion as to the outcome and any actions arising.

The self-assessment and evaluation concluded that the Audit and Risk management Committee fulfilled its core objectives, all of which align with best practice. A number of areas had been identified for improvement and to assist the Committee going forward, in line with evolving best practice as identified in the CIPFA best practice publication.

The key actions arising were as follows:

- Review and update the terms of reference for the Committee in line with the CIPFA best practice publication identified in this report;
- Continue to review and challenge the role of the Committee and its interaction with Cabinet and other Committees particularly in relation to wider areas of business identified in the CIPFA publication;
- Ensure that all Members of the Committee are provided with relevant training and development in all disciplines appropriate for this Committee;
- Continue to assess the Committee against the core knowledge and skills required for Members to inform any future training plans;
- Introduce a system for evaluating performance and organisational value adding properties of the Committee on an ongoing basis.

**Resolved - That**

- 1) the report be noted; and**
- 2) the Self-Assessment Checklist and Action Plan (appendices 1 & 2 to the report) be approved.**

30 **ARMC ANNUAL REPORT 2018/19**

Iain Miles, Internal Auditor Manager introduced the report of the Chief Internal Auditor that informed that to comply with best professional practice the Audit and Risk Management Committee (ARMC) was required to complete an annual report to Cabinet on the work undertaken by the Committee.

To comply with best practice identified in the CIPFA publication 'Audit Committees - A Practical Guidance for Local Authorities 2018', Members were apprised that the annual report for 2018/19 has been prepared by Councillor Adrian Jones, past Chair of the ARMC in consultation with Internal Audit utilising the self assessment checklist provided by CIPFA in its publication 'Audit Committees – Practical Guidance for Local Authorities 2018'.

The report recorded the activities undertaken by the Committee across a wide range of control, risk and corporate governance matters. It informed that during the year, the Committee had met on six occasions and received reports in connection with the full range of issues that fell within its remit. The report indicated the breadth of the Audit and Risk Management Committee's

activities to ensure that every aspect of the council's work should be compliant with standards and transparent to its stakeholders.

The Annual Report demonstrated the value that the Committee brought to the Council and the public in ensuring that improvements to the governance arrangements of the authority were being delivered and to the improvement and development of operational standards and protocols across a wide range of governance areas during what had been a very challenging year.

The report also acknowledged the work of the Members of the Audit and Risk Management Committee and the supporting officers, during the past year.

**Resolved – That the Audit and Risk Management Committee Annual Report be approved and submitted to Cabinet and Council for consideration.**

### 31 SPENDING FREEZE

Shaer Halewood, Director of Finance and Investment (S151), provided the Audit and Risk Management Committee with a verbal update highlighting the reasons for the implementation of a Council review of spending and the compliance and scrutiny of current expenditure in line with existing policy and procedures.

The Director of Finance and Investment informed that a directive on spending had been imposed on 15 November, via a memo to the Corporate Management Team (CMT) and budget holders. They in turn, would be reviewing the departmental spend, to decide what was critical and vital to the running of their services.

Members were apprised of the need for essential spending in Adult and Children's Care Services, and other areas of the Council Budget that would be exempted from the review i.e. payroll, contracted works, benefits, and committed capital spend.

Members were also informed about the process of monitoring whereby all Purchase Orders (POs) were to be reviewed and every POs issued after the spending freeze were to be analysed. If a PO had not been agreed, staff who submitted them would be questioned.

The Director of Finance and Investment further informed that as part of the review process, investigation was underway with regard to items that had been invoiced to the Council without a PO. As of the previous Friday (15 November 2019) 236 such POs had been reviewed and it had been identified that many of the purchases related to items on the exemption list, some were essential spend and some related to school expenditure. The Director had queried over 100 items with the individual service areas and questioned

whether the spend was vital or critical to the service. She informed that responses had been requested by today the date of this meeting. Following additional review of the matter, Members were informed that there would be further discussions with budget managers, and further escalation to the Senior Management Team (SMT) would be the next stage if non-compliance continued.

The Chair expressed concern about the range of non-compliance to other policies, stating that it was the role of the Audit and Risk management Committee to support the Director of Finance and Investment and the Chief Executive to reinforce this point. He added that if a particular Service Area or Directorate be identified, he as Chair would be happy to invite them to explain why they circumvent the rules.

The Director of Finance and Investment informed that at present 15 POs had been identified as clearly being retrospectively issued, and she had written to managers identifying that contravention has occurred, and matter should be escalated through management action if it continued.

Members questioned the Director of Finance and Investment, and commented on past spending freezes, and were assured that the Director and the Chief Executive were now tackling this matter personally.

Additional discussion took place on the subject of cultural change, reduction in spending powers and authorisations – alongside the requirement for regular reporting of non-compliance to SLT.

The Director of Finance also informed that a review of credit cards – to be used for extreme emergencies – had been undertaken, and as a result most had been recalled. Only 2 cards would be in place in the future.

In summary, the Chair expressed the view of the Committee that the Council needed to move away from what had become cyclical ‘spending freezes’ towards a need to ensure proper practice was being followed.

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

## 32 CORPORATE RISK MANAGEMENT UPDATE

Helen Turner, Risk Continuity and Compliance Manager introduced the report of the Director of Finance and Investment (S151) that provided the Audit and Risk Management Committee with an update on current risk management arrangements and the plans for work to further embed the arrangements for managing risk across the Council, following the appointment of the Risk, Continuity and Compliance Manager on 1 October 2019. The latest version of the Corporate Risk Register was attached as an appendix to the report.

As reported at the ARMC meeting on 23 September (minute 18 refers), the Audit and Risk Management Committee was informed that the Corporate, Directorate and Programme Management Office risk registers were being regularly updated, and in the case of service departments, this had followed the linkage of risk management processes to the service planning process for 2019/20. Members were apprised that information on these risk registers was also included in the performance reporting available to directors and managers via the use of the Power BI tool. The Risk Management Support Officers (RMSO) Group had met on a monthly basis and helps to strengthen of the Council's risk management arrangements within directorates.

Members of the Audit and Risk Management Committee noted that the revised Corporate Risk Register (CRR) had been reported to the last two committee reports in June and September.

Members noted that a workshop with the subgroup of this committee had taken place on 14 October 2019 and a new Corporate Risk around the issues of compliance had been suggested. As a result, discussions had been taking place with key officers to develop an new addition to the management of risk, namely Risk 17:

- *Compliance – Non-compliance with corporate policies and procedures across disciplines such as HR, finance, information, procurement, health & safety, put the reputation of the Council and the health and safety of our staff and residents at risk, and may lead to financial penalty and ultimately loss of life.*

The element of compliance will continue alongside the review of all the Corporate Risks, and future review of the Corporate Risk Register utilising member workshops were also planned. This would also include further work involving 'horizon scanning' and 'risk tolerance' within the organisation.

The Chair thanked the Risk Continuity and Compliance Manager for her report.

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

### 33 **DEEP DIVE - ADULT SOCIAL CARE CORPORATE RISKS**

Graham Hodgkinson, Director Adult Care and Health introduced his report that informed of the three key areas of risk related to the provision of Adult Care and Health identified as Corporate risks to the Council as a whole - shown in Appendix 1 to the report. The report further informed that each area of risk had a number of mitigations in place to help reduce the level of risk exposure. The report aimed to support a more detailed in-depth exploration via Audit and Risk Management Committee of the identified risks and mitigations, in order to seek assurance that the risks are being appropriately managed.

Key duties had been set out in relation to the context for Adult Care and Health services. The report did not include any specific recommendations or actions as it described mitigations already in place or being progressed, and Members of the Audit and Risk Management Committee were requested to note the content of the report and the specific actions and mitigations already in place to reduce corporate risks.

At the request of the Chair, Councillor Jeff Green, a copy of the Local Government Ombudsman (LGO) report that had investigated a complaint made against the Council in respect of provision of a package of care and support at home for 'Mr Y', and had found the Council at fault was appended to this item. Members noted that the Cabinet report and the LGO report, as presented to Cabinet in June 2019 had made a number of recommendations that had been accepted in full.

The Director Adult Care and Health informed of the higher level corporate risks that would have an impact on the Council if not addressed. He further informed of the statutory requirements placed upon the service as set out in section three of his report, and how the service was demand-led whereby the Council must deliver on identified care needs (as opposed to being driven by budget) for individuals who need day to day support across the borough, currently 20,000 people.

The Director Adult Care and Health informed Members of the key risks within his report covering a variety of issues, namely:

- Failure to improve the quality of health and care services through integrated commissioning and delivery arrangements, could lead to demand continuing to increase, leaving the Council exposed to increased financial pressures in relation to meeting social care assessed need.
- Insufficient time and resource for preventative and upstream activity mean that outcomes for vulnerable people do not improve, resulting in demand for reactive services not reducing, or increasing.
- The Council and its partners do not effectively manage their relevant safeguarding risks, leading to a safeguarding incident, resulting in harm to individuals and/or families, potential legal challenge, resident dissatisfaction and public scrutiny.

Members noted that the above risks as identified within the Corporate Risk Register for Adult Care and Health were continually monitored and mitigations were reported and addressed via the Audit and Risk Management Committee.

The Chair questioned the Director of Adult Care and Health as to whether the Council had we captured all the risks and if the various mitigations were effective, to ensure that such issues didn't happen, or if they did, it was addressed.

The Director of Adult Care and Health provided assurances that this was the case and that the service had organised and aligned itself with the NHS i.e. structure and working, and that the governance and contracted services mechanisms were in place to review the performance of these arrangements. In addition to the tight performance framework, arrangements were further monitored by the Cabinet Member portfolio holder.

The Chair expressed an interest in seeing a map of the mitigations and their effectiveness.

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

#### 34 **PROCUREMENT UPDATE**

Further to Minute 20 (23 September 2019) Keith Patterson, Head of Commercial Procurement, introduced his report that informed the Audit and Risk Management Committee of the range and number of contracts awarded which had been subject to Contracts Procedure Rules (CPR's) Rule 12 - Waiving the Rules and Rule 13 – Extension/Variation.

The Appendix to the report detailed the contracts subject to the Extension/Variation or Waiver rules for the period 1st April 2019 to 30th September 2019, which under Contracts Procedure Rule 17 required that all contracts which met the following criteria were reported to Audit and Risk Management Committee on a six monthly basis, namely:

- a) Contract awarded, where the total value of which exceeded £500k; or
- b) Variation or extension to a contract approved by the Director of Finance and Investment; or
- c) Waiver of the Contract Procedure Rules in relation to a contract which exceeded £50k in value.

The report also included a summary of the NOPONOPAY policy progress as requested at the Audit and Risk Management Committee meeting held on 23 September (minute 20 refers).

The Head of Commercial Procurement informed the Audit and Risk Management Committee (ARMC) that there had been 32 Exceptions approved for the period. Requests to waive the CPR's for under EU threshold contracts (or where the thresholds do not apply) had been authorised only in the following circumstances, supported in all cases by the appropriate evidence;

- Goods, services or the execution of works were obtainable from one source or contractor and there is no reasonably satisfactory alternative.
- Compatibility issues such that procurement from another source would be uneconomic given the investment in the previous infrastructure
- A waiver of the rules would be in the interests of the Council, be lawful, and provide value for money
- Where there was a legal requirement to deal with a particular supplier
- Contracts awarded to suppliers because of exclusive rights

The Head of Commercial Procurement further informed that the remainder of the approved documents were as follows:

- Contract extensions 8
- Contract variations 6
- Contract awards 12

He added that in respect of NOPONOPAY he could provide assurance to the ARMC that actions were taken early and significant training was being delivered across the Council.

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

## 35 **EXTERNAL AUDIT - COMMITTEE PROGRESS REPORT**

Robin Baker, Manager Grant Thornton UK LLP presented the Audit Progress Report and Sector Update that summarised key findings arising from the work that the External Auditor had carried out in the delivery of its responsibilities as Wirral Council's external auditors, as at November 2019.

The report contained information about the External Auditor's progress on the Financial Statements Audit 2018/19 Statement of Accounts and planning for the 2019/20 audit process in relation to the external audit of the Council's budgetary process, value for money risk assessment and delivery of their findings.

Mr Baker, External Auditor apprised Members of a number of key points as detailed in his report relating to the following:

- Budget tracking process
- NOPONOPAY
- Certification statement and Annual Return
- Update on reporting fees, key areas, and work required.
- General sector updates
- Central Government's review of Audit procedures in Local Government
- National Audit Office Code of Practice review – with the draft consultation currently live

A Member questioned the status of the External Auditor's involvement in Children's Services, and if there was a suggested checklist and benchmarking of costs of Wirral's overheads against other Local Authorities that might be available to Members.

The External Auditor stated that they would continue to track the Children's Services Directorate and that in terms of VFM, rather than benchmarking, the key fundamentals would remain to be sustainability of spending.

The Chair thanked the External Auditor for his report and re-affirmed the role of the Committee in monitoring of the use of 'One-Offs', understanding of current National Audit Office procedures, and the requirement for the Internal and External Auditors to continue to work with Members to assist them in making informed decisions.

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