

Audit and Risk Committee

20 January 2020

Time 2.00 pm **Public Meeting?** YES **Type of meeting** Regulatory

Venue Committee Room 3 - Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

Membership

Chair Cllr Alan Butt (Lab)
Vice-chair Cllr Jonathan Yardley (Con)

Labour

Cllr Mary Bateman
Cllr Philip Bateman MBE
Cllr Craig Collingswood
Cllr Roger Lawrence
Cllr Barbara McGarrity QN
Cllr Lynne Moran

Independent Member

Mr Mike Ager
Mr John Humphries

Quorum for this meeting is two Councillors.

Information for the Public

If you have any queries about this meeting, please contact the Democratic Services team:

Contact Kirsty Tuffin
Tel/Email Tel: 01902 552873 or kirsty.tuffin@wolverhampton.gov.uk
Address Democratic Services, Civic Centre, 1st floor, St Peter's Square,
Wolverhampton WV1 1RL

Copies of other agendas and reports are available from:

Website <https://wolverhamptoninternet.moderngov.co.uk>
Email democratic.services@wolverhampton.gov.uk
Tel 01902 550320

Please take note of the protocol for filming, recording and use of social media in meetings, copies of which are displayed in the meeting room.

Some items are discussed in private because of their confidential or commercial nature. These reports are not available to the public.

Agenda

Part 1 – items open to the press and public

Item No. *Title*

MEETING BUSINESS ITEMS

- 1 **Apologies for absence**
- 2 **Declaration of interests**
- 3 **Minutes of previous meetings** (Pages 5 - 8)
[To approve the minutes from the previous meeting.]
- 4 **Matters arising**
[To consider any matters arising from the minutes]

DECISION ITEMS

- 5 **External Audit Communication** (Pages 9 - 42)
[To receive the External Audit Communication report.]
- 6 **External Audit Progress Report and Update** (Pages 43 - 60)
[To receive an update and the external audit progress report.]
- 7 **Strategic Risk Register** (Pages 61 - 94)
[To receive an update on the Strategic Risk Register.]
- 8 **Internal Audit Progress Update** (Pages 95 - 110)
[To note the contents of the latest Internal Audit Progress Update.]
- 9 **Annual Governance Statement - Action Plan Update** (Pages 111 - 120)
[To receive an action plan update.]
- 10 **Payment Transparency** (Pages 121 - 124)
[To receive an update on the Council's current position with regards to the publication of all its expenditure.]
- 11 **Tendering Procedures for Major Capital Projects** (Pages 125 - 164)
[To note the tendering procedures for major capital projects.]
- 12 **Counter Fraud Update** (Pages 165 - 202)
[To note the contents of the latest Audit Services Counter Fraud update.]

13 **Exclusion of the press and public**

[To pass the following resolution:

That in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information on the grounds shown below]

PART 2 - EXEMPT ITEMS, CLOSED TO PRESS AND PUBLIC

14 **Investigations Update** (Pages 203 - 206)

[To note the current position regarding Audit Investigations.]

Information relating to any individual.
Information which is likely to reveal the identity of an individual.
Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (1, 2, 3)

This page is intentionally left blank

Attendance

Members of the Audit and Risk Committee

Cllr Alan Butt (Chair)
Cllr Jonathan Yardley (Vice-Chair)
Cllr Mary Bateman
Cllr Philip Bateman MBE
Cllr Roger Lawrence
Cllr Barbara McGarrity QN
Cllr Lynne Moran
Mike Ager (Independent Member)
John Humphries (Independent Member)

Employees

| | |
|----------------|-----------------------------|
| Ian Cotterill | Audit Business Partner |
| Peter Farrow | Head of Audit |
| Dereck Francis | Democratic Services Officer |
| Claire Nye | Director of Finance |
| Hayley Reid | Senior Auditor |
| Mark Wilkes | Audit Business Partner |

External Auditors, Grant Thornton

Nicola Coombe

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence**
Apologies for absence were submitted on behalf of Councillor Craig Collingwood.
- 2 Declaration of interests**
No declarations of interests were made.
- 3 Minutes of previous meetings - 22 and 31 July 2019**
Resolved:
 - That the last sentence on the third page of the minutes on 31 July 2019 be in be corrected to read:

'The Chair reported that he would like to see the Council obtain independent external references on subcontractors appointed by the main contractor other than the referees offered by the main contractors'
 - That subject to 1 above, the minutes of the meetings held on 21 and 31 July 2019 be approved as a correct record and signed by the Chair.

4 **Matters arising**

There were no matters arising from the minutes of previous meetings.

5 **Annual External Audit Letter**

Nicola Coombe from the Council's external auditors Grant Thornton presented the Annual Audit Letter that summarised the key findings from their work at the Council's subsidiary groups and the West Midlands Pension Fund for the year ending 31 March 2019. The report drew upon and summarised the report the Committee received on 31 July 2019, therefore no new significant information was contained in the Audit Letter. She took the Committee through the executive summary of the Letter and highlighted the results from the audit of the West Midlands Pension Fund Statement of Accounts. No adjustments for misstatements were made to the accounts and an unqualified opinion had been given on them.

Resolved:

The Annual Audit letter by Grant Thornton be noted.

6 **Strategic Risk Register and Strategic Assurance Map**

Hayley Reid, Senior Auditor presented the report and highlighted changes made to the strategic risk register since the last meeting since the meeting of the Committee on 10 June 2019.

Referring to risk ref 30 - Civic Halls and the confirmation letter in the comment section on the risk, Councillor Jonathan Yardley said that he had been informed that a letter had been sent to the Council from a subcontractor claiming they were owed money for asbestos survey work they had undertaken and that they are unwilling to release their report and certificates for the work until they have been paid. This could cause delay to completion of the refurbishment works. He sought clarification on this point. Claire Nye, Director of Finance reported that the checks referred to in the report related to a point in time before the Council went through the extension of the Civic Hall contract. The two issues are separate. There is a bond in place in case of such instances. She undertook to report back on the issue raised by Councillor Yardley regarding payment for asbestos work.

Referring to risk ref 4 - Medium Term Financial Strategy, Mike Ager, Independent Member asked how the Committee could gain assurance that all was well in Adult Social Care and Children's Services, activities within Local Government that were under pressure at the moment. The Senior Auditor reported that the two service areas had their own risk register that were reviewed prior to the strategic risk register being compiled for Committee. Risks within the two service areas are considered, including at Leadership teams, even if they are not detailed within the strategic risk register.

Referring to risk 9 - City Centre Regeneration and the Westside development, John Humphries, Independent Member reported that, under new arrangements, the Council would take some of the responsibility for letting out space at the development and would be acting as a landlord for some of the units once the development was complete. He suggested that there was a risk to the Council from having void units. He asked about the Council's exposure to this. Claire Nye, Director of Finance reported that appropriate safeguards would be put in place to protect the Council from such risks and to protect its interests.

Resolved:

1. That the latest summary of the Council's strategic risk register as at Appendix 1 to the report be noted.
2. That the increase in the scores for the following risks be noted:
 - Risk 7 – Safeguarding, a temporary increase whilst changes to the Council's Multi-Agency Safeguarding arrangements are implemented.
 - Risk 30 – Civic Halls, in light of the Civic Hall's construction contractor going into administration.
3. That it be noted that risk 35 – Brexit had been incorporated into risk 8 – Business Continuity Management which had been renamed Business Continuity Management, Including Brexit Implications. This risk had been increased from amber to red and would be continually monitored alongside the ongoing political situation.
4. That changes to the target date for a reduction in the scores of the following risks be noted:
 - Risk 29 – Fire Safety – Public Buildings
 - Risk 24 – Maximising Benefits from the West Midlands Combined Authority.
5. That the main sources of assurance available to the Council against its strategic risks at Appendix 2 be noted.

7 Annual Review - Internal Audit Charter

Peter Farrow, Head of Audit presented the Internal Audit Charter for review and approval. The document had last been reviewed by the Committee in September 2018 and there had been no changes since that time.

Resolved:

That the Internal Audit Charter be approved.

8 Internal Audit Update - Quarter One

Peter Farrow, Head of Audit presented the report on progress made against the 2019/2020 internal audit plan and on four pieces of work that had been completed so far in the current year.

Councillor Philip Bateman MBE asked for an update on the Wolves@Work scheme, in the light of an article in the Express and Star about funding for the scheme. The Head of Audit explained that the Council was seeking to secure funding sources for Wolves@Work. The internal audit review work focused on the delivery of the outcomes from an audit review of the service. In that respect the programme was running successfully. Claire Nye, Director of Finance confirmed that Wolves@Work scheme was a council priority. The Council was working with partners to explore different ways of funding for the service. There were no plans to reduce the service. Councillor Roger Lawrence added that it was always intended that funding for the scheme would be a three-year deal and at the end of that period there would be discussion about future funding.

Mike Ager, Independent Member said that it was pleasing to note from the report the Audit team's increasing involvement with project/programme Boards and groups across the Council.

Resolved:

That the contents of the latest internal audit update as at the end of quarter one be noted.

9 **Audit Services - Counter Fraud Update**

Mark Wilkes, Audit Business Partner presented the update report on current counter fraud activities undertaken by Audit Service since the last meeting. In doing so he highlighted the work on the National Fraud Initiative Exercise, the Council's involvement in a National Fraud Initiative HMRC pilot, and work of the Counter Fraud Team on tenancy fraud.

The Chair said that it is to the credit of the Council that it was one of only ten local authorities to take part in the pilot National Fraud Initiative exercise where HMRC data is matched to the Council's data for the first time.

Councillor Lynne Moran welcomed the performance of the Counter Fraud Team in stopping tenancy fraud during the quarter. She said that given the number of people who need social housing, it was disconcerting to hear that there needed to be three council house Right to Buy sales for one local authority built house. Anything the Council could do to prevent fraudulent right to buy applications was a good thing.

Resolved:

That the contents of the latest Audit Services Counter Fraud Update be noted.

10 **Payment Transparency**

Peter Farrow, Head of Audit presented the report on the Council's payment transparency activity. Since the last report to the Committee no requests had been received for information from the public (armchair auditor request).

Resolved:

That the Council's current position with regards to the publication of all its expenditure be noted.

11 **CIPFA Audit Committee Update**

The Committee received the latest edition of regular briefings issued by the Chartered Institute for Public Finance and Accountancy (CIPFA) for audit committee members or public bodies. The focus of the update was on the role of the head of internal audit, external audit arrangements for English local government bodies and a regular briefing on current issues.

The Chair said that he had requested that a briefing session from the Procurement team on the tendering procedures for major council projects prior to the next meeting in December 2019.

Resolved:

That the contents of the latest CIPFA Audit Committee Update - The Statements on the Role of the Head of Internal Audit, External Audit Arrangements for English Local Government Bodies and a Regular Briefing on Current Issues be noted.

| | |
|--|--|
| CITY OF WOLVERHAMPTON COUNCIL | Audit and Risk Committee 20 January 2020 |
|--|--|

| | | |
|--|---|----------------------------------|
| Report title | External Audit Communication | |
| Cabinet member with lead responsibility | Councillor Louise Miles Cabinet Member for Resources | |
| Accountable director | Claire Nye, Director of Finance | |
| Originating service | Strategic Finance | |
| Accountable employee | Emma Bland | Finance Business Partner |
| | Tel | 01902 553928 |
| | Email | Emma.Bland2@wolverhampton.gov.uk |
| Report to be/has been considered by | None | |

Recommendation for noting:

The Committee is asked to:

1. Consider the report of the external auditors, Grant Thornton.

1.0 Purpose

- 1.1 To contribute towards the effective two-way communication between auditors and the Council's Audit and Risk Committee, as 'those charged with governance'.

2.0 Background

- 2.1 Under International Standards on Auditing (UK and Ireland) (ISA(UK&I)) auditors have specific responsibilities to communicate with the Audit and Risk Committee. ISA(UK&I) emphasise the importance of two-way communication between the auditor and the Audit and Risk Committee and specify matters that should be communicated.
- 2.2 This two-way communication assists both the auditor and the Audit and Risk Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit and Risk Committee and supports the Audit and Risk Committee in fulfilling its responsibilities in relation to the financial reporting process.
- 2.3 As part of risk assessment procedures Grant Thornton are required to obtain an understanding of management processes and the Audit and Risk Committee's oversight of the following areas:
- Fraud
 - Laws and Regulations
 - Going Concern
 - Related parties
 - Accounting estimates
- 2.4 This report includes a series of questions on each of these areas and the responses that Grant Thornton have received from the Council's management. The Audit and Risk Committee are asked to consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

3.0 Financial implications

- 3.1 There are no specific financial implications arising from this report.

[EB/09012020/P]

4.0 Legal implications

- 4.1 This report and its attachment sets out the legal implications which are in accordance with the Council's Constitution and relevant legislation.

[TS/09012020/S]

5.0 Equalities implications

- 5.1 There are no equality implications arising from this report

6.0 Climate Change and Environmental implications

6.1 There are no climate change and environmental implications arising from this report.

7.0 Human resources implications

7.1 There are no human resource implications arising from this report.

8.0 Corporate landlord implications

8.1 There are no implications for the Council's property portfolio arising from this report.

9.0 Health and Wellbeing Implications

9.1 There are no health and wellbeing implications arising from this report.

This page is intentionally left blank



Grant Thornton

An instinct for growth™

Informing the audit risk assessment for City of Wolverhampton Council

2019/20

Page 13



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

Table of Contents

| Section | Page |
|---------------------------------|------|
| Purpose | 4 |
| General Enquiries of Management | 6 |
| Fraud | 7 |
| Fraud Risk Assessment | 8 |
| Laws and Regulations | 13 |
| Impact of Laws and Regulations | 14 |
| Going Concern | 16 |
| Going Concern Considerations | 17 |
| Related Parties | 21 |
| Accounting Estimates | 23 |
| Appendix A Accounting Estimates | 25 |

Purpose

The purpose of this report is to contribute towards the effective two-way communication between the Authority's external auditors and the Authority's Audit and Risk Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit and Risk Committee under auditing standards.

Background

Under International Standards on Auditing (UK and Ireland) (ISA(UK&I)) auditors have specific responsibilities to communicate with the Audit and Risk Committee. ISA(UK&I) emphasise the importance of two-way communication between the auditor and the Audit and Risk Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit and Risk Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit and Risk Committee and supports the Audit and Risk Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Audit and Risk Committee's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Going Concern,
- Related Parties, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from the Council's management. The Audit and Risk Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

| Question | Management response |
|--|---|
| 1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2019/20? | Asset valuations and the net pension liability estimate, have the potential to have a significant impact on the financial statements due to their materiality and the fact that they are based on various assumptions, e.g. investment returns, retirement ages, mortality rates. |
| 2. Have you considered the appropriateness of the accounting policies adopted by the Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies? | <p>Accounting policies are kept under review throughout the year by Strategic Finance, but formally reviewed each year by the Chief Accountant in preparation of the financial statements.</p> <p>From 1 April 2020, a new accounting standard - IFRS 16 "Leases" - comes into effect. IFRS 16 introduces a single lease accounting model for lessees, bringing leases on balance sheet. A lessee recognises a right-of-use asset representing its right to use the underlying asset, and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and low value assets. Lessor accounting remains unchanged.</p> <p>The Council will be adopting this standard which is likely to mean that some of the Council's operating leases will instead need to be treated as finance leases – the Council is currently assessing the impact of this change.</p> |
| 3. Is there any use of financial instruments, including derivatives? | Yes, the Council has equity instruments, investments, borrowings, finance leases, PFI arrangements, cash, receivables and payables. These are disclosed in the notes to the accounts. |
| 4. Are you aware of any significant transaction outside the normal course of business? | None as of today (02.01.2020) |

General Enquiries of Management

| Question | Management response |
|--|--|
| 5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? | None as of today (02.01.2020) |
| 6. Are you aware of any guarantee contracts? | <p>The Council has provided guarantees to: -</p> <ul style="list-style-type: none"> • a number of organisations at the point they were admitted to West Midlands Pension Fund, to fund any potential pension liability; • Walsall Metropolitan Borough Council for the University of Wolverhampton, in relation to grant funding through the Black Country Local Enterprise Partnerships (LEP); • Barclays for the City of Wolverhampton College. |
| 7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? | None as of today (02.01.2020) |
| 8. Other than in house solicitors, can you provide details of those solicitors utilised by the Council during the year. Please indicate where they are working on open litigation or contingencies from prior years? | The Council has utilised locums from its in-house agency and an external agency; they have not worked on open litigation or contingencies from prior years. |
| 9. Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? | None of the Council's service providers have reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements. |
| 10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted? | There are a number of consultants used, mainly for regeneration projects, to provide financial, legal and professional advice. We have also used barristers for external expert advice. |

Fraud

Issue

Matters in relation to fraud

ISA(UK&I)240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit and Risk Committee and management. Management, with the oversight of the Audit and Risk Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit and Risk Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As the Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit and Risk Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit and Risk Committee oversees the above processes. We are also required to make inquiries of both management and the Audit and Risk Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from the Council's management.



Fraud risk assessment

| Question | Management response |
|--|---|
| <p>1. Have the Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p> | <p>The collective processes for closedown, budget monitoring and outturn take into consideration the risk of material misstatement due to error or fraud. Senior finance officers meet regularly to consider any issues arising from budget monitoring and the closedown process. Should any fraud be reported as part of this or any other process, corrective action would be taken.</p> <p>A risk register is also regularly updated and reviewed.</p> |
| <p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p> | <p>The areas of greatest risk are housing tenancy, council tax, personal budgets, procurement and business rates.</p> |
| <p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within the Council as a whole or within specific departments since 1 April 2019?</p> <p>As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p> | <p>Yes - a report on instances of fraud goes to each of the quarterly Audit and Risk Committee meetings (copies of the reports can be made available upon request).</p> |

Fraud risk assessment

| Question | Management response |
|---|---|
| <p>4. Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within the Council where fraud is more likely to occur?</p> | <p>As with all large organisations there is a likelihood that fraud will be taking place in some shape or form, and there are a small number of ongoing investigations into cases of suspected fraud. The Council takes into account the findings in publications such as the CIPFA “Fraud Tracker Survey” which identifies fraud trends, and those areas more susceptible to fraud. From this a Fraud Risk Register has been developed, which in turn, is used to inform and drive the Counter Fraud plan.</p> <p>The Council also works closely with Wolverhampton Homes in order to help tackle the risk of housing and tenancy related fraud.</p> |
| <p>5. What processes do the Council have in place to identify and respond to risks of fraud?</p> | <p>The Counter Fraud Team, which sits within Audit Services, leads in raising fraud awareness across the Council and in promoting an anti-fraud culture. The team carries out investigations into areas of suspected or reported fraudulent activity. The team maintains the Council’s fraud risk register and produces and maintains the Counter Fraud Plan. In addition, they lead on the Cabinet Office’s National Fraud Initiative (NFI) exercise.</p> |
| <p>6. How would you assess the overall control environment for the Council, including: the process for reviewing the effectiveness the system of internal control; internal controls, including segregation of duties; exist and work effectively?</p> <p>If not where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p> | <p>Audit Services have given an unqualified opinion on the adequacy and effectiveness of the Council’s internal control system for a number of years. Individual internal audit reviews are undertaken in-year, and Audit Services report back, where appropriate, on individual areas where controls could be improved. Recommendations will then be made in order to improve any weaknesses found, and key recommendations are later followed up.</p> <p>They also report any key control weaknesses at each meeting of the Audit and Risk Committee. The Council’s Counter Fraud Team which sits within Audit Services incorporates a broad skills base which provides the resources to perform counter fraud and investigation activities and strengthens the council’s ability to respond to fraud. There are not any known areas where there is a potential for override of controls or inappropriate influence over the financial reporting process.</p> |



Fraud risk assessment

| Question | Management response |
|--|--|
| 7. Are there any areas where there is potential for misreporting? | There are no known areas for potential misreporting. The fraud risk register, counter fraud plan and audit plan are in place to minimise the potential for misreporting. |
| <p>8. How do the Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p> | <p>The Council has the following policies and procedures to help raise the awareness of, and combat fraud:</p> <ul style="list-style-type: none"> • Anti-Fraud and Corruption Policy and Procedure • Whistleblowing Policy and Procedure • Anti-Money Laundering Policy and Procedure • Raising Fraud Awareness Guide <p>Where appropriate, these documents are reviewed annually by the Audit and Risk Committee, and available on the internet. The internet page on fraud has been designed to help strengthen the ease in which potential fraud can be reported on-line. Employees learn about business practices and ethical behaviour through the following:</p> <ul style="list-style-type: none"> • Codes of Conduct • induction training • accountability arrangements signed by all senior officers • contracts – standard exclusions • adherence to procurement procedures • aide memoires from Monitoring Officer around gifts & hospitality policy at key times of the year. <p>There are a number of fraud related policies and procedures that encourage this, and include full contact details – including a confidential hotline. The Council's internet site allows on-line reporting.</p> |
| <p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p> | <p>Senior Officers and Members who have powers to influence decisions are potentially the highest risk posts in respect of fraud and corruption.</p> <p>Senior Officers and Members are required to declare interests on a register of interests and at meetings.</p> |

Fraud risk assessment

| Question | Management response |
|---|--|
| <p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p> | <p>No instances of related party relationships or transactions are known to be fraudulent. Conditions of contact with third parties are in place to mitigate fraud risk, this includes refraining from providing corrupt gifts and payments.</p> <p>The Council's auditors have right of access to third party records if fraud is suspected.</p> |
| <p>11. What arrangements are in place to report fraud issues and risks to the Audit and Risk Committee?</p> <p>How does the Audit and Risk Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p> | <p>A Counter Fraud Update report is presented to each meeting of the Audit and Risk Committee detailing how the Council is tackling issues around fraud and includes details of any recent investigations into suspected fraudulent activity. The members of the Committee satisfy themselves that the outcomes are appropriate and any improvements in control have been identified.</p> <p>The committee also reviews and approves all of the Council's Anti-Fraud Policies and Procedures on a regular basis. This includes a detailed Counter Fraud Plan charting out the actions to be taken going forward, and the Council's Fraud Risk Register. As part of the Annual Internal Audit Plan, Audit Services undertake annual reviews of many of the Council's key financial systems – consideration of fraud forms part of these.</p> <p>The Council also fully participates in the Cabinet Office's National Fraud Initiative, and other national fraud benchmarking exercises, as appropriate.</p> |
| <p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p> | <p>Any potential whistle blowing complaints are logged and investigated. Where appropriate disciplinary and prosecution action is taken against the individuals involved.</p> |
| <p>13. Have any reports been made under the Bribery Act?</p> | <p>The Council has not received any reports under the Bribery Act.</p> |

Law and regulations

Issue

Matters in relation to laws and regulations

ISA(UK&I)250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit and Risk Committee, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As an auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit and Risk Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

| Question | Management response |
|---|---|
| <p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations? Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p> | <p>A number of controls are in place. Management place reliance on these controls. In addition, there is an annual programme of work from Audit Services which in part covers legal matters. Directors also meet daily at 09.00 to discuss issues of topical concern including any legal matters. SEB also meets weekly for wider briefings across the business.</p> <p>We are not aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements.</p> |
| <p>2. How is the Audit and Risk Committee provided with assurance that all relevant laws and regulations have been complied with?</p> | <p>The findings and recommendations from the work of Audit Services, with key issues being reported back to the Audit and Risk Committee. Also, each Director is required to sign an annual assurance statement, and this helps inform the Annual Governance Statement that is reported to the Audit and Risk Committee.</p> |
| <p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2019 with an on-going impact on the 2019/2020 financial statements?</p> | <p>None as at today (2.1.2020)</p> |
| <p>4. Is there any actual or potential litigation or claims that would affect the financial statements?</p> | <p>None as at today (2.1.2020)</p> |

Impact of laws and regulations

| Question | Management response |
|--|---|
| 5. What arrangements does the Council have in place to identify, evaluate and account for litigation or claims? | All litigation is commenced / defended / settled in consultation with the Monitoring Officer. All prospective prosecutions are evaluated against nationally adopted criteria. An annual appraisal of contingent liabilities is prepared and reported by the Monitoring Officer in consultation with the Risk Manager. |
| 6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance? | None as at today (2.1.2020) |

Going Concern

Issue

Matters in relation to going concern

ISA(UK&I)570 covers auditor responsibilities in the audit of financial statements relating to management's use of the going concern assumption in the financial statements.

The going concern assumption is a fundamental principle in the preparation of financial statements. Under this assumption entities are viewed as continuing in business for the foreseeable future. Assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

Going concern considerations have been set out below and management has provided its response.

Going concern considerations

| Question | Management response |
|---|--|
| <p>1. Has the management team carried out an assessment of the going concern basis for preparing the financial statements for the Council? What was the outcome of that assessment?</p> | <p>This will be carried out: -</p> <ul style="list-style-type: none"> Indirectly through the statement of accounts and regular updates on the Medium Term Financial Strategy. Directly through a going concern assessment carried out in March 2020, which forms part of the interim audit. <p>The Council considers its current and future financial position in the assessment of its going concern and the Council remains to be a going concern.</p> |
| <p>2. Are the financial assumptions in that report (e.g., future levels of income and expenditure) consistent with the Council's Business Plan and the financial information provided to the Council Authority throughout the year?</p> | <p>During the financial year, Strategic Finance support Budget Managers to conduct regular budget monitoring and to forecast each service's outturn for the year. Throughout this process financial assumptions about the current year and future years are discussed and scrutinised by Budget Managers and Strategic Finance, with quarterly forecast outturn updates provided to the Council's Cabinet (Resources) panel. The Council's Medium Term Financial Strategy is an extension of this budget monitoring and forecasting process; any developments or pressures arising as a result of discussions with Budget Managers during the regular budget monitoring process will be incorporated into the Council's Medium Term Financial Strategy, which is also reported to Cabinet.</p> |

Going concern considerations

| Question | Management response |
|---|---|
| 3. Are the implications of statutory or policy changes appropriately reflected in the Business Plan, financial forecasts and report on going concern? | Yes, these are fully reflected in the MTFS as budget pressures. |
| 4. Have there been any significant issues raised with the Audit and Risk Committee during the year which could cast doubts on the assumptions made? Examples include adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in systems (financial control). | None as of today (02/01/2020). |
| 5. Does a review of available financial information identify any adverse financial indicators including negative cash flow or poor or deteriorating performance against the better payment practice code? If so, what action is being taken to improve financial performance? | No adverse financial indicators are currently being reported. |

Going concern considerations

| Question | Management response |
|---|---|
| <p>6. Does the Council have sufficient staff in post, with the appropriate skills and experience, particularly at senior manager level, to ensure the delivery of the Combined Authority's objectives? If not, what action is being taken to obtain those skills?</p> | <p>Despite the significant challenges being faced by the Council we believe that this is currently the case. In addition resources and structures remain under constant review so in the event that any issues are identified these would be addressed quickly.</p> |
| <p>7. Does the Council have procedures in place to assess their ability to continue as a going concern?</p> | <p>The MTFS in the main provides this assurance, insofar as it demonstrates that the Council is able to deliver services and statutory responsibilities within the projected available resources. Account is, however, also taken of the potential and contingent liabilities that are reported in the statement of accounts, in order to ensure that assets remain sufficient to meet liabilities.</p> |
| <p>Is management aware of the existence of events or conditions that may cast doubt on the Council's ability to continue as a going concern?</p> | <p>None as of today (02.01.2020)</p> |

Going concern considerations

| Question | Management response |
|--|---|
| <p>9. Are arrangements in place to report the going concern assessment to the Audit and Risk Committee ?</p> <p>How has the Audit and Risk Committee satisfied itself that it is appropriate to adopt the going concern basis in preparing financial statements?</p> | <p>External auditors report on going concern through the Audit Findings Report, which is presented to the Audit and Risk Committee. No concerns have been raised.</p> |

Related Parties

Issue

Matters in relation to Related Parties

Local Authorities are required to comply with IAS 24 and disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the Council (i.e. subsidiaries);
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over the authority;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the authority, or of any entity that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Council perspective but material from a related party viewpoint then the Council must disclose it.

ISA (UK&I) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Relating Parties

| Question | Management response |
|--|--|
| 1. What controls does the Council have in place to identify, account for and disclose related party transactions and relationships ? | Forms re-devised to have prompts including aide-memoire to disclose Directorships. Letters to all councillors (or emails as appropriate) to remind them annually to update interests. Ability for councillors and officers to now update interests in “real-time” on-line through Modern.gov platform from home or wherever that have internet connectivity, and these are requested to be reviewed and updated on a periodic basis by the Council’s Monitoring Officer. |

Accounting estimates

Issue

Matters in relation to Related Accounting estimates

Local Authorities apply appropriate estimates in the preparation of their financial statements. ISA (UK&I) 540 sets out requirements for auditing accounting estimates. The objective is to gain evidence that the accounting estimates are reasonable and the related disclosures are adequate.

Under this standard we have to identify and assess the risks of material misstatement for accounting estimates by understanding how the Council identifies the transactions, events and conditions that may give rise to the need for an accounting estimate.

Accounting estimates are used when it is not possible to measure precisely a figure in the accounts. We need to be aware of all estimates that the Council is using as part of its accounts preparation; these are detailed in appendix 1 to this report. The audit procedures we conduct on the accounting estimate will demonstrate that:

- the estimate is reasonable; and
- estimates have been calculated consistently with other accounting estimates within the financial statements.

We would ask the Audit and Risk Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates

| Question | Management response |
|--|---|
| 1. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? | None as of today (02.01.2020). |
| 2. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable? | Accounting estimates are kept under review throughout the year by Strategic Finance, but formally reviewed each year by the Director of Finance in preparation of the financial statements. The outcome of this formal review is reflected in this document (Appendix A), which is presented to the Audit and Risk Committee in March each year. This Committee provides the opportunity for challenge and any queries. |
| 3. How is the Audit and Risk Committee provided with assurance that the arrangements for accounting estimates are adequate ? | Please see above. |

Appendix A Accounting Estimates

| Estimate | Method / model used to make the estimate | Controls used to identify estimates | Whether Management have used an expert | Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates | Has there been a change in accounting method in year? |
|--|---|--|--|--|---|
| Valuation of property plant and equipment Page 37 | <p>Dwellings- re-valued every 5 years on an existing use-social housing basis by the District Valuer.</p> <p>Other land and buildings including surplus assets:</p> <ul style="list-style-type: none"> • over £1m, valued annually at fair value or depreciated replacement cost. • under £1m, valued as part of a 5 year rolling programme at fair value or depreciated replacement cost. <p>Investment properties - valued annually at fair value or depreciated replacement cost.</p> <p>Since 2015-16, external valuers have been used whereas in prior years this was carried out using the Council's in-house valuers.</p> <p>Community assets, vehicles, plant and equipment, infrastructure and assets under construction-depreciated historical cost.</p> <p>Intangibles- at amortised cost.</p> | <p>The asset revaluations are critically reviewed by the Strategic Finance team with any significant variances from previous valuations or our expectations queried and discussed with the valuers.</p> <p>In the period between valuations a review is carried out annually based on appropriate indices or changes in market conditions to establish whether there has been any material change in the asset values.</p> | <p>Yes – external valuer</p> | <p>Valuations are carried out in accordance with RICS guidance and the Code of Practice on Local Authority Accounting.</p> | <p>No</p> |

Appendix A Accounting Estimates (Continued)

| Estimate | Method / model used to make the estimate | Controls used to identify estimates | Whether Management have used an expert | Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates | Has there been a change in accounting method in year? |
|---|---|---|---|--|---|
| Page 38 Depreciation of property plant and equipment | Based on the useful economic life of the asset. | Useful economic life is assessed when valuations are carried out. In addition a list of assets is sent to service managers annually to obtain an update on dilapidated or damaged assets. | Yes – external valuer | The valuer is appropriately professionally qualified. | No |
| Impairment of property plant and equipment | Impairments are determined as a result of the valuation process and as a result of information provided by members of Strategic Finance, Risk and Insurance and Corporate Landlord. | Critical review of asset valuations and review of market conditions. | Use of external valuer and internal RICS qualified staff. | Valuations are made in line with RICS guidance and the Code of Practice on Local Authority Accounting. | No |

Appendix A Accounting Estimates (Continued)

| Estimate | Method / model used to make the estimate | Controls used to identify estimates | Whether Management have used an expert | Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates | Has there been a change in accounting method in year? |
|---------------------------|--|---|--|---|---|
| Expected credit losses | Expected credit losses are recognised on all financial assets held at amortised cost (or where relevant Fair Value through Other Comprehensive Income (FVOCI)). Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. | Critical review of credit risk and debt collection rates from information provided by the Debt Management Team, Finance and trend analysis. | No | Collection rates, historically, have been relatively constant and the levels of bad debt write-offs in prior years indicate that the provision is adequate. | No |
| Provision for liabilities | Provisions are made where an event has taken place which gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made. | Legal liabilities. Insurance. Non Domestic Rates. Equal Pay | No | Charged in the year the Council becomes aware of the obligation. | No |

Appendix A Accounting Estimates (Continued)

| Estimate | Method / model used to make the estimate | Controls used to identify estimates | Whether Management have used an expert | Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates | Has there been a change in accounting method in year? |
|--|--|--|--|--|---|
| Accumulated absence account | Accrual is based on outstanding leave as at 31 March 2020 derived from payroll records. | Reasonableness check based on overall number of days outstanding and prior year comparison | No | The accrual is based on actual leave records for individual employees. | No |
| Liabilities under PFI schemes | The accounting entries are derived from the PFI accounting models which were prepared, based on the operators financial model, at the commencement of the various schemes. | Models are updated annually from information provided by finance and operational staff. | No | Assumption that there has been no significant change to the parameters in the model. If significant changes are identified the model will be amended to reflect the changes. | No |
| Valuation of the net pension liability | The valuation is calculated by an actuarial expert, taking into account the rate at which salaries are projected to increase, changes in retirement ages, mortality rates, expected returns on pension fund assets and discount rates. | Reasonableness check of the Actuary's report and the assumptions used. | Yes | Valuations are carried out in accordance with IAS19. | No |



This page is intentionally left blank

| | |
|--|--|
| <p>CITY OF WOLVERHAMPTON COUNCIL</p> | <p>Audit and Risk Committee 20 January 2020</p> |
|--|--|

Report title External Audit Progress Report and Update

Cabinet member with lead responsibility Councillor Louise Miles
Cabinet Member for Resources

Accountable director Claire Nye, Director of Finance

Originating service Strategic Finance

Accountable employee(s) Emma Bland Finance Business Partner
Tel 01902 553928
Email Emma.Bland2@wolverhampton.gov.uk

Report to be/has been considered by None.

Recommendations for noting:

The Committee is asked to note:

1. The Progress Report and Update provided by Grant Thornton.

1.0 Purpose

- 1.1 To update the Audit and Risk Committee on progress made by Grant Thornton in delivering their responsibilities as the Council's external auditors.

2.0 Background

- 2.1 Annually, Grant Thornton customarily report on progress made against their Audit Plan and provide an update on technical matters, sector issues and developments. A copy of the report is attached at Appendix A.

3.0 Financial Implications

- 3.1 The statement, and the forthcoming audit of those statements by the external auditors, is an important element of the accountability and transparency of the Council's finances. [EB/09012020/Y]

4.0 Legal implications

- 4.1 The Secretary of State makes the Accounts and Audit Regulations in exercise of powers conferred by the Local Audit and Accountability Act 2014. The Accounts and Audit Regulations 2015 require the 2019-2020 Statement of Accounts be produced in accordance with proper practice.
- 4.2 This is exemplified by the Code of Practice on Local Authority Accounting which is published by CIPFA. These regulations also require that the accounts are approved and published by 31 July 2020.

[TS/08012020/T]

5.0 Equalities implications

- 5.1 There are no equality implications arising from this report.

6.0 Climate Change and Environmental implications

- 6.1 There are no climate change and environmental implications arising from this report.

7.0 Human resources implications

- 7.1 There are no human resource implications arising from this report.

8.0 Corporate landlord implications

- 8.1 There are no implications for the Council's property portfolio arising from this report.

9.0 Health and Wellbeing Implications

9.1 There are no health and wellbeing implications arising from this report.

10.0 Schedule of background papers

10.1 There are no relevant preceding reports.

This page is intentionally left blank

Audit Progress Report and Sector Update

City of Wolverhampton Council
Year ending 31 March 2020
Page 47
20 January 2020



Contents

| Section | Page |
|--------------------------|------|
| Introduction | 3 |
| Progress at January 2020 | 4 |
| Indicative Audit Plan | 6 |
| Audit Deliverables | 7 |
| Sector Update | 8 |

Introduction

**Mark Stocks**

Engagement Lead

T 0121 232 5437

M 07584 591488

E mark.c.stocks@uk.gt.com

This paper provides the Audit and Risk Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Page 49

**Nicola Coombe**

Engagement Manager

T 0121 232 5206

M 07814 393215

E nicola.coombe@uk.gt.com

Members of the Audit and Risk Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications

www.grantthornton.co.uk.

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

Progress at January 2020

Financial Statements Audit

We issued our opinion on your 2018/19 Statement of Accounts on 31 July 2019.

At that time we were unable to certify closure of the audit as we are required to give an opinion on the consistency of the pension fund financial statements of the Authority included in the Pension Fund Annual Report (which had not been produced at that time) with the pension fund financial statements included in the Statement of Accounts. We have now issued our report on the consistency of the pension fund financial statements and therefore have been able to certify closure of the audit.

We began our planning for the 2019/20 audit in December and will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2019/20 financial statements.

However, an indicative audit plan identifying the significant risks we have identified to date (based upon our work from last year, discussions with officers and review of Council reports) is shown on page 6.

We will begin our interim audit in January 2020 with follow up visits in February and March. Our interim fieldwork includes:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by the statutory accounts publication date of 31 July 2020.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "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".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach will be included in our Audit Plan.

We will report our work in the Audit Findings Report and aim to give our Value For Money Conclusion by the statutory accounts publication date of 31 July 2020.

Progress at January 2020 (cont.)

Other areas

Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. The certification work for the 2018/19 has been completed and submitted by the 30 November deadline. There were no exceptions or errors in our report.

We did make an observation in our report to the DWP in relation to an underpayment being made in one case sampled. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment did not affect subsidy, and was not, therefore, classified as an error for subsidy purposes. Because errors of this type could have resulted in an overpayment, all cases in the population were tested. No errors were identified and no further underpayments identified.

The Council also appointed us to undertake the reporting accountant's role in relation to its Teachers Pension Return which was submitted on 10 October (ahead of the deadline of 29 November) which confirmed that no amendments were made to the return and no exceptions were identified in our testing.

The Council have also appointed us to undertake the reporting accountant's role in relation to its Pooling of Housing Capital Receipts return. This work is not due to commence until the new year.

Meetings

We met with Finance Officers in September for an audit debrief and to commence planning for next year to ensure the audit process is smooth and effective. In particular we are in dialogue to bring forward work in relation to valuation of the Council's Land and Buildings. We attended the finance team's closedown workshop in November to support officers in working to continue to achieve a smooth closedown. Your finance team have been provided with a checklist to consider from our review of local authority accounts from 2018/19, in the preparation of their 2019/20 financial statements.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers will be invited to our Financial Reporting Workshop to be held early in the New Year, which will help to ensure that members of your Finance Team will be up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2019/20 is the second year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We are currently reviewing the impact of these changes on both the cost and timing of audits. We will discuss this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, before communicating fully with the Audit and Risk Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Indicative Audit Plan

We will report our formal comprehensive Audit Plan to Audit and Risk Committee in March 2020 along with the findings from our interim audit work. However, in the meantime, the summary below is the results of our initial planning which are the risks we have identified to date, which will drive the focus of our audit. Risk assessment is an iterative process and we will revisit our assessment on an ongoing basis bringing any new risks to your attention if and when they arise.

Financial Statements

We place significant audit effort on those areas of the accounts which are subjective and which involve estimation uncertainty. In particular this leads us to focus on the valuation of land and buildings, as well as the valuation of the net pension liability. This is because these figures are large and are driven by a number of different factors and assumptions all of which need to be considered for reasonableness. For that reason, we are likely to continue to deem the valuation of land and buildings and valuation of the net pension liability to be significant risks for our 2019/20 audit.

Value for Money

Our work in 2018/19 identified the following matters, which we determined were worthy of further consideration and were therefore designated as 'significant risks':

- Financial Resilience
- Strategic Asset Management
- Civic Halls refurbishment

As we were content that Strategic Asset Management was no longer a residual risk to our Value for Money conclusion in the prior year, it is unlikely to be designated a significant risk for 2019/20 but we will follow up on the Council's actions in this area.

Financial resilience continues to be a challenge facing the public sector as a whole, and local government is no exception. We therefore anticipate financial resilience being a significant risk in our 2019/20 Audit Plan.

On the basis that our Value for Money conclusion last year concluded that the management arrangement for the Civic Halls were not adequate and that therefore a qualified "except for" value for money conclusion was given, we anticipate that we will follow this work up for 2019/20.

Emerging Developments

These are issues we are aware of and will be maintaining a watching brief over:

- While implementation of IFRS 16 Leases is delayed in the public sector until 1 April 2020, there will nevertheless be disclosure requirements that apply in 2019/20 for standards issued but not yet adopted. We will review the progress made by the authority in identifying leases expected to be in place on 1 April 2020 and assessing the potential impact of IFRS 16 on its financial statements.
- Whether the authority analysed the impact of recently announced increase in PWLB loan rates on its treasury management activities and forecasts and potential plans for investment.

Audit Deliverables

| 2018/19 Deliverables | Planned Date | Status |
|--|--------------|-------------|
| Audit Findings Report The Audit Findings Report was reported to the July Audit and Risk Committee. | July 2019 | Complete |
| Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion. | July 2019 | Complete |
| Annual Audit Letter This letter communicates the key issues arising from our work. | August 2019 | Complete |
| 2019/20 Deliverables | Planned Date | Status |
| Fee Letter Confirming audit fee for 2018/19. | April 2019 | Complete |
| Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit and Risk Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements. | March 2020 | Not yet due |
| Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report. | March 2020 | Not yet due |
| Audit Findings Report The Audit Findings Report will be reported to the July Audit and Risk Committee. | July 2020 | Not yet due |
| Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion. | July 2020 | Not yet due |
| Annual Audit Letter This letter communicates the key issues arising from our work. | August 2020 | Not yet due |

Sector Update

Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Public Sector

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with Audit and Risk Committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

CIPFA – CFO confidence survey

In July, the Chartered Institute of Public Finance and Accountancy (CIPFA) reported the results of their annual confidence survey.

The survey found that the majority of local government finance officers have lost confidence in their future financial positions over the last year.

Seventy per cent of respondents said they were either slightly less or much less confident in their financial position this year compared to 2018-19.

The survey also found that 68% said they were either slightly less or much less confident in their ability to deliver services in 2020-21. Sixty-two per cent expressed equal confidence in their financial position for 2019-20 as they had last year.

CIPFA found that the area of greatest pressure for top tier authorities was children's social care, with the number of authorities rating it as the biggest pressure rising by six percentage points.

For districts the greatest pressures were housing, cultural services and environmental services.

Rob Whiteman, CIPFA chief executive, said: "Local government is facing greater demand pressures than ever before, with particularly pressures in adults' and children's social care and housing. Local authorities also lack certainty about their future financial positions, so it's unsurprising to see confidence on the decline."

"We have repeatedly pointed out that local government is in need of a sustainable funding solution, but meeting this demand requires more than pennies and pounds. The sector as a whole must come together to address the challenges of effective service delivery."

CIPFA's survey received a total of 119 responses from authorities in the UK - 56 top tier authorities, 47 English districts, 12 Scottish authorities, and 4 Welsh authorities.



On the same theme, a Local Government Association (LGA) survey, also reported in July, found that almost two-thirds of councils believe cash for services like adult social care, child protection and preventing homelessness will dry up by 2024-25.

The survey got responses from 141 of the 339 LGA member councils in England and Wales.

It also found that 17% of councils were not confident of realising all of the savings they had identified this year (2019-20).

The LGA said that councils needed a guarantee they will have enough money to meet growing demand pressures in particular in adult social care, children's services, special educational needs, homelessness support and public health.



Financial confidence



Challenge question:

How confident over its' financial position is your Authority? Has this changed from previous years?

MHCLG – Independent probe into local government audit

In July, the then Communities secretary, James Brokenshire, announced the government is to examine local authority financial reporting and auditing.

At the CIPFA conference he told delegates the independent review will be headed up by Sir Tony Redmond, a former CIPFA president.

The government was “working towards improving its approach to local government oversight and support”, Brokenshire promised.

“A robust local audit system is absolutely pivotal to work on oversight, not just because it reinforces confidence in financial reporting but because it reinforces service delivery and, ultimately, our faith in local democracy,” he said.

“There are potentially far-reaching consequences when audits aren’t carried out properly and fail to detect significant problems.”

The review will look at the quality of local authority audits and whether they are highlighting when an organisation is in financial trouble early enough.

It will also look at whether the public has lost faith in auditors and whether the current audit arrangements for councils are still “fit for purpose”.

On the appointment of Redmond, CIPFA chief executive Rob Whiteman said: “Tony Redmond is uniquely placed to lead this vital review, which will be critical for determining future regulatory requirements.

“Local audit is crucial in providing assurance and accountability to the public, while helping to prevent financial and governance failure.”

He added: “This work will allow us to identify what is needed to make local audit as robust as possible, and how the audit function can meet the assurance needs, both now and in the future, of the sector as a whole.”

In the question and answer session following his speech, Brokenshire said he was not looking to bring back the Audit Commission, which appointed auditors to local bodies and was abolished in 2015. MHCLG note that auditing of local authorities was then taken over by the private, voluntary and not-for-profit sectors.

He explained he was “open minded”, but believed the Audit Commission was “of its time”.

Local authorities in England are responsible for 22% of total UK public sector expenditure so their accounts “must be of the highest level of transparency and quality”, the Ministry of Housing, Local Government and Communities said. The review will also look at how local authorities publish their annual accounts and if the financial reporting system is robust enough.

Redmond, who has also been a local authority treasurer and chief executive, is expected to report to the communities secretary with his initial recommendations in December 2019, with a final report published in March 2020. Redmond has also worked as a local government boundary commissioner and held the post of local government ombudsman.



National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

Page 57 Consultation – New Code of Audit Practice from 2020

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

In order to determine what changes might be appropriate, the NAO is consulting on potential changes to the Code in two stages:

Stage 1 involves engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

This stage of the consultation is now closed. The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO state that they have considered carefully the views of respondents in respect of the points drawn out from the [Issues paper](#) and this will inform the development of the draft Code. A summary of the responses received to the questions set out in the [Issues paper](#) can be found below.

[Local audit in England Code of Audit Practice – Consultation Response \(pdf – 256KB\)](#)

Stage 2 of the consultation involves consulting on the draft text of the new Code. To support stage 2, the NAO has published a consultation document, which highlights the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

The consultation document and a copy of the draft Code can be found on the NAO website. The consultation is open until 22 November 2019. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards.

Link to NAO webpage for the Code consultation:

<https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/>

| |
|---|
|  |
| <p>Consultation response by the National Audit Office</p> |
| <p>Local audit in England Code of Audit Practice</p> |
| <p>Issues paper: Consultation response</p> |

Local Government Association – Profit with a purpose – delivering social value through commercial activity

The Local Government Association (LGA) report 'Profit with a purpose' focuses on some of the practicalities of how councils can deliver social value through their commercial activity.

Through 'key questions' to ask, the guidance supports councils to face the challenge of how to undertake commercial activity and achieve greater value for the public purse in ways that better meet society's needs and outcomes for people and communities.

In addition, the publication features a number of short case studies highlighting some of the innovative commercial practice already achieving results for communities.

The LGA comments that the best approaches ensure the generation of social value is the primary factor driving commercial activity; from the initial decision to develop a commercial vision to how the approach is developed, and implemented, councils which are pulling ahead ensure social value is placed centre stage.

The guidance starts with an overview of what the LGA understands by 'profit with a purpose', the guidance explores different types of social value and the role of councils in driving social value alongside their commercial ambition.

The guidance then looks at how consideration and delivery of social value should be practically considered when deciding on whether to embark on commercial activity, the need for social value to be prioritised alongside financial return and the key questions councils should consider when embarking on a commercial initiative.

Following on from this, there are specific chapters on; embedding social value in governance of alternative service delivery vehicles, the role of procurement in contracting services that deliver social value and finally how to contract and performance manage social value through your service providers.

Each chapter outlines the factors that need to be considered and the 'key questions' councils should be asking themselves.

In addition, a number of short case studies are provided to highlight some of the innovative commercial practice already achieving results for communities.

The report can be downloaded from the LGA website:

<https://www.local.gov.uk/profit-purpose-delivering-social-value-through-commercial-activity>



Profit with a purpose

Delivering social value through commercial activity

Profit with a purpose



Challenge question:

If your Authority is looking at commercial activity, have you considered the LGA report?

Public Accounts Committee – Local Government Governance and Accountability

The Public Accounts Committee has found that the Government has not done enough to ensure that, at a time when local authority budgets are under extreme pressure, governance systems are improved.

The Ministry of Housing, Communities & Local Government (the Department) is responsible for: ensuring that this framework contains the right checks and balances, and changing the system if necessary. The Secretary of State also has powers to intervene in cases of perceived governance failure. The framework includes: officers with statutory powers and responsibilities; internal checks and balances such as Audit and Risk Committees and internal audit; and external checks and balances such as external audit and sector-led improvement overseen by the Local Government Association. These arrangements represent a significant reduction in the level of central oversight in recent years following the government's decision to abolish the Audit Commission and the Standards Board for England as part of a broader reform of local audit, inspection and reporting.

The Public Accounts Committee report summary notes “Local authorities have a good overall track record with governance arrangements generally robust across the sector, and there is evidence that local authority governance compares favourably to that of the health sector. However, this is not universal and in some authorities governance is under strain, as funding reduces and responsibilities and exposure to commercial pressures change. We are worried to hear about Audit and Risk Committees that do not provide sufficient assurance, ineffective internal audit, weak arrangements for the management of risk in local authorities' commercial investments, and inadequate oversight and scrutiny. This is not acceptable in the more risky, complex and fast-moving environment in which local authorities now operate.

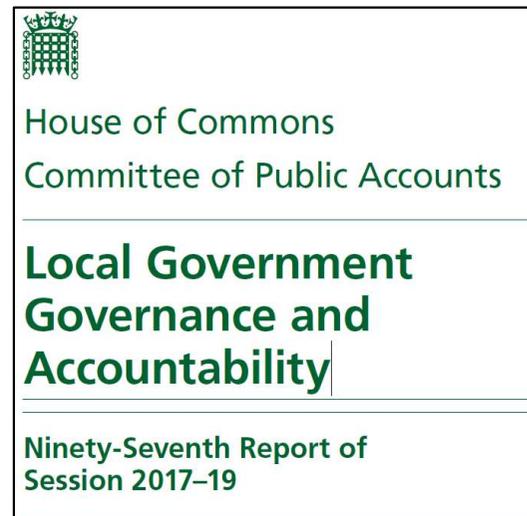
The Department has been reactive and ill-informed in its approach to oversight of the local governance system. However, the Department has now recognised that the network of bodies with responsibility for the local governance framework is fragmented and lacking the leadership needed to drive change. Encouragingly, the Department has now committed to enhancing its oversight role and producing a proactive work programme to deliver this change. We urge the Department to ensure that this activity leads to concrete actions and outcomes on a timely basis. When a local authority fails this has a significant impact on local people and the Department has a responsibility to work with local government to ensure that problems are caught early and that it can pinpoint at-risk councils. Since the abolition of the Audit Commission and other changes culminating in the Local Audit and Accountability Act 2014 there is no central assessment of value for the money, which means the Department's work is fundamental.”

The report makes five conclusions, with associated recommendations:

- 1) The Department is not yet providing effective leadership of the local governance system.
- 2) The Department does not know why some local authorities are raising concerns that external audit is not meeting their needs.
- 3) The Department lacks reliable information on key governance risks, or relies on weak sources of information, meaning it has no way of pinpointing the at-risk councils.
- 4) The Department's monitoring is not focused on long-term risks to council finances and therefore to services.
- 5) There is a complete lack of transparency over both the Department's informal interventions in local authorities with financial or governance problems and the results of its formal interventions.

The Government response is available on the website below:

<https://www.parliament.uk/documents/commons-committees/public-accounts/Gov-response-to-Public-Accounts-on-the-93-98-reports.pdf>



| | |
|--|--|
| CITY OF WOLVERHAMPTON COUNCIL | Audit and Risk Committee 20 January 2020 |
|--|--|

| | | |
|--|---|---|
| Report title | Strategic Risk Register and Strategic Assurance Map | |
| Accountable director | Claire Nye, Director of Finance | |
| Originating service | Audit | |
| Accountable employee(s) | Peter Farrow Tel Email | Head of Audit 01902 550417 Peter.Farrow@wolverhampton.gov.uk |
| Report to be/has been considered by | Strategic Executive Board | 17 December 2019 |

Recommendations for noting:

The Committee is asked to note:

1. The latest summary of the Council's strategic risk register, as at Appendix 1.
2. The inclusion of risk 38 – Climate Change.
3. The decrease in the scores for the following risks;
 - Risk 8 – Business Continuity Management.
 - Risk 30 – Civic Halls.
4. The increase in the risk score for risk 29, Fire Safety – Public Buildings.
5. A change to the target date for a reduction in the score of risk 3 – Information Governance, whilst additional work is undertaken to compile the Council's information asset register.
6. Changes to the risk description for risk 24 – Maximising Benefits from the Combined Authority.
7. The main sources of assurance available to the Council against its strategic risks at Appendix 2.

1.0 Purpose

- 1.1 To keep members of the Audit and Risk Committee aware of the key risks the Council faces and how it can gain assurance that these risks are being mitigated.

2.0 Background

- 2.1 The Council is no different to any organisation and will always face risks in achieving its objectives. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 2.2 The strategic risk register was last presented to the Committee in September 2019. Since this time, we have worked with risk owners to review and update the risks.
- 2.3 The strategic risk register does not include all the risks that the Council faces. It represents the most significant risks that could potentially impact on the achievement of the corporate priorities. Other risks are captured within directorate, programme, project or partnership risk registers in line with the Council's corporate risk management framework.
- 2.4 A detailed summary of the strategic risk register is included at Appendix 1 of this report which sets out the status of the risks as at December 2019. These risks are reviewed on an on-going basis and can be influenced by both external and internal factors and as such, may fluctuate over time.

2.5 The key risks at the time of this report and their underlying direction of travel is as follows:

| | | |
|--|----|-----|
| Medium Term Financial Strategy | 16 | ↔ |
| Business Continuity Management (including Brexit implications) | 12 | ↓ |
| City Centre Regeneration | 12 | ↔ |
| Emergency Planning | 12 | ↔ |
| Skills for Work and Inclusive Growth | 10 | ↔ |
| Safeguarding | 10 | ↔ |
| Civic Halls | 12 | ↓ |
| Cyber Security | 12 | ↔ |
| Compliance with National Building Safety Programme | 10 | ↔ |
| Fire Safety – Public Buildings | 12 | ↑ |
| Parent Company Assurance TMOs | 12 | ↔ |
| Information Governance | 8 | ↔ |
| Maximising Benefits from the Combined Authority | 6 | ↔ |
| Payment Card Industry Data Security Standard | 4 | ↔ |
| Health and Safety | 8 | ↔ |
| Waste Management Services | 4 | ↔ |
| Governance of Major Capital Projects and Programmes | 8 | ↔ |
| Climate Change | 6 | New |

2.6 Appendix 2 provides a summary of the Council's strategic assurance map which follows the three lines of defence model (shown on the following page). The assurance map details where the Committee can gain assurance against the strategic risks. This too is a live document and is updated alongside the monitoring and reviewing of the strategic risk register.

The three lines of defence model:

| First line | Second line | Third line |
|---|---|---|
| The first level of the control environment is the business operations which perform day to day risk management activity | Oversight functions such as Finance, HR and Risk Management set directions, define policy and provide assurance | Internal and external audit are the third line of defence, offering independent challenge to the levels of assurance provided by business operations and oversight functions |

3.0 Progress, options, discussion

3.1 The strategic risk register will be updated as required and presented at approximately quarterly intervals to the Committee.

4.0 Financial implications

4.1 There are no financial implications associated with the recommendations in this report as Councillors are only requested to note the strategic risk register summary. Financial implications may arise from the implementation of strategies employed to mitigate individual corporate risks, but these will be evaluated and reported separately if required. [GE/13112019/T]

5.0 Legal implications

5.1 Although there may be some legal implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct legal implications arising from this report. [Legal Code: TS/13112019/Q]

6.0 Equalities implications

6.1 Although there may be equalities implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct equalities implications arising from this report.

7.0 Climate Change and Environmental implications

7.1 Although there may be some environmental implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct environmental implications arising from this report.

8.0 Human resources implications

8.1 Although there may be some human resource implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct human resource implications arising from this report.

9.0 Corporate landlord implications

9.1 There are no corporate landlord implications arising from the recommendations made in this report.

10.0 Schedule of background papers

10.1 None.

This page is intentionally left blank

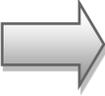
Appendix 1 – Strategic Risk Register

December 2020



- The following are the reported strategic risks that are currently assessed as high/medium (10 +) that the Council faces in delivering its corporate priorities.

| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | Comment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------|---|---------------------------|---------------------|--------------------------|---|---------|--|--|---|--|--|--|----|--|---|--|--|--|--|--|---|--|--|--|--|--|---|--|--|--|--|--|--|--|---|---|---|---|---|--|--|--------|--|--|--|--|-----------|---|-----------|--------------------------|--|
| 4 01/14 | <p>Medium Term Financial Strategy If the Council does not manage the risks associated with the successful delivery of its medium term financial strategy (MTFS) including the continual review of the assumptions and projections of the strategy, the effective management of the key MTFS programmes and projects such as the transformation of Adults and Children's services then revenues may be exhausted, resulting in the potential loss of democratic control and the inability of the Council to deliver essential services and discharge its statutory duties.</p> <p>Risk owner: Claire Nye Cabinet Member: Cllr Louise Miles</p> <table border="1"> <tr> <td rowspan="5">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td>16</td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5">Impact</td> </tr> </table> | Likelihood | 5 | | | | | | 4 | | | | 16 | | 3 | | | | | | 2 | | | | | | 1 | | | | | | | | 1 | 2 | 3 | 4 | 5 | | | Impact | | | | | 16 Red |  | 16 Red | 12* Amber On-Going | <p>The draft budget strategy linked to The Council's Five-Year Financial Strategy was reported to Cabinet on 16 October 2019. The report detailed the following matters:</p> <ul style="list-style-type: none"> Since 2010-2011 despite the successive cuts in Council resources, which have led to significant financial challenges, the Council has set a balanced budget. Over the last eight years the Council has identified budget reductions in excess of £220 million. The extent of the financial challenge over the medium term continues to represent the most significant challenge that the Council has ever faced, with reducing resources, growing demand for services and significant cost pressures. In order to respond to this financial challenge and the growing demand for services, the Council has developed a Five-Year Financial Strategy to address the projected deficit over the medium term. The Budget and Medium-Term Financial Strategy (MTFS) 2019-2020 to 2023-2024 was presented to Full Council for approval on 6 March 2019. The Council was able to set a balanced budget for 2019-2020 without the use of General Fund reserves. However, it was projected that the Council would be faced with finding further estimated budget reductions totalling £27.3 million in 2020-2021 rising to £40-£50 million over the medium term to 2023-2024. It should be noted that the updated projected budget deficit assumes the achievement of budget reduction and income generation proposals amounting to £9.6 million over the five-year period from 2019-2020 to 2023-2024. Having identified budget reductions in excess of £220 million over the previous eight financial years, the extent of the financial challenge over the medium term continues to represent the most significant the Council has ever faced. Work has continued during the second quarter of this financial year to identify opportunities in line with the Five-Year Financial |
| Likelihood | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | | | | | 16 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Impact | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | Comment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------|--|---------------------------|---------------------|--------------------------|---|--|----|--|---|--|--|--|--|--|---|--|--|--|--|--|---|--|--|--|--|----|---|--|--|--|--|--|--|--|---|---|---|---|---|--|--------|--|--|--|--|--|-------------|---|-------------|--|---|
| | | | | | | Strategy to support the budget strategy for 2020-2021 and future years, whilst also analysing the potential resources available to the Council following the Spending Round 2019 announcement on 4 September 2019. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 01/14 | <p>Safeguarding</p> <p>If the Council's safeguarding procedures and quality assurance processes are not consistently and effectively implemented then it will fail to safeguard children and vulnerable adults and lead to reputational damage.</p> <p>Risk owner: Emma Bennett Cabinet Member: Cllr John Reynolds and Cllr Linda Leach</p> <table border="1" data-bbox="219 810 674 1161"> <tr> <td rowspan="5">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td>10</td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="6">Impact</td> </tr> </table> | Likelihood | 5 | | | | | | 4 | | | | | | 3 | | | | | | 2 | | | | | 10 | 1 | | | | | | | | 1 | 2 | 3 | 4 | 5 | | Impact | | | | | | 10 Amber |  | 10 Amber | 8 Amber Once new arrangements are embedded | The score of this risk remains at 10 – amber to reflect changes in Council's new multi-agency safeguarding arrangements. The risk score is being continually monitored alongside the implementation of the new arrangements and it is envisaged that the score will be reduced once the new arrangements become embedded. |
| Likelihood | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | | | | | | 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Impact | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | Comment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------|--|---------------------------|---------------------|--------------------------|---|---------|--|--|---|--|--|--|--|--|---|--|--|----|--|--|---|--|--|--|--|--|---|--|--|--|--|--|--|---|---|---|---|---|--------|--|--|--|--|--|--|-----------|--|-------------|-------------------------|--|
| 8 01/14 | <p>Business Continuity Management (BCM), including Brexit implications</p> <p>Failure to develop, exercise and review plans and capabilities that seek to maintain the continuity of critical functions in the event of an emergency that disrupts the delivery of Council services.</p> <p>Risk owner: John Denley Cabinet Member: Cllr Jasbir Jaspal</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td>12</td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td colspan="7">Impact</td> </tr> </table> | Likelihood | 5 | | | | | | 4 | | | | | | 3 | | | 12 | | | 2 | | | | | | 1 | | | | | | | 1 | 2 | 3 | 4 | 5 | Impact | | | | | | | 16 Red | | 12 Amber | 8* Amber On-going | <p>The score of this risk has been decreased due to changes in the ongoing political situation. Continual monitoring of the political situation to identify and prepare for potential impacts across the Council and within Wolverhampton is ongoing, regular updates on work being undertaken by the team in preparation for Brexit are provided to the Strategic Executive Board (SEB). With regards to other areas of work the following is noted in relation to both business continuity and emergency planning:</p> <ul style="list-style-type: none"> • New arrangements for the Council's on-call rota have been approved and went live on 6 January 2020, when a new contact method will also be rolled out. Full training for Council employees appointed to the on-call rota was undertaken during December in preparation for go-live. • Work to analyse business continuity plans in order to identify gaps, resolve issues and improve engagement and understanding with regards to the requirements of business continuity plans across the Council is ongoing. Internal Audit have recently issued a limited assurance report with regards to business continuity planning, reflecting the status of plans submitted by business areas and the level of engagement with regards to business continuity planning across the Council. • A Black Country Wide Memorandum of Understanding (MOU) regarding a collaborative approach to Emergency Planning has now been agreed in draft format and is in the process of being approved by individual authorities. • The team are working with St John's Ambulance to implement first response arrangements for emergency situations, this will be the first arrangement of its kind in the Country. • The new off-site control room is now fully operational, the team are in the process of purchasing additional ICT equipment to further enhance functionality in the control room which will be fully tested via planned exercises in due course. |
| Likelihood | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | | | | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Impact | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | Comment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------|---|---------------------------|---------------------|--------------------------|---|---------|--|--|---|--|--|--|--|--|---|--|--|----|--|--|---|--|--|--|--|--|---|--|--|--|--|--|--|---|---|---|---|---|--|--------|--|--|--|--|-------------|---|-------------|--------------------------|--|
| 9 01/14 | <p>City Centre Regeneration</p> <p>If the city centre regeneration programme is not effectively managed in terms of project timings, costs and scope, then it will be unable to maximise opportunities including:</p> <ul style="list-style-type: none"> the attraction of private sector investment and the creation of space to accommodate new businesses and economic growth the enhancement and creation of visitor attractions the creation of well-paid employment retention of skilled workers the creation of residential opportunities a functioning city centre offer that serves the residents of the City a reduced demand on Council services <p>Risk owner: Richard Lawrence Cabinet member: Cllr Harman Banger</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td>12</td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5">Impact</td> </tr> </table> | Likelihood | 5 | | | | | | 4 | | | | | | 3 | | | 12 | | | 2 | | | | | | 1 | | | | | | | 1 | 2 | 3 | 4 | 5 | | Impact | | | | | 12 Amber |  | 12 Amber | 12* Amber On-going | <p>Risks are being managed across the City Centre programme to address the potential for delayed delivery and cost overrun. With regards to key projects the following is noted:</p> <ul style="list-style-type: none"> The I9 funding agreement with the Accountable Body is being finalised along with the suite of legal agreements between the Council and the developer ION. Cost inflations related to Severn Trent diversion works, specification changes, Value Engineering not being achieved, and inflation are being managed and ION are leading on contract negotiations with the construction firm – a letter of intent has been issued to ensure the firm can start onsite in December. Works to relocate the sewer easement onsite have now completed. A revised funding strategy for the delivery of the Westside Leisure scheme has now been agreed. As previously reported the new arrangement gives the Council part of the responsibility to occupy the scheme and will in turn provide an opportunity to generate rental income. Westside is a private sector-led commercial scheme being delivered in a very challenging economic environment. The Council is currently working closely with the developer, Urban&Civic, to finalise detailed and quite complex legal agreements for the delivery structure to bring forward the Westside scheme. It requires time to ensure that the Council is meeting its obligations to obtain best consideration, the Council have also been carrying out robust due diligence, supported by experts in their field. Proposals to enhance key areas of public realm throughout the city as identified within the Connected Places Strategy delivery plan are progressing with Westside Link, Cleveland Boulevard and Springfield Link. These works will seek funding from the Combined Authority and through the Future High Streets Fund off the back of outputs secured through the associated major developments. Advanced discussions are ongoing with a high-calibre developer with regards to bringing a comprehensive residential-led mixed use scheme to Canalside South. A joint study between the Council and Canal and River Trust (with funding support from the Homes England) has been |
| Likelihood | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | | | | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Impact | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | Comment |
|----------|----------------------------|---------------------------|---------------------|--------------------------|---|---|
| Page 72 | | | | | | <p>completed which will result in a phased masterplan proposal with clear routes to delivery.</p> <ul style="list-style-type: none"> • Funding for the design for the City Learning Quarter was approved by Cabinet on 31 July 2019. A demolition programme which forms part of the scheme has now commenced and a planning application for the development has been submitted. • The Council's funding bid to the Government's Future High Street Fund has been allocated £150,000 to help develop a full business case. Work is ongoing with consultants Rivington Hark on the development of a detailed business case. The Future High Street Fund has been set up to support and make high streets and town centres fit for the future. • Work on the Wolverhampton Interchange project is ongoing with the first section of the new station building expected to become operational to customers early this year to coincide with the demolition of the remainder of the current building. The new station is due to be fully open during the summer of 2020. |

| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | Comment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------|--|---------------------------|---------------------|--------------------------|---|---------|--|--|---|--|--|--|--|--|---|--|--|--|----|--|---|--|--|--|--|--|---|--|--|--|--|--|--|---|---|---|---|---|--|--------|--|--|--|--|-------------|---|-------------|-------------------------|---|
| 15 01/14 | <p>Emergency Planning</p> <p>Failure to develop, exercise and review plans and capabilities for preventing, reducing, controlling or mitigating the effects of emergencies in both the response and recovery phases of a major incident. Failure to train sufficient numbers of staff to undertake the roles in our plans that assist our residents in emergencies and protect the council's reputation from damage. Failure to audit the emergency response plans and capabilities of third party organisations that deliver statutory services on behalf of the council.</p> <p>Risk owner: John Denley Cabinet member: Cllr Jasbir Jaspal</p> <table border="1" data-bbox="219 845 672 1197"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000; text-align: center;">12</td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table> | Likelihood | 5 | | | | | | 4 | | | | | | 3 | | | | 12 | | 2 | | | | | | 1 | | | | | | | 1 | 2 | 3 | 4 | 5 | | Impact | | | | | 12 Amber |  | 12 Amber | 8* Amber On-going | For full details see risk 8 – Business Continuity Management above. |
| Likelihood | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | | | | | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Impact | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

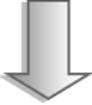
| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | Comment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------|--|---------------------------|---------------------|--------------------------|---|---------|----|--|---|--|--|--|--|--|---|--|--|--|--|--|---|--|--|--|--|----|---|--|--|--|--|--|--|--|--|--|--|--|--|--|---|---|---|---|---|--|--|--------|--|--|--|--|-------------|---|-------------|--------------------------|--|
| 22 01/17 | <p>Skills for Work and Inclusive Growth</p> <p>If the city residents do not have the appropriate skills that employers require and the Council does not work effectively with its partners to promote and enable growth, high rates of unemployment and low rates of inclusive growth will result in increased demand for council services.</p> <p>Risk owner: Richard Lawrence Cabinet Member: Cllr Dr Michael Hardacre</p> <table border="1" data-bbox="219 699 674 1050"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ff0000;"></td> <td style="background-color: #ff0000;"></td> <td style="background-color: #ff0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ff0000;"></td> <td style="background-color: #ff0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90ee90;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ff0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90ee90;"></td> <td style="background-color: #90ee90;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00; text-align: center;">10</td> </tr> <tr> <td>1</td> <td style="background-color: #90ee90;"></td> <td style="background-color: #90ee90;"></td> <td style="background-color: #90ee90;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> </tr> <tr> <td></td> <td style="background-color: #90ee90;"></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> </tr> <tr> <td></td> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table> | Likelihood | 5 | | | | | | 4 | | | | | | 3 | | | | | | 2 | | | | | 10 | 1 | | | | | | | | | | | | | | 1 | 2 | 3 | 4 | 5 | | | Impact | | | | | 10 Amber |  | 10 Amber | 10* Amber On-going | <p>Since last reported the following is noted;</p> <ul style="list-style-type: none"> • WorkBox launched in June 2017 as the virtual front door to skills and employment support in the city. To date there have been over 408,000 unique visits and over 110 organisations promoting their offer. Over 3300 residents have signed up to receive information. A user portal is currently in development to make the site more interactive and enable tracking of outcomes. Workbox continues to be developed with information about employers, health and work and Learning Communities. • Wolves at Work, a joint partnership between the Department for Work and Pensions (DWP) and the Council aimed at supporting 3000 residents into sustained employment over three years. There are 30 work coaches across the two organisations. It has so far exceeded its' targets and has to date supported 4,860 local people to gain employment – around 45 per cent of which are aged 18 to 29. The Council is committed to continuing Wolves at Work and is actively exploring funding opportunities for the project. • IMPACT, a Black Country wide European Social Fund, Youth Employment Initiative project that has had funding extended until 2021. The project aims to support young people 16 to 29 who are not in employment, education and training (NEET). Over 3100 young people have been engaged to date with over 1,520 achieving positive outcomes into training or employment. • Connexions supports young people who are 14-19, or have Special Educational Needs and are under 25 to access education, employment or training. • Not in Education, Employment of Training (NEET)s and Not Knowns are currently 4.2% which is better than regional and national comparators. • 94.2% of (academic age) 16 and 17 year olds in the City are in learning. Wolverhampton is the best performing authority in the Black Country. |
| Likelihood | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | | | | | | 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Impact | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | Comment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------|--|---------------------------|---------------------|--------------------------|---|---------|--|--|---|--|--|--|--|--|---|--|--|--|----|--|---|--|--|--|--|--|---|--|--|--|--|--|--|---|---|---|---|---|--|--------|--|--|--|--|-------------|---|-------------|---|---|
| 23 01/17 | <p>Cyber Security</p> <p>Failure to maintain a high level of cyber security (technology, processes and awareness) throughout the Council may result in cyber-attacks and theft or loss of confidential data leading to financial penalties, reputational damage and a loss in public confidence.</p> <p>Risk owner: Charlotte Johns Cabinet Member: Cllr Ian Brookfield</p> <table border="1" data-bbox="219 710 672 1061"> <tr><td rowspan="5">Likelihood</td><td>5</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>4</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td></td><td>12</td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>1</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td></td><td colspan="5">Impact</td></tr> </table> | Likelihood | 5 | | | | | | 4 | | | | | | 3 | | | | 12 | | 2 | | | | | | 1 | | | | | | | 1 | 2 | 3 | 4 | 5 | | Impact | | | | | 12 Amber |  | 12 Amber | 10 Amber <small>Dependent on cyber world-wide cyber incidents</small> | <p>Maintaining robust, secure and up-to-date technology defences continues to be the Council's first line of defence against cyber-attacks. Regular maintenance of the cyber security technical defences is required to address identified vulnerabilities. System back-ups continue to be undertaken in accordance with agreed time-tables and practise restores to the Council's non-production area are ongoing to ensure that back-ups have been undertaken correctly and can be restored. Since last reported it is noted;</p> <ul style="list-style-type: none"> • Software has been introduced to assist with the protection of information sent outside the Council. This solution allows the Council to encrypt data and control the key so that where appropriate, data can be made unreadable to non-authorized users. • Microsoft Cloud App Security has also been introduced, this additional security provides real-time visibility and safeguards user credentials by recognising a user's behaviour and sending alerts when users attempt to log-in from unidentified locations. Cloud app security can also block downloads before they happen and set rules that force data stored and downloaded from the cloud to be protected with encryption to avoid data breaches. <p>Information Cyber-Security policies continue to identify the good practices that need to be adopted by the Council. These, along with other Human Resource and Information Governance policies, are regularly reviewed and updated to ensure they are keeping pace and addressing potential threat opportunities. Employee awareness of potential threats and good working practices, through mandatory, associated training and regular City People updates when new initiatives are introduced continue to enhance the understanding of cyber security.</p> |
| Likelihood | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | | | | | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Impact | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | Comment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------|--|---------------------------|---------------------|--------------------------|---|---------|----|--|---|--|--|--|--|--|---|--|--|--|--|--|---|--|--|--|--|----|---|--|--|--|--|--|--|---|---|---|---|---|--|--------|--|--|--|--|-------------|---|-------------|------------|---|
| 27 02/19 | <p>City assurance of response and compliance with the requirements of National Building Safety Programme, Grenfell Inquiry Report Recommendations and MHCLG Building Regulation Guidance Advice Notice(s)</p> <p>There is a risk of injury to members of the public, reputational damage, exposure to regulatory action and financial penalties to Council if appropriate processes and controls to ensure compliance with the requirements of the National Building Safety Programme, Grenfell Inquiry Report Recommendations and MHCLG Building Regulation Guidance Advice Notice(s).</p> <p>Risk Owner: Kate Martin Cabinet Member: Cllr Peter Bilson</p> <table border="1" data-bbox="219 948 672 1299"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700; text-align: center;">10</td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table> | Likelihood | 5 | | | | | | 4 | | | | | | 3 | | | | | | 2 | | | | | 10 | 1 | | | | | | | 1 | 2 | 3 | 4 | 5 | | Impact | | | | | 10 Amber |  | 10 Amber | 5 Amber | <p>As previously reported, the National Building Safety Programme was established by the Ministry of Housing, Communities and Local Government (MHCLG) to review national building safety, regulations and policies covering high-rise residential buildings over 18 meters (including hotels and non-residential buildings of mixed uses) following the Grenfell tragedy on 14 June 2017.</p> <p>The purpose of the National Building Safety Programme is to make sure that users of high-rise buildings are safe, and feel safe, now and in the future. The scope of the review includes building management practice, property health and safety, fire safety management and building regulations/legislation and policy for all high-rise buildings (over 18m) in public and private ownership, as well as buildings housing vulnerable residents, new residential developments and non-residential buildings, in particular those with mixed uses. The Council are continuing to work in collaboration with partners such as Wolverhampton Homes, Tenant Management Organisations (TMOs) and West Midlands Fire Service (WMFS) to keep up to date with requirements from the programme and ensure compliance with these requirements. Details of work undertaken are reviewed and approved through partnership meetings with WMFS, the TMO Managing Agents Group, Wolverhampton Homes Asset Management Group and the Safer Highrise Homes Group. With regards to current priorities in this area;</p> <ul style="list-style-type: none"> • A project team has been established to manage actions regarding a privately owned, residential high rise that poses particular challenges for the Council. All work is reported to the Council's Corporate Fire Safety Scrutiny Panel. Regular updates are provided to the Project Assurance Group (PAG), Cabinet and the Leader of the Council via quarterly briefings. • The Moore-Brick Grenfell Inquiry report, issued on 30 October 2019 is currently being reviewed and considered, details of the Council's response and any effect on this risk will be reported to the next Committee meeting. |
| Likelihood | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | | | | | | 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Impact | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

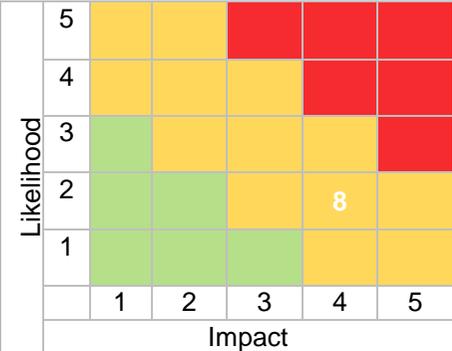
| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | Comment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------|---|---------------------------|---------------------|--------------------------|---|---------|--|--|---|--|--|--|--|--|---|--|--|--|--|--|---|--|--|----|--|--|---|--|--|--|--|--|--|--|---|---|---|---|---|--|--|--------|--|--|--|--|-------------|---|-------------|---------------------------|---|
| 29 12/17 | <p>Fire Safety – Public Buildings If the Council does not have in place appropriate systems to ensure compliance with the Regulatory Reform (Fire Safety) Order 2005 within public buildings (including schools) there is a risk of injury to members of the public and exposure to regulatory action, financial penalties and reputation damage to the Council.</p> <p>Risk owner: Mark Taylor Cabinet Member: Cllr Peter Bilson</p> <table border="1"> <tr> <td rowspan="5" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td>12</td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table> | Likelihood | 5 | | | | | | 4 | | | | | | 3 | | | | | | 2 | | | 12 | | | 1 | | | | | | | | 1 | 2 | 3 | 4 | 5 | | | Impact | | | | | 10 Amber | ↑ | 12 Amber | 10 Amber April 2020 | <p>The level of this risk has been increased to reflect the fact that the implementation of actions identified within fire risk assessments is not yet complete. However, these actions are being planned and prioritised for implementation. There has also been a limited assurance audit report issued by internal audit, entitled Fire Safety in Public Buildings.</p> <p>With regards to key areas of work the following is noted:</p> <ul style="list-style-type: none"> • Whilst there are financial pressures with regards to undertaking fire safety works, the Council have confirmed that funds will be identified to complete priority works. • 100% of public buildings currently have a fire risk assessment (FRA). Existing FRA's have been reviewed and new FRA's commissioned where required, 99% of corporate buildings and 99% of community schools have a suitable and updated FRA. Work is ongoing to complete the outstanding FRA's. • FRA's identify actions required to improve fire safety, which are the responsibility of either Corporate Landlord or the Site Duty-holder to complete. However, Corporate Landlord retain oversight of all actions in order to ensure implementation. • Corporate Landlord undertakes actions to both buildings and systems, for example maintaining and upgrading fire protection systems such as alarms and sprinklers. These are managed by the Facilities Management supported by a new contractor framework. • An in-house Buildings Safety Compliance Manager has been recruited and two further compliance roles advertised to provide fire safety expertise. • Over the previous 12 months Workforce Development training has been delivered to all Site Responsible Persons and approximately 400 fire marshals. • Corporate Landlord undertake six monthly site audits to ensure Responsible Persons are fulfilling their duties. However, a lack Corporate Landlord resources means this programme of work is not currently on target. • Corporate Landlord has implemented liaison arrangements for I10, I11 and other buildings in multiple occupation. |
| Likelihood | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | | | | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Impact | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | Comment |
|----------|----------------------------|---------------------------|---------------------|--------------------------|---|---|
| | | | | | | <ul style="list-style-type: none"> Whilst Corporate Landlord manages fire risk actions and regular ongoing checks for corporate buildings, community schools have delegated responsibilities. Schools are requested to provide a fire log return half-termly and updated copies of their FRA action plans to demonstrate that regular fire safety checks are being undertaken, along with training and review of emergency arrangements. To date 70% of returns have been submitted, schools are currently being contacted regarding the submission of outstanding returns. Regular updates with regards to Health and Safety and including fire are incorporated within Headteachers bulletin which is issued on a monthly basis. Biennial visits to schools are undertaken to assess fire safety arrangements. |

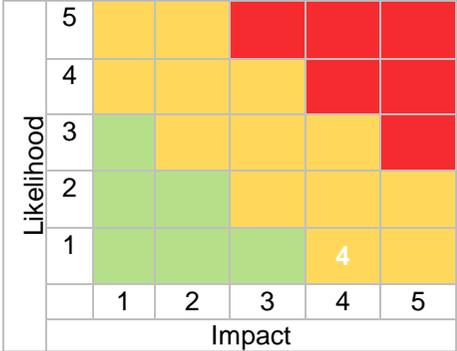
| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | Comment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------|--|---------------------------|---------------------|--------------------------|---|---------|--|--|---|--|--|--|--|--|---|--|--|--|----|--|---|--|--|--|--|--|---|--|--|--|--|--|--|---|---|---|---|---|--|--------|--|--|--|--|------------------|---|--------------------|--------------------------------|---|
| 30 01/18 | <p>Civic Halls</p> <p>There is a significant reputational and financial risk to the Council and to the City's wider visitor economy if the revised Civic Halls refurbishment programme is not effectively managed in terms of project timings, costs and scope.</p> <p>Risk owner: Richard Lawrence Cabinet Member: Cllr Harman Banger</p> <table border="1" data-bbox="219 694 672 1045"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ff0000;"></td> <td style="background-color: #ff0000;"></td> <td style="background-color: #ff0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ff0000;"></td> <td style="background-color: #ff0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90ee90;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00; text-align: center;">12</td> <td style="background-color: #ff0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90ee90;"></td> <td style="background-color: #90ee90;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90ee90;"></td> <td style="background-color: #90ee90;"></td> <td style="background-color: #90ee90;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table> | Likelihood | 5 | | | | | | 4 | | | | | | 3 | | | | 12 | | 2 | | | | | | 1 | | | | | | | 1 | 2 | 3 | 4 | 5 | | Impact | | | | | 16 Red |  | 12 Amber | 12* Amber Ongoing | <p>A new contractor (Willmott Dixon) have now been selected and the team are in the process of working through the early stages of engagement with them. Mobilisation works have begun and design work is ongoing within the engagement with the Willmott Dixon team.</p> <p>A new Operating Model has been proposed and the procurement process for a new operator has commenced.</p> <p>The management of the Shaylor administration process is continuing with some activities being complete at the point at which Willmott Dixon take control of the site.</p> |
| Likelihood | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | | | | | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Impact | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | Comment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------|---|---------------------------|---------------------|--------------------------|---|---------|--|--|---|--|--|--|--|--|---|--|--|----|--|--|---|--|--|--|--|--|---|--|--|--|--|--|--|--|---|---|---|---|---|--|--|--------|--|--|--|--|-------------|---|-------------|-------------------------|--|
| 36 05/19 | <p>Parent company assurance of Tenant Management Organisations (TMOs)</p> <p>There is a risk to the safety of residents if assurance cannot be provided that adequate management and safety controls are in place within TMOs.</p> <p>Risk Owner: Kate Martin Cabinet Member: Cllr Peter Bilson</p> <table border="1" data-bbox="219 646 672 997"> <tr> <td rowspan="5">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td>12</td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5">Impact</td> </tr> </table> | Likelihood | 5 | | | | | | 4 | | | | | | 3 | | | 12 | | | 2 | | | | | | 1 | | | | | | | | 1 | 2 | 3 | 4 | 5 | | | Impact | | | | | 12 Amber |  | 12 Amber | 4 Amber June 2020 | <p>Wolverhampton currently has four TMO's responsible for the management of approximately 2,500 properties within the City. A review completed by internal audit during 2018-2019 provided limited assurance that TMO's were operating in accordance with their management agreement(s) and identified non-implementation of recommendations made in previous audit reports.</p> <p>A programme to support TMOs during 2019-2020 has been established and was approved by SEB on 7 May 2019. The programme covers 17 areas of support which includes; Governance, financial management, health and safety, housing development support, provision of safeguarding training, access to legal services, information governance support, risk management, business continuity, audit and procurement support and the introduction of improved Key Performance Indicator's (KPI's). Resources within the Housing Strategy Team have been increased to provide support and focus on TMOs</p> <p>The Director for City Assets and Housing attended the Audit and Risk Committee meeting on 22 July 2019 and presented a report detailing the considerable progress made in responding to the TMO Audits carried out during 2018. She also briefed the Committee on the enhanced resources deployed to deliver the current work, framed in a workplan for 2019-20, which is providing additional support for the TMO's whilst providing the Council with a greater level of assurance. A further report on progress March 2020.</p> |
| Likelihood | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | | | | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Impact | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

- The following are the medium and low (assessed at less than 10) strategic risks that the Council faces in delivering its corporate priorities.

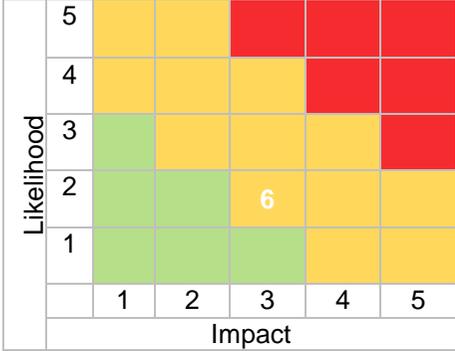
| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) |
|------------|--|---------------------------|---|--------------------------|---|
| 3 01/14 | <p>Information Governance (IG)</p> <p>If the Council does not put in place appropriate policies, procedures and technologies to ensure:</p> <ul style="list-style-type: none"> that the handling and protection of its data is undertaken in a secure manner and consistent with both the provisions of the Data Protection Act 1998 and the General Data Protection Regulation (GDPR) which came into force during May 2018; compliance with the Freedom of Information Act and Environmental Information Regulations; then it may be subject to regulatory action, financial penalties, reputational damage and the loss of confidential information. <p>Risk owner: Mark Taylor Cabinet Member: Cllr Ian Brookfield</p>  | 8 Amber |  | 8 Amber | 4 Amber Completion of information asset register work |

| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------|--|------------------------------|---------------------|-----------------------------|--|---|--|--|---|--|--|--|--|--|---|--|--|--|--|--|---|--|--|---|--|--|---|--|--|--|--|--|--|---|---|---|---|---|--|--------|--|--|--|--|------------|---|------------|------------------------|
| 24 01/17 | <p>Maximising Benefits from West Midlands Combined Authority</p> <p>There is a risk that the Council will not be able to maximise the opportunities and benefits available from being part of West Midlands Combined Authority (WMCA) due to the dynamic environment we are operating in, including financial implications and opportunities for future devolution with a new government.</p> <p>Risk owner: Tim Johnson Cabinet Member: Cllr Ian Brookfield</p> <table border="1" data-bbox="250 539 705 890"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700; text-align: center;">6</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table> | Likelihood | 5 | | | | | | 4 | | | | | | 3 | | | | | | 2 | | | 6 | | | 1 | | | | | | | 1 | 2 | 3 | 4 | 5 | | Impact | | | | | 6 Amber |  | 6 Amber | 3* Green Ongoing |
| Likelihood | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | | | | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Impact | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------|--|------------------------------|---------------------|-----------------------------|--|--------|-----|-----|--|---|--------|--------|--------|-----|-----|--|---|-------|--------|--------|--------|-----|--|---|-------|-------|--------|--------|--------|--|---|-------|-------|-------|---|--------|--|--|---|---|---|---|---|--|--|--------|--|--|--|--|------------|---|------------|------------------------|
| 25 03/17 | <p>Payment Card Industry Data Security Standard</p> <p>If the Council does not put in place appropriate systems, procedures and technologies to ensure agent-led telephone payments are compliant with the Payment Card Industry Data Security Standard, there is a risk of data breaches which may result in regulatory action, financial penalties and reputational damage.</p> <p>Risk owner: Claire Nye Cabinet Member: Cllr Louise Miles</p>  <table border="1" data-bbox="250 539 707 890"> <tr><td></td><td>5</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td><td>Red</td></tr> <tr><td></td><td>4</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td></td><td>3</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td></tr> <tr><td></td><td>2</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>Yellow</td></tr> <tr><td></td><td>1</td><td>Green</td><td>Green</td><td>Green</td><td>4</td><td>Yellow</td></tr> <tr><td></td><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td></td><td></td><td colspan="5">Impact</td></tr> </table> | | 5 | Yellow | Yellow | Red | Red | Red | | 4 | Yellow | Yellow | Yellow | Red | Red | | 3 | Green | Yellow | Yellow | Yellow | Red | | 2 | Green | Green | Yellow | Yellow | Yellow | | 1 | Green | Green | Green | 4 | Yellow | | | 1 | 2 | 3 | 4 | 5 | | | Impact | | | | | 4 Amber |  | 4 Amber | 4* Amber Ongoing |
| | 5 | Yellow | Yellow | Red | Red | Red | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | Yellow | Yellow | Yellow | Red | Red | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | Green | Yellow | Yellow | Yellow | Red | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | Green | Green | Yellow | Yellow | Yellow | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | Green | Green | Green | 4 | Yellow | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Impact | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------|---|------------------------------|---------------------|-----------------------------|--|---|--|--|--|---|--|--|--|--|--|------------|---|--|--|--|--|--|--|---|--|--|---|--|--|--|---|--|--|--|--|--|--|--|---|---|---|---|---|--|--|--------|--|--|--|--|------------|---|------------|---|
| 28 10/17 | <p>Health and Safety</p> <p>Through failure to use safe working methods the Council may be exposed to regulatory action, financial penalties and reputational damage.</p> <p>Risk owner: Mark Taylor Cabinet Member: Cllr Ian Brookfield</p> <table border="1" data-bbox="250 475 705 831"> <tr> <td></td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Likelihood</td> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>2</td> <td></td> <td></td> <td>8</td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5">Impact</td> </tr> </table> | | 5 | | | | | | | 4 | | | | | | Likelihood | 3 | | | | | | | 2 | | | 8 | | | | 1 | | | | | | | | 1 | 2 | 3 | 4 | 5 | | | Impact | | | | | 8 Amber |  | 8 Amber | 4 Amber To fall in conjunction with other Health and Safety associated risks. |
| | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Likelihood | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | | | 8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Impact | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------|--|------------------------------|---------------------|-----------------------------|--|--|--|--|---|--|--|--|--|--|---|--|--|--|--|--|---|--|--|---|--|--|---|--|--|--|--|------------|--|--|--|--|--|--|---|---|---|---|---|--|--------|--|--|--|--|------------|---|------------|------------------------|
| 37 05/19 | <p>Governance of Major Capital Projects and Programmes</p> <p>The Council will fail to maximise opportunities and incur significant reputational and financial risks if it does not continue to manage, monitor and review major capital projects effectively, particularly in terms of project timescales, achievement of milestones and costs.</p> <p>Risk owner: Laura Phillips Cabinet Member: Cllr Louise Miles</p> <table border="1" data-bbox="250 512 705 863"> <tr><td></td><td>5</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>4</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>3</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>2</td><td></td><td></td><td>8</td><td></td></tr> <tr><td></td><td>1</td><td></td><td></td><td></td><td></td></tr> <tr><td>Likelihood</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td></td><td colspan="5">Impact</td></tr> </table> | | 5 | | | | | | 4 | | | | | | 3 | | | | | | 2 | | | 8 | | | 1 | | | | | Likelihood | | | | | | | 1 | 2 | 3 | 4 | 5 | | Impact | | | | | 8 Amber |  | 8 Amber | 4* Amber Ongoing |
| | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2 | | | 8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Likelihood | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Impact | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Risk ref | Risk title and description | Previous score (Aug 2019) | Direction of travel | Current score (Dec 2019) | Target score and date (where appropriate) |
|-------------|--|------------------------------|---------------------|-----------------------------|--|
| 38 01/20 | <p>Climate Change Failure to achieve the Council's commitments in relation to Climate Change, including the pledge to make Council activities net-zero carbon by 2028 may result in significant reputational damage and a loss in public confidence.</p> <p>Risk Owner: Ross Cook Cabinet Member: Steve Evans</p>  | N/A | N/A | 6 | 4* Amber Ongoing |

* The target assessment for these risks remains constant as they are risks which are likely to remain at their current level over the medium term and as such these risks may not have target dates.

This page is intentionally left blank

Strategic Risk Assurance Map – December 2019

| Risk Ref | Risk Title and Description | Current Score | Types of Assurance | | | Comments / Gaps in Assurance/Risk Exposure |
|----------|--|---------------|--|--|---|--|
| | | | External/ Independent (Third Line of Defence) | Risk and Compliance (Second Line of Defence) | Operational and Management (First Line of Defence) | |
| 3 | <p>Information Governance (IG) If the Council does not put in place appropriate policies, procedures and technologies to ensure:</p> <ul style="list-style-type: none"> that the handling and protection of its data is undertaken in a secure manner and consistent with both the provisions of the Data Protection Act 1998 and the General Data Protection Regulation (GDPR) which came into force during May 2018; compliance with the Freedom of Information Act and Environmental Information Regulations; <p>then it may be subject to regulatory action, financial penalties, reputational damage and the loss of confidential information.</p> | 8 Amber | <p>Internal audit review 2016-2017 – Freedom of Information Requests (Substantial Assurance)</p> <p>Internal audit review 2016-2017 – Information Governance (Satisfactory assurance)</p> <p>Internal audit Health-Check 2018-2019 – GDPR (Satisfactory assurance)</p> | <p>Information risk register and reports to Information Governance Board</p> <p>Performance reports to Cabinet, Scrutiny Board and Strategic Executive Board (SEB)</p> <p>Reporting to the Information Governance Board</p> <p>Performance indicators reported to Cabinet- Number of data breaches</p> <p>Performance indicator - % of Freedom of Information (FOI) requests met within timescales</p> <p>Performance indicator- % of Subject Access Requests (SAR) met within timescales</p> <p>Records Management Programme updates in Verto</p> | <p>Senior Information Risk Officer Annual Report</p> <p>Controls Assurance Statements</p> | <p>The Council's on-going dialogue with the Information Commissioners Office, regular audits, performance against FOI and SAR requests and information incidence logs will all continue to inform the level of assurance over the effectiveness and adequacy of the controls in place to manage this risk.</p> |
| 89 | <p>Medium Term Financial Strategy If the Council does not manage the risks associated with the successful delivery of its medium term financial strategy including the continual review of the assumptions and projections of the strategy, the effective management of the key MTFS programmes and projects such as the transformation of Adults and Children's services then revenues may be exhausted, resulting in the potential loss of democratic control and the inability of the Council to deliver essential services and discharge its statutory duties.</p> | 16 Red | <p>Assumptions of the MTFS</p> <p>Local Government Association (LGA) Finance Peer review- June 2016</p> <p>Audit and Risk Committee review of risk – December 2016</p> <p>Internal audit review Budgetary Control – 2016-2017 (Satisfactory assurance)</p> <p>Performance indicator- number of Looked After Children (LAC) per 10,000 population</p> <p>Financial Decision Making Audit Services Review</p> <p>Birmingham City Council – Wolverhampton Adult Social Care Peer Challenge, March 2016</p> <p>Follow up – Wolverhampton Adult Social Care Peer Challenge, April 2017</p> <p>Grant Thornton – Review Significant Risks (2016-2017 Audit Findings Report) – Risk sufficiently managed</p> <p>LGA Finance Peer review follow up – September 2017</p> <p>Internal audit review Main Accounting – 2017-2018 (Satisfactory assurance)</p> <p>Internal audit review Main Accounting – 2018-2019 (Satisfactory assurance)</p> | <p>MTFS risk register</p> <p>Reports to Budget Working Party</p> <p>Reports to Cabinet</p> <p>Scrutiny reviews of budget strategy</p> <p>Outcome of Local Government Finance Peer Review Report –Report to 3C Scrutiny Board 14 September 2016</p> <p>Scrutiny review, 3C Scrutiny Board - Update on the implementation on the Local Government Finance Peer Review Report 15 March 2017</p> <p>Resources panel reviews</p> <p>Care panel reviews of placement costs</p> | <p>Management accounts</p> <p>Budget monitoring reports to various management teams.</p> <p>Controls Assurance Statements</p> | <p>Ongoing internal and external reviews will continue to provide assurances over the successful delivery of the MTFS and the achievement of efficiency savings.</p> |

| Risk Ref | Risk Title and Description | Current Score | Types of Assurance | | | Comments / Gaps in Assurance/Risk Exposure |
|----------|---|---------------|--|---|--|--|
| | | | External/ Independent (Third Line of Defence) | Risk and Compliance (Second Line of Defence) | Operational and Management (First Line of Defence) | |
| 7 | <p>Safeguarding</p> <p>If the Council's safeguarding procedures and quality assurance processes are not consistently and effectively implemented then it will fail to safeguard children and vulnerable adults and lead to reputational damage.</p> | 10 Amber | <p>S.11 (Safeguarding self-Assessment) Audit 2016-2017</p> <p>Internal audit review 2016-2017 – MASH (satisfactory assurance)</p> <p>Children's Services Ofsted Inspection January / February 2017 (Good Rating)</p> <p>Grant Thornton – Review Significant Risks (2016-2017 Audit Findings Report) - Risk sufficiently managed</p> <p>Ofsted Inspection Sept / Oct 2018</p> | <p>'Our Story' report to Cabinet Member for Children and Families</p> <p>National and local Wolverhampton performance indicators in relation to social care</p> <p>Self- audits confirmation by schools of s175 compliance</p> <p>Annual Reports from: IRO Service, Local Authority Designated Officer, Foster Home Reviewing Officer</p> | <p>Quality Assurance Framework and assessments</p> <p>Controls Assurance Statement</p> | <p>Regular updates to Adults and Childrens management teams with regards to ongoing work provide assurance on the management of this risk.</p> |
| 8 | <p>Business Continuity Management, Including Brexit Implications</p> <p>Failure to develop, exercise and review plans and capabilities that seek to maintain the continuity of critical functions in the event of an emergency that disrupts the delivery of Council services.</p> | 12 Amber | <p>Audit and Risk Committee review of risk – July 2016</p> <p>Internal audit review 2018-2019 – Business continuity and resilience management (satisfactory assurance)</p> <p>Scrutiny from LRF and neighbouring Local Authorities</p> <p>Internal audit review 2019-2020 – Business Continuity Planning (limited assurance)</p> | <p>Reports from Wolverhampton Resilience Board to SEB</p> <p>Strategic Business Continuity Plan, approved by SEB</p> <p>Approval of emergency plans / business continuity plans from SEB</p> | <p>Controls Assurance Statement</p> <p>Implementation of the Apprise Co-ordination system</p> <p>Implementation of Strategic control group</p> | <p>The exercise and testing programme once developed and implemented will provide further assurances on the management of this risk.</p> <p>Given the continual reductions in the Council's workforce, ongoing testing will be required to provide assurance over the resilience of the provision of Council services.</p> |
| Page 90 | <p>City Centre Regeneration</p> <p>If the city centre regeneration programme is not effectively managed in terms of project timings, costs and scope, then it will be unable to maximise opportunities including:</p> <ul style="list-style-type: none"> • creation of well-paid employment • retention of skilled workers • sector and economic growth • increased prosperity and • reduced demand on council services | 12 Amber | <p>External advice – Equib</p> | <p>Programme and project risk registers / risk monitoring through Verto</p> <p>Monthly reporting to the City Centre Regeneration Programme Board</p> <p>Stronger City Economy Scrutiny Panel Review 2016-2017 – Regeneration programmes</p> <p>Reviews by the Project Assurance Group (PAG)</p> <p>Reports and approvals from Cabinet / Full Council</p> <p>Reporting to Member Reference Group</p> | <p>Reports to Programme Board from project managers</p> <p>Controls Assurance Statement</p> | <p>Regular update reports to Programme Board(s) and Cabinet continue to provide assurance on the management of this risk.</p> |
| 15 | <p>Emergency Planning</p> <p>Failure to develop, exercise and review plans and capabilities for preventing, reducing, controlling or mitigating the effects of emergencies in both the response and recovery phases of a major incident. Failure to train sufficient numbers of staff to undertake the roles in our plans that assist our residents in emergencies and protect the Council's reputation from damage. Failure to audit the emergency response plans and capabilities of third-party organisations that deliver statutory services on behalf of the Council.</p> | 12 Amber | <p>Audit and Risk Committee review of risk – July 2017</p> <p>Internal audit review 2018-2019 – Business continuity and resilience management (satisfactory assurance)</p> | <p>Reports to Wolverhampton Resilience Board (WRB)</p> <p>Regular reports from WRB to SEB and C3 Scrutiny Panel</p> | <p>Controls Assurance Statement</p> | <p>The exercise and testing programme once developed and implemented will provide further assurances on the management of this risk. In the meantime, unplanned incidences and the lessons learned from these exercises continue to provide some level of assurance.</p> |

| Risk Ref | Risk Title and Description | Current Score | External/ Independent (Third Line of Defence) | Types of Assurance Risk and Compliance (Second Line of Defence) | Operational and Management (First Line of Defence) | Comments / Gaps in Assurance/Risk Exposure |
|----------|--|---------------|--|---|---|---|
| 22 | <p>Skills for Work and Inclusive Growth</p> <p>If the city residents do not have the appropriate skills that employers require and the Council does not work effectively with its partners to promote and enable growth, high rates of unemployment and low inclusive growth will result in increased demand for Council Services.</p> | 10 Amber | <p>Reports to the Black Country Local Enterprise Partnership and City Board</p> <p>National performance indicators e.g. % residents unemployed, child deprivation, skills profile, etc.</p> <p>Skills and Employment Board</p> <p>Audit and Risk Committee review of risk – September 2016</p> <p>Black Country performance management framework</p> <p>Grant Thornton – Review Significant Risks (2016-2017 Audit Findings Report) - Risk sufficiently managed</p> <p>Internal Audit Review – IMPACT 2018-2019 Satisfactory</p> | <p>Stronger City Economy Scrutiny Panel Review – Investment and Funding July 2016</p> <p>Report to SEB – City Board –</p> <p>Monthly unemployment briefings</p> <p>Performance indicator - % of residents with no qualification</p> <p>Performance indicator - number of work experience/ volunteering/ apprenticeships opportunities provided</p> <p>Monthly unemployment briefings</p> <p>Scrutiny Skills and Employment Update – Report to Stronger City Economy Scrutiny Panel – 20 September 2016</p> <p>Skills and Employment Update(s) regularly presented to Stronger City Scrutiny Panel</p> | <p>Reports to the Wolverhampton Skills and Employment Board growth board</p> <p>Inclusion board</p> <p>Controls Assurance Statement</p> | <p>National indicators will demonstrate the effectiveness of the measures in place to manage this long-term risk.</p> <p>In addition, assurances received at a regional level (e.g. through the West Midlands Combined Authority) will also inform the adequacy and effectiveness of the regional initiatives being employed to manage this risk.</p> |
| 23 | <p>Cyber Security</p> <p>Failure to maintain a high level of cyber security (technology, processes and awareness) throughout the Council may result in cyber-attacks and theft or loss of confidential data leading to financial penalties, reputational damage and a loss in public confidence.</p> | 12 Amber | <p>Annual Public Service Network (PSN) certification</p> <p>Independent testing of cyber security technical defences</p> <p>Use of 3rd party software to stimulate email phishing attacks</p> <p>Audit and Risk Committee review of risk – July 2017</p> <p>Audit and risk Committee review of risk – May/June 2019</p> <p>Internal audit review - ICTS Strategic Planning</p> <p>Cyber Security Essentials <u>Plus</u> certification</p> | <p>Information risk register and reports to Information Governance Board</p> <p>Reports to SEB and Cabinet (Performance Monitoring)</p> | <p>Regular maintenance and review of technical defence's i.e. fire walls and virus software.</p> <p>Senior Information Risk Officer Annual Report</p> <p>Appointment of Chief Cyber Security Officer</p> <p>Controls Assurance Statements</p> | <p>Independent testing of the Council's cyber security defences will continue to provide assurance.</p> |
| 24 | <p>Maximising Benefits form West Midlands Combined Authority</p> <p>There is a risk that the Council will not be able to maximise the opportunities and benefits available from being part of West Midlands Combined Authority (WMCA) due to the dynamic environment we are operating in, including financial implications and opportunities for future devolution with a new government.</p> | 6 Amber | <p>SEP monitoring via WMCA SEP Board and Black Country LEP.</p> <p>WMCA Assurance framework</p> <p>Reports to WMCA Board and various Committees</p> <p>City of Wolverhampton Council providing the internal audit service for WMCA</p> <p>Grant Thornton – Review Significant Risks (2016-2017 Audit Findings Report) - Risk sufficiently managed</p> | <p>Regular reports to SEB</p> <p>Representation on WMCA Boards and Committee's including Audit Risk and Assurance Committee and Overview and Scrutiny Committee.</p> <p>Update on the West Midlands Combined Authority – Report to Scrutiny Board 17 January 2017</p> | <p>Controls Assurance Statement</p> | <p>Council representation on key WMCA Boards and Committees will continue to provide assurance.</p> |

| Risk Ref | Risk Title and Description | Current Score | Types of Assurance | | | Comments / Gaps in Assurance/Risk Exposure |
|----------|--|---------------|--|--|---|--|
| | | | External/ Independent (Third Line of Defence) | Risk and Compliance (Second Line of Defence) | Operational and Management (First Line of Defence) | |
| 25 | <p>Payment Card Industry Data Security Standard</p> <p>If the Council does not put in place appropriate systems, procedures and technologies to ensure agent-led telephone payments are compliant with the Payment Card Industry Data Security Standard there is a risk of data breaches and which may result in regulatory action, financial penalties and reputational damage.</p> | 4 Amber | <p>Advice provided by the Payment Card Industry</p> <p>Internal Audit Review – PCI Compliance 2018-2019 Satisfactory</p> | <p>Progress reporting to the Hub Management / Customer Services Management Teams</p> <p>Compliance with contract procedure rule / liaison with Corporate Procurement</p> <p>Reports to Project Assurance Group (PAG)</p> <p>Reports to Commercial Business Improvement Programme Board (CBIP)</p> | Controls Assurance Statement | The implementation of a 3 rd party solution to take and process payment details on behalf of the Council will ensure compliance with the Payment Card Industry standard and transfer the risk of fraud to the 3 rd party. |
| 27 | <p>City assurance of response and compliance with the requirements of National Building Safety Programme, Grenfell Inquiry Report Recommendations and MHCLG Building Regulation Guidance Advice Notice(s)</p> <p>There is a risk of injury to members of the public, reputational damage, exposure to regulatory action and financial penalties to Council if appropriate processes and controls to ensure compliance with the requirements of the National Building Safety Programme, Grenfell Inquiry Report Recommendations and MHCLG Building Regulation Guidance Advice Notice(s).</p> | 10 Amber | <p>Independent testing by a Government approved laboratory – confirming that tower-bocks have passed fire safety tests.</p> <p>Independent assurance / review from West Midlands Fire Service</p> <p>Audit and Risk Committee review of risk – July 2017</p> | <p>Regular reporting of fire safety issues to weekly fire safety meetings</p> <p>Reports from fire safety meetings to Senior Officers / SEB</p> <p>Reports to Scrutiny Scoping Group – Fire Safety in tower-blocks</p> <p>Regular meetings with TMO Managing Agents Group, Wolverhampton Homes Asset Management Group and the Safer Highrise Homes Group.</p> <p>Reports to Corporate Fire Safety Board and Cabinet.</p> | <p>Daily fire safety checks</p> <p>Implementation of Fire Risk Assessments (Type 4 FRS's)</p> <p>Continuing compliance with Fire Regulatory (Fire Safety) Reform Order 2005</p> <p>On-going consultation with residents</p> | Joint work with Wolverhampton Homes, the Fire Service and specialist contractors is on-going to review fire safety and provide assurance to residents. |
| 28 | <p>Health and Safety</p> <p>Through failure to use safe working methods the Council may be exposed to regulatory action, financial penalties and reputational damage.</p> | 8 Amber | <p>Key Performance Indicators:</p> <ul style="list-style-type: none"> Completed Health and Safety audits Compliance with RIDDOR reporting | <p>Bi-weekly Health and Safety Meetings Strategic Director Place</p> <p>Senior management briefings and presentations, including reports to Wolverhampton Homes Board</p> | Regular Health and Safety audits in accordance with audit schedule. | The number of reported incidents will continue to provide assurance in this area. In addition, approval of the Health and Safety plan 2017-19 and monitoring of targets set out within the plan will provide assurance that controls are in place. |
| 29 | <p>Fire Safety – Public Buildings</p> <p>If the Council does not have in place appropriate systems to ensure compliance with the Regulatory Reform (Fire Safety) Order 2005 within public buildings (including schools) there is a risk of injury to members of the public and exposure to regulatory action, financial penalties and reputation damage to the Council.</p> | 12 Amber | <p>External inspections by the Fire-Service</p> <p>Internal Audit Report – Fire Safety in Public Buildings (Limited Assurance)</p> | <p>Scrutiny review -Fire Safety</p> <p>Monitoring of FRA's by Corporate Landlord</p> | <p>Completion of Fire Risk Assessments</p> <p>Development of online fire logs.</p> <p>Regular Health and Safety audits in accordance with schedule</p> <p>Appointment of Site Duty-Holders.</p> | Work is on-going to ensure that sufficient systems and processes are in place to comply with regulations and public safety. |
| 30 | <p>Civic Halls</p> <p>There is a significant reputational and financial risk to the Council and to the City's wider visitor economy if the revised Civic Halls refurbishment programme is not effectively managed in terms of project timings, costs and scope.</p> | 12 Amber | <p>Audit Services Lessons Learnt Review – 2017-2018</p> <p>External advice – Equib</p> | <p>Ongoing risk assessment / risk register within Verto.</p> <p>Risk workshops</p> <p>PAG reviews and monitoring</p> <p>Reports to Member Reference Group</p> | Establishment of new governance and project management structure. | Regular update reports to Programme Board(s), Cabinet and on-going risk assessments will provide assurance on the management of this risk. |

| Risk Ref | Risk Title and Description | Current Score | External/ Independent (Third Line of Defence) | Types of Assurance Risk and Compliance (Second Line of Defence) | Operational and Management (First Line of Defence) | Comments / Gaps in Assurance/Risk Exposure |
|----------|---|---------------|---|---|--|--|
| 32 | Waste Management Services If the Council does not manage the changes to Waste Service Delivery effectively there is a risk that savings targets will not be delivered, and reputational damage may be incurred due to issues with waste collections. | 4 Amber | Internal Audit Review – Waste Services and Future Contract Arrangements (Substantial assurance) Audit and Risk Committee review of risk – September 2018 | Programme and project risk registers / risk monitoring through Verto PAG reviews and monitoring Performance and progress reports to Cabinet, and Strategic Executive Board (SEB) Reports to Member Reference Group Scrutiny review – Changes to Waste Management Services | Establishment of project management structure Project Manager Appointment Lead officer – Waste | Regular update reports to Programme Board(s), Cabinet and on-going risk assessments will provide assurance on the management of this risk. |
| 36 | Parent company assurance of Tenant Management Organisations (TMOs) There is a risk to the safety of residents if assurance cannot be provided that adequate management and safety controls are in place within TMOs. | 12 Amber | Independent internal audit reviews TMOs 2017-2018- Limited Assurance | Support programme for TMOs Implementation of improved KPI's | Controls Assurance Statements Implementation of revised TMO Management agreements | Ongoing support to TMOs as agreed in the support programme and monitoring of improved KPI's will provide assurance on the management of this risk. |
| 37 | Governance of Major Capital Projects and Programmes The Council will fail to maximise opportunities and incur significant reputational and financial risks if it does not continue to manage, monitor and review major capital projects effectively, particularly in terms of project timescales, achievement of milestones and costs | 8 Amber | Audit services Lessons Learnt Reports – 2017-2018 Audit and Risk Committee monitoring of lessons learnt action plans Independent project gateway reviews Equip – Independent / external project and risk assurance | Programme and project risk registers / risk monitoring through Verto PAG reviews and monitoring Performance and progress reports to Cabinet, and Strategic Executive Board (SEB) Reports to Member Reference Group | Project Management Methodology Controls Assurance Statements | The Audit and Risk Committee will monitor the implementation of all recommendations within the Lessons Learnt Action Plan to ensure that improvements are put in place and adhered to. |
| 38 | Climate Change Failure to achieve the Council's commitments in relation to Climate Change, including the pledge to make Council activities net-zero carbon by 2028 may result in significant reputational damage and a loss in public confidence. | 8 Amber | Due to timing constraints, the Assurance Map will be updated prior to the next Committee meeting scheduled for 9 March once the levels of assurance have been properly assessed. | | | |

This page is intentionally left blank

| | |
|--|--|
| <p>CITY OF WOLVERHAMPTON COUNCIL</p> | <p style="text-align: right;">Agenda Item No: 8</p> <h1 style="text-align: center;">Audit and Risk Committee</h1> <p style="text-align: center;">20 January 2020</p> |
|--|--|

| | |
|--|--|
| Report title | Internal Audit Update |
| Accountable director | Claire Nye, Director of Finance |
| Accountable employee(s) | Peter Farrow Head of Audit Tel 01902 554460 Email peter.farrow@wolverhampton.gov.uk |
| Report to be/has been considered by | Not applicable |

Recommendations for noting:

The Committee is asked to note:

1. The contents of the latest internal audit update.

1.0 Purpose

- 1.1 The purpose of this report is to update the Committee on the progress made against the 2019 - 2020 internal audit plan and to provide information on recent work that has been completed.

2.0 Background

- 2.1 The internal audit update report contains details of the matters arising from audit work undertaken so far this year. The information included in the report will feed into, and inform, the overall opinion in our annual internal audit report issued at the year end. It also updates the Committee on various other activities associated with the internal audit service.

3.0 Progress, options, discussion, etc.

- 3.1 Quarterly internal audit update reports will continue to be presented to the Committee throughout the year.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report. [GE/01082020/S]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report. [Legal Code: TS/09012020/Q]

6.0 Equalities implications

- 6.1 There are no equalities implications arising from the recommendations in this report.

7.0 Climate Change and Environmental implications

- 7.1 There are no climate change and environmental implications arising from the recommendations in this report.

8.0 Human resources implications

- 8.1 There are no human resources implications arising from the recommendations in this report.

9.0 Corporate landlord implications

- 9.1 There are no corporate landlord implications arising from the recommendations in this report.

10.0 Health and Wellbeing implications

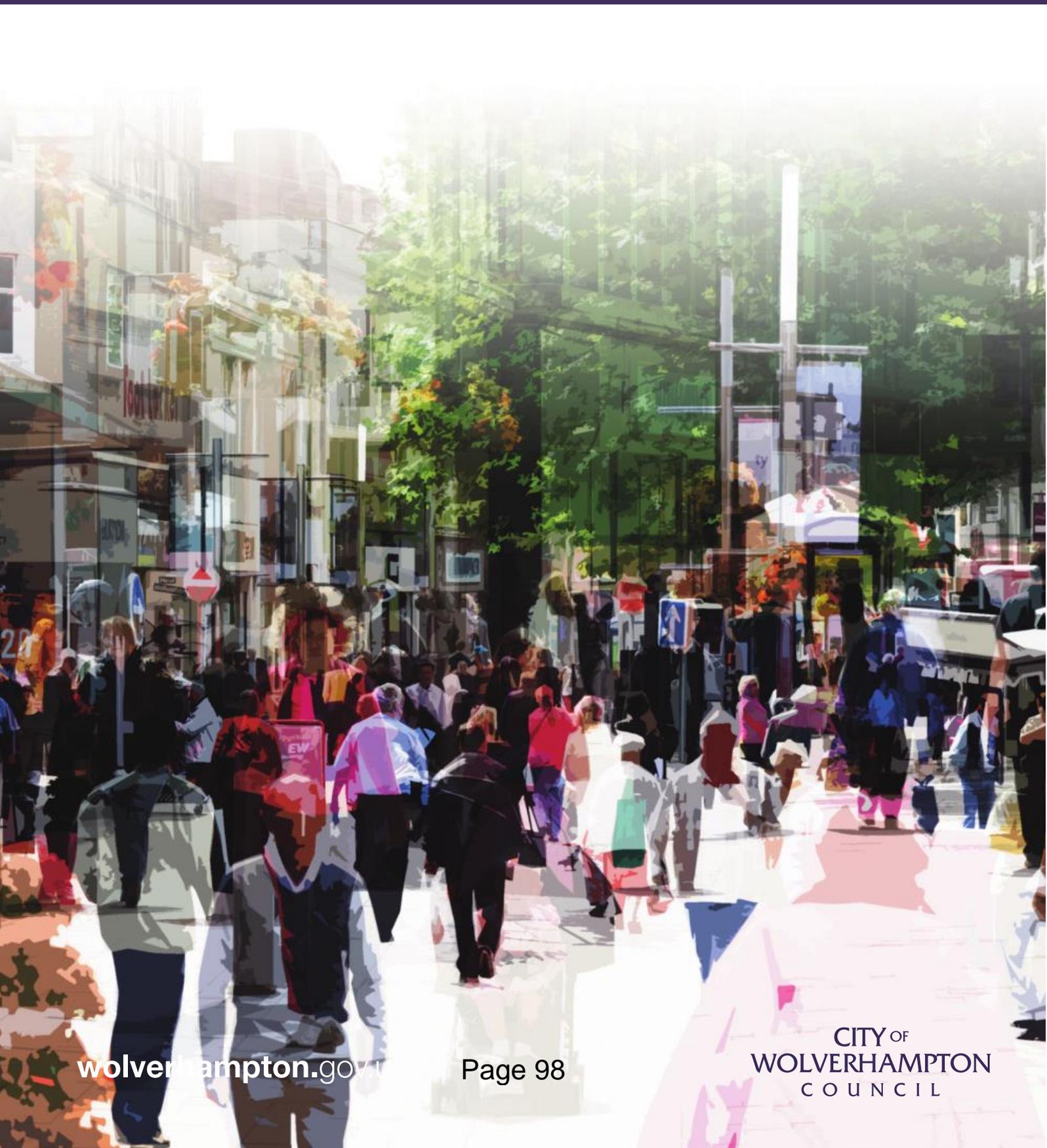
10.1 There are no health and wellbeing implications arising from the recommendation in this report.

11.0 Schedule of background papers

11.1 None.

Internal Audit Update Report 2019-2020

[NOT PROTECTIVELY MARKED]



1 Introduction

The purpose of this report is to bring the Audit and Risk Committee up to date with the progress made against the delivery of the 2019 - 2020 internal audit plan.

The Audit and Risk Committee has a responsibility to review the effectiveness of the system of internal controls and also to monitor arrangements in place relating to corporate governance and risk management arrangements. Internal audit is an assurance function which provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control and governance. This work update provides the committee with information on recent audit work that has been carried out to assist them in discharging their responsibility by giving the necessary assurances on the system of internal control.

The information included in this progress report will feed into, and inform, our overall opinion in our internal audit annual report issued at the year end. Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

| Limited | Satisfactory | Substantial |
|--|--|---|
| There is a risk of objectives not being met due to serious control failings. | A framework of controls is in place, but controls need to be strengthened further. | There is a robust framework of controls which are applied continuously. |

Year on year comparison

13 pieces of audit work have been completed so far in the current year, where an audit opinion has been provided. A summary of the audit opinions given, with a comparison over previous years, is set out below:

| Opinion | 2019/20 (@ Q2) | 2018/19 | 2017/18 |
|--------------|-------------------|---------|---------|
| Substantial | 2 | 18 | 17 |
| Satisfactory | 8 | 23 | 21 |
| Limited | 3 | 6 | 9 |

2 Summary of audit reviews completed

The following audit reviews were completed by the end of the second quarter of the current year.

| Auditable area | AAN Rating | Recommendations | | | | | Level of assurance |
|--|------------|-----------------|-------|-------|-------|-----------------|---------------------|
| | | Red | Amber | Green | Total | Number accepted | |
| Previously reported: | | | | | | | |
| Fixed Assets | High | - | 1 | - | 1 | 1 | Satisfactory |
| Wolves @ Work | Medium | - | 1 | 1 | 2 | 2 | Substantial |
| Senior Officer Remuneration | High | - | - | - | - | - | N/A |
| Long Knowle Primary School | Medium | - | 7 | 10 | 17 | 17 | Satisfactory |
| St. Patrick's Primary School | Medium | - | 6 | 5 | 11 | 11 | Satisfactory |
| Reported this quarter for the first time: | | | | | | | |
| Warstones Primary School | Medium | - | 8 | 6 | 14 | 14 | Satisfactory |
| Fire Safety in Council Buildings | Medium | 2 | 5 | 2 | 9 | 9 | Limited |
| Use of cash within Children's Services | Medium | - | 2 | 6 | 8 | 8 | Satisfactory |
| Mental Health – Section 117 Aftercare | Medium | - | 7 | 3 | 10 | 10 | Satisfactory |
| Fleet Services – Vehicle Spares & Stock Management | Medium | 1 | 1 | 4 | 6 | 6 | Limited |
| Carbon Reduction Credits Submission Verification | Medium | - | 1 | - | 1 | 1 | Satisfactory |
| Human Resources – I.T Systems | Medium | - | - | - | - | - | N/A |
| Business Continuity Arrangements | N/A | - | 9 | - | 9 | 9 | Limited |
| WMPF – Contribution Statements | High | - | - | 1 | 1 | 1 | Substantial |
| ICT – Management of I.T. Assets | Medium | - | 5 | 2 | 7 | 7 | Satisfactory |
| Quarter 1 – Troubled Families Grant Certification | Medium | - | - | - | - | - | Grant Certification |

| Auditable area | AAN Rating | Recommendations | | | | | Level of assurance |
|---|------------|-----------------|-------|-------|-------|-----------------|---------------------|
| | | Red | Amber | Green | Total | Number accepted | |
| Quarter 2 – Troubled Families Grant Certification | Medium | - | - | - | - | - | Grant Certification |
| 2018-2019 Transport Grant Certification | Medium | - | - | - | - | - | Grant Certification |

Key:
AAN Assessment of assurance need.

3 On-going assurance where reports are not issued

It is a requirement of the Internal Audit Charter that Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations. Objectivity is presumed to be impaired when individual auditors review any activity in which they have previously had operational responsibility. If individual auditors are extensively consulted during system, policy or procedure development, and independence could be seen as being compromised, or if they have had previous operational roles, they will be precluded from reviewing and making comments during routine or future audits, for the remainder of that financial year and for the following financial year after their involvement. Therefore, should any reviews be conducted on the below, then they will be led by another member of the audit team.

Page 102

| Project/Programme | Was this in the original plan? | Audit Service's Role |
|---|--------------------------------|---|
| Equal Pay | Yes | A member of the audit team is embedded in the project to provide advice on project governance and management of risks associated with the management of equal pay claims. Audit assurance is also provided around the calculation of settlement offers and the payment of claims. |
| Information Governance | Yes | A member of the team sits on the Council's Information Governance Board in the capacity of providing advice and support. |
| Commercial Business Improvement Programme (formerly Digital Transformation Programme) | Yes | A member of the team takes part in the programme in a project assurance capacity. During the lifecycle of the programme on-going advice is provided on the governance of the programme and the management of associated risks. |
| Pay Strategy | Yes | A member of the team sits on the Council's Pay Strategy Board. The purpose of the board is to ensure that all requests in respect pay and grading is approved in accordance with the Council's Collective Agreement for NJC employees. |
| Project Assurance Group | Yes | A member of the team is involved in this group. The purpose of the group is to ensure that all of the Council's projects and programmes, recorded through the Verto system, are reviewed and scrutinised. |
| WV Active Improvement Programme | Yes | A member of the team is represented on the programme board. During the lifecycle of the programme on-going advice is provided on the governance of the programme and the management of associated risks. |

| Project/Programme | Was this in the original plan? | Audit Service's Role |
|---|--------------------------------|--|
| Delivering Independent Travel Programme | Yes | A member of the team sits on the Programme Board as Independent Programme Lead. During the lifecycle of the programme on-going advice is provided on the governance, risk management and, programme and project management arrangements. |
| Schools Fire Safety Working Group | Yes | A member of the team sits on the Board in the capacity of providing advice and support. The programme's main objective is to rectify the specification of fire doors in newly built PFI schools. |
| Business Support Programme | Yes | A member of the team sits on the Board in the capacity of providing advice and support. The programme's main objective is the centralisation of administration within the Council. |
| City Learning Quarter Programme | Yes | Audit Services have been invited to provide an assurance role for the programme. This is a major capital investment project which has a reputational risk to the Council. |
| Agresso Board | Yes | A member of the team sits on this Board to oversee the on-going development of the Council's enterprise resource planning (ERP) solution. |
| Children's Transformation Board | Yes | A member of the team attends the Board and provides support and assurance on project management arrangements and specific audit issues. |
| Transform Adult Social Care Programme | New | A member of the team has been attending the Board from September 2019 to provide support and assurance on project management arrangements and specific audit issues. |
| Transport Asset Group | New | A member of the team is involved in this group. The purpose of the group is to ensure that business cases submitted by business areas for vehicles and equipment replacement are reviewed and assessed prior to approval, as well as addressing future Council Fleet requirements and climate targets for a cleaner environment and reduction in carbon emissions, and future use of electric / hybrid vehicles. |
| HR Improvement Programme | New | The purpose of this programme is to review current Human Resource systems, processes and procedures to drive out efficient service improvements. A member of the team sits on the Board to provide support and assurance around changes proposed in order to ensure risks are managed and controls are not compromised. |

| Project/Programme | Was this in the original plan? | Audit Service's Role |
|-------------------------------|--------------------------------|--|
| Civic Halls Operational Board | New | A member of the team is a representative on this group. The purpose of the board is to oversee the operational delivery of the Civic Halls full refurbishment. |

4 *Counter Fraud Activities*

The Audit Service's team investigate all allegations of suspected fraudulent activity, during the year. Details of these have will be presented to the Audit and Risk Committee in a separate report, along with details of initiatives put in place in order to both raise awareness of, and tackle fraud across the Council.

5 *Audit reviews underway*

There were a number of other reviews underway at the time this report was produced, and these will be reported upon in later update reports.

6 *Any key issues arising from our work completed*

Fire Safety in Council Buildings

An audit of fire safety arrangements within the Council's corporate buildings was undertaken as part of the current years approved internal audit plan. Our review focussed upon buildings including the Art Gallery and Museum, Civic Centre, Central Library, Central Baths, Bushbury Cemetery and Crematorium and Aldersley Leisure Village. Our review did not include the school estate, instead for this year we focussed upon how each school confirms its compliance with the process.

There is an amber risk in the Council's Strategic Risk Register noting that if the Council does not have in place appropriate systems to ensure compliance with the Regulatory Reform (Fire Safety) Order 2005 within public buildings (including schools) there is a risk of injury to members of the public and exposure to regulatory action, financial penalties and reputational damage to the Council.

A Fire Safety Compliance Group was set up in July 2018. The purpose of the Group is to ensure that fire safety is implemented and maintained in Council buildings to protect employees, building users and visitors, contractors and any other people. The Fire Safety Compliance Group report to the Council's Strategic Health and Safety Wellbeing Board.

At the time of our review an Interim Compliance Officer was responsible for overseeing fire safety compliance for the Council's estate. The Interim Compliance Officer's role also incorporated the duties of an Asbestos Safety Officer role alongside providing strategic direction on a number of other compliance activities including legionella management and delivery of site safety management training for site responsible persons.

In July 2018, Site Responsible Persons were assigned for all corporate buildings with Headteachers performing a similar role for schools. Although management arrangements for fire safety had been put in place, our review found that these were not yet fully operational and embedded. We did note that the Site Responsible Persons had been in post for less than a year and that training was still in progress. We also acknowledged that the Interim Compliance Officer, Site Responsible Persons and Area Facilities Officers had other roles to perform beyond their responsibility for fire safety.

In June 2019 the new Directorate of City Assets and Housing was established, bringing together all property management functions for the Council Estate and established a new Compliance Team from September 2019. The Council has also established a new Our Assets Programme as part of the Council Plan priorities.

At the time of our review we identified the following areas where improvements could be made, arising from the following:

- Our testing at a sample of the buildings identified that weekly, monthly and annual fire checks were not always being carried out and recorded in accordance with corporate guidance. In addition, a number of Site Responsible Officers had yet to receive training.
- Monitoring reports were not available to show the current status of outstanding Fire Risk Assessment actions.
- There was little evidence that compliance checks were being carried out by the Site Responsible Officers.
- There was a limited amount of guidance and documentation available to the Site Responsible Officers in order to enable them to carry out their duties effectively.
- The master record detailing when Fire Risk Assessments were due was not fully completed and required review.
- Area Facilities Officers carry out inspections on the buildings but there was a lack of management information detailing the scheduling of these visits.
- There was no formal escalation process for the issues identified by the Area Facilities Officers as part of their building compliance checks.
- The Council's asset management system had a module for recording fire risk actions which was not being utilised. This meant that it was not possible to produce reports from the system focussing on fire risk management arrangements. Instead reliance was being placed upon the use of spreadsheets which were completed on an ad-hoc basis and were often out of date.
- Approximately a third of the Authority's schools were not returning their termly fire safety checklists to return to the Interim Compliance Officer in order to provide information on the fire safety arrangements checks carried out in their schools.

Following the completion of our report, a series of audit recommendations were made in order to address the issues identified. The Service area is now working on implementing these recommendations and since the report was issued they have:

- Completed training to all Site Responsible Persons (SRP's). A key requirement of this role is to undertake quarterly audits and provide written confirmation in the fire log book that all required checks are being undertaken. To facilitate this, a standard format fire log book, with detailed guidance, has been rolled out across all sites.
- Updated monitoring reports for actions required to be undertaken by Corporate Landlord's FM Maintenance team. A priority for the new Compliance team will be to develop monitoring reports for other actions, principally those of the SRP.
- Updated master records detailing when Fire Risk Assessments are due
- Provided additional Area Facilities Officer (AFO) support, by the recruitment of a temporary employee. A programme of scheduled visits is in place, however further recruitment is being undertaken to ensure that all buildings can be visited within required timescales. A detailed process has been developed to ensure that issues identified during visits are escalated appropriately.
- Reviewed the Council's asset management system (SAM), which will be used to record dates of fire risk assessments and due dates of subsequent assessments. Usage of SAM to record progress on fire risk actions is also being explored. A priority for the new Compliance team will be to ensure that actions are promptly updated, whatever platform is being used.

- Issued further communication to schools. The Head of School Organisation is currently developing a policy document for schools which captures compliance and associated reporting requirements.

Business Continuity Arrangements

At the request of the Director for Public Health, a high-level review of the Council's business continuity arrangements was undertaken. Management of business continuity forms part of the wider resilience framework and is co-ordinated by the Council's Resilience Team. The team are engaging with management and are actively promoting business continuity. This has included assisting in the completion of plans and providing constructive feedback on plan submissions. Further, the team are delivering specific training scenarios in relation to Brexit to help test out plans and challenge information submitted. In January 2019, the Resilience team developed a set of new templates and associated guidance to record business continuity arrangements.

However, in order to build upon this, following our review of the current arrangements we noted the following areas where further improvements could be made:

- We noted that the existing overall business continuity policy had not been reviewed or formally approved for a number of years.
- High level business continuity arrangements were reported to the Resilience Board. However, there was no associated project group to formulate, discuss and roll out detailed issues relating to business continuity.
- Resilience Board meetings were not recorded on the corporate meeting system portal.
- The spreadsheet used to monitor the completion of business continuity plans did not include all areas of the Council or organisations which are linked to the Council (e.g. West Midlands Pension Fund / Wolverhampton Homes).
- It was acknowledged that, at the time of the review, the Resilience team had obtained 87% of business impact assessments from service managers. However, only 25% of continuity plans had been completed. It was therefore difficult to evaluate and monitor plans / set corporate priorities.
- A corporate wide business continuity priority register had yet to be developed.
- The business impact analysis template asked managers to specify improvements or projects to solve any identified gaps within their business continuity plans. However, there was no facility to track or monitor any improvements.
- Further, the business continuity plans were required to be submitted to the Resilience Team. However, managers had not been provided with guidance on the necessity to keep the document 'live' i.e. Relevant and up to date, including interaction with the Resilience Team regarding review timescales.
- From our sample testing of Service Specific Business Continuity Plans we noted that the completion of the plans by individual service managers required further consideration to ensure that plans contained sufficient detail. In the event of a plan requiring activation, it would be doubtful whether the instructions provided would enable business to recover and continue.

We did acknowledge that the management of business continuity is not the sole function of the Resilience team and will rely upon the support and buy-in from service areas across the Council. Also, following the completion of our audit, a series of audit recommendations were made in order to address the issues identified. These were presented to the Resilience Board, who were in agreement with them, and a series of agreed recommendations are now being actioned.

Fleet Services – Vehicle Spares and Stock Management

Fleet Management help support the City's priorities through the provision of a quality, safe and value for money fleet service and ensure that all vehicles and equipment provided to the Council and external partners (Wolverhampton Homes) are effectively and efficiently operated and maintained. At the time of our review, approximately 450 vehicles in addition to plant and equipment were maintained by fleet services with an annual vehicle spare parts budget of £412,000 for 2019 -2020. The Council's vehicle depot based at Culwell Street incorporates a vehicle spares stores containing stock valued at £57,000 as at 31 March 2019.

Whilst stock and stores management arrangements were generally operating effectively, we identified two issues around the procurement of Fleet Management's stock, arising from the following:

- Non-compliant spend had occurred due to the expiry of the contract for the supply of vehicle spares, and the purchase of items not covered by a contract or an exemption leading to a breach of the Council's Contract Procedure Rules.
- Current procurement and contract arrangements did not fully support the unique procurement needs and activity of the service.

Following the completion of our audit, a series of audit recommendations were made in order to address the issues identified. The Service area, in conjunction with Corporate Procurement, agreed to implement these recommendations by the end of March 2020.

7 Follow-up of previous recommendations

We continue to monitor the implementation of previous key recommendations, and any major issues of concern relating to their non-implementation, will be reported back to the Audit and Risk Committee.

8 Changes to the Audit Plan during the year

At the start of the year the Internal Audit Plan was agreed with directors and approved by the Audit and Risk Committee. Following a recent restructure within Audit Services which resulted in a number of members of the team leaving the Council, the plan has been revisited as a short-term measure so that the immediate focus remains on ensuring that the more immediate and higher risk areas are subject to audit prior to the year end, while a recruitment process for new auditor posts is underway. In consultation with the relevant directors and following a managed approach a small number of audits from the initial plan will be deferred and revisited in the following year. This includes:

| Audit Title | Directorate | Update |
|--|-------------|--|
| Customer Services Benefits Realisation | Corporate | As there have been delays in implementing the changes to the CRM system, this audit will be deferred to 2020-2021. |
| ICT – Change Management | Strategy | While we are still undertaking audits within ICT on Asset Management and Disaster Recovery, this audit will be deferred to 2020-2021. |
| Capital Expenditure | Finance | We are already providing an assurance role on a number of ongoing capital projects which will replace this proposed review. |
| Mayoral Hospitality and Charity | Governance | This audit was requested by the previous Director of Governance and a separate piece of work is already underway in this area which will replace the intended review. |
| Performance Framework Reporting | Strategy | We understand that a new performance framework process is being introduced in 2020. Therefore, this review will be deferred until then. |
| Section 17/No Recourse to Public Funds | Children's | This project is currently in the process of being completed and this review will be deferred until 2020-2021. |
| Transitional Arrangements | Adults | The service has already undertaken their own checks within this area and from the current year, reliance will be placed on this. |
| Post 16 Provision in Schools | Education | The future timing of this audit will be discussed as part of the 2020-21 Audit Planning process. |
| School Census Procedures | Education | Similarly, the future timing of this audit will be discussed as part of the 2020-21 Audit Planning process. |
| Corporate Landlord Delivery Model | Housing | This audit was requested by the previous Interim Director of Place with regards to the proposed restructuring of Corporate Landlord. Whilst support was offered in respect of this review we understand it was no longer required at that point in time. |

We are confident that these changes will not impact upon our ability to provide an end of year overall opinion on the adequacy and effectiveness of the Council's risk, governance and internal control processes.

This page is intentionally left blank

1.0 Purpose

- 1.1 The Council is required under Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulation 2006 to produce an Annual Governance Statement to be included in the annual statement of accounts, which is signed by the Leader of the Council and the Managing Director.

The statement draws upon the management and internal control framework of the Council, especially the work of internal and external audit and the Council's risk management arrangements. In compiling the statement assurance is obtained from a range of sources in order that the signatories to the statement can assure themselves that it reflects the governance arrangements for which they are responsible. Following this exercise, a list of key improvement areas were identified.

2.0 Background

- 2.1 Appendix 1 of this report has an action plan listing the key areas for improvement that were identified at the time of the compilation of the Annual Governance statement and updates the Committee on the actions that have been taken so far, towards their implementation.

3.0 Progress, options, discussion, etc.

- 3.1 A further update on progress made against the actions identified in the 2018-2019 Annual Governance Statement will be reported to the Committee at the year-end as part of the 2019-2020 Annual Governance Statement.

4.0 Financial implications

- 4.1 The Annual Governance Statement and delivery of the action plan forms part of the processes in place to ensure the proper and effective use of resources.
[GE/080102020/Q]

5.0 Legal implications

- 5.1 There are no legal implications arising from this report. [Legal Code: TS/08012020/D]

6.0 Equalities implications

- 6.1 There are no equalities implications arising from the recommendations in this report.

7.0 Climate Change and Environmental implications

- 7.1 There are no climate change and environmental implications arising from the recommendations in this report.

8.0 Human resources implications

8.1 There are no human resources implications arising from the recommendations in this report.

9.0 Corporate landlord implications

9.1 There are no corporate landlord implications arising from the recommendations in this report.

10.0 Health and Wellbeing Implications

10.1 There are no health and wellbeing implications arising from the recommendation in this report.

11.0 Schedule of background papers

11.1 2018-2019 Annual Governance Statement.

| 2018-2019 - Key areas and actions for implementation | Responsibility and expected implementation date | Update @ 30 November 2019 |
|--|---|--|
| <p><i>Savings Targets</i></p> <p>Council approved a balanced budget for 2019-2020 without the use of general reserves. It is estimated that further savings of £27.3 million are required in 2020-2021 rising to £40 –50 million over the medium-term to 2023-2024.</p> <p>Council approved that work starts on developing budget reduction and income generation proposals for 2020-2021 onwards in line with the Five Year Financial Strategy, with progress reported back to Cabinet in July 2019. It is important to note that projected budget deficit assumes the achievement of budget reduction proposals amounting to £9.6 million over the five year period 2019-2020 to 2023-2024.</p> <p>It is also important to note that a number of assumptions have been made with regards to the level of resources that will be available to the Council, and that there continues to be a considerable amount of uncertainty with regards to future funding streams for local authorities over the forthcoming Comprehensive Spending Review period. At the point that further information is known it will be incorporated into future reports to Councillors. Any reduction in the Government's allocation of funding to the Council would have significant detrimental impact and further increase the budget deficit forecast of the medium-term.</p> | <p>Director of Finance</p> <p>31 March 2020</p> | <p>In October 2019, Cabinet received an update on the projected deficit and Medium Term Financial Plan.</p> <p>The report reflected the Spending Round 2019 announced on 4 September 2019 which set out the Government's spending plans for 2020-2021 only.</p> <p>Having taken into account the forecast changes to corporate resources and emerging pressures, it was anticipated that the projected remaining budget deficit for 2020-2021 will be in the region of £3.9 million, rising to £20 million over the medium term period to 2023-2024.</p> <p>It was noted that the Government announced that additional grant funding totalling £1 billion will be made available to local authorities in 2020-2021 for adults and children's social care, to support the rising demand on the social care system. The Local Government Finance Settlement 2020-2021 technical consultation, issued by the Ministry of Housing, Communities and Local Government (MHCLG), provides the proposed formula for the distribution of the grant and indicative local authority allocations of the additional unringfenced grant funding. It was anticipated that the additional adult and children's social care grant will be sufficient to meet the projected remaining budget deficit in 2020-2021 and therefore enable the Council to set a balanced budget in that year.</p> |

| | | |
|---|---|--|
| <p><i>Procurement, Contract Management and Monitoring</i></p> <p>This will remain ongoing due to the changes to regulation and legislation, particularly in the light of our exit from the EU.</p> | <p>Director of Finance 31 March 2020</p> | <p>A watching brief will be maintained on any changes to public contract regulations and any further new legislation, enacted through the Brexit negotiations.</p> |
| <p><i>Corporate Landlord (City Assets)</i></p> <p>The Asset Plan has been approved and the Council is in the process of ensuring the data is kept up to date. The transfer of all data is a significant undertaking and will need more time to fully implement.</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 116</p> | <p>Director of City Assets and Housing (since June 2019) Deputy Managing Director 31 March 2020</p> | <p>Our Assets Council Plan – First Review: The Asset Management Review commenced in June 2019 as part of the ‘Our Asset’ Council Plan programme. The initial findings from this Phase 1 Review were reported to SEB on 12 November 2019. The Our Assets programme will be reported to Our Council Scrutiny in 2019-2020 Q4 for review.</p> <p>Audits have been completed on Corporate Buildings with improvement plans now in place and being progressed. Where appropriate, these actions will be reported to the Audit and Risk Committee in Q4 of 2019-2020.</p> <p>Asset Management Plan: The Strategic Asset Plan (SAP) 2018-2023 continues to be reviewed on an annual basis. An updated Action Plan was submitted to Our Council Scrutiny in September 2019. The updated Action Plan is to be incorporated into the SAP and reported to SEB in February 2020 prior to being updated on the Council’s website.</p> |
| <p><i>Civic Halls</i></p> <p>This is one of the highest priority projects the Council is involved in and will be monitored regularly. Project management has improved and we are now part way through the project with the main refurbishment works due to commence in the near future. Liaison with Planning and Historic England needs to be finalised so that the final phase can be undertaken in the determined timeframe.</p> | <p>Director of Regeneration 31 March 2020</p> | <p>A new contractor has now been selected and the team are in the process of working through the early stages of engagement with them. Mobilisation works have begun and design work is ongoing.</p> <p>A new Operating Model has been proposed and the procurement process for a new operator has commenced.</p> |

| | | |
|---|---|--|
| | | The management of the Shaylor administration process is continuing with some activities being complete at the point at which Willmott Dixon take control of the site. |
| <p><i>General Data Protection Regulations</i></p> <p>Further compliance checks and audits will be scheduled throughout the year that follow on from the initial GDPR readiness audit and will be aligned to the statutory Data Protection Officer (DPO) reporting. This will ensure that compliance with the new Regulation and UK Data Protection laws will be monitored and reported on an ongoing basis once this work programme has formally ended.</p> | <p>Director of Governance</p> <p>31 March 2020</p> | <p>The Council continues to make progress in embedding the GDPR requirements, and this will be picked up by the new Director of Governance when they join the Council in February.</p> |
| <p><i>Combined Authority</i></p> <p>As one of the seven constituent authorities of the West Midlands Combined Authority, we need to continue to ensure that the city is benefitting from devolution deals to the region to meet key priorities. The Leader will also have responsibility for a specific portfolio within the Combined Authority working across the region.</p> | <p>Director of Strategy</p> <p>31 March 2020</p> | <p>The Council continues to play an active part in the West Midlands Combined Authority, including the dialogue with the new government on the future of devolution and opportunities to maximise the benefits of future policy and investment decisions for the city of Wolverhampton. The Leader continues to have responsibility for the Economic and Innovation portfolio at the Combined Authority, working across the region on matters such as the implementation of the Local Industrial Strategy.</p> |
| <p><i>Tenant Management Organisations</i></p> <p>We will need to monitor and help complete the implementation of the recommendations arising from the recent audit reviews and as included in the Improvement Plans for the four TMOs.</p> | <p>Director of City Assets and Housing</p> <p>31 March 2020</p> | <p>A programme of audits of each TMO was completed by internal audit during 2018-2019. These provided limited assurance that TMO's were operating in accordance with their management agreement(s) and identified non-implementation of recommendations made in previous audit reports.</p> <p>Since publication of the TMO audit reports in 2018 additional support has been provided to the four TMO's to assist with the implementation of outstanding issues, this</p> |

work is being overseen by the Director for City Assets and Housing and a considerable number of recommendations made in the audit reports have now been actioned and completed.

An enhanced programme to support TMOs during 2019-2020 was approved by SEB in May 2019. The programme covers 17 areas of support which includes; governance, financial management, health and safety, housing development support, provision of safeguarding training, access to legal services, information governance support, risk management, business continuity, audit and procurement support.

TMO modular management agreements were reviewed and new management agreements were agreed and implemented for each TMO with effect from 1 April 2019. Resources within the Housing Strategy Team have been increased to provide support and focus on TMOs ensuring compliance with these agreements.

New improved Key Performance Indicator's (KPI's) have been introduced. Performance is being reported to the Cabinet (Performance) Panel on a quarterly basis in a new report format. A Housing KPI dashboard was also developed.

The Director for City Assets and Housing attended the Audit and Risk Committee meeting in July 2019 and presented a report detailing the considerable progress made in responding to the TMO Audits carried out in 2018. She also briefed the Committee on the resources deployed to deliver the enhanced workplan for 2019-2020, which is providing additional support for the TMO's from a number of departments. This programme is providing the Council with a greater level of assurance. A further update report will presented to Audit and Risk Committee in March 2020.

| | | |
|--|---|--|
| <p><i>Residential Site Management Agreement</i></p> <p>Consultation to take place with residents and Site Management Agent (Gypsy and Traveller Council) in order to finalise the service level agreement.</p> | <p>Director of City Assets and Housing</p> <p>31 March 2020</p> | <p>The Council has drafted heads of terms for the lease. As part of a scheduled maintenance visit, the Council made a number of recommendations to ensure the site is safe and well maintained. For the lease to be granted works need to be completed by both the Site Manager and the Council, including:</p> <ul style="list-style-type: none"> • A legionella risk assessment • An asbestos management survey • A fire risk assessment • Fire safety improvement including action notices, points, means of raising alarm. • Electrical repairs maintenance and an electrical service certificate. <p>Works were due to be completed in December 2019. The District Valuer Service reviewed the fee that is paid to the Council to manage the site and has recommended a fee as part of the updated lease. Approval from Procurement is currently being considered. As such, the lease is due to signed before the end of the financial year.</p> |
|--|---|--|

This page is intentionally left blank

| | |
|--|--|
| CITY OF WOLVERHAMPTON COUNCIL | Audit and Risk Committee 20 January 2020 |
|--|--|

| | | |
|--|---------------------------------|-----------------------------------|
| Report title | Payment Transparency | |
| Accountable director | Claire Nye, Director of Finance | |
| Accountable employee(s) | Peter Farrow | Head of Audit |
| | Tel | 01902 554460 |
| | Email | peter.farrow@wolverhampton.gov.uk |
| Report to be/has been considered by | Not applicable | |

Recommendation for noting:

The Committee is asked to note:

1. The Council's current position with regards to the publication of all its expenditure.

1.0 Purpose

1.1 This report is to update the Committee on the Council's current position with regards to the publication of all its expenditure.

2.0 Background

2.1 The latest position on the Council's payment transparency activity is as follows:

- The Council publishes its own spend data which is available on the Council's internet site under Transparency and Accountability (payments to suppliers) and is updated monthly.
- In addition, to the spend to date, the site also includes spend for the financial years from 2011.
- Since last reported to the Audit and Risk Committee, there has been no requests for information from the public (as an 'armchair auditor').

3.0 Progress, options, discussion

3.1 We will continue to report back to the Audit and Risk Committee on the details of any 'armchair auditor' requests the Council receives.

4.0 Financial implications

4.1 There are no financial implications arising from the recommendation in this report.
[GE/01082020/O]

5.0 Legal implications

5.1 There are no legal implications arising from the recommendation in this report.
[TS/07012019/W]

6.0 Equalities implications

6.1 There are no equalities implications arising from the recommendation in this report.

7.0 Climate Change and Environmental implications

7.1 There are no climate change and environmental implications arising from the recommendation in this report.

8.0 Human resources implications

8.1 There are no human resources implications arising from the recommendation in this report.

9.0 Corporate landlord implications

9.1 There are no corporate landlord implications arising from the recommendation in this report.

10.0 Health and Wellbeing implications

10.1 There are no health and wellbeing implications arising from this report.

11.0 Schedule of background papers

11.1 None

This page is intentionally left blank

| | |
|--|--|
| CITY OF WOLVERHAMPTON COUNCIL | Audit and Risk Committee 20 January 2020 |
|--|--|

| | | |
|--|---|---|
| Report title | Tendering Procedures for Major Council Projects | |
| Accountable director | Claire Nye, Director of Finance | |
| Originating service | Procurement | |
| Accountable employee(s) | John Thompson Tel Email | Head of Procurement 01902 554503 john.thompson@wolverhampton.gov.uk |
| Report to be/has been considered by | Not applicable. | |

Recommendations for noting:

The Committee is asked to note:

1. The tendering procedures for major council projects.
2. Crown Commercial Service Procurement policy note 8/16: Standard Selection Questionnaire (SSQ) template as set out in Appendix 1.
3. Health and safety and equality evaluation questions as set out in Appendix 2.

1.0 Purpose

- 1.1 At the last meeting of the Audit and Risk Committee and following a series of recent discussions around the Civic Halls programme, the committee asked for a briefing session from the Procurement team on the tendering procedures for major council projects at its next meeting.

2.0 Background

- 2.1 The Council's Contract Procedure Rules are made under the provisions of section 135 of the Local Government Act 1972 and govern the making of contracts for and on behalf of the Council, and form part of the Constitution.
- 2.2 The Council's Contract Procedure Rules are developed in compliance with the Public Contract Regulations 2015 (PCR15) and Directive 2014/24/EU of the European Parliament and of the Council.
- 2.3 The award of public contracts has to comply with the principles of the Treaty on the Functioning of the European Union (TFEU), and in particular the free movement of goods, freedom of establishment and the freedom to provide services, as well as the principles deriving from them, such as equal treatment, non-discrimination, mutual recognition, proportionality and transparency. All public contracts above a certain threshold, must comply with these principles and open to competition.
- 2.4 All purchases of works, supplies or services are subject to this legislation whether they are implemented through purchase, leasing or other contractual forms.
- 2.5 Additional principles are derived from Crown Commercial Service Procurement Policy Notes which provide updated requirements based on Government policy or case law.
- 2.6 The table that follows sets out how a procurement process must be undertaken based on the total value of the contract, to note these are currently being reviewed to remove actual values for the EU thresholds and just state "EU Threshold". The thresholds will be communicated via the Procurement Services intranet site and via the Procurement Services Team (PST) directly.

Contract Procedure Rules

| Anticipated Value of a contract (Excluding VAT) | Procurement Route | Advertising | Evaluation | Approval | Authority to Sign Contract |
|---|---|---|---------------|--|--|
| Below £250 (higher by exception with agreement from Service Director Commercial Services) | Procurement Cards should be used. | Not required. | Lowest price. | Budget Manager in advance of purchase. | Not required |
| Upto £9,999 Page 309 | Request for Quotation (RFQ) Obtain at least one written Quotation. Managed by Service team. Advice available from Procurement. | If openly advertised, then contact Procurement to advertise on Council's e-tendering site. and Twitter @BuyWolves | Lowest price. | If a new Provider then complete a Supplier Creation Form (on intranet) and submit to the Hub. then Attach quote to requisition in Agresso. then Approval in accordance with Agresso workflow ie; 1) Budget Manager as the Scheme of Delegation 2) Procurement 3) Technical (if necessary) | Not required. Purchase Order via Agresso. |

Contract Procedure Rules

| Anticipated Value of a contract (Excluding VAT) | Procurement Route | Advertising | Evaluation | Approval | Authority to Sign Contract |
|---|--|--|---|---|---|
| £10,000 to £50,000 | Request for Quotation (RFQ) Obtain at least three written quotations. Managed by Service team. Advice available from Procurement. | If openly advertised then contact Procurement to advertise on Council's e-tendering site. and Twitter @BuyWolves If contract value is above £25,000 then contact Procurement to advertise on Contracts Finder website | Lowest price or by exception most economically advantageous based on criteria published with the request for quotation. | If lowest price used then attach all quotes to the requisition in Agresso. or If the most economically advantageous criteria are used then an "Authorisation to Award" form is completed. then If a new Provider complete a Supplier Creation Form (on intranet) and submit to the Hub. then Attach "Authorisation to Award" and quotes to requisition in Agresso. Approval in accordance with Agresso workflow ie; 1) Budget Manager as the Scheme of Delegation 2) Procurement 3) Technical (if applicable) | Purchase Order via Agresso and If the Council's Standard Contract is used then an Officer in accordance with the Scheme of Delegation or If a bespoke contract then Legal Services Authorised Signatory |

Page 310

Contract Procedure Rules

| Anticipated Value of a contract (Excluding VAT) | Procurement Route | Advertising | Evaluation | Approval | Authority to Sign Contract |
|---|---|---|--|--|---|
| <p>£50,001 to OJEU threshold for Services and Supplies (£164,176 upto 31 December 2017)</p> <p>Threshold applies to all contracts including Works and Social or Other services (as defined in Public Contracts Regulations)</p> | <p>Invitation to Tender (ITT) Advice must be sought from Procurement before commencing and a "Starting a Procurement" form completed.</p> <p>Tender process using the Council's e-tendering system.</p> <p>A single stage ITT must be used for all contracts upto the Goods and Services threshold.</p> <p>Managed by Procurement</p> | <p>Council's e-tendering system Twitter @BuyWolves Contracts Finder Website</p> | <p>Most economically advantageous based on criteria published within the Invitation to Tender.</p> | <p>An "Authorisation to Award" form is completed. then If a new Provider complete a Supplier Creation Form (on intranet) and submit to the Hub. then Request a Contracted Product Code from Procurement. then Approval in accordance with Agresso workflow ie; 1) Budget Manager (as the Scheme of Delegation) 2) Technical Approver (if applicable)</p> | <p>Purchase Order via Agresso and If the contract value is less than £100,000 and the Council's Standard Contract is used then an Officer in accordance with Scheme of Delegation. or If the contract value is more than £100,000 or If a bespoke contract then Legal Services Authorised Signatory</p> |

Contract Procedure Rules

| Anticipated Value of a contract (Excluding VAT) | Procurement Route | Advertising | Evaluation | Approval | Authority to Sign Contract |
|--|---|--|--|---|---|
| <p>Over OJEU threshold for services and supplies (£164,176 upto 31 December 2017).</p> <p>Page 312</p> | <p>Advice must be sought from Procurement before commencing and a "Starting a Procurement" form completed.</p> <p>Delegated authority should be sought from Cabinet (Resources) Panel to award the contract when the evaluation is completed.</p> <p>Tender process using the Council's e-tendering system.</p> <p>An Open procedure single stage ITT to be used</p> <p>or</p> <p>by exception an alternative procedure as stated in the Public Contracts Regulations with a justification approved by the Service Director Commercial Services.</p> <p>Managed by Procurement.</p> | <p>Council's e-tendering system</p> <p>Twitter @BuyWolves</p> <p>Contracts Finder Website</p> <p>and</p> <p>If over the relevant OJEU threshold</p> <p>then</p> <p>Official Journal of European Union (OJEU)</p> | <p>Most economically advantageous based on criteria published within the Invitation to Tender.</p> | <p>An Individual Executive Decision report is completed if Delegated Authority from Cabinet (Resources) Panel has been granted in advance.</p> <p>or</p> <p>A Contract Award form is completed for inclusion in the Procurement Report for Cabinet (Resources) Panel.</p> <p>then</p> <p>If a new Provider complete a Supplier Creation Form (on intranet) and submit to the Hub.</p> <p>then</p> <p>Request a Contracted Product Code from Procurement.</p> <p>then</p> <p>Approval in accordance with Agresso workflow ie;</p> <ol style="list-style-type: none"> 1) Budget Manager (as the Scheme of Delegation) 2) Technical Approver (if applicable) | <p>Purchase Order via Agresso</p> <p>and</p> <p>Legal Services Authorised Signatory</p> |

- 2.7 Procurement activity below £50,000 is not normally conducted via the PST and is managed by individual budget holders. A Request for a Quotation (RFQ) is used and the evaluation criteria is the lowest price or by exception most economically advantageous tender based on criteria published with the RFQ. RFQs below £10,000 require one quote, and between £10,000 and £50,000 require three quotes. Exceptions can be raised for requirements of this level for activity which could for example have a significant cost of change ensuring a significant value for money gain can be achieved (see 2.14 for further exception reasons).
- 2.8 All procurement activity above £50,000 has a 'starting a procurement' document completed. This identifies a number of elements to enable the procurement activity to take place, these include but are not limited to, tender weighting, route to market, budget, GDPR implications and are signed by the budget holder and Procurement Business Partner of the category.
- 2.9 Procurement activity above £50,000 is always conducted via the PST via a competitive process. The process will be via either a tender process or calling off from a pre-let framework agreement. Exceptions can be raised for requirements of this level for activity which could for example have a significant cost of change ensuring a significant value for money gain can be achieved (see 2.14 for further exception reasons).
- 2.10 Procurement activity above the EU threshold (see table below) is always conducted via the PST via a competitive process. The process will be via either a tender process or calling off from a pre-let framework agreement. No exemptions can be raised for these requirements as this would breach the PCR15, Cabinet (Resources) Panel must be notified and the relevant notice must be provided to the Official Journal of the European Union.

| Type | Threshold |
|--|------------|
| Supply, Services and Design Contracts ¹ | £181,302 |
| Works Contracts ² | £4,551,413 |
| Social and other specific services ³ | £615,278 |

¹Thresholds are defined by multiplying 4 years of annual spend or contract value dependent on the length of the contract.

²Works contracts are defined by schedule 2 of PCR15.

³Social and other specific services (subject to the light touch regime) Article 74 PCR15.

- 2.11 Where an existing contract is in place, PST will always consider utilising the contract prior to undertaking a new procurement. The technical or economic reasoning for not using the contract will be recorded.
- 2.12 Tender processes are completed via the Council E-tendering system Pro Actis Due North (DN). This system is fully auditable and ensures compliance with PCR15. Call offs from pre-let frameworks may utilise the DN system however dependent on the rules of the

framework and the call off process being utilised this is not always the case. As an example, a direct award from a framework would not require a competitive process so DN would not be utilised.

- 2.13 Commercial, technical and social value appraisal weightings are determined on a case by case basis taking into account the competition in the market, risk, and incorporating the principles in The Council plan.
- 2.14 Equalities and health and safety requirements are determined on a case by case basis, further information around the potential evaluation questions that may be utilised are available in Appendix 2.
- 2.15 Tender process
- Complete starting procurement document;
 - Specification and contract developed;
 - Value will determine route to market and reporting requirements;
 - Dependent on timescales and value, above PCR15 threshold Cabinet (Resources) Panel (CRP) will be informed to obtain delegated authority, and an Individual Executive Decision Notice will be signed prior to contract execution. If the activity is urgent CRP are informed via new contract award prior to executing any contract. Activity between £50,000 and below PCR15 threshold is authorised by the relevant budget holder with the correct delegated authority via an authorisation to award form;
 - Conflict of interest forms are signed by all involved in the process;
 - A contract notice will be issued via the DN system to notify the market and the tender pack is released to the market;
 - Tenders are open to bidders for a minimum of 30 days for above threshold spend and a minimum of two weeks for below threshold spend, this can be longer dependent on requirement;
 - Suppliers complete the SSQ and other relevant documentation in the tender pack;
 - Supplier bids are evaluated utilising the published criteria in the invitation to tender;
 - A moderation session is held by PST to reach a consensus score between all stakeholders involved in the process;
 - Reporting and sign off is completed as highlighted above;
 - Standstill period is entered into as required under PCR15 for above threshold activity;
 - Contract executed;
 - Mobilisation and contract handover to relevant stakeholder.
- 2.16 The Council must comply with PCR15 and ensure it is fair and transparent with respect to how public money is spent. Only in exceptional circumstances will approval be granted to do something different. Where this is needed an Exemption will be approved by the Head of Procurement and Director of Finance. An Exemption will only be approved if it is for one of the following reasons;

- Contracts offered by the Chief Legal Officer (or designee) for the appointment of counsel;
- Where there is only one supplier within the market;
- Where the procurement activity is grant funded and the supplier is named as a condition of that funding;
- Where an existing contract that is suitable for the services, supplies or works required is not used;
- Where the Council is buying goods on behalf of another organisation. The procurement will need to be undertaken in accordance with that organisations CPRs or equivalent;
- Where the Council is matching grant funding and the original grant has been given conditionally on the use of a named supplier, group of suppliers or particular framework;
- Where the Council has required an applicant for a grant to provide a detailed breakdown of their costs and in order to do so they have identified a supplier;
- Where services need to be procured as a matter of extreme urgency - e.g. in response to an emergency situation - and there is insufficient time to advertise etc.
- Where software is being procured that must be compatible with an existing ICT system and the cost of change is uneconomic;
- Where the Council is providing a grant or other funding to an external organisation;
- Where a contract requires novation due to a change in ownership for a contracted supplier.

3.0 Progress, options, discussion

- 3.1 Any future planned changes to the tendering procedures will be brought to the attention of the committee.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report as Committee is only requested to note the tendering procedures for major projects.
[GE/10012020/F]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report.
[TS/07012020s]

6.0 Equalities implications

- 6.1 There are no equalities implications arising from the recommendation in this report.

7.0 Climate Change and Environmental implications

7.1 There are no climate change and environmental implications arising from the recommendation in this report.

8.0 Human resources implications

8.1 There are no human resources implications arising from the recommendation in this report.

9.0 Corporate landlord implications

9.1 There are no corporate landlord implications arising from the recommendation in this report

10.0 Health and Wellbeing implications

10.1 There are no health and wellbeing implications.

11.0 Schedule of background papers

11.1 None.

12.0 Appendices

12.1 Appendix 1 – Crown Commercial Service Procurement policy note 8/16: Standard Selection Questionnaire (SSQ).

12.2 Appendix 2 – Health and safety and equality evaluation questions

Appendix 1 – Crown Commercial Service Procurement policy note 8/16: Standard Selection Questionnaire (SSQ).

- 1.1 The SSQ incorporates the exclusion grounds listed in the Public Contract Regulations 2015 (PCR 2015). The exclusion grounds also align with those listed in the European Single Procurement Document (ESPD).
 - 1.2 The PCR 2015 lays down the requirements of the European Single Procurement Document (ESPD) regulation 59. The Selection Questionnaire is compliant with the requirements of the ESPD.
 - 1.3 The SSQ contains statutory guidance on the revised process of supplier selection. The Council is in scope and is required to apply SSQ when undertaking the supplier selection process in procurements above the relevant EU thresholds. The Council was required to should stop using the standard Pre-qualification Questionnaire (PQQ). This supersedes the guidance on supplier selection and PQQs in Procurement Policy Note 03/15.
- 2.0 Standard Selection Questionnaire (SSQ):

Potential Supplier Information and Exclusion Grounds: Part 1 and Part 2.

The standard Selection Questionnaire is a self-declaration, made by you (the potential supplier), that you do not meet any of the grounds for exclusion¹. If there are grounds for exclusion, there is an opportunity to explain the background and any measures you have taken to rectify the situation (we call this self-cleaning).

A completed declaration of Part 1 and Part 2 provides a formal statement that the organisation making the declaration has not breached any of the exclusion's grounds. Consequently, we require all the organisations that you will rely on to meet the selection criteria to provide a completed Part 1 and Part 2. For example, these could be parent companies, affiliates, associates, or essential sub-contractors, if they are relied upon to meet the selection criteria. This means that where you are joining in a group of organisations, including joint ventures and partnerships, each organisation in that group must complete one of these self-declarations. Sub-contractors that you rely on to meet the selection criteria must also complete a self-declaration (although sub-contractors that are not relied upon do not need to complete the self-declaration).

When completed, this form is to be sent back to the contact point given in the procurement documents along with the selection information requested in the procurement documentation.

Note for Contracting Authorities: The following paragraph is optional for inclusion, authorities can delete it if they prefer to receive only Word/ PDF versions of the standard Selection Questionnaire. *[Alternatively you can submit the completed Exclusion Grounds of the [EU ESPD \(Part III\)](#) as a downloaded XML file to the buyer contact point along with the selection information requested in the procurement documentation.]*

Supplier Selection Questions: Part 3

The procurement document will provide instructions on the selection questions you need to respond to and how to submit those responses. If you are bidding on behalf of a group (consortium) or you intend to use sub-contractors, you should complete all of the selection questions on behalf of the consortium and/or any sub-contractors.

¹ For the list of exclusion please see

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/551130/List_of_Mandatory_and_Discretionary_Exclusions.pdf

If the relevant documentary evidence referred to in the Selection Questionnaire is not provided upon request and without delay, we reserve the right to amend the contract award decision and award to the next compliant bidder.

Consequences of misrepresentation

If you seriously misrepresent any factual information in filling in the Selection Questionnaire, and so induce an authority to enter into a contract, there may be significant consequences. You may be excluded from the procurement procedure, and from bidding for other contracts for three years. If a contract has been entered into you may be sued for damages and the contract may be rescinded. If fraud, or fraudulent intent, can be proved, you or your responsible officers may be prosecuted and convicted of the offence of fraud by false representation, and you must be excluded from further procurements for five years.

[INSERT PROCUREMENT NAME]

[INSERT REFERENCE NUMBER]

[INSERT PROCUREMENT PROCEDURE e.g. OPEN, RESTRICTED]

Notes for completion

1. The “authority” means the contracting authority, or anyone acting on behalf of the contracting authority, that is seeking to invite suitable candidates to participate in this procurement process.
2. “You” / “Your” refers to the potential supplier completing this standard Selection Questionnaire i.e. the legal entity responsible for the information provided. The term “potential supplier” is intended to cover any economic operator as defined by the Public Contracts Regulations 2015 (referred to as the “regulations”) and could be a registered company; the lead contact for a group of economic operators; charitable organisation; Voluntary Community and Social Enterprise (VCSE); Special Purpose Vehicle; or other form of entity.
3. Please ensure that all questions are completed in full, and in the format requested. If the question does not apply to you, please state ‘N/A’. Should you need to provide additional information in response to the questions, please submit a clearly identified annex.
4. The authority recognises that arrangements set out in section 1.2 of the standard Selection Questionnaire, in relation to a group of economic operators (for example, a consortium) and/or use of sub-contractors, may be subject to change and will, therefore, not be finalised until a later date. The lead contact should notify the authority immediately of any change in the proposed arrangements and ensure a completed Part 1 and Part 2 is submitted for any new organisation relied on to meet the selection criteria. The authority will make a revised assessment of the submission based on the updated information.
5. For Part 1 and Part 2 every organisation that is being relied on to meet the selection must complete and submit the self-declaration.
6. Note for Contracting Authorities: The following paragraph is optional for inclusion if a decision has been made to request a self-declaration of the exclusion grounds from sub-contractors. *All sub-contractors are required to complete Part 1 and Part 2².*
7. For answers to Part 3 - If you are bidding on behalf of a group, for example, a consortium, or you intend to use sub-contractors, you should complete all of the questions on behalf of the consortium and/ or any sub-contractors, providing one composite response and declaration.

The authority confirms that it will keep confidential and will not disclose to any third parties any information obtained from a named customer contact, other than to the Cabinet Office and/or contracting authorities defined by the regulations, or pursuant to an order of the court or demand made by any competent authority or body where the authority is under a legal or regulatory obligation to make such a disclosure.

² See PCR 2015 regulations 71 (8)-(9)

Part 1: Potential supplier Information

Please answer the following questions in full. Note that every organisation that is being relied on to meet the selection must complete and submit the Part 1 and Part 2 self-declaration.

| Section 1 | Potential supplier information | |
|-----------------|---|---|
| Question number | Question | Response |
| 1.1(a) | Full name of the potential supplier submitting the information | |
| 1.1(b) – (i) | Registered office address (if applicable) | |
| 1.1(b) – (ii) | Registered website address (if applicable) | |
| 1.1(c) | Trading status a) public limited company b) limited company c) limited liability partnership d) other partnership e) sole trader f) third sector g) other (please specify your trading status) | |
| 1.1(d) | Date of registration in country of origin | |
| 1.1(e) | Company registration number (if applicable) | |
| 1.1(f) | Charity registration number (if applicable) | |
| 1.1(g) | Head office DUNS number (if applicable) | |
| 1.1(h) | Registered VAT number | |
| 1.1(i) - (i) | If applicable, is your organisation registered with the appropriate professional or trade register(s) in the member state where it is established? | Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> |
| 1.1(i) - (ii) | If you responded yes to 1.1(i) - (i), please provide the relevant details, including the registration number(s). | |
| 1.1(j) - (i) | Is it a legal requirement in the state where you are established for you to possess a particular authorisation, or be a member of a particular organisation in order to provide the services specified in this procurement? | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 1.1(j) - (ii) | If you responded yes to 1.1(j) - (i), please provide additional details of what is required and confirmation that you have complied with this. | |
| 1.1(k) | Trading name(s) that will be used if successful in this procurement | |
| 1.1(l) | Relevant classifications (state whether you fall within one of these, and if so which one) a) Voluntary Community Social Enterprise (VCSE) b) Sheltered Workshop c) Public service mutual | |

| | | |
|--------|---|---|
| 1.1(m) | Are you a Small, Medium or Micro Enterprise (SME) ³ ? | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 1.1(n) | <p>Details of Persons of Significant Control (PSC), where appropriate: ⁴</p> <ul style="list-style-type: none"> - Name; - Date of birth; - Nationality; - Country, state or part of the UK where the PSC usually lives; - Service address; - The date he or she became a PSC in relation to the company (for existing companies the 6 April 2016 should be used); - Which conditions for being a PSC are met; <ul style="list-style-type: none"> - Over 25% up to (and including) 50%, - More than 50% and less than 75%, - 75% or more. ⁵ <p>(Please enter N/A if not applicable)</p> | |
| 1.1(o) | <p>Details of immediate parent company:</p> <ul style="list-style-type: none"> - Full name of the immediate parent company - Registered office address (if applicable) - Registration number (if applicable) - Head office DUNS number (if applicable) - Head office VAT number (if applicable) <p>(Please enter N/A if not applicable)</p> | |
| 1.1(p) | <p>Details of ultimate parent company:</p> <ul style="list-style-type: none"> - Full name of the ultimate parent company - Registered office address (if applicable) - Registration number (if applicable) - Head office DUNS number (if applicable) - Head office VAT number (if applicable) <p>(Please enter N/A if not applicable)</p> | |

Please note: A criminal record check for relevant convictions may be undertaken for the preferred suppliers and the persons of significant in control of them.

³ See EU definition of SME https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

⁴ UK companies, Societates European (SEs) and limited liability partnerships (LLPs) will be required to identify and record the people who own or control their company. Companies, SEs and LLPs will need to keep a PSC register, and must file the PSC information with the central public register at Companies House. [See PSC guidance.](#)

⁵ Central Government contracting authorities should use this information to have the PSC information for the preferred supplier checked before award.

Please provide the following information about your approach to this procurement:

| Section 1 | | Bidding model | | | | |
|-----------------|---|---|--|--|--|--|
| Question number | Question | Response | | | | |
| 1.2(a) - (i) | Are you bidding as the lead contact for a group of economic operators? | Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, please provide details listed in questions 1.2(a) (ii), (a) (iii) and to 1.2(b) (i), (b) (ii), 1.3, Section 2 and 3. If no, and you are a supporting bidder please provide the name of your group at 1.2(a) (ii) for reference purposes, and complete 1.3, Section 2 and 3. | | | | |
| 1.2(a) - (ii) | Name of group of economic operators (if applicable) | | | | | |
| 1.2(a) - (iii) | Proposed legal structure if the group of economic operators intends to form a named single legal entity prior to signing a contract, if awarded. If you do not propose to form a single legal entity, please explain the legal structure. | | | | | |
| 1.2(b) - (i) | Are you or, if applicable, the group of economic operators proposing to use sub-contractors? | Yes <input type="checkbox"/> No <input type="checkbox"/> | | | | |
| 1.2(b) - (ii) | If you responded yes to 1.2(b)-(i) please provide additional details for each sub-contractor in the following table: we may ask them to complete this form as well. | | | | | |
| | Name | | | | | |
| | Registered address | | | | | |
| | Trading status | | | | | |
| | Company registration number | | | | | |
| | Head Office DUNS number (if applicable) | | | | | |
| | Registered VAT number | | | | | |
| | Type of organisation | | | | | |
| | SME (Yes/No) | | | | | |
| | The role each sub-contractor will take in providing the works and /or supplies e.g. key deliverables | | | | | |
| | The approximate % of contractual obligations assigned to each sub-contractor | | | | | |

Contact details and declaration

I declare that to the best of my knowledge the answers submitted and information contained in this document are correct and accurate.

I declare that, upon request and without delay I will provide the certificates or documentary evidence referred to in this document.

I understand that the information will be used in the selection process to assess my organisation's suitability to be invited to participate further in this procurement.

I understand that the authority may reject this submission in its entirety if there is a failure to answer all the relevant questions fully, or if false/misleading information or content is provided in any section.

I am aware of the consequences of serious misrepresentation.

| Section 1 | Contact details and declaration | |
|-----------------|--------------------------------------|----------|
| Question number | Question | Response |
| 1.3(a) | Contact name | |
| 1.3(b) | Name of organisation | |
| 1.3(c) | Role in organisation | |
| 1.3(d) | Phone number | |
| 1.3(e) | E-mail address | |
| 1.3(f) | Postal address | |
| 1.3(g) | Signature (electronic is acceptable) | |
| 1.3(h) | Date | |

Part 2: Exclusion Grounds

Please answer the following questions in full. Note that every organisation that is being relied on to meet the selection must complete and submit the Part 1 and Part 2 self-declaration.

| Section 2 | Grounds for mandatory exclusion | |
|-----------------|---|--|
| Question number | Question | Response |
| 2.1(a) | <p>Regulations 57(1) and (2) The detailed grounds for mandatory exclusion of an organisation are set out on this webpage, which should be referred to before completing these questions. Please indicate if, within the past five years you, your organisation or any other person who has powers of representation, decision or control in the organisation been convicted anywhere in the world of any of the offences within the summary below and listed on the webpage.</p> | |
| | Participation in a criminal organisation. | Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes please provide details at 2.1(b) |
| | Corruption. | Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes please provide details at 2.1(b) |
| | Fraud. | Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes please provide details at 2.1(b) |
| | Terrorist offences or offences linked to terrorist activities | Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes please provide details at 2.1(b) |
| | Money laundering or terrorist financing | Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes please provide details at 2.1(b) |
| | Child labour and other forms of trafficking in human beings | Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes please provide details at 2.1(b) |
| 2.1(b) | <p>If you have answered yes to question 2.1(a), please provide further details. Date of conviction, specify which of the grounds listed the conviction was for, and the reasons for conviction, Identity of who has been convicted If the relevant documentation is available electronically please provide the web address, issuing authority, precise reference of the documents.</p> | |
| 2.2 | If you have answered Yes to any of the points above have measures been taken to demonstrate the reliability of the organisation despite the existence of a relevant ground for exclusion ? (Self Cleaning) | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 2.3(a) | <p>Regulation 57(3) Has it been established, for your organisation by a judicial or administrative decision having final and binding effect in</p> | Yes <input type="checkbox"/> No <input type="checkbox"/> |

| | | |
|--------|---|--|
| | accordance with the legal provisions of any part of the United Kingdom or the legal provisions of the country in which the organisation is established (if outside the UK), that the organisation is in breach of obligations related to the payment of tax or social security contributions? | |
| 2.3(b) | If you have answered yes to question 2.3(a), please provide further details. Please also confirm you have paid, or have entered into a binding arrangement with a view to paying, the outstanding sum including where applicable any accrued interest and/or fines. | |

Please Note: The authority reserves the right to use its discretion to exclude a potential supplier where it can demonstrate by any appropriate means that the potential supplier is in breach of its obligations relating to the non-payment of taxes or social security contributions.

| Section 3 | | Grounds for discretionary exclusion |
|-----------|--|---|
| | Question | Response |
| 3.1 | <p>Regulation 57 (8)</p> <p>The detailed grounds for discretionary exclusion of an organisation are set out on this webpage, which should be referred to before completing these questions.</p> <p>Please indicate if, within the past three years, anywhere in the world any of the following situations have applied to you, your organisation or any other person who has powers of representation, decision or control in the organisation.</p> | |
| 3.1(a) | Breach of environmental obligations? | Yes <input type="checkbox"/> No <input type="checkbox"/> If yes please provide details at 3.2 |
| 3.1 (b) | Breach of social obligations? | Yes <input type="checkbox"/> No <input type="checkbox"/> If yes please provide details at 3.2 |
| 3.1 (c) | Breach of labour law obligations? | Yes <input type="checkbox"/> No <input type="checkbox"/> If yes please provide details at 3.2 |
| 3.1(d) | Bankrupt or is the subject of insolvency or winding-up proceedings, where the organisation's assets are being administered by a liquidator or by the court, where it is in an arrangement with creditors, where its business activities are suspended or it is in any analogous situation arising from a similar procedure under the laws and regulations of any State? | Yes <input type="checkbox"/> No <input type="checkbox"/> If yes please provide details at 3.2 |
| 3.1(e) | Guilty of grave professional misconduct? | Yes <input type="checkbox"/> No <input type="checkbox"/> If yes please provide details at 3.2 |
| 3.1(f) | Entered into agreements with other economic operators aimed at distorting competition? | Yes <input type="checkbox"/> No <input type="checkbox"/> If yes please provide details at 3.2 |
| 3.1(g) | Aware of any conflict of interest within the meaning of regulation 24 due to the participation in the procurement procedure? | Yes <input type="checkbox"/> No <input type="checkbox"/> If yes please provide details at 3.2 |
| 3.1(h) | Been involved in the preparation of the procurement procedure? | Yes <input type="checkbox"/> No <input type="checkbox"/> If yes please provide details at 3.2 |
| 3.1(i) | Shown significant or persistent deficiencies in the performance of a substantive requirement under a prior public contract, a prior contract with a contracting entity, or a prior concession contract, which led to early termination of that prior contract, damages or other comparable sanctions? | Yes <input type="checkbox"/> No <input type="checkbox"/> If yes please provide details at 3.2 |

| | | |
|---------------|--|---|
| 3.1(j) | Please answer the following statements | |
| 3.1(j) - (i) | The organisation is guilty of serious misrepresentation in supplying the information required for the verification of the absence of grounds for exclusion or the fulfilment of the selection criteria. | Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes please provide details at 3.2 |
| 3.1(j) - (ii) | The organisation has withheld such information. | Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes please provide details at 3.2 |
| 3.1(j) –(iii) | The organisation is not able to submit supporting documents required under regulation 59 of the Public Contracts Regulations 2015. | Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes please provide details at 3.2 |
| 3.1(j)-(iv) | The organisation has influenced the decision-making process of the contracting authority to obtain confidential information that may confer upon the organisation undue advantages in the procurement procedure, or to negligently provided misleading information that may have a material influence on decisions concerning exclusion, selection or award. | Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes please provide details at 3.2 |

| | | |
|-----|---|--|
| 3.2 | If you have answered Yes to any of the above, explain what measures been taken to demonstrate the reliability of the organisation despite the existence of a relevant ground for exclusion? (Self Cleaning) | |
|-----|---|--|

Part 3: Selection Questions⁶

| Section 4 | Economic and Financial Standing | |
|-----------|--|---|
| | Question | Response |
| 4.1 | Are you able to provide a copy of your audited accounts for the last two years, if requested? If no, can you provide one of the following: answer with Y/N in the relevant box. | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| | (a) A statement of the turnover, Profit and Loss Account/Income Statement, Balance Sheet/Statement of Financial Position and Statement of Cash Flow for the most recent year of trading for this organisation. | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| | (b) A statement of the cash flow forecast for the current year and a bank letter outlining the current cash and credit position. | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| | (c) Alternative means of demonstrating financial status if any of the above are not available (e.g. forecast of turnover for the current year and a statement of funding provided by the owners and/or the bank, charity accruals accounts or an alternative means of demonstrating financial status). | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 4.2 | Where we have specified a minimum level of economic and financial standing and/ or a minimum financial threshold within the evaluation criteria for this procurement, please self-certify by answering 'Yes' or 'No' that you meet the requirements set out. | Yes <input type="checkbox"/> No <input type="checkbox"/> |

| Section 5 | If you have indicated in the Selection Questionnaire question 1.2 that you are part of a wider group, please provide further details below: | |
|---|---|--|
| Name of organisation | | |
| Relationship to the Supplier completing these questions | | |

| | | |
|-----|---|---|
| 5.1 | Are you able to provide parent company accounts if requested to at a later stage? | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 5.2 | If yes, would the parent company be willing to provide a guarantee if necessary? | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| 5.3 | If no, would you be able to obtain a guarantee elsewhere (e.g. from a bank)? | Yes <input type="checkbox"/> No <input type="checkbox"/> |

⁶ [See Action Note 8/16 Updated Standard Selection Questionnaire](#)

| Section 6 | Technical and Professional Ability |
|------------------|---|
| 6.1 | <p>Relevant experience and contract examples</p> <p>Please provide details of up to three contracts, in any combination from either the public or private sector; voluntary, charity or social enterprise (VCSE) that are relevant to our requirement. VCSEs may include samples of grant-funded work. Contracts for supplies or services should have been performed during the past three years. Works contracts may be from the past five years.</p> <p>The named contact provided should be able to provide written evidence to confirm the accuracy of the information provided below.</p> <p>Consortia bids should provide relevant examples of where the consortium has delivered similar requirements. If this is not possible (e.g. the consortium is newly formed or a Special Purpose Vehicle is to be created for this contract) then three separate examples should be provided between the principal member(s) of the proposed consortium or Special Purpose Vehicle (three examples are not required from each member).</p> <p>Where the Supplier is a Special Purpose Vehicle, or a managing agent not intending to be the main provider of the supplies or services, the information requested should be provided in respect of the main intended provider(s) or sub-contractor(s) who will deliver the contract.</p> <p>If you cannot provide examples see question 6.3</p> |

| | Contract 1 | Contract 2 | Contract 3 |
|---|-------------------|-------------------|-------------------|
| Name of customer organisation | | | |
| Point of contact in the organisation | | | |
| Position in the organisation | | | |
| E-mail address | | | |
| Description of contract | | | |
| Contract Start date | | | |
| Contract completion date | | | |
| Estimated contract value | | | |

| | |
|------------|---|
| 6.2 | <p>Where you intend to sub-contract a proportion of the contract, please demonstrate how you have previously maintained healthy supply chains with your sub-contractor(s)</p> <p>Evidence should include, but is not limited to, details of your supply chain management tracking systems to ensure performance of the contract and including prompt payment or membership of the UK Prompt Payment Code (or equivalent schemes in other countries)</p> |
| | |

| | |
|------------|--|
| 6.3 | <p>If you cannot provide at least one example for questions 6.1, in no more than 500 words please provide an explanation for this e.g. your organisation is a new start-up or you have provided services in the past but not under a contract.</p> |
| | |

| Section 7 | Modern Slavery Act 2015: Requirements under Modern Slavery Act 2015 | |
|------------------|---|--|
| 7.1 | <p>Are you a relevant commercial organisation as defined by section 54 ("Transparency in supply chains etc.") of the Modern Slavery Act 2015 ("the Act")?</p> | <p>Yes <input type="checkbox"/></p> <p>N/A <input type="checkbox"/></p> |
| 7.2 | <p>If you have answered yes to question 7.1 are you compliant with the annual reporting requirements contained within Section 54 of the Act 2015?</p> | <p>Yes <input type="checkbox"/></p> <p>Please provide the relevant url ...</p> <p>No <input type="checkbox"/></p> <p>Please provide an explanation</p> |

8. Additional Questions

Suppliers who self-certify that they meet the requirements to these additional questions will be required to provide evidence of this if they are successful at contract award stage.

| Section 8 | Additional Questions |
|-----------|--|
| 8.1 | Insurance |
| a. | <p>Please self-certify whether you already have, or can commit to obtain, prior to the commencement of the contract, the levels of insurance cover indicated below: Y/N</p> <p>Employer's (Compulsory) Liability Insurance = £x</p> <p>Public Liability Insurance = £x Professional Indemnity Insurance = £x</p> <p>Product Liability Insurance = £x</p> <p>*It is a legal requirement that all companies hold Employer's (Compulsory) Liability Insurance of £5 million as a minimum. Please note this requirement is not applicable to Sole Traders.</p> |

| 8.2 | Skills and Apprentices ⁷ – (please refer to supplier selection guidance) | |
|-----|---|--|
| a. | <p>Public procurement of contracts with a full life value of £10 million and above and duration of 12 months and above should be used to support skills development and delivery of the apprenticeship commitment. This policy is set out in detail in Procurement Policy Note 14/15.</p> <p>Please confirm if you will be supporting apprenticeships and skills development through this contract.</p> | <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> |
| b. | <p>If yes, can you provide at a later stage documentary evidence to support your commitment to developing and investing in skills, development and apprenticeships to build a more skilled and productive workforce and reducing the risks of supply constraints and increasing labour cost inflation?</p> | <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> |
| c. | <p>Do you have a process in place to ensure that your supply chain supports skills, development and apprenticeships in line with PPN 14/15 (see guidance) and can provide evidence if requested?</p> | <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> |

⁷ [Procurement Policy Note 14/15– Supporting Apprenticeships and Skills Through Public Procurement](#)

| | |
|------------|---|
| 8.3 | Steel⁸ – (please refer to supplier selection guidance) |
| a. | Please describe the supply chain management systems, policies, standards and procedures you currently have in place to ensure robust supply chain management |
| b. | Please provide details of previous similar projects where you have demonstrated a high level of competency and effectiveness in managing of all supply chain members involved in steel supply or production so that there was a sustainable and safe supply of steel. |
| c. | Please provide all the relevant details of previous breaches of health and safety legislation in the last 5 years, applicable to the country in which you operate, on comparable projects, for both: (i) Your company (ii) All your supply chain members involved in the production or supply of steel. |

| | | |
|------------|--|---|
| 8.4 | Suppliers' Past Performance⁹ - (please refer to supplier selection guidance - this question should only be included by central government contracting authorities) | |
| a. | Can you supply a list of your relevant principal contracts for goods and/or services provided in the last three years? | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| b. | On request can you provide a certificate from those customers on the list? | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| c. | If you cannot obtain a certificate from a customer can you explain the reasons why? | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| d. | If the certificate states that goods and/or services supplied were not satisfactory are you able to supply information which shows why this will not recur in this contract if you are awarded it? | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| e. | Can you supply the information in questions a. to d. above for any sub-contractors [or consortium | Yes <input type="checkbox"/> No <input type="checkbox"/> |

⁸ [Procurement Policy Note 16/15– Procuring steel in major projects](#)

⁹ [Procurement Policy Note 04/15 Taking Account of Suppliers' Past Performance](#)

| | | |
|--|---|--|
| | members] who you are relying upon to perform this contract? | |
|--|---|--|

Mandatory Exclusion Grounds
Public Contract Regulations 2015 R57(1), (2) and (3)

Public Contract Directives 2014/24/EU Article 57(1)

Participation in a criminal organisation

Participation offence as defined by section 45 of the Serious Crime Act 2015

Conspiracy within the meaning of

- section 1 or 1A of the Criminal Law Act 1977 or
- article 9 or 9A of the Criminal Attempts and Conspiracy (Northern Ireland) Order 1983

where that conspiracy relates to participation in a criminal organisation as defined in Article 2 of Council Framework Decision 2008/841/JHA on the fight against organised crime;

Corruption

Corruption within the meaning of section 1(2) of the Public Bodies Corrupt Practices Act 1889 or section 1 of the Prevention of Corruption Act 1906;

The common law offence of bribery;

Bribery within the meaning of sections 1, 2 or 6 of the Bribery Act 2010, or section 113 of the Representation of the People Act 1983;

Fraud

Any of the following offences, where the offence relates to fraud affecting the European Communities' financial interests as defined by Article 1 of the convention on the protection of the financial interests of the European Communities:

- the common law offence of cheating the Revenue;
- the common law offence of conspiracy to defraud;
- fraud or theft within the meaning of the Theft Act 1968, the Theft Act (Northern Ireland) 1969, the Theft Act 1978 or the Theft (Northern Ireland) Order 1978;
- fraudulent trading within the meaning of section 458 of the Companies Act 1985, article 451 of the Companies (Northern Ireland) Order 1986 or section 993 of the Companies Act 2006;
- fraudulent evasion within the meaning of section 170 of the Customs and Excise Management Act 1979 or section 72 of the Value Added Tax Act 1994;
- an offence in connection with taxation in the European Union within the meaning of section 71 of the Criminal Justice Act 1993;
- destroying, defacing or concealing of documents or procuring the execution of a valuable security within the meaning of section 20 of the Theft Act 1968 or section 19 of the Theft Act (Northern Ireland) 1969;
- fraud within the meaning of section 2, 3 or 4 of the Fraud Act 2006;
- the possession of articles for use in frauds within the meaning of section 6 of the Fraud Act 2006, or the making, adapting, supplying or offering to supply articles for use in frauds within the meaning of section 7 of that Act;

Terrorist offences or offences linked to terrorist activities

Any offence:

- listed in section 41 of the Counter Terrorism Act 2008;
- listed in schedule 2 to that Act where the court has determined that there is a terrorist connection;
- under sections 44 to 46 of the Serious Crime Act 2007 which relates to an offence covered by the previous two points;

Money laundering or terrorist financing

Money laundering within the meaning of sections 340(11) and 415 of the Proceeds of Crime Act 2002.

An offence in connection with the proceeds of criminal conduct within the meaning of section 93A, 93B or 93C of the Criminal Justice Act 1988 or article 45, 46 or 47 of the Proceeds of Crime (Northern Ireland) Order 1996.

Child labour and other forms of trafficking human beings

An offence under section 4 of the Asylum and Immigration (Treatment of Claimants etc.) Act 2004;

An offence under section 59A of the Sexual Offences Act 2003

An offence under section 71 of the Coroners and Justice Act 2009;

An offence in connection with the proceeds of drug trafficking within the meaning of section 49, 50 or 51 of the Drug Trafficking Act 1994

An offence under section 2 or section 4 of the Modern Slavery Act 2015

Non-payment of tax and social security contributions

Breach of obligations relating to the payment of taxes or social security contributions that has been established by a judicial or administrative decision.

Where any tax returns submitted on or after 1 October 2012 have been found to be incorrect as a result of:

- HMRC successfully challenging the potential supplier under the General Anti – Abuse Rule (GAAR) or the “Halifax” abuse principle; or
- a tax authority in a jurisdiction in which the potential supplier is established successfully challenging it under any tax rules or legislation that have an effect equivalent or similar to the GAAR or “Halifax” abuse principle;
- a failure to notify, or failure of an avoidance scheme which the supplier is or was involved in, under the Disclosure of Tax Avoidance Scheme rules (DOTAS) or any equivalent or similar regime in a jurisdiction in which the supplier is established

Other offences

Any other offence within the meaning of Article 57(1) of the Directive as defined by the law of any jurisdiction outside England, Wales and Northern Ireland.

Any other offence within the meaning of Article 57(1) of the Directive created after 26th February 2015 in England, Wales or Northern Ireland.

Discretionary exclusions

Obligations in the field of environment, social and labour law.

Where an organisation has violated applicable obligations in the fields of environmental, social and labour law established by EU law, national law, collective agreements or by the international environmental, social and labour law provisions listed in Annex X to the Directive (see copy below) as amended from time to time; including the following:-

- Where the organisation or any of its Directors or Executive Officers has been in receipt of enforcement/remedial orders in relation to the Health and Safety Executive (or equivalent body) in the last 3 years.
- In the last three years, where the organisation has had a complaint upheld following an investigation by the Equality and Human Rights Commission or its predecessors (or a comparable body in any jurisdiction other than the UK), on grounds of alleged unlawful discrimination.
- In the last three years, where any finding of unlawful discrimination has been made against the organisation by an Employment Tribunal, an Employment Appeal Tribunal or any other court (or incomparable proceedings in any jurisdiction other than the UK).
- Where the organisation has been in breach of section 15 of the Immigration, Asylum, and Nationality Act 2006;
- Where the organisation has a conviction under section 21 of the Immigration, Asylum, and Nationality Act 2006;
- Where the organisation has been in breach of the National Minimum Wage Act 1998.

Bankruptcy, insolvency

Bankrupt or is the subject of insolvency or winding-up proceedings, where the organisation's assets are being administered by a liquidator or by the court, where it is in an arrangement with creditors, where its business activities are suspended, or it is in any analogous situation arising from a similar procedure under the laws and regulations of any State;

Grave professional misconduct

Guilty of grave professional misconduct.

Distortion of competition

Entered into agreements with other economic operators aimed at distorting competition.

Conflict of interest

Aware of any conflict of interest within the meaning of regulation 24 due to the participation in the procurement procedure.

Been involved in the preparation of the procurement procedure.

Prior performance issues

Shown significant or persistent deficiencies in the performance of a substantive requirement under a prior public contract, a prior contract with a contracting entity, or a prior concession contract, which led to early termination of that prior contract, damages or other comparable sanctions.

Misrepresentation and undue influence

The organisation has influenced the decision-making process of the contracting authority to obtain confidential information that may confer upon the organisation undue advantages in the procurement procedure, or to negligently provided misleading information that may have a material influence on decisions concerning exclusion, selection or award.

Additional exclusion grounds:

Breach of obligations relating to the payment of taxes or social security contributions.

ANNEX X Extract from Public Procurement Directive 2014/24/EU

LIST OF INTERNATIONAL SOCIAL AND ENVIRONMENTAL CONVENTIONS REFERRED TO IN ARTICLE 18(2) —

- ILO Convention 87 on Freedom of Association and the Protection of the Right to Organise;
- ILO Convention 98 on the Right to Organise and Collective Bargaining;
- ILO Convention 29 on Forced Labour;
- ILO Convention 105 on the Abolition of Forced Labour;
- ILO Convention 138 on Minimum Age;
- ILO Convention 111 on Discrimination (Employment and Occupation);
- ILO Convention 100 on Equal Remuneration;
- ILO Convention 182 on Worst Forms of Child Labour;
- Vienna Convention for the protection of the Ozone Layer and its Montreal Protocol on substances that deplete the Ozone Layer;
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (Basel Convention);
- Stockholm Convention on Persistent Organic Pollutants (Stockholm POPs Convention)
- Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (UNEP/FAO) (The PIC Convention) Rotterdam, 10 September 1998, and its 3 regional Protocols.

Consequences of misrepresentation

A serious misrepresentation which induces a contracting authority to enter into a contract may have the following consequences for the signatory that made the misrepresentation:-

- The potential supplier may be excluded from bidding for contracts for three years, under regulation 57(8)(h)(i) of the PCR 2015;

- The contracting authority may sue the supplier for damages and may rescind the contract under the Misrepresentation Act 1967.
- If fraud, or fraudulent intent, can be proved, the potential supplier or the responsible officers of the potential supplier may be prosecuted and convicted of the offence of fraud by false representation under s.2 of the Fraud Act 2006, which can carry a sentence of up to 10 years or a fine (or both).
- If there is a conviction, then the company must be excluded from procurement for five years under reg. 57(1) of the PCR (subject to self-cleaning).

Frequently Asked Questions

What is the European Single Procurement Document (ESPD)?

The ESPD is a list of questions that potential suppliers have to answer to provide a self-declaration that none of the exclusion grounds has been breached, and that they meet the required selection criteria.

It is a standard form that replaces the selection questionnaires and should make the process of bidding for a public contract easier.

The exclusion grounds are those listed in the EU Directive. As the same exclusion grounds will be used in ESPDs across the EU a potential supplier will be able to re-use a form which it has previously submitted for another competition as long as the information is still correct.

You can evaluate ESPDs submitted by potential suppliers from other countries alongside those submitted by UK suppliers because they have a common reference to the EU Directive exclusion grounds

Only the winner will normally have to submit the certificates as evidence. If available, the certificates can be retrieved by the buyer directly from the respective registers.

What is the difference between the standard Selection Questionnaire and the European Single Procurement Document?

The first two sections of the standard Selection Questionnaire align with the questions asked in the European Single Procurement Document. We have simply made them easier to understand and listed the relevant national laws that fit into the exclusion categories.

In the UK we already operate a system of self-declaration. The main change to the process is that verification of the declarations, of both the exclusion grounds and the selection information, should only take place with the winning suppliers.

The European Single Procurement Document developed by the Commission includes supplier selection questions. These questions are not mandatory and we have made the policy decision to substitute these optional selection questions with those in the standard Selection Questionnaire

Do I have to use the standard Selection Questionnaire?

Yes. Part 1 and Part 2 list the exclusion grounds that apply to public procurements above EU thresholds, and the statutory guidance states that the selection questions in Part 3 should be adopted across all procurement procedures and embedded as needed into your procurement processes.

You must not use a two-stage process for below threshold procurements. But you can use the questions in the standard Selection Questionnaire as a starting point to develop questions in the tender documents for lower value procurements.

Can I add my own questions?

You cannot add your own questions to Part 1 or Part 2 of the standard Selection Questionnaire. These sections gather information about the supplier and include the exclusion questions. This is because the questions in those parts are aligned with the Public Contract Regulations 2015. You cannot delete any of these questions either.

However, Part 3, the supplier selection questions, has a section where you can add project specific questions. Additionally, there is a process for reporting deviations to the other questions in this section, and that is explained in the guidance.

How do I shortlist in a restricted procedure?

The standard Selection Questionnaire is very similar to the previous standard Pre-Qualification Questionnaire so previous practice should be followed.

Potential suppliers' responses should be assessed against the pre-determined criteria that has been published in the procurement documentation.

When can I request proof of self-declarations?

You must verify that the winning supplier does actually have all the required evidence, or meets the relevant criteria, before you award the contract.

You can ask potential suppliers to submit their evidence at any point in the procurement process if it is necessary to ensure the proper conduct of the procurement.

For multi-stage procurements, we recommend that you verify the evidence before taking potential suppliers on to the next stage.

You cannot require a potential supplier to provide you with evidence when you can obtain it directly and free of charge from a national database.

Can I still use the previous standard PQQ from PPN 3/15?

No. The standard Selection Questionnaire replaces the standard PQQ.

The standard PQQ was popular with suppliers because buyers asked questions in the same way. Will that consistency be lost now?

No. The standard Selection Questionnaire has been drafted so that it incorporates the questions from the European Single Procurement Document and the supplier selection questions from the standard PQQ.

What about sub-contractors?

If a potential supplier proposes to sub-contract part of a contract, and in doing so they rely on the capacity of that sub-contractor to fulfil the selection criteria then a separate completed standard Selection Questionnaire Part 1 and Part 2 is required from that sub-contractor.

You may also choose to ask for a separate completed standard Selection Questionnaire Part 1 and Part 2 from any other sub-contractor to verify if there are grounds for excluding it or not. If there are grounds for mandatory exclusion, then the sub-contractor must be replaced. However, if the grounds fall into the discretionary list then you may, at your discretion, require the potential supplier to replace the sub-contractor.

What is Self-Cleaning?

A potential supplier who has been excluded from public procurement can have the exclusion ended if they effectively “self-clean”.

Potential suppliers are required to demonstrate that they have taken remedial action, to the satisfaction of the contracting authority in each case. In order for the evidence provided to be sufficient it must, as a minimum, prove the supplier has “self-cleaned” as follows:

- paid or undertaken to pay compensation in respect of any damage caused by the criminal offence or misconduct;
- clarified the facts and circumstances in a comprehensive manner by actively collaborating with the investigating authorities; and
- taken concrete technical, organisational and personnel measures that are appropriate to prevent further criminal offences or misconduct.

The actions agreed on deferred prosecution agreements (DPAs) may be submitted as evidence of self-cleaning and evaluated by the contracting authority as described below.

The measures taken shall be evaluated taking into account the gravity and particular circumstances of the criminal offence or misconduct. If such evidence is considered by the contracting authority (whose decision will be final) as sufficient, the potential supplier shall be allowed to continue in the procurement process.

If the potential supplier cannot provide evidence of 'self-cleaning' that is acceptable to you, they are to be excluded from further participation in the procurement and provided with a statement of the reasons for that decision.

What do I ask the suppliers for in a Light Touch Regime (LTR) procurement?

Use a selection of questions from Part 3 of standard Selection Questionnaire for above-threshold LTR contracts.

While the grounds for mandatory and discretionary exclusion do not apply to procurements under the LTR as a matter of law, you would still normally exclude suppliers that had been found guilty of the mandatory exclusion offences as a matter of routine and sensible business practice. You should also consider the circumstances surrounding breach of the discretionary grounds for exclusion. CCS recommends that you use the standard Selection Questionnaire Part 1 and Part 2 in LTR procurements.

This page is intentionally left blank

Appendix 2 – Health and Safety and Equality evaluation questions

1.0 Equality evaluation questions

1.1 Is it your policy as an employer to meet with your statutory obligations under the Equality Act 2010 (which applies in Great Britain) or equivalent legislation in the countries in which your firm employs staff?

1.2 Does your company make sure that it does not discriminate either directly or indirectly because of gender, disability, age, religion/belief, sexuality, colour, race, nationality, ethnic or national origin (or the grounds covered by legislation in the countries in which your firm employs staff) in relation to decisions to recruit, choose, pay, train, transfer and promote employees?

1.3 Has an Employment Tribunal, the Employment Appeal Tribunal, or any court or other tribunal made any finding of unlawful discrimination against your organisation in the last three years or in similar proceedings in any other jurisdiction?

If you answer 'Yes' to 2.3, please summarise here and give full details as an attachment.

1.4 Has your organisation been the subject of a formal investigation by an Equality Commission or a similar body in the last three years because of alleged unlawful discrimination?

If you answer 'Yes' to 2.4, please summarise here and give full details as an attachment.

If you answer 'Yes' to 2.3 or 2.4, what steps have you taken because of that finding? Please summarise here and give full details as an attachment."

1.5 Has your organisation equality proofed / equality impact assessed your human resource / personnel procedures in the past three years. If so, please provide documentary evidence.

1.6 Have you delivered equality and diversity training to staff members who may be directly or indirectly involved in recruiting or selecting staff? If so, please provide documentary evidence

1.7 Do you have a written equal opportunities policy? If 'Yes', please send us a copy and summarise the areas your policy covers below (for example, race, sex, disability, age, religion, sexuality, recruitment, promotion, training, grievance and disciplinary procedures, dismissal, retention, monitoring and so on). If 'No', please explain why in the comments section.

1.8 Do you give everyone an opportunity to apply by advertising vacancies widely, if so please state how in the comments box?

1.9 Do you recruit through word of mouth?

1.10 If you use word of mouth, do you also always advertise publicly, for example, in the jobcentre?

1.11 Please give the details of your recruitment procedures and if they have been diversity proofed

1.12 Do you give all your staff an equal opportunity for promotion, transfer and training?

1.13 Do you offer equal terms of employment, benefits, facilities and services to all your staff?

1.14 Do you respect the particular cultural or religious needs of all staff, if so how?

- 1.15 Do you have procedures in place to protect your employees from unlawful discrimination?
- 1.16 Please give details here or attach examples of how you promote equal opportunities.
- 1.17 Do you know how many staff you have from each ethnic group, gender and disability?
- 1.18 Are the numbers in line with the make-up of the area? If not, please state in the comments section whether you take action to encourage under-represented groups to apply?
- 1.19 When you place recruitment advertisements or produce other literature, do you set out your commitment to equal opportunities? If you answer Yes, please give details in the comments section.
- 1.20 Are the staff who manage, recruit, choose, train and promote staff clear about their responsibility for equal opportunities and have they received training? (If the answer is yes please give details in the comments section)
- 1.21 Do you ask subcontractors to give proof of their equal opportunities policies, and practices, or ask them to follow the Equality Commission codes of practice for employment or equivalent? If 'Yes', please provide details in the comments section of what kind of evidence you ask subcontractors to give you. What do you ask subcontractors to provide as evidence of their answers?

If you answer 'Yes' to 2.21, please summarise here and give full details as an attachment.

2.0 **Health and safety evaluation questions**

2.1 **Pass - Fail**

2.2 It is a condition of this contract that the appointed contractor is registered as compliant Safety Schemes in Procurement (SSIP), does your company hold a qualifying accreditation or equivalent?

2.3 Please attach evidence of your compliant Safety Schemes in Procurement (SSIP) qualifying accreditation or equivalent here.

2.4 Please attach a copy of your companies Health & Safety policy.

2.5 It is a condition of this contract that any person employed by the Contractor to undertake and complete electrical works is competent to do so and registered with NICEIC (or similar approved). Please attach evidence of all persons that would be undertaking electrical works and details of their registration.

2.6 It is a condition of this contract that any person employed by the Contractor to undertake and complete works to piped natural gas is competent to do so and registered with GAS SAFE (or similar approved). Please attach evidence of all persons that would be undertaking piped natural gas works and details of their registration.

2.7 **Quality/Price/Social Value**

2.8 Please provide details of how you will manage H&S in relation to this contract including managing your role and responsibilities under the Construction Design and Management Regulations (CDM).

2.9 Describe the specific ways in which you will monitor your Site Safety Performance on this Contract.

2.10 Please submit a copy of your generic Health & Safety Risk Assessments and Method Statement(s) for this proposed contract.

This page is intentionally left blank

| | |
|--|--|
| CITY OF WOLVERHAMPTON COUNCIL | Audit and Risk Committee 20 January 2020 |
|--|--|

| | | |
|--|---------------------------------------|--|
| Report Title | Audit Services – Counter Fraud Update | |
| Accountable Director | Claire Nye, Director of Finance | |
| Accountable employee(s) | Peter Farrow Tel Email | Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk |
| Report to be/has been considered by | Not applicable | |

Recommendation for noting:

The Committee is asked to note:

1. The contents of the latest Audit Services Counter Fraud Update.

1.0 Purpose

- 1.1 The purpose of this report is to provide Members with an update on current counter fraud activities undertaken by Audit Services.

2.0 Background

- 2.1 The Counter Fraud Unit was set up within Audit Services, in response to the increased emphasis being placed upon both fraud prevention and detection by the Ministry of Housing, Communities and Local Government.

3.0 Progress, options, discussion, etc.

- 3.1 At the last meeting of the Audit and Risk Committee in September 2019, it was agreed that regular updates on the progress the Council was making in tackling fraud would continue to be brought before the Committee.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report.
[GE/01082020/Q]

5.0 Legal implications

- 5.1 Investigations by the Counter Fraud Unit may have legal implications depending upon what action is taken or decided against in respect of those investigations.
[TS/07012020/T]

6.0 Equalities implications

- 6.1 There are no equalities implications arising from this report.

7.0 Climate Change and Environmental implications

- 7.1 There are no climate change and environmental implications arising from this report.

8.0 Human resources implications

- 8.1 There are no human resources implications arising from this report.

9.0 Corporate landlord implications

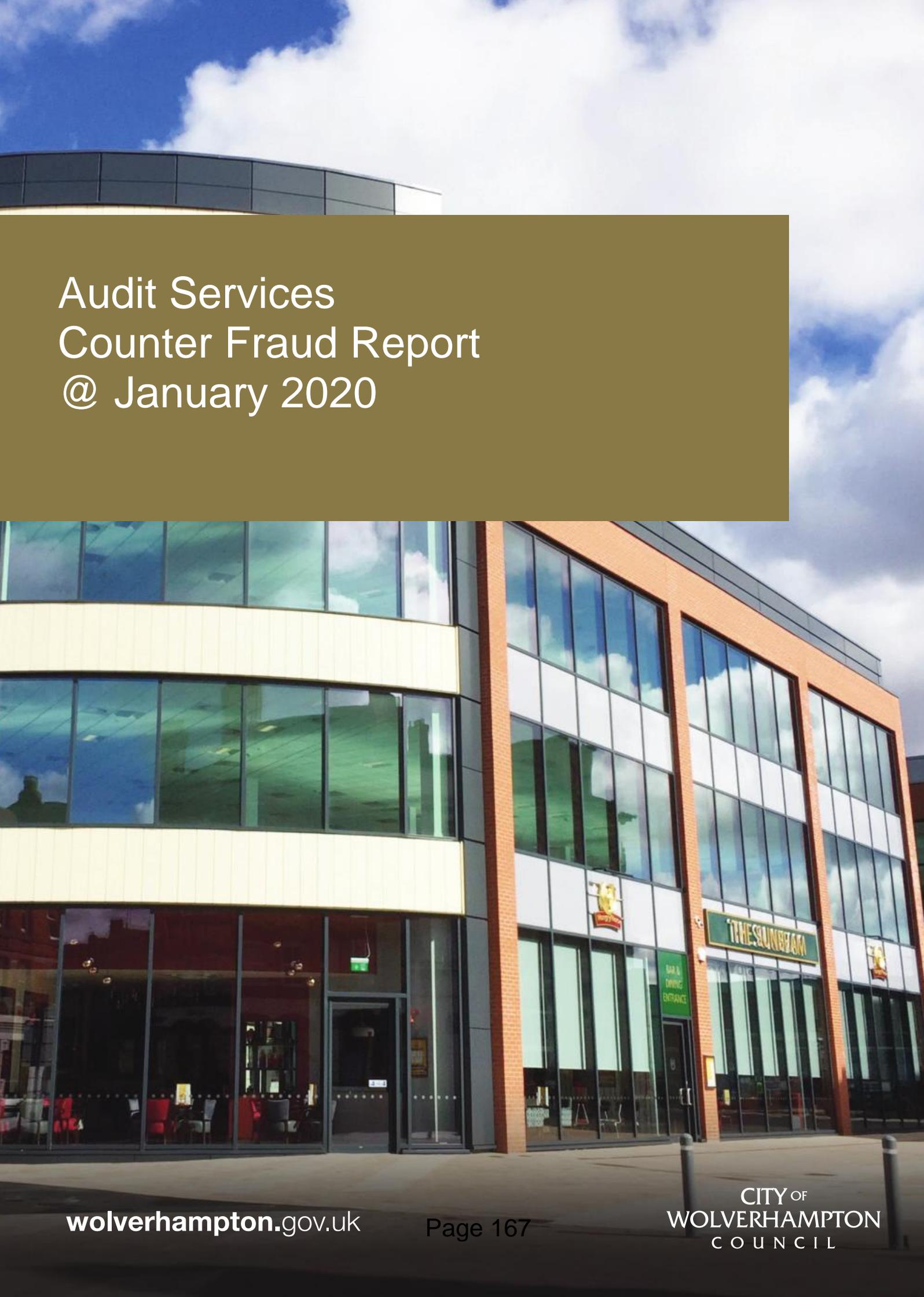
- 9.1 There are no corporate landlord implications arising from this report.

10.0 Health and Wellbeing implications

- 10.1 There are no health and wellbeing implications in this report.

11.0 Schedule of background papers

- 11.1 None.



Audit Services Counter Fraud Report @ January 2020

1 *Introduction*

The counter fraud agenda is one that continues to hold significant prominence from Central Government who are promoting a wide range of counter fraud activities. The purpose of this report is to bring the Audit and Risk Committee up to date on the counter-fraud activities undertaken by the Counter Fraud Unit within Audit Services.

The Council is committed to creating and maintaining an environment where fraud, corruption and bribery will not be tolerated. This message is made clear within the Authority's Anti-Fraud and Corruption Policy, which states: "The Council operates a zero tolerance on fraud, corruption and bribery whereby all instances will be investigated, and the perpetrator(s) will be dealt with in accordance with established policies. Action will be taken to recover all monies stolen from the Council."

2 *The Counter Fraud Team*

The Counter Fraud Team, which sits within Audit Services, is continuing to develop and lead in raising fraud awareness across the Council and in promoting an anti-fraud culture. The team carries out investigations into areas of suspected or reported fraudulent activity and organises a series of Council wide pro-active fraud activities, including the targeted testing of areas open to the potential of fraudulent activity. The team maintains the Council's fraud risk register, implements the counter fraud plan and lead on the Cabinet Office's National Fraud Initiative (NFI) exercise.

The team also provide a tenancy fraud investigation service to Wolverhampton Homes under a service level agreement.

3 *Counter Fraud Update*

Counter Fraud Plan

The latest status of progress against the counter fraud plan is shown at Appendix 1.

National Anti-Fraud Network Intelligence Notifications

The National Anti-Fraud Network (NAFN) issues regular alerts which provide information on fraud attempts, trends and emerging threats. The information provided in the alerts has been notified to NAFN by other local authorities from across the country. These alerts are checked to the Council's systems to verify whether there have been any instances at Wolverhampton. Alerts which either involve suppliers used by the Council or are applicable to all Councils, are notified to appropriate sections of the Council. The most common alerts relate to Bank Mandate fraud, Council Tax Refund fraud and cyber fraud including ransomware and email interception.

CIPFA's Annual Fraud and Corruption Tracker Report 2019

During July 2019 the Council's Counter Fraud Unit submitted the completed annual fraud and error survey response to the Chartered Institute of Public Finance Accountants (CIPFA's). The information contained in the survey was used to produce the National Fraud and Corruption Tracker report (Appendix 3). The report identified that in 2018-2019, an estimated 71,000 fraud cases worth £253m were detected or prevented by local authorities. Council Tax fraud, such as falsely claiming the single occupancy discount, was the most common fraud type with 55,855 cases detected with a total value of £30.6m. Housing scams were the highest value fraud at £135.6m with 3,622 cases, while Blue Badge fraud was third and Business Rates fraud remained the fourth largest area at risk of fraud.

The report highlights a number of emerging risks. There were 480 Adult Social Care cases worth £13.7m, which includes direct payment fraud.

Procurement fraud, such as overcharging and falsely billing for goods and services, is seen as one of the greatest areas of fraud risk but is identified as complex and difficult to detect. The number of procurement fraud cases was 125 with an estimated value of £20.0m.

CIPFA recommend that local authorities work together to share information and explore innovative ways to use data, particularly in the areas of Procurement and Adult Social Care fraud. The Council has already identified these issues in the Fraud Risk Register (Appendix 2) with Personal Budgets, Housing Tenancy and Council Tax identified as red risks. The Counter Fraud Plan (Appendix 1) provides more details of the initiatives planned to address these issues and to encourage the sharing of data with other local authorities.

The key survey results for Wolverhampton were:

Comparison of the last two Surveys

| Type of fraud and/or error | 2017/2018 | | 2018/2019 | |
|--|-----------|-------------|-------------|--------------------|
| | Cases | Value | Cases | Value £ |
| Tenancy sub-letting (Wolverhampton Homes) – Illegal subletting of properties | 16 | *£1,488,000 | 8 | *£744,000 |
| Other tenancy fraud (Wolverhampton Homes) – fraudulent application, succession, abandonment or non-occupation | 9 | *£324,000 | 7 | *£537,000 (Note 1) |
| Right to buy (Wolverhampton Homes) | 1 | *£65,000 | 2 | *£130,000 |
| Social Care fraud | 0 | N/A | 1 | £1,000 |
| Blue Badge fraud | 0 | N/A | 85 (Note 2) | £6,000 |
| Theft | 0 | N/A | 2 | £24,500 |

*The savings figures for tenancy fraud are based on methodology and calculations produced by the Cabinet Office in support of the National Fraud Initiative. The figures include:

Social housing tenancy fraud - Notional £93,000

Social housing application fraud – Notional £36,000

Right to Buy fraud – Notional £65,000

Note 1 - The seven 'Housing Tenancy Other' cases comprise five at £93,000 and two at £36,000.

Note 2 – Parking Services started issuing parking fines for the misuse of Blue Badges

Action is taken to attempt to recover the value of the fraud and/or error where appropriate.

National Fraud Initiative Exercise 2019/20

The Counter Fraud Team co-ordinates the investigation of matches identified by the Cabinet Office's National Fraud Initiative (NFI) data matching exercises. Where matches are identified, the ensuing investigations may detect instances of fraud, over or underpayments, and other errors. A match does not automatically mean there is a fraud. Often there is another explanation for a data match that prompts bodies to update their records and to improve their systems.

The latest NFI exercise commenced in January 2019 and a total of 15,125 matches have now been released by the Cabinet Office. As the Cabinet Office continues to develop and refine the NFI exercise it is anticipated that further matches may be released in the coming months. A total of 1,824 matches have been processed with two amounts recovered for Pension and Council Tax overpayments totalling £4,605, which indicates that systems are generally working effectively. As more matches are processed details of the progress made will be brought before the Committee as it becomes known.

Counter Fraud Team - Tenancy Fraud Performance

The Counter Fraud Teams Tenancy Fraud results for April 2019 to November 2019 are shown in the following tables:

| | April 2019 – July 2019 | Aug 2019 – Nov 2019 |
|---|------------------------|---------------------|
| | Number | Number |
| Total Number of Referrals Received | 59 | 51 |
| Referrals open being Investigated | 9 | 10 |
| Anti-Money Laundering – Right to Buy Checks | 48 | 30 |
| Residency Duration Checks for Right to Buy Applications | 34 | 30 |

Further details of the above figures are included below.

| | April 2019 – July 2019 | | Aug 2019 – Nov 2019 | |
|---|------------------------|----------------|---------------------|----------------|
| Type of fraud and/or error | Cases | *Value £ | Cases | *Value £ |
| Tenancy sub-letting – Illegal subletting of properties which were recovered | 5 | 465,000 | 2 | 186,000 |
| Right to buy – preventing fraudulent RTB applications | 1 | 65,000 | 0 | 0 |
| Other tenancy fraud – succession, abandonment or non-occupation | 1 | 93,000 | 0 | 0 |
| Social Housing Application fraud – offers withdrawn and/or applicants excluded from waiting list | 2 | 72,000 | 5 | 180,000 |
| Total | 9 | 695,000 | 7 | 366,000 |

*The savings figures for tenancy fraud are based on methodology and calculations produced by the Cabinet Office in support of the National Fraud Initiative. The figures include:

Social housing tenancy fraud - Notional £93,000 (previously £18,000). The increase in the notional savings recognises the future losses prevented from recovering the property. Previously the calculation only considered one year's loss.

Social housing application fraud – Notional £36,000 (previously £8,000). The increase in the notional savings recognises the future losses prevented by not letting the property to an ineligible individual and with the potential of having to place a genuine prospective tenant from the waiting list in expensive temporary accommodation. There is no allowance in this calculation for past value fraud and therefore the notional loss is less than that of social housing tenancy fraud.

Right to Buy fraud – Notional £65,000 (previously the exact figure was used). The notional saving for a Right to Buy (RTB) application that has been withdrawn is calculated by the Cabinet Office based on the region in which the property is based, the increases in the maximum RTB cap and the changes in average house prices. This method allows for benchmarking to be carried out.

Tenancy Fraud Training

During Summer 2019, the Counter Fraud Team developed and delivered face-to-face Tenancy Fraud training to 74 frontline staff including Tenancy Officers, Income Officers and ASB Officers. The training was well received by staff, and there are initial indications that the quality of fraud referrals has improved.

The Counter Fraud Team has also delivered face to face tenancy fraud training to Wolverhampton Homes tradespersons at Toolbox Talks.

To complement the face-to-face training the Counter Fraud Team has been working with Wolverhampton Homes to produce a tenancy fraud e-learning course. The course is ready to be launched for the benefit all employees.

Partnership Working

The partnership arrangement with Sandwell Metropolitan Borough Council, is continuing with the Fraud Team at Sandwell assisting in the implementation of the Council's Counter Fraud Plan, including carrying out investigations. This joint approach will see an increase in shared information, working practices and the introduction of new counter fraud initiatives.

Fraud Risk Register

The Counter Fraud Unit maintains the Council's fraud risk register. The register is used to help identify areas for testing and to inform future audit assurance plans by focusing on the areas with the 'highest' risk of fraud. The latest fraud risk register is included at Appendix 2.

Midland Fraud Group

This group consists of fraud officers from across the Midland's local authorities. The purpose of the group is to identify and discuss the outcome of initiatives being used to tackle fraud. At the last meeting in October 2019 discussions were held on Universal Credit fraud, DWP joint working, Direct Payment fraud, Business Rates fraud and cases of interest.

Counter Fraud Plan Update

| Issue | Action | Timescale |
|--|---|---|
| Raising counter fraud awareness across the Council | Develop and deliver Fraud Awareness seminars | Fraud based training provided Summer 2019 |
| | Develop on line fraud training for staff. | To be refreshed Spring 2020 |
| | Work with Workforce Development to develop and promote fraud training. | Fraud seminars and surgeries promoted through City People On-going use of online training package |
| | Establish measures for assessing the level of employee fraud awareness. | Spring 2020 |
| | Hold fraud surgeries to enable staff to report areas of suspected fraud. | Fraud surgeries planned for Spring 2020 |
| | Use various forms of media to promote fraud awareness across the Council including City People, the intranet and the internet. | Fraud seminars and surgeries will be promoted through City People |
| | Work closely with Wolverhampton Homes and seek opportunities to promote joint fraud awareness. | On-going |
| Work with national, regional and local networks to identify current fraud risks and initiatives. | Maintain membership of the National Anti-Fraud Network (NAFN). | On-going |
| | Participate in the Cabinet Office's National Fraud Initiative (NFI) data matching exercises. Acting as key contact for the Council, the West Midlands Pension Scheme and Wolverhampton Homes. | On-going. Latest exercise commenced January 2019 |
| | Complete the annual CIPFA fraud survey. | CIPFA Survey completed July 2019 |
| | Investigate opportunities to develop the use of NFI real time and near real time data matching. | Used for additional Single Person Discount data match |
| | Participate in CIPFA's technical information service. | On-going |
| | Maintain membership of the Midlands Fraud Group. | On-going – last meeting October 2019 next meeting Spring 2020 |
| | Attend external fraud seminars and courses. | Cyber Security Training - January 2019 Fighting Fraud and Corruption Locally Conference – March 2019 |

| Issue | Action | Timescale |
|--|---|--|
| | | <p>NAFN Fraud Roadshow – June 2019</p> <p>Direct Payment Fraud Training – July 2019</p> <p>NAFN Counter Fraud Conference November 2019</p> |
| Assess the counter fraud strategy against best practice | Complete national fraud self-assessments, for example: | |
| | <ul style="list-style-type: none"> • New CIPFA Code of Practice | June 2015 (the last time required) |
| | <ul style="list-style-type: none"> • CIPFA Counter Fraud Tracker Survey | Annually |
| | <ul style="list-style-type: none"> • The former Department for Communities and Local Government – ten actions to tackle fraud against the Council. | On-going |
| | <ul style="list-style-type: none"> • Consideration of fraud resilience toolkit | On-going |
| Identify and rank the fraud risks facing the Council | Manage the Council's fraud risk register to ensure key risks are identified and prioritised. | On-going |
| | Develop measures of potential fraud risk to help justify investment in counter fraud initiatives. | On-going |
| | Seek opportunities to integrate the fraud risk register with other corporate risk registers and also the Audit Services Audit Plan | On-going |
| Work with other fraud investigation teams at the Council | Develop good communication links between the Counter Fraud Unit, Wolverhampton Homes, and Audit Services. | The Council's Counter Fraud Team provide a tenancy fraud service to Wolverhampton Homes. |
| Work with external organisations to share knowledge about frauds? | Establish formal joint working relationships with external bodies, for example Police, Health Service and Immigration Enforcement. | On-going |
| Participate in external initiatives and address requests for information | Implement industry best practice as identified in reports produced by external bodies, for example; Cipfa's Annual Fraud Tracker Survey and the National Fraud Initiative report. | Annual/on-going |
| | Encourage Service Areas to participate in initiatives to identify cases of fraud. | Corporate Fraud Group established |
| | Look for opportunities to use analytical techniques such as data matching to identify frauds perpetrated across bodies, for example other Councils. | On-going |
| | Undertake a programme of proactive target testing. | On-going |

This report is PUBLIC
[NOT PROTECTIVELY MARKED]

| Issue | Action | Timescale |
|--|--|---|
| | Respond to external requests for information or requests to take part in national initiatives. | On-going |
| All cases of reported fraud are identified, recorded and investigated in accordance with best practice and professional standards. | Work with Service Areas to develop methods of recognising, measuring and recording all forms of fraud. | Corporate Fraud Group established |
| | Manage and co-ordinate fraud investigations across the Council. | As reported back to the Audit and Risk Committee on a quarterly basis |
| | Implement and update the Council's portfolio of fraud related policies in response to changes in legislation. | Latest version approved at Audit and Risk Committee – March 2018 |
| | Where appropriate take sanctions against the perpetrators of fraud either internally in conjunction with Human Resources and Legal Services or externally by the Police. | On-going |
| Ensure responsibility for counter fraud activities is included in Partnership agreements with external bodies. | Embed responsibility for counter fraud activities in partnership agreements with the Council's strategic partners. | On-going |
| | Partnership agreements to include the Council's rights of access to conduct fraud investigations. | On-going |
| Provide the opportunity for employees and members of the public to report suspected fraud. | Manage and promote the Whistleblowing Hotline and record all reported allegations of fraud. | City People article – planned for Spring 2020 |
| | Promote and hold fraud surgeries that provide the opportunity for staff to discuss any potentially fraudulent activity at the Council. | Fraud surgeries planned for Spring 2020 |
| | Seek other methods of engaging with employees and the public to report fraud. | On-going – for example through the Council's internet site |
| | Where appropriate ensure allegations are investigated and appropriate action taken. | On-going |
| | Work with and develop procedures for carrying out investigations with other service areas for example Human Resources, Legal Services and Wolverhampton Homes. | Corporate Fraud Group established |
| Inform members and senior officers of counter fraud activities. | Report quarterly to the Audit Committee on the implementation of Counter Fraud initiatives and the progress and outcome of fraud investigations. | On-going |

Fraud Risk Register @ January 2020

| Themes | Potential fraud type | Risk rating |
|----------------------|---|-------------|
| Housing Tenancy | Subletting for profit, providing false information to gain a tenancy, wrongful tenancy assignment and succession, failing to use the property as the principle home, right to buy. This risk is managed by Wolverhampton Homes. | Red |
| Council Tax | Fraudulently claiming for discounts and exemptions such as the single person's discount and Local Council Tax Support Schemes. | Red |
| Personal Budgets | Falsely claiming that care is needed, carers using direct payments for personal gain, carers continuing to receive direct payments after a person dies, duplicate applications submitted to multiple Councils. | Red |
| Cyber Security | Using technology as a tool to commit acts of fraud – this currently has a very high profile and is an ever-increasing area susceptible to fraud | Red |
| Welfare Assistance | Fraudulent claims. | Amber |
| Procurement | Collusion (employees and bidders), false invoices, overcharging, inferior goods and services, duplicate invoices. | Amber |
| Business Rates | Evading payment, falsely claiming mandatory and discretionary rate relief, empty property exemption, charity status. | Amber |
| Payroll | 'ghost' employees, expenses, claims, recruitment. | Amber |
| Blue Badge | Fraudulent applications use by others and continuing use after a person dies. | Amber |
| Electoral | Postal voting, canvassing. | Amber |
| Schools | School accounts, expenses, procurement, finance leases. | Amber |
| Bank Mandate Fraud | Fraudulent request for change of bank details (increased following a recent case). | Amber |
| Theft | Theft of Council assets including cash (increased following a recent case). | Amber |
| Insurance | Fraudulent and exaggerated claims. | Green |
| Manipulation of data | Amending financial records and performance information. | Green |
| Grants | False grant applications, failure to use for its intended purpose. | Green |
| Bribery | Awarding of contracts, decision making. | Green |
| Money Laundering | Accepting payments from the proceeds of crime. | Green |

This report is PUBLIC
[NOT PROTECTIVELY MARKED]

fraud and corruption tracker

Summary Report 2019



Contents

| | |
|-----------|--|
| 3 | Foreword |
| 4 | Introduction |
| 5 | Executive summary |
| 6 | Main types of fraud <ul style="list-style-type: none">– Council tax– Disabled parking (Blue Badge)– Housing– Business rates |
| 12 | Other types of fraud <ul style="list-style-type: none">– Adult social care– Insurance– Procurement– No recourse to public funds/welfare assistance– Payroll, recruitment, expenses and pension– Economic and voluntary sector support and debt– Mandate fraud and manipulation of data |
| 16 | Serious and organised crime |
| 17 | Sanctions |
| 17 | Cyber fraud |
| 18 | Whistleblowing |
| 18 | Counter fraud structure |
| 19 | Joint working/data sharing |
| 20 | Fighting Fraud and Corruption Locally |
| 21 | Recommendations |
| 22 | Appendices |

Foreword



Rob Whiteman
Chief Executive, CIPFA

As stewards of public money, it's the responsibility of each and every public sector organisation to take an active role in the fight against corruption, bribery and fraud. The impact of financial crime on the public sector is enormous. The diversion of funding from vital public services undermines public trust, financial sustainability, organisational efficiency and makes the vulnerable people in our communities that much worse off.

The CIPFA Fraud and Corruption Tracker (CFaCT) aims to provide a current national picture of public sector fraud and corruption for local authorities and to help identify counter fraud actions that must be taken. The report's findings provide valuable insights designed to help counter fraud practitioners in local government better understand national trends and emerging risks.

This publication is part of CIPFA's commitment to support the public sector and promote the principles of strong public financial management and good governance. Not only do our findings shed valuable light on the fraudulent activities happening in public organisations across our country, but they also showcase the important role that counter fraud measures play in the larger fight against fraud and corruption.

The findings from the 2019 CFaCT survey should not be understated. Understanding the emerging risks that similar sectors face can help organisations in the broader public sector increase their individual awareness, collaborate more effectively and take tailored action to prevent illegal activity from growing in the public sphere.

By working together, all agencies involved in protecting public resources can improve clarity and efficiency in tackling fraud. Ultimately the improved outcomes that result will benefit all communities.

The survey was supported by:



The CIPFA Counter Fraud Centre

The CIPFA Counter Fraud Centre (CCFC) was launched in 2014. Building on CIPFA's 130-year history of championing excellence in public finance management, we offer a range of products and services to help organisations detect, prevent and recover fraud losses. We support the national counter fraud and anti-corruption strategy for local government, Fighting Fraud and Corruption Locally and were named in the UK Government's 2014 Anti-Corruption Plan and in the 2017–22 Anti-Corruption Strategy as having a key role to play in combating corruption, both within the UK and abroad. Through the annual CFaCT survey, we lead on measuring and monitoring fraud, bribery and corruption activity across local government.



**CIPFA COUNTER
FRAUD CENTRE**

Acknowledgements

CIPFA would like to thank all the organisations that completed the survey along with those that helped by supporting, contributing insights and best practices, including:

- Local Government Association
- Home Office
- The Fighting Fraud and Corruption Locally board



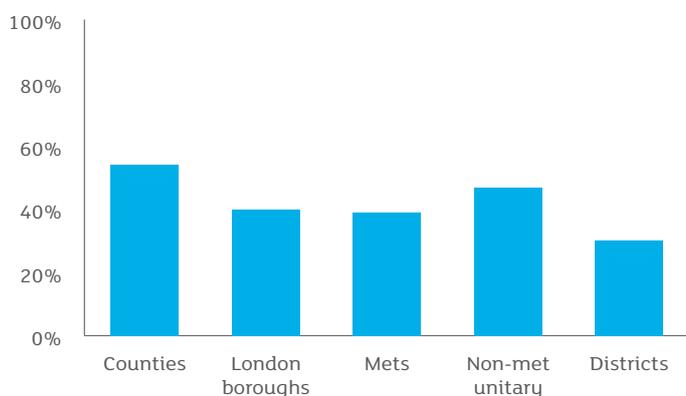
Introduction

CIPFA recognises that each pound lost to fraud represents a loss to the public purse and reduces the ability of the public sector to provide services to people who need them. According to the Annual Fraud Indicator 2017, which provides the latest set of government sanctioned estimates, fraud costs the public sector at least £40.3bn annually, £7.8bn of which is specifically in local government.

Fraud is a widespread cause of concern in the public sector and remains a constant financial threat to local authorities. This is an ongoing issue in the sector and partners such as the Local Government Association (LGA), the National Audit Office and the Home Office actively work towards new ways of finding solutions to the challenges unique to government.

CIPFA conducted its fifth annual CFaCT survey in May 2019, with the aim of creating a national picture of the types of fraud and amount prevented or detected in local authorities. The results were received from local authorities in all UK regions, allowing CIPFA to estimate the total figures for fraud across England, Scotland, Wales and Northern Ireland.

Response rate



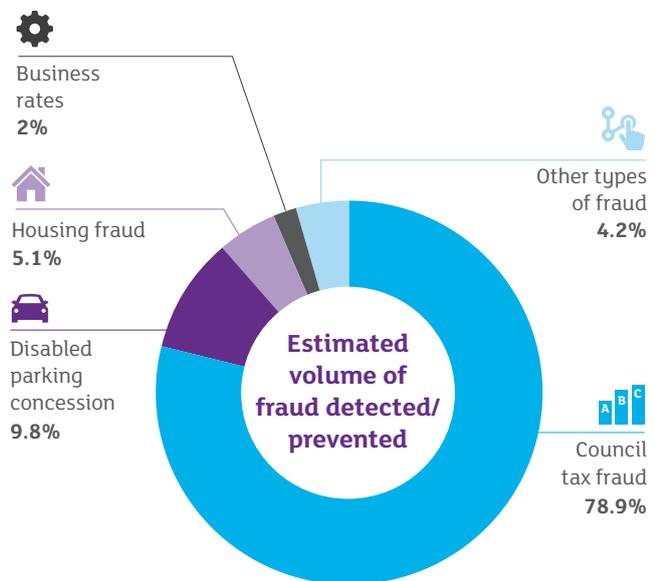
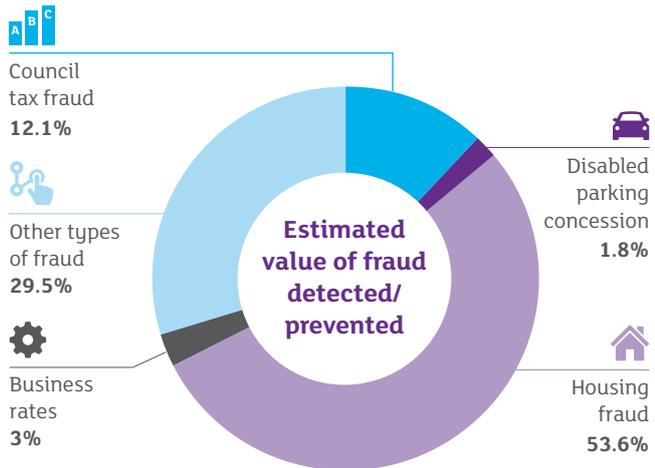
This report highlights the following:

- the types of fraud identified in the 2018/19 CFaCT survey
- the monetary cost of fraud in 2018/19
- the impact of counter fraud and prevention activities to improve the public sector budget
- the emerging risks and threats impacting the fraud and corruption landscape.



Executive summary

For local authorities in the UK, CIPFA has estimated that the total value of fraud detected or prevented in 2018/19 is approximately £253m, averaging roughly £3,600 per fraud case. In 2017/18 there was an estimated value of £302m with a similar average of £3,600 per case detected or prevented.



The decrease in the total value can be largely attributed to the successful work by public authorities in housing, which has seen a year-on-year reduction in the total number of unlawfully sublet properties and false right to buy applications.

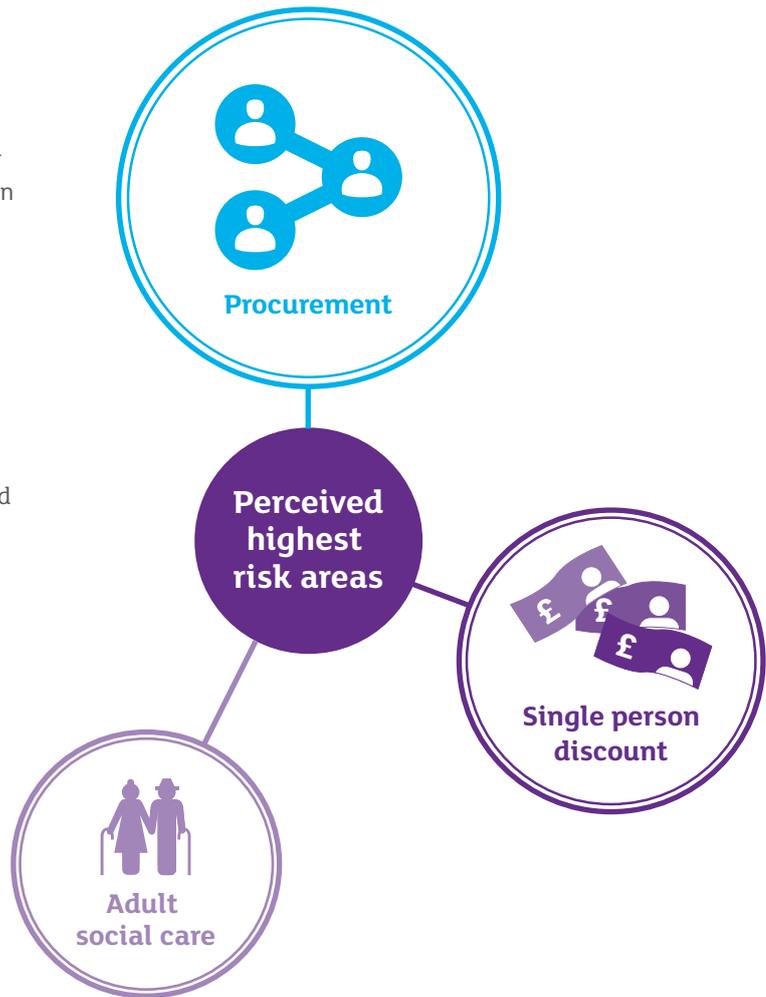
Improvements in the review of allocations and applications by many local authorities have limited the risk of new fraud cases and strengthened overall degrees of prevention. Together with low rates of tenancy turnover associated with the current social housing stock, this prevention strategy has been highly effective.

Councils reported that approximately 71,000 instances of fraud had been detected or prevented in 2018/19, which is lower than the approximate 80,000 reported by CIPFA in 2017/18. Council tax fraud represents 78% of these identified instances of fraud with an estimated value of £30.6m followed by disabled parking concession (Blue Badge scheme) and housing frauds representing 10% and 5% of the total cases of UK public sector fraud, respectively.

The area that has grown the most in the last year is council tax single person discount (SPD) with an estimated increase of £3.6m since 2017/18.

The three highest perceived fraud risk areas for 2018/19 remain unchanged from the previous iteration of this survey: procurement, council tax SPD and adult social care respectively.

Survey results show that nationally, the primary perceived issue that respondents think needs to be addressed to effectively tackle the risk of fraud and corruption is capacity – ie sufficient counter fraud resource. Better data sharing and effective fraud risk management follow as secondary and tertiary areas for improvement. Results from respondents have shown that they expect to increase the number of counter fraud specialist staff by 9% over the next year, a continuation of an upward trend for employing counter fraud specialists in councils.



In the last year, the value of fraud detected and prevented by local authorities in the UK was

£253m



Major fraud areas

For 2018/19, the CFaCT survey has shown that the four main areas of fraud (by volume) that local authorities are tackling are:

- council tax
- disabled parking (Blue Badge)
- housing
- business rates.

A B C Council tax

Council tax has continued to be the largest area of identified fraud over the last three years and is the top fraud risk for districts and unitaries, 43% and 26%, respectively. Although the volume is significantly higher when compared to other fraud risk areas, council tax does not represent the highest cumulative value amongst all surveyed types of fraud, estimated to total £30.6m. This high volume/low value continues to be a leading trend each year.

Table 1: Estimated council tax fraud

| | 2016/17 | | 2017/18 | | 2018/19 | |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Volume | Value | Volume | Value | Volume | Value |
| SPD | 50,136 | £19.5m | 46,278 | £15.8m | 44,051 | £19.4m |
| CTR | 6,326 | £4.8m | 8,759 | £6.1m | 8,973 | £7.2m |
| Other | 674 | £1.1m | 2,857 | £4.5m | 2,831 | £4.0m |
| Total | 57,136 | £25.5m | 57,894 | £26.3m | 55,855 | £30.6m |

The total number of detected and prevented fraud cases for council tax fell in 2018/19 after rising in previous years. However, the average values of frauds, especially for SPD, has risen resulting in an increase in the total value.

55,855

instances of council tax fraud amounted to



£30.6m

in the last year



Disabled parking (Blue Badge)

The survey has identified misuse of the Blue Badge scheme as one of the fraud risk areas that is increasing steadily. Although the number of cases has nearly halved since last year, the national estimated average value per case has increased from £499 to £657 in 2018/19. Although this value does not include cases with a normal cancellation upon death of the individual, the increase is likely to continue with new criteria in guidance released by the Department for Transport and Ministry of Housing, Communities & Local Government (MHCLG).

This guidance states that the Blue Badge scheme now extends to individuals with less ‘visible’ disabilities, such as dementia or anxiety disorder – one of the biggest changes to the scheme in nearly 50 years. These extended criteria came into effect in August 2019 and coincide with the launch of a new task force to aid local authorities in the prevention and detection of Blue Badge fraud.¹

This indicates that although procurement, council tax SPD and adult social care are identified nationally as the three main fraud risk areas,

Blue Badge fraud is an area of increasing risk and prominence.

Due to the varying nature of cases and local authorities’ individual calculation methods, at present there is no standard means of calculating the value of Blue Badge fraud. It is challenging to directly compare the value of fraud cases detected/prevented across all UK authorities.

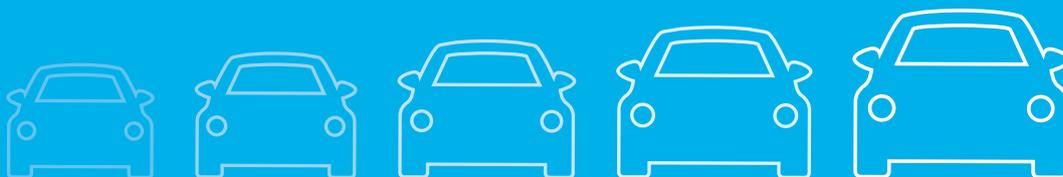
For example, Greater London authorities place a higher value against the fraud loss in comparison to other local authorities, with an average value of £3,340 per case compared to counties who had an average of £260 per fraud case; this is partially due parking fees being much higher in Greater London.



Fraud from the misuse of the Blue Badge scheme is a fraud area that is steadily increasing.



The average case of Blue Badge fraud has increased from **£499** to **£657**



¹ www.gov.uk/government/news/review-of-blue-badge-fraud-as-scheme-is-extended-to-those-with-hidden-disabilities



Housing and tenancy fraud

In relation to housing fraud, councils record the income lost using different valuations that can range from a notional cost of replacing a property to the average cost for keeping a family in bed and breakfast accommodation for a year. These different approaches make it challenging to formulate clear comparisons. On a national scale, the value of fraud detected or prevented is considered in the two following ways:

- if the cases were pertaining to new-build accommodation
- if the cases were pertaining to temporary accommodation.

Table 2: Estimated housing fraud

| Type of fraud | 2016/17 | 2017/18 | 2018/19 |
|----------------|--------------|--------------|--------------|
| | Volume | Volume | Volume |
| Right to buy | 1,284 | 1,518 | 652 |
| Illegal sublet | 1,829 | 1,051 | 826 |
| Other* | 2,825 | 2,164 | 2,154 |
| Total | 5,938 | 4,733 | 3,632 |

*Other includes tenancy frauds that are neither right to buy nor illegal sublet, and may include succession and false applications.

3,632

instances of housing fraud occurred in the UK last year



In cases regarding new-build accommodations an average of £150k per fraud case is applied, compared to £18k for cases regarding temporary accommodations. This can be further explored by examining the comparison by tier (see Table 2).

There has been a steady downward trend in the number of housing and tenancy related frauds detected/prevented, decreasing by roughly 20% year-on-year. This trend likely indicates successful efforts by local authorities to tackle housing fraud and remove illegally sublet properties from the system.



Business rates

Business rate fraud represents 2% of the total estimated number of fraud cases detected or prevented in 2018/19. This represents a marginal increase from the previous year's figure of 1.7% and is reflected in the fact that councils reported it as the fifth highest fraud risk area on a national scale and third highest specific to districts.

Examples of business rates fraud include fraudulent applications for exemptions, tax

relief and the failure to list properties as being a business address. It often takes a visit from someone in the fraud team to discover the truth.

Even with the increased percentage overall, the estimated loss decreased to £8m from £10m the previous year.

Business rate fraud represents



2%

of all detected and prevented cases of fraud in the UK

Other types of fraud

This section of the report examines survey responses related to other notable types of fraud that did not emerge as major types of fraud within the national picture. This section includes the following fraud types, among others²:

- adult social care
- insurance
- procurement
- no recourse to public funds/welfare assistance
- economic and voluntary sector support and debt
- payroll, recruitment, expenses and pension
- mandate fraud and manipulation of data.



Adult social care

Table 3: Estimated adult social care fraud

| Type of fraud | 2016/17 | | 2017/18 | | 2018/19 | |
|--------------------------------|------------|--------------|------------|--------------|------------|----------------|
| | Volume | Value | Volume | Value | Volume | Value |
| Personal budget | 264 | £2.7m | 334 | £3.2m | 234 | £9.6m* |
| Other | 182 | £2.8m | 403 | £3.5m | 246 | £4.1m |
| Total | 446 | £5.5m | 737 | £6.7m | 480 | £13.7m* |
| Average value per fraud | | £12k | | £9k | | £29k* |

*Please note that this figure is inflated by a small number of authorities and though it is not comparable, it shows the scope of fraud possible in this area.

In 2018/19, there was a reversal of the trend of a steady decline in the average value per fraud of adult social care. In 2018/19 the average value of personal budget fraud increased, primarily as a result of a small number of very high value frauds identified in two councils. Excluding these cases, the decline in the value and volume of personal budget frauds continued. Other fraud also showed a decline in numbers of cases identified but the average value increased.

² An explanation of each fraud can be found in the Glossary on page 23.



Insurance fraud

This year's survey reports an estimated number of 318 insurance fraud cases, valued cumulatively at £12.6m. In comparison to the previous year, both the estimated volume and value of insurance fraud cases in the UK more than doubled.

Respondents who identified insurance fraud also reported two confirmed insider fraud cases with a combined value of £43k.

Local authority insurance fraud cases included in this survey are a mixture of both one-off,

high-value employer liability claims (such as injury at work) and frequent, low-value public liability claims (such as 'slips and trips' or property damage).

Through pro-active risk management, many risks faced by councils are being effectively identified, treated and managed. In turn, these actions have led to more effective controls and better review and management of red flags against high risk claims, contributing to higher levels of fraud prevention or detection.



Procurement fraud

For the third year in a row, procurement fraud is seen as the highest fraud risk area. Services are constantly being procured by councils and fraud can take place at any point in the supply chain, making it difficult to both detect and measure especially once a contract has been awarded. Councils also undertake large value infrastructure and regeneration projects, usually subjected to outsourcing. As councils are responsible for the funding of these large projects, when procurement fraud does occur the sums can be significant.

This year, there was an estimated number of 125 prevented or detected procurement frauds with 12% of cases reported being insider fraud and 5% classified as serious and organised crime. This is a continued decline from 142 estimated fraudulent cases with a value of £5.2m in 2017/18 and 197 cases with a value of £6.2m in 2016/17.

Table 4: Estimated procurement fraud

| 2016/17 | | 2017/18 | | 2018/19 | |
|---------|-------|---------|-------|---------|---------|
| Volume | Value | Volume | Value | Volume | Value |
| 197 | £6.2m | 142 | £5.2m | 125 | £20.3m* |

*Please note this figure is attributable to mainly one organisation and though it is not comparable to other respondents, it shows the scope for fraud in this area.

This year, there was an estimated number of

125

prevented or detected procurement frauds.

Over the past 12 months MHCLG has been leading a review into the risks of fraud and corruption in local government procurement as committed to in the UK Government's Anti-Corruption Strategy 2017-2022.



Welfare assistance and no recourse to public funds

In 2018/19, the estimated number of fraud cases related to welfare assistance dropped significantly to 24. In 2017/18 and 2016/17 there were an estimated 109 and 74 cases, respectively. The scope for the volume of cases authorities can receive in this area was demonstrated last year where the average number of cases per authority was over three times the level identified in 2018/19.

2018/19 saw the number of no recourse to public funding cases fall to an estimated 148, down from an estimated 334 cases in the previous year. This decline can possibly be attributed to fewer respondents detecting/preventing fraudulent activity in this area.



Economic and voluntary sector (grant fraud) and debt

The number of grant fraud cases reported by local authorities responding to the survey has reduced to six cases with an average value per fraud loss of approximately £4,000. In the 2016/17 survey, there were 17 actual cases of grant fraud reported, which increased in 2017/18 to 24 cases with an average estimated loss of £14,000 per case.

The number of debt cases reported has increased to 53, and is valued at over £495,000 this year, compared to 38 reported cases in 2017/18 valued at over £150,000. This year, both the number and value of debt fraud cases increased, despite a decline in the survey's response rate. This might indicate that debt fraud likely has a higher scope for fraudulent activity than previously expected.



The number of grant fund fraud cases reported by local authorities has gone down to six.





Payroll, expenses, recruitment and pension

The total value of the fraud loss for these four areas in 2018/19 was an estimated £9.42m. This figure was inflated by one incident of payroll fraud that was prevented by an authority and though it is not comparable on a national basis, it reflects the scope of fraud for this area.

Measuring the cost of these frauds can be quite difficult as they carry implications that include reputational damage, the costs of further recruitment and investigations into the motives behind the fraud. This could indicate that some organisations are less likely to investigate or report investigations in these areas.

Payroll has had the highest volume and value of fraud out of these four areas (payroll, expenses, recruitment and pension) for every year since 2016/17. Recruitment fraud has the second highest with an estimated average per case of £11,381.

Table 5: Estimated payroll, expenses, recruitment and pension fraud

| Type | 2016/17 | | 2017/18 | | 2018/19 | |
|--------------|------------|--------------|------------|--------------|------------|----------------|
| | Volume | Value | Volume | Value | Volume | Value |
| Payroll | 248 | £1.0m | 167 | £1.01m | 168 | £8.77m* |
| Expenses | 75 | £0.1m | 34 | £0.03m | 32 | £0.04m |
| Recruitment | 46 | £0.2m | 52 | £0.49m | 33 | £0.38m |
| Pension | 228 | £0.8m | 164 | £0.57m | 153 | £0.23m |
| Total | 597 | £2.1m | 417 | £2.1m | 386 | £9.42m* |

*Please note this figure is attributable to mainly one organisation and though it is not comparable to other respondents, it shows the scope for fraud in this area.

Changes in fraud volume



Manipulation of data (financial or non-financial) and mandate fraud

CIPFA estimates that across the UK in 2018/19 there were 34 cases of manipulation of data fraud, which is an increase from the estimated cases in 2017/18 following a dip compared to the year before that.

There were 322 estimated cases of mandate fraud in 2018/19 compared to 257 estimated cases detected or prevented in 2017/18.

Serious and organised crime

Organised crime often involves complicated and large-scale fraudulent activities which cross more than one boundary, such as payroll, mandate fraud, insurance claims, business rates and procurement. These activities demand considerable resources to investigate and require organisations to co-operate in order to successfully bring criminals to justice.

The 2018/19 survey identified 24 cases of serious and organised crime, a decrease from the 56 in 2017/18 which had doubled from the year before that. All of this year's cases come from metropolitan, districts, London boroughs and counties. This may indicate that larger and more complex authorities bear a greater risk of being targeted by serious and organised crime. The responses show that councils share a significant amount of data both internally and externally,

with 72% sharing data with the Cabinet Office/ National Fraud Initiative, 52% sharing data with the police and 49% sharing data with their peers (other councils).

Of the organisations that responded, 35% identified serious and organised crime within their organisation's risk register.



Sanctions

The following shows some of the key findings from sanctions that are being used in CFaCT 2018/19:

- 674 prosecutions were completed in 2018/19. Of these 17 involved insider fraud and 14 of those insider fraud cases were found guilty.
- The number of cautions increased from 9% in 2016/17 to 13% in 2017/18 but reduced to 7% in 2018/19.
- The percentage of other sanctions dropped from 53% in 2016/17 to 46% in 2017/18 but increased to 55% in 2018/19.



Cyber fraud

Results from the CFaCT survey show that 74% of respondents last underwent a cyber/e-fraud risk assessment during or after 2018/19 and 78% state that the IT team/senior information risk owner is responsible for the management of cyber risk in their organisation.

Twenty seven percent of respondents stated that their organisation had been a victim of hacking/distributed denial of service attacks in the last month.

In response to the threat of cybercrime against local government, the LGA has set up a Cyber Security Programme and a stakeholder group, working to address the issues.

The LGA's Cyber Security Programme received three years of funding from the National Cyber Security Programme (NCSP) in 2018 to help councils remain safe from cyber attacks and put appropriate arrangements in place to deal effectively with a cyber incident should it occur, ie both prevention and response.

Whistleblowing

This year, 67% of respondents said they annually reviewed their whistleblowing arrangements in line with BS PAS 1998:2008 Whistleblowing Arrangements Code of Practice. Councils also named other codes of practices with which they are aligning.

Of those questioned, 86% confirmed that staff and the public had access to a helpdesk and 70% said that the helpline conformed to the BS PAS1998:2008.

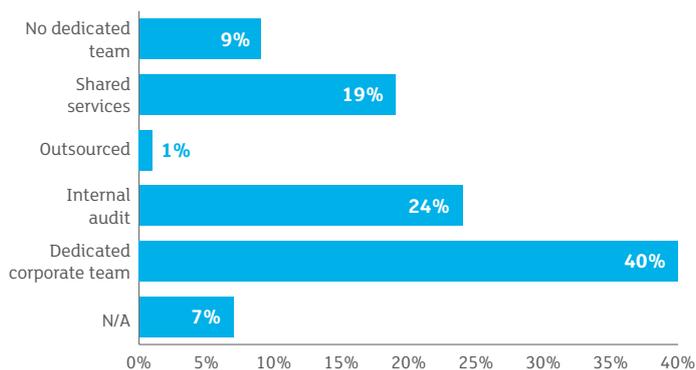
Respondents reported a total of 755 whistleblowing cases logged, made in line with

BS PAS 1998:2008, representing disclosures in all areas – not just with regard to suspected fraudulent behaviour. This is an average of six cases logged per authority, double last year's average of three per authority. Responses showed that the majority of cases were logged by London councils and metropolitan districts.

Counter fraud structure

Fraud teams across local government continue to detect and prevent a significant amount of fraud, although counter fraud resource is the main perceived issue that need to be addressed to tackle fraud. Councils are responding to this perceived need and expect the number of counter fraud specialist staff to grow by around 9% in the next year, followed by a small increase in 2021.

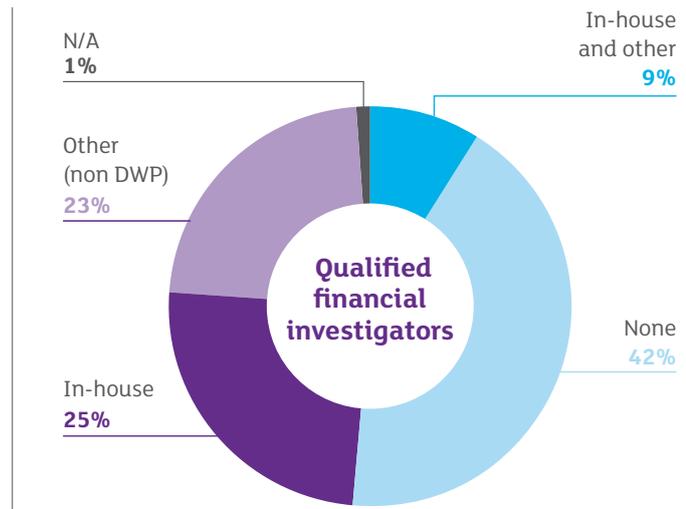
Counter fraud structure breakdown



Adopting a shared services structure is increasingly popular and this year it was reported that 19% of respondents have such a structure compared to 14% last year. Some smaller authorities have likely adopted this approach for its associated resiliency and cost efficiency.

There has been a decrease in authorities that have a dedicated counter fraud team – from 51% in 2017/18 to 40% in 2018/19. However, it is worth noting there may be a potential bias in this figure as those who have a dedicated counter fraud team are more likely and able to return data for the CFaCT survey.

The number of available in-house qualified financial investigators has increased from 31% in 2017/18 to 44% in 2018/19. In addition, the percentage of authorities that have a non-Department of Work and Pensions (DWP) qualified financial investigator increased from 23% in 2017/18 to 25% in 2018/19. However, the number of authorities that don't have a qualified financial investigator available to their organisation has increased from 41% last year to 43%.



Joint working/data sharing

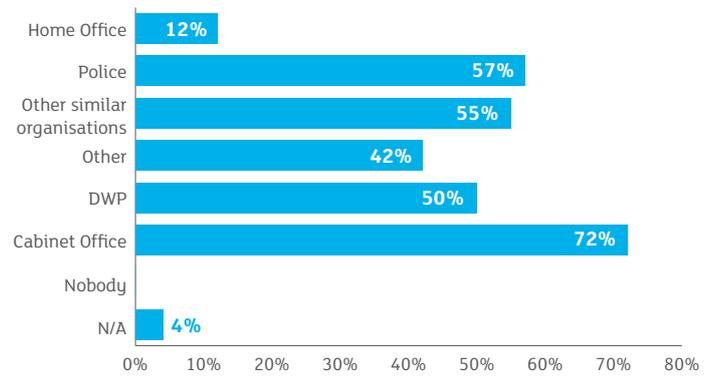
Eighty-nine percent of survey respondents have stated that they share data internally, mainly with housing, council tax and revenue/benefits departments.

Ninety-six percent of local authorities share data externally which is an increase of 2% from 2017/18. This data is mainly shared with Cabinet Office/National Fraud Initiative (72%), police (57%), other authorities/similar organisations (55%) and the DWP (50%).

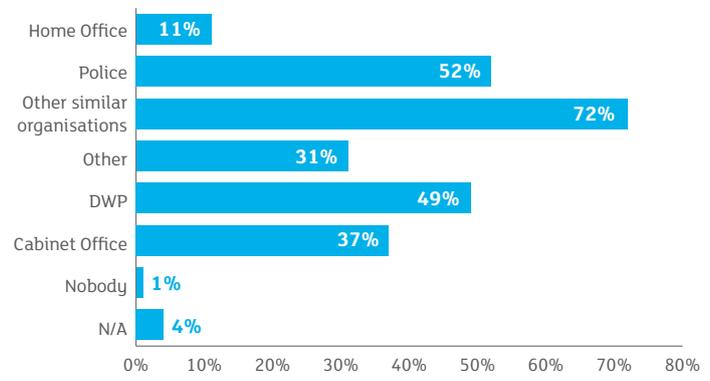
The sort of data that is shared relates to persons of interest, areas of interest and emerging frauds. Some authorities also highlighted that the kind of data they share is for data-matching purposes.

Of the CFaCT respondents, 72% say they work jointly with other similar organisations/peers, 52% work with the police and 49% with the DWP. Further breakdown is shown in the following chart.

Share/exchange data with:



Work jointly with:



Fighting Fraud and Corruption Locally

The Fighting Fraud and Corruption Locally (FFCL) Strategy 2016-2019 was developed by local authorities and counter fraud experts and is currently being reviewed. It is the definitive guide for local authority leaders, chief executives, finance directors and all those with governance responsibilities.



This strategy is available for councils to use freely, so that everyone can benefit from shared good practice, and is aimed at local authority leaders. It provides advice on how to lead and communicate counter fraud and corruption activity for the greatest impact, as well as covering resource management and investment in counter fraud operations.

To measure the effectiveness of its 2016-2019 strategy, the FFCL board includes questions in the CFaCT survey. The questions ask respondents whether they agree or disagree that their organisation is carrying out certain actions, based on FFCL recommendations. The diagram to the left illustrates the results; lines closest to the outside edge indicate strong agreement while those towards the centre indicate disagreement.



The FFCL strategy is the definitive guide for local authority leaders. Everyone can benefit from good practice.



Recommendations

CIPFA recommends

- **The cumulative value of fraud prevented/detected by local authorities has declined year-on-year.** Public sector organisations must remain vigilant and determined in identifying and preventing fraud throughout their procurement processes.
- **This year's findings show that shared services counter fraud structures are becoming more popular amongst authorities.** Effective practices for detecting and preventing fraud should be shared and adopted across the sector. Fraud prevention should be embedded in 'business as usual' across an entire organisation to improve the effectiveness of preventative measures.
- **Although the number of qualified investigators has increased over the past year, the survey shows a decline in the number of authorities with a dedicated counter fraud team.** All staff, across all public sector work functions, should receive fraud awareness training in order to better identify fraud risks, fraud attempts and implement effective controls.
- **According to respondents, a lack of adequate counter fraud resources is the main perceived issue that needs to be addressed to effectively tackle fraud.** All organisations should ensure that they have strong counter fraud leadership at the heart of senior decision-making teams. Fraud teams and practitioners should be supported in presenting business cases to resource their work effectively.
- **The survey shows that the overwhelming majority of authorities share data externally, however vast discrepancies exist among the organisations that receive that shared data.** Public sector organisations should continue to maximise opportunities to share data and to explore innovative use of data, including sharing with law enforcement bodies and third party experts.
- **In the past year, 89% of local authorities shared fraud-related data internally.** Where counter fraud functions are decentralised within an authority, counter fraud leads should ensure effective inter-departmental collaboration (ie between housing, IT (cyber security), revenues, etc). For some authorities, necessary collaboration could be achieved through the formation of a counter-fraud working group.
- **In-line with the FFCL Strategy 2016-2019,** the importance of the fraud team's work should be built into both internal and external communication plans. Publicly highlighting a zero tolerance approach can work to improve the reputation and budget position of authorities.



The importance of the fraud team's work should be built into both internal and external communications plans. ”



Appendix 1: Fraud types and estimated value/volume

The table below shows the types of frauds reported in the survey and the estimated volume and value during 2018/19.

| Types of fraud | Fraud cases | % of the total | Value | % of the total value | Average |
|---------------------------------------|-------------|----------------|---------|----------------------|-----------|
| Council tax | 55,855 | 78.9% | £30.6m | 12.1% | £548 |
| Disabled parking concession | 6,951 | 9.8% | £4.6m | 1.1% | £657 |
| Housing | 3,632 | 5.1% | £135.6m | 53.6% | £37,332 |
| Business rates | 1,404 | 2.0% | £7.7m | 3.0% | £5,455 |
| Other fraud | 616 | 0.9% | £6.0m | 2.4% | £9,779 |
| Adult social care | 480 | 0.7% | £13.7m* | 5.4%* | £28,534* |
| Schools frauds (excl. transport) | 391 | 0.6% | £0.7m | 0.3% | £1,893 |
| Mandate fraud | 322 | 0.5% | £4.7m | 1.8% | £14,506 |
| Insurance claims | 318 | 0.5% | £12.6m | 5.0% | £39,636 |
| Payroll | 168 | 0.2% | £8.8m* | 3.5%* | £52,270* |
| Pensions | 153 | 0.2% | £0.2m | 0.1% | £1,498 |
| No recourse to public funds | 148 | 0.2% | £1.4m | 0.6% | £9,483 |
| Procurement | 125 | 0.2% | £20.3m* | 8.0%* | £161,565* |
| Debt | 77 | 0.1% | £0.6m | 0.2% | £7,278 |
| Manipulation of data | 34 | 0.1% | na | na | na |
| Recruitment | 33 | 0.1% | £0.4m | 0.2% | £11,381 |
| Expenses | 32 | 0.1% | £0.0m | 0.0% | £1,124 |
| School transport | 31 | 0.0% | £4.8m | 1.9% | £154,601 |
| Welfare Assistance | 24 | 0.0% | £0.0m | 0.0% | £1,824 |
| Children social care | 19 | 0.0% | £0.4m | 0.2% | £22,076 |
| Economic and voluntary sector support | 14 | 0.0% | £0.1m | 0.0% | £4,005 |
| Investments | 2 | 0.0% | na* | na* | na* |

*The figures for investments are not available as only one response was received and thus the amount is not representative of the national average. The other figures in this table are affected by a small number of councils that had high value frauds not indicative of the national average.

Appendix 2: Methodology

This year's results are based on responses from 142 local authorities. An estimated total volume and value of fraud has been calculated for all local authorities in England, Wales, Scotland and Northern Ireland. Missing values are calculated according to the size of the authority and for each type of fraud an appropriate universal measure of size has been selected, such as local authority housing stock for housing frauds.

From the responses, the number of cases per each unit of measurement is calculated and used to estimate the missing values. Then, for each missing authority, the estimated number of cases is multiplied by the average value per case provided by respondents to give an estimated total value. As an illustration, if the number of housing

frauds per house is 0.01 and a missing authority has 1,000 houses in its housing stock, we estimate the number of frauds as 10. If the average value per case is £100,000 then the total estimated value of fraud for that authority is £1m.

Appendix 3: Glossary

Definitions below are taken from CIPFA's CFaCT survey, the Annual Fraud Indicator and other government sources.

Adult social care fraud:

Adult social care fraud can happen in a number of ways but the increase in personal budgets gives a greater opportunity for misuse.

Investigations cover cases where:

- direct payments were not being used to pay for the care of the vulnerable adult
- care workers were claiming money for time they had not worked or were spending the allocated budget inappropriately.

Blue Badge:

The Blue Badge is a Europe-wide scheme allowing holders of the permit to parking concessions which are locally administered and are issued to

those with disabilities so they can park nearer to their destination.

At present, a badge issued to a deceased person is classified as fraudulent, even if it is not being used for fraudulent purposes.

Business rates fraud:

Business rates fraud is not a transparent landscape for the fraud investigator, with legislation making it difficult to separate evasion and avoidance. Business rate fraud may include the fraudulent applications for exemptions and reliefs and unlisted properties, and fraud staff may be used to visit properties in question.

Cautions:

Cautions relate to a verbal warning given in circumstances where there is enough evidence to prosecute, but it is felt that it is not in the public interest to do so in that instance.

Council tax fraud:

Council tax is the tax levied on domestic properties and collected by district and unitary authorities in England and Wales and levying authorities in Scotland.

Council tax fraud is split into three sections:

- Council tax single person discount – where the council tax payer claims for occupiers who don't exist they are the only occupant eligible to pay.
- Council tax reduction support – where the council tax payer fails to declare their income correctly.
- Other types of council tax fraud – eg claims for exemptions or discounts to which the council tax payer has no entitlement.

Debt fraud:

Debt fraud includes fraudulently avoiding a payment of debt to an organisation, excluding council tax discount.

Disciplinary outcomes:

Disciplinary outcomes relate to the number of instances where as a result of an investigation by a fraud team, disciplinary action is undertaken, or where a subject resigns during the disciplinary process.

Economic and voluntary sector (grant fraud):

This type of fraud relates to the false application or payment of grants or financial support to any person and any type of agency or organisation.

Housing fraud:

Fraud within housing takes a number of forms, including sub-letting for profit, providing false information to gain a tenancy, wrongful tenancy assignment and succession, failing to use the property as the principle home abandonment, and right to buy.

Insurance fraud:

Insurance fraud includes any insurance claim that is proved to be false, made against the organisation or the organisation's insurers.

Mandate fraud:

Action Fraud defines mandate fraud as "when someone gets you to change a direct debit, standing order or bank transfer mandate, by purporting to be an organisation you make regular payments to, for example a subscription or membership organisation or your business supplier".

Manipulation of data fraud:

The majority of manipulation of data frauds relate to employees changing data in order to indicate better performance than actually occurred and staff removing data from the organisation. It also includes individuals using their position to change and manipulate data fraudulently or in assisting or providing access to a family member or friend.

No recourse to public funds:

No recourse to public funds prevents any person with that restriction from accessing certain public funds. A person who claims public funds despite such a condition is committing a criminal offence.

Organised crime:

The widely used definition of organised crime is one planned, co-ordinated and conducted by people working together on a continuing basis. Their motivation is often, but not always, financial gain.

Payroll fraud:

Payroll fraud covers a wide range of areas such as ghost employees on the payroll, diversion of payments into fraudulent accounts, employees set up to receive higher salaries than they are entitled to by either grade or hours worked and false overtime claims.

Procurement fraud:

The procurement of goods and services often accounts for a significant proportion of an organisation's expenditure and is open to a wide range of potential fraud risks. This is because there are usually multiple individuals involved in a process who often do not work closely together: ie the person who wants something purchased does not always work directly with the people who initiate orders and with those responsible for paying.

This includes any fraud associated with the false procurement of goods and services for an organisation by an internal or external person(s) or organisations in the 'purchase to pay' or post contract procedure, including contract monitoring.

Recruitment fraud:

Recruitment fraud includes applicants providing false CVs, job histories, qualifications, references, immigration status (ie the right to work in the UK) or the use of a false identity to hide criminal convictions or immigration status.

Right to buy:

Right to buy is the scheme that allows tenants that have lived in their properties for a qualifying period the right to purchase the property at a discount. Fraud is committed when an applicant has made false representations regarding the qualifying criteria, such as being resident in the property they are purchasing for a 12 month continuous period prior to application.

Welfare assistance:

Organisations have a limited amount of money available for welfare assistance claims so the criteria for applications are becoming increasingly stringent. Awards are discretionary and may come as either a crisis payment or some form of support payment.

Whistleblowing:

Effective whistleblowing allows staff or the public to raise concerns about a crime, criminal offence, miscarriage of justice or dangers to health and safety in a structured and defined way. It can enable teams to uncover significant frauds that may otherwise have gone undiscovered. Organisations should therefore ensure that whistleblowing processes are reviewed regularly.



Registered office:

77 Mansell Street, London E1 8AN

T: +44 (0)20 7543 5600 F: +44 (0)20 7543 5700

www.cipfa.org

The Chartered Institute of Public Finance and Accountancy.
Registered with the Charity Commissioners of England and Wales No 231060



Document is Restricted

This page is intentionally left blank