

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

Venue Online

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 the previous meeting** (Pages 3 - 8)
[For approval]
- 4 **Matters arising**
[To consider any matters arising from the minutes]

DECISION ITEMS

- 5 **External Audit Plan Addendum** (Pages 9 - 16)
[To note the external audit plan addendum.]
- 6 **Covid-19 Risk Register and Strategic Risk Register** (Pages 17 - 60)
[To note the Covid-19 risk register and strategic risk register].
- 7 **Annual Governance Statement** (Pages 61 - 64)
[To review and comment upon the contents of the Council's Annual Governance Statement for 2019-2020 – Appendix to Follow].
- 8 **Annual Internal Audit Report 2019-2020** (Pages 65 - 82)
[To note the contents of the annual internal audit report.]
- 9 **Internal Audit and the Impact of Covid-19** (Pages 83 - 86)
[To note the impact of Covid-19 on the operations of the internal audit team].
- 10 **CIPFA Audit Committee Update** (Pages 87 - 90)
[To note the contents of the CIPFA Audit Committee Update].
- 11 **Payment Transparency** (Pages 91 - 94)
[To receive an update on the Council's current position with regards to the publication of all its expenditure].
- 12 **Counter Fraud Update** (Pages 95 - 138)
[To note the contents of the latest Audit Services Counter Fraud update].

Attendance

Members of the Audit and Risk Committee

Cllr Alan Butt (Chair)
Cllr Jonathan Yardley (Vice-Chair)
Cllr Mary Bateman (Virtually)
Cllr Philip Bateman MBE (Virtually)
Cllr Craig Collingswood (Virtually)
Cllr Barbara McGarrity QN (Virtually)
Cllr Lynne Moran (Virtually)

Employees

Peter Farrow	Head of Audit
Mark Stocks (Virtually)	Grant Thornton
Ross Cook (Virtually)	Director of City Environment
Jaswinder Kaur	Democratic Services Manager
Kirsty Tuffin	Democratic Services Officer

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence**
Apologies for absence were received from Councillor Roger Lawrence.
- 2 Declaration of interests**
There were no declarations of interest.
- 3 Minutes of previous meetings**
That the minutes of the previous meeting held on 20 January 2020 be approved as a correct record.
- 4 Matters arising**
Following a request from Councillors for a brief statement concerning the Corona Virus Pandemic, the impact that it will have on the work of the Committee and to have an understanding of what the Government intends to do to underwrite the Authorities financial survival, Peter Farrow, Head of Audit, provided a brief summary and advised that David Pattison, Director of Governance, had been providing daily updates to the Councillors on any changes and any impacts they would have.

Concerns were made by Councillors regarding the severity of the pandemic and the affect it would have for the Council and residents.

The Chair read out the procedure to be followed for the meeting that outlined the following:

Paragraph 39 of Schedule 12 to the Local Government Act 1972 states that any decision taken at the local authority meeting (including committees and sub committees) shall be decided by a majority of those present and voting. Whilst the law permits other members to join the meeting virtually, they cannot vote.

It was agreed that the procedure be noted.

Resolved:

1. It was agreed to defer item eight, number four – business continuity, to the next Audit and Risk Committee meeting.
2. It was agreed that the procedure be noted.

5 **Audit and Risk Committee - Terms of Reference**

Peter Farrow, Head of Audit, presented the Terms of Reference report. The report outlined the Audit and Risk Committee's Terms of Reference for the next municipal year.

Peter Farrow advised the Committee that no changes had been made to the Terms of Reference from the previous year.

Resolved:

1. That the terms of reference for the Committee in line with recognised best practice be agreed.

6 **External Audit plan**

Mark Stocks, Grant Thornton, presented the External Audit Plan report. The report outlined the Audit Plan from the Council's external auditors, Grant Thornton, for the year ended 31 March 2020.

The Committee were advised that the vast majority of the External Audit Plan report would still be relevant however, due to the pandemic sections of the report including the sections on pensions, would need to be updated. Mark Stocks advised he would work with Claire Nye to update the relevant sections and would bring as a future agenda item. The following three significant risks that would require special audit consideration had been identified to address the chance of an error in material financial statements:

1. Management override of controls
2. Valuation of land and buildings
3. Valuation of the pension fund net pension liability

The risk assessment conducted by Grant Thornton regarding the Council securing value for money (VFM) identified the following three significant VFM risks:

1. Civic Halls
2. Financial Resilience
3. Strategic Asset Management

The Committee were advised that the risk on financial resilience would be looked at in more depth due to the pandemic and the affects it would have. The IFRS 16 – leases of £2,500 would no longer be included in the 2019 Audit accounts due to a delay caused by the pandemic. Specific scope procedures would be performed by Grant Thornton UK on Wolverhampton Homes Limited. Following concerns raised

the committee were advised that the annual deadline for account details to be submitted had now been extended by Central Government from June 2020 to September 2020 as a result of the pandemic.

Resolved:

1. That the Audit Plan 2019-2020 from the Council's external auditors, Grant Thornton be noted.
2. That the email from the PSAA to s151 Officers setting up changes in the audit market be noted.
3. That the review undertaken by the PSAA on future audit procurements be noted.

7 Certification work for City of Wolverhampton Council for the year ended 31 March 2019

Mark Stocks, Grant Thornton, presented the report on the outcome of certification work undertaken by Grant Thornton on the Housing Benefit Assurance Process, the Teachers Pension Return and Pooling of Housing Capital Receipts.

The Committee were advised that lack of errors had led to a positive outcome and in regard to Teachers pensions return through capital receipts there had been little change from the last update.

Following concerns raised on the Local Authorities Regulations 2003, regarding the regulation on receipts for Right to Buy and a proportion to be surrendered to Central Government, it was agreed that Peter Farrow would provide Members with further details.

Resolved:

1. That the certification report from Grant Thornton be noted.
2. That it be agreed that Peter Farrow look into obtaining further details on receipts for Right to Buy and the amount surrendered to Central Government.

8 Strategic Risk Register Update

Peter Farrow, Head of Audit, presented the report on key risks the Council had faced and how it could gain assurance that these risks were being mitigated.

The Committee were advised that Brexit Implications had been added as a stand-alone risk in the risk register.

With regards to Fleet Services - Ross Cook, Director of City Environment, advised a restructure was being finalised and the changes would be implemented in April 2020. He advised that recycling centres opening 7 days a week would be piloted in the Summer 2020, but this may be subject to change due to the pandemic. The group were advised that most of the contracts for the management of the fleet had now come back from tendered processes however, as the contracts had been higher the Council would be looking at the best option for long term.

Following concerns on Gorsbrook Road being over budget it was agreed that an update be provided at the next Audit and Risk Committee.

Praise was given for David Pattison, Director of Governance, daily update to councillors in regard to the pandemic and the affects it would have. It was agreed that Peter Farrow inform David of the praise given.

Resolved:

1. That the update regarding the Council's strategic risk register be noted.
2. That the inclusion of risk 39 – Brexit Implications be noted.
3. That the update regarding risk 32 – Waste Management Services be noted.
4. That further details on risk 38 – Climate Change be noted.
5. That it be agreed that an update on Gorsbrook Road be provided at the next Audit and Risk Committee meeting.
6. That it be agreed that Peter Farrow make David Pattison aware of the praise given by Councillors on his daily updates on the pandemic.

9 **Internal Audit Plan 2020-2021**

Peter Farrow, Head of Audit, presented the report on a risk-based internal audit plan, based upon an assessment of assurance needs.

The Committee were advised that auditable areas outlined in Appendix 1 had been identified and had been RAG rated. Red rating areas would be looked into yearly and amber rated areas would be reviewed on a three-year cycle.

Following concerns raised on the new changes to the Governance structure recommendations it was agreed that Peter Farrow would speak with David Pattison.

Resolved:

1. That the risk based internal audit plan for 2020-2021 be approved.
2. That it be agreed that Peter Farrow speak with David Pattison regarding the recommended changes to the Governance Structure.

10 **Internal Audit Update**

Peter Farrow, Head of Audit, presented the report on the progress made against the 2019 - 2020 internal audit plan and to provide information on recent work that has been completed.

The Committee were advised that only limited assurance could be given as a result of an audit on Employee Driver Checks which had flagged two recommended red actions, as the level of checks required by the current policy were not being complied with.

However, the process was currently under review and was being revised in order to introduce a more risk assessed approach. This would still require certain checks to be undertaken to confirm that employees had the appropriate level of business insurance to enable them to use their vehicles on Council business but would be less onerous.

Resolved:

1. That the contents of the latest internal audit update be noted.

11 **CIPFA Audit Committee Update**

Peter Farrow, Head of Audit, presented the report on the CIPFA Financial Management Code, Responding to the Redmond Review: Results of CIPFA's Survey on Audit Committees and a Briefing on new guidance and resources.

The Committee were advised that the quarterly update from CIPFA outlined CIPFA's response to the Redmond Review – the study commissioned by the Government to review the local audit recommendations.

Resolved:

1. That the contents of the latest CIPFA Audit Committee Update – The CIPFA Financial Management Code, responding to the Redmond Review: Results of CIPFA’s Survey on Audit Committees and a Briefing on new guidance and resources be noted.

12 **Payment Transparency**

Peter Farrow, Head of Audit, presented the report on the Council’s current position with regards to the publication of all its expenditure.

The Committee were advised that there had been no armchair auditor requests since the last meeting held on 20 January 2020.

Resolved:

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

13 **Counter Fraud Update**

Peter Farrow, Head of Audit, presented the report on the current counter fraud activities undertaken by Audit Services.

The Committee were advised that the Fighting Fraud and Corruption Locally Conference due to take place in March had been deferred due to the pandemic. Once this had been relaunched, it would be incorporated into the Council’s counter fraud processes.

Resolved:

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

14 **Exemption of the Press and Public**

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:

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).

15 **Audit Investigations Update**

Peter Farrow, Head of Audit, presented the report on current audit investigations.

The Committee were advised that an investigation had been undertaken following receipt of an anonymous concern regarding potential forged GP fit to drive notes for taxi drivers being provided. While only limited information was provided in the concern, the process was reviewed, and no evidence was found of this in practice. However, the concern was also passed onto the General Medical Council and the NHS Counter Fraud Authority for their consideration.

Resolved:

1. That the current position regarding audit investigations be noted.

This page is intentionally left blank

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 22 June 2020
--	---

Report title External Audit Plan Addendum

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 note:

1. The External Audit Plan Addendum update provided by Grant Thornton.

1.0 Purpose

- 1.1 To provide an update to the planned scope and timing of the statutory audit of the Council as reported in their Audit Plan dated 23 March 2020.

2.0 Background

- 2.1 In addition to the audit risks communicated to those charged with governance in their Audit Plan on 23 March 2020, recent events have led Grant Thornton to update their planning risk assessment and reconsider their audit and value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic. A copy of the update 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/11062020/F]

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/11062020/R]]

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 Schedule of background papers

9.1 There are no relevant preceding reports.

10.0 Health and Wellbeing Implications

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

11.0 COVID Implications

11.1 COVID implications are covered in the update attached.

12.0 Appendices

12.1 Appendix A: External Audit Plan Addendum

This page is intentionally left blank

External Audit Plan update

City of Wolverhampton Council
Year ending 31 March 2020

Page 13
2 June 2020



Introduction & headlines

Purpose

This document provides an update to the planned scope and timing of the statutory audit of City of Wolverhampton Council ('the Authority') as reported in our Audit Plan dated 23 March 2020, for those charged with governance.

The current environment

In addition to the audit risks communicated to those charged with governance in our Audit Plan on 23 March 2020, recent events have led us to update our planning risk assessment and reconsider our audit and value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic. The significance of the situation cannot be underestimated and the implications for individuals, organisations and communities remains highly uncertain. For our public sector audited bodies, we appreciate the significant responsibility and burden your staff have to ensure vital public services are provided. As far we can, our aim is to work with you in these unprecedented times, ensuring up to date communication and flexibility where possible in our audit procedures.

Impact on our audit and VfM work

Management and those charged with governance are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020, however we will liaise with management to agree appropriate timescales. We continue to be responsible for forming and expressing an opinion on the Authority and group's financial statements and VfM arrangements.

In order to fulfil our responsibilities under International Auditing Standards (ISA's (UK)) we have revisited our planning risk assessment. We may also need to consider implementing changes to the procedures we had planned and reported in our Audit Plan to reflect current restrictions to working practices, such as the application of technology to allow remote working. Additionally, it has been confirmed since our Audit Plan was issued that the implementation of IFRS 16 has been delayed for the public sector until 2020/21.

Changes to our audit approach

To date we have:

- Identified a new significant financial statement risk, as described overleaf
- Reviewed the materiality levels we determined for the audit. We did not identify any changes to our materiality assessment as a result of the risk identified due to Covid-19

Changes to our VfM approach

We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19.

Conclusion

We will ensure any further changes in our audit and VfM approach and procedures are communicated with management and reported in our Audit Findings Report. We wish to thank management for their timely collaboration in this difficult time.

Significant risk identified – COVID-19 pandemic

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Covid-19	<p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <ul style="list-style-type: none"> • Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation • Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates • Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and • Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. 	<p>We will:</p> <ul style="list-style-type: none"> • Work with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach • Liaise with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise • Evaluate the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic • Evaluate whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely • Evaluate whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances • Evaluate management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment • Discuss with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence.
<p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>		

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.



© 2020 Grant Thornton UK LLP. Confidential and information only.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. This proposal is made by Grant Thornton UK LLP and is in all respects subject to the negotiation, agreement and signing of a specific contract/letter of engagement. The client names quoted within this proposal are disclosed on a confidential basis. All information in this proposal is released strictly for the purpose of this process and must not be disclosed to any other parties without express consent from Grant Thornton UK LLP.

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 22 June 2020
--	---

Report title	Covid-19 Risk Register and Strategic Risk Register	
Accountable director	Claire Nye, Director of Finance	
Originating service	Audit	
Accountable employee	Peter Farrow	Head of Audit
	Tel	01902 550417
	Email	Peter.Farrow@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	5 June 2020

Recommendations for noting:

The Committee is asked to note:

1. The Council's Covid-19 risk register which details the risks faced by the Council as a result of the Covid-19 pandemic, as at Appendix 1.
2. The latest summary of the Council's Strategic Risk Register which has been updated to reflect the impacts of the Covid-19 pandemic as at Appendix 2.

1.0 Purpose

- 1.1 To keep members of the Audit and Risk Committee aware of the new and emerging risks the Council faces as a result of the Covid-19 pandemic and to update the Committee with regards to impacts on the Council's existing strategic risks.

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 March 2020. Since this time, the Covid-19 global pandemic has had a significant impact on the risks faced by the Council. In addition, the Council's response to the pandemic has resulted in a significant change to Council services and the way in which those services are being delivered. This unprecedented environment has resulted in decisions being taken at speed, in accordance with the information available at time and government guidance and directives.
- 2.3 In addition, to the impact on existing risks the pandemic has also resulted in a number of new and emerging risks impacting on the Council and the City. The Council is responding to the global pandemic whilst ensuring the delivery of statutory functions and at the same time continuing service delivery where possible.
- 2.4 The purpose of this report is to highlight the new key risks that the Council faces and the impact of the crisis on existing strategic risks, along with details of the steps being taken to mitigate these risks.
- 2.5 The Covid-19 and strategic risk registers do not include all the risks that the Council faces. It represents the most significant risks that could potentially impact on the achievement of the Council's objectives. Other risks are captured within directorate, programme, project or partnership risk registers in line with the Council's corporate risk management framework.
- 2.6 A detailed summary of the Council's Covid-19 risk register is included at Appendix 1 of this report which sets out the status of the risks as at May 2020. A summary of the Council's pre-existing strategic risk register including the impact of the global pandemic on these risks is attached at appendix 2. 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.

3.0 Progress

3.1 Both risk registers 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 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/09062020/L]

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/11062020/D]

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 Health and Wellbeing implications

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

11.0 Covid implications

- 11.1 The Council's has prepared a Covid-19 risk register which details the risks faced by the Council as a result of the Covid-19 pandemic and the latest summary of the Council's Strategic Risk Register has also been updated to reflect the impacts of Covid-19.

12.0 Schedule of background papers

- 12.1 None.

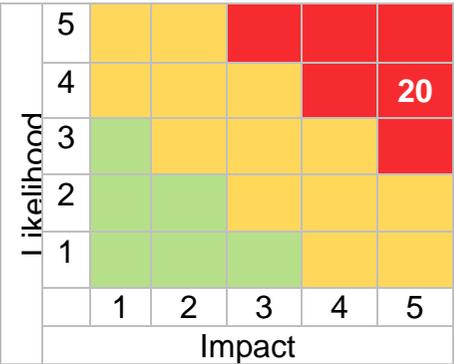
13.0 Appendices

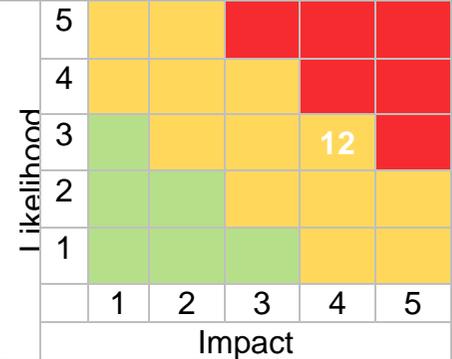
- 13.1 Appendix 1 – Covid-19 Risk Register
- 13.2 Appendix 2 – Strategic Risk Register

Appendix 1 – Covid-19 Risk Register

May 2020

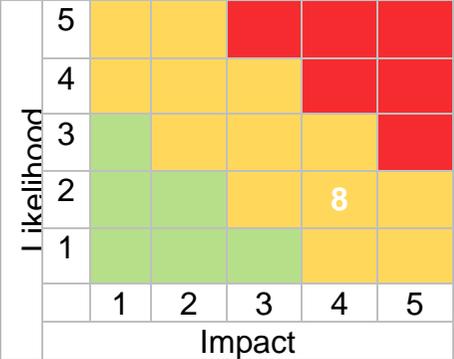


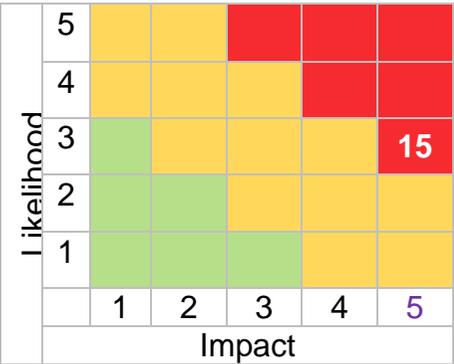
Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																												
1 04/20	<p>Budgetary Pressure 2020-2021</p> <p>There is a risk that the Council will need to spend more than we have in tackling Covid-19 (above and beyond specific Covid-19 grants received). There is a legal requirement to operate within budget.</p> <p>Risk owner: Claire Nye Cabinet Member: Cllr Louise Miles</p>  <table border="1" data-bbox="224 885 678 1249"> <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>20</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></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>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				20		3						2						1					Likelihood		1	2	3	4	5			Impact					20 Red	10 Amber *On-Going	<p>The Government has provided the Council with additional funding to tackle Covid-19. However, the score of this risk is unlikely to reduce until more details regarding this funding are made available. Work is ongoing within the Council's Finance Team alongside Senior Managers and Budget Holders to monitor spending and regular reports are being provided to the Leader, Cabinet Member and the Strategic Executive Board (SEB). A detailed financial report which includes Covid-19 impacts on the 2020-2021 budget will be prepared for Cabinet Panel in due course.</p>	4 – MTFS
	5																																																
	4				20																																												
	3																																																
	2																																																
	1																																																
Likelihood		1	2	3	4	5																																											
		Impact																																															

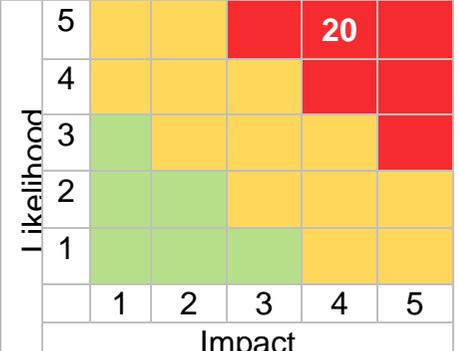
Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks
2 04/20	<p>Impact on Residents</p> <p>There is potential impact on the health of Wolverhampton residents due to inaction by the Council.</p> <p>Risk owner: John Denley Cabinet Member: Cllr Jasbir Jaspal</p> 	12 Amber	8 Amber *On-Going	<p>Measures taken by the Council to mitigate this risk include but are not limited to the following;</p> <ul style="list-style-type: none"> Regular communications with residents which are ongoing. This includes sustained contact with residents that the Council have identified as vulnerable. Establishment of Wolverhampton Food and Medicines Hub for people at high risk and struggling families. The opening of a City hotel to accommodate homeless individuals. Development of online exercise sessions from WV-Active. <p>In addition, the Council's Public Health Team are supporting the City's Health and Social Care Teams in a number of ways which include;</p> <ul style="list-style-type: none"> Predicting the spread and how it will affect different parts of the 'system'. Developing and launching testing facilities, which include the community swabbing team and drive-through testing facilities. Supporting social care providers with advice on PPE, infection prevention and outbreak control. Contact tracing – test, track and trace. 	N/A

Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																					
3 04/20	<p>Businesses Closing</p> <p>Loss of Business, impacting on the overall regeneration of the City.</p> <p>Risk owner: Richard Lawrence Cabinet Member: Cllr Harman Banger</p> <table border="1" style="margin-top: 10px;"> <tr> <td>5</td> <td></td> <td></td> <td style="background-color: red; color: white;">20</td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td style="background-color: red;"></td> <td></td> </tr> <tr> <td>3</td> <td style="background-color: green;"></td> <td></td> <td></td> <td style="background-color: red;"></td> </tr> <tr> <td>2</td> <td style="background-color: green;"></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td style="background-color: green;"></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" style="text-align: center;">Impact</td> </tr> </table>	5			20		4					3					2					1						1	2	3	4	5		Impact					20 Red	8 Amber *On-Going	<p>This will become an increasingly more significant risk the longer that Covid-19 restrictions, which impact on local businesses, remain in place. Business support is being provided via the Enterprise team to a number of businesses and sectors in tandem with the financial assistance put in place by Central Government. Work is currently underway to gather business intelligence and understand the wider position across the City to enable a proactive approach that will support growth and aid recovery. However, it is clear that a number of Small Medium Enterprises (SME's) are unlikely to reopen despite this approach which will impact on employment and supply chain activity across the City.</p>	<p>9 – City Centre Regeneration</p> <p>4 – MTFS</p> <p>22 – Skills for Work and Inclusive Growth</p>
5			20																																							
4																																										
3																																										
2																																										
1																																										
	1	2	3	4	5																																					
	Impact																																									

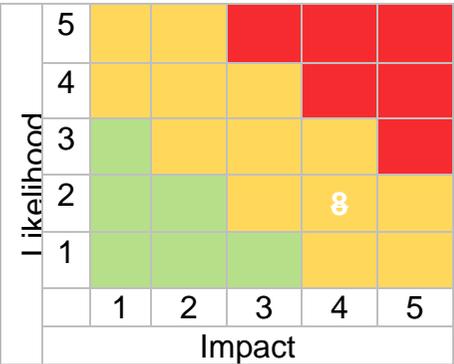
Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																													
4 04/20	<p>Safeguarding Children Ensuring that the most vulnerable children are safeguarded.</p> <p>Risk owner: Emma Bennett Cabinet member: Cllr John Reynolds</p> <table border="1" data-bbox="224 627 678 986"> <tr> <td rowspan="5" 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;">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></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				12		2						1								1	2	3	4	5			Impact					12 Amber	8 Amber *On-Going	<p>An interim model for Childrens Services has been agreed, the Council have identified children classed as most vulnerable who require contact more frequently and are in regular contact with these children. Work is now beginning to contact children and families categorised as less vulnerable. Reporting methods and processes for escalation have also been established and work is ongoing with the City's school to provide assistance to vulnerable children that have been identified as not attending school. Wolverhampton Safeguarding Together Partnership are holding weekly Covid meetings to identify and respond to potential wider Safeguarding concerns within the City.</p>	7 – Safeguarding
Likelihood	5																																																	
	4																																																	
	3					12																																												
	2																																																	
	1																																																	
		1	2	3	4	5																																												
		Impact																																																

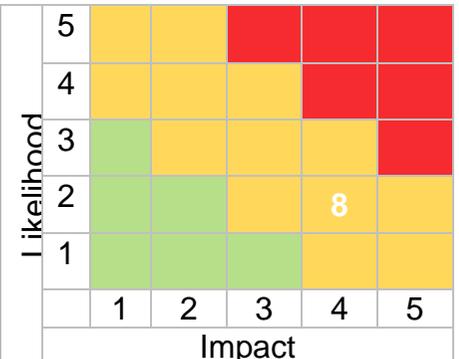
Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																												
5 04/20	<p>Safeguarding Adults</p> <p>Ensuring that the most vulnerable adults are safeguarded.</p> <p>Risk owner: David Watts Cabinet member: Cllr Linda Leech</p>  <table border="1" data-bbox="224 614 678 973"> <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></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						3						2			8			1							1	2	3	4	5			Impact					8 Amber	8 Amber *Ongoing	The Care Act easements temporary operating procedure is in the process of being agreed - the Council's approach is that Care Act easements will only be implemented as a last resort when all other options have been explored. Service providers have been contacted to identify whether they can continue to provide services and assessments are being undertaken virtually. It is noted that we are now over two months into the Covid-19 pandemic and there has been no realisation of the potential failure to protect vulnerable adults.	7 – Safeguarding
	5																																																
	4																																																
	3																																																
	2			8																																													
	1																																																
		1	2	3	4	5																																											
		Impact																																															

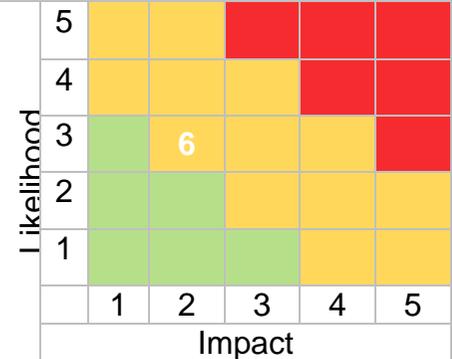
Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																										
6 04/20	<p>Reputation / Loss of Public Trust and Confidence</p> <p>There is a risk that the Council loses public trust and confidence by; i) failing to respond to the needs of local people, especially vulnerable ii) failure to warn and inform the public leading to impact upon the health of residents and businesses.</p> <p>Risk owner: Tim Johnson Cabinet Member: Cllr Ian Brookfield</p>  <table border="1" data-bbox="224 906 678 1270"> <tr><td>5</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td><td>Red</td></tr> <tr><td>4</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>3</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red 15</td></tr> <tr><td>2</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>Yellow</td></tr> <tr><td>1</td><td>Green</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</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	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	Red	3	Green	Yellow	Yellow	Yellow	Red 15	2	Green	Green	Yellow	Yellow	Yellow	1	Green	Green	Green	Yellow	Yellow		1	2	3	4	5		Impact					15 Red	10 Amber *On-Going	The Council recognises that there is an uncertainty in the current climate and has engaged in comprehensive and regular communications with the residents of Wolverhampton. There has been a comprehensive assessment of levels of vulnerability and the Council's approach has been and will continue to be tailored to meet residents needs based on evidence gathered.	N/A
5	Yellow	Yellow	Red	Red	Red																																										
4	Yellow	Yellow	Yellow	Red	Red																																										
3	Green	Yellow	Yellow	Yellow	Red 15																																										
2	Green	Green	Yellow	Yellow	Yellow																																										
1	Green	Green	Green	Yellow	Yellow																																										
	1	2	3	4	5																																										
	Impact																																														

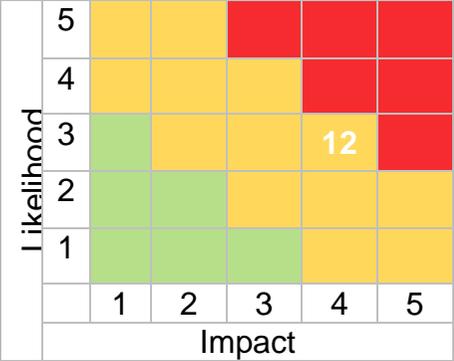
Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																					
07 04/20	<p>Medium Term Budgetary Pressure</p> <p>There is a risk that the medium-term impact of Covid-19 will place significant pressure on the Medium Term Financial Plan.</p> <p>Risk owner: Claire Nye Cabinet Member: Cllr Louise Miles</p>  <table border="1" data-bbox="224 766 683 1117"> <tr><td>5</td><td></td><td></td><td style="background-color: red;">20</td><td></td></tr> <tr><td>4</td><td></td><td></td><td style="background-color: red;"></td><td></td></tr> <tr><td>3</td><td></td><td></td><td></td><td style="background-color: red;"></td></tr> <tr><td>2</td><td></td><td></td><td></td><td></td></tr> <tr><td>1</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" style="text-align: center;">Impact</td></tr> </table>	5			20		4					3					2					1						1	2	3	4	5		Impact					20 Red	10 Amber *On-Going	<p>Despite the Pandemic beginning in March 2020, the financial impacts of Covid-19 are likely to affect the Council's finances in the Medium Term.</p> <p>As reported under risk 1 above, work is ongoing within the Council's Finance Team alongside Senior Managers and Budget Holders to monitor spending and regular reports are being provided to the Leader, Cabinet Member and the Strategic Executive Board (SEB). A detailed financial report which includes Covid-19 impacts on the Medium Term Financial Plan will be prepared for Cabinet Panel in due course.</p>	4 - MTFS
5			20																																							
4																																										
3																																										
2																																										
1																																										
	1	2	3	4	5																																					
	Impact																																									

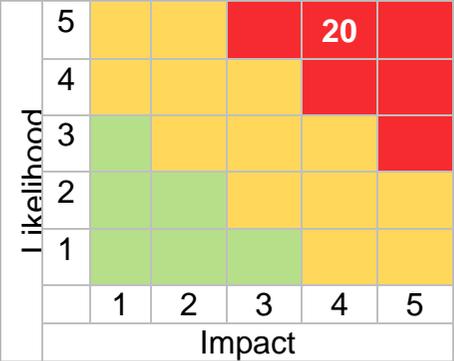
Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																										
08 04/20	<p>Supply Chain</p> <p>There is a risk that we may lose key suppliers (ICT and Social Care Suppliers are of particular concern).</p> <p>Risk Owner: Claire Nye Cabinet Member: Cllr Louise Miles</p> <table border="1" data-bbox="224 667 678 1029"> <tr><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>15</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>	5						4						3					15	2						1							1	2	3	4	5		Impact					15 Red	10 Amber *On-Going	<p>The Council are actively working to support at risk suppliers. In accordance with Government guidance (PPN 02/20, issued in March 2020) the Council is working to:</p> <ul style="list-style-type: none"> Review its contract portfolio and identify suppliers at risk, Continue to pay at risk suppliers as normal until the end of June 2020, even if services are disrupted or suspended, Put in place measures to support supplier cashflow and ability to retain staff and supply chains. <p>SEB has approved the immediate payment of invoices and instructed staff that invoices should be processed for payment as quickly as possible, this includes undertaking goods receipting promptly to avoid delays.</p> <p>Further support will be provided to suppliers deemed to be at risk during the current crisis, support will be provided on a case basis and focus on ensuring that suppliers are able to maintain or resume normal services during the current crisis. Support measures put in place will be approved by the Chief Accountant and then passed to the Director of Regeneration for final sign-off.</p>	N/A
5																																															
4																																															
3					15																																										
2																																															
1																																															
	1	2	3	4	5																																										
	Impact																																														

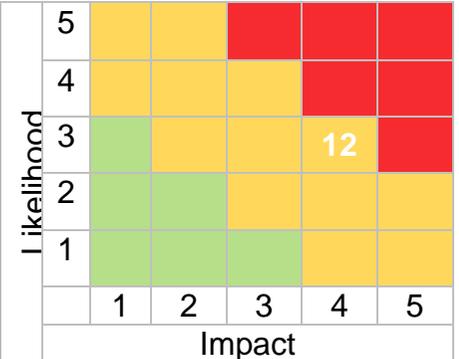
Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																										
9 04/20	<p>Service Providers – Adult Social Care</p> <p>There is a risk that we may lose service providers and not be able to maintain adequate service provision</p> <p>Risk owner: David Watts Cabinet Member: Cllr Linda Leach</p>  <table border="1" data-bbox="224 746 678 1110"> <tr><td>5</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td><td>Red</td></tr> <tr><td>4</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>3</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td></tr> <tr><td>2</td><td>Green</td><td>Green</td><td>Yellow</td><td>8</td><td>Yellow</td></tr> <tr><td>1</td><td>Green</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</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	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	Red	3	Green	Yellow	Yellow	Yellow	Red	2	Green	Green	Yellow	8	Yellow	1	Green	Green	Green	Yellow	Yellow		1	2	3	4	5		Impact					8 Amber	8 Amber *On-Going	Daily communications with providers to assess ability to provide services, review case numbers, staffing levels and identify PPE requirements are ongoing to ensure that adequate service provision can be maintained.	N/A
5	Yellow	Yellow	Red	Red	Red																																										
4	Yellow	Yellow	Yellow	Red	Red																																										
3	Green	Yellow	Yellow	Yellow	Red																																										
2	Green	Green	Yellow	8	Yellow																																										
1	Green	Green	Green	Yellow	Yellow																																										
	1	2	3	4	5																																										
	Impact																																														

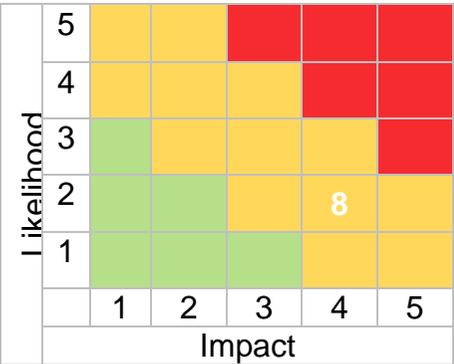
Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																																
10 04/20	<p>Governance / Decision Making</p> <p>There is a risk that impacts from decisions made at speed could leave the Council open to complaint, litigation or financial penalty at a later date.</p> <p>Risk owner: David Pattison Cabinet Member: Cllr Stephen Simkins</p>  <table border="1" data-bbox="224 782 683 1141"> <tr> <td></td> <td>5</td> <td>4</td> <td>3</td> <td>2</td> <td>1</td> </tr> <tr> <td>5</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>4</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>3</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> </tr> <tr> <td>2</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>8</td> <td>Yellow</td> </tr> <tr> <td>1</td> <td>Green</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</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	1	5	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	Red	3	Green	Yellow	Yellow	Yellow	Red	2	Green	Green	Yellow	8	Yellow	1	Green	Green	Green	Yellow	Yellow		1	2	3	4	5		Impact					8 Amber	8 Amber *On-Going	<p>Robust decision-making procedures are being established alongside strong risk management. Regular director and member meetings are ongoing to provide challenge. In addition, the Council are beginning to hold virtual Committee meetings for elected members. Decision and risk logs have been established for all work streams and are reviewed regularly. The Council's Data Protection Officer is a member of the Governance Programme and is working to ensure DPO issues are taken into account when decisions are made.</p>	37 - Governance of Major Capital Projects, 3 - Information Governance
	5	4	3	2	1																																																
5	Yellow	Yellow	Red	Red	Red																																																
4	Yellow	Yellow	Yellow	Red	Red																																																
3	Green	Yellow	Yellow	Yellow	Red																																																
2	Green	Green	Yellow	8	Yellow																																																
1	Green	Green	Green	Yellow	Yellow																																																
	1	2	3	4	5																																																
	Impact																																																				

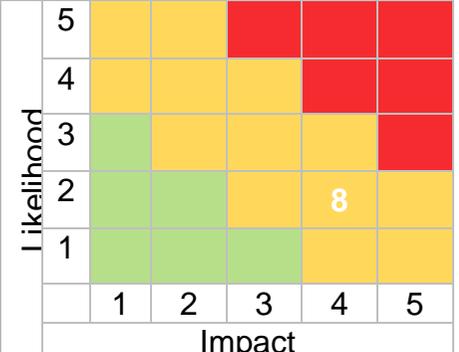
Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																												
11 04/20	<p>Fraud / Misappropriation</p> <p>The Council is open to fraud and misappropriation due to changes in legislation / speed that government grants need to be validated and distributed.</p> <p>Risk Owner: Claire Nye / David Pattison Cabinet Member: Cllr Stephen Simkins</p>  <table border="1" data-bbox="226 807 678 1166"> <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>6</td><td></td><td></td></tr> <tr><td></td><td>2</td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</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						3		6				2						1							1	2	3	4	5			Impact					6 Amber	4 Amber June 2020	<p>£55m provided by central government is to be paid out to 4,000+ businesses in a very short time frame. In some cases, to businesses and sole traders where the Council only holds limited information. There is a risk that payments may be made in error or as a result of fraud. However, due to the sum of each grant, individually the impact of a small % of such cases will not have a significant impact. While there are a range of pre-payment checks, the Department of Business, Energy and Industrial Strategy continue to push for payments to be made as soon as possible with an emphasis on post-payment checks. However, we will continue to take a risk-based approach on the level of pre and post checks undertaken.</p>	N/A
	5																																																
	4																																																
	3		6																																														
	2																																																
	1																																																
		1	2	3	4	5																																											
		Impact																																															

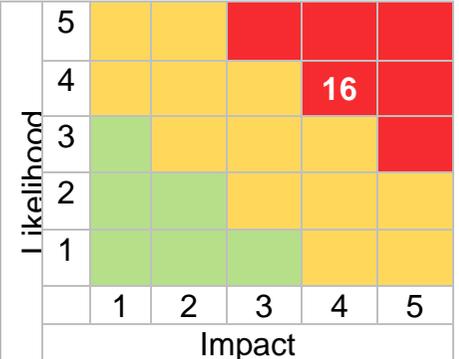
Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																																	
12 4/20	<p>Employee Support – Health and Wellbeing</p> <p>Impact on staff health and wellbeing due to unprecedented levels of service demand / changes to working practices. Lack of Personal Protective Equipment (PPE) for frontline workers is a particular concern.</p> <p>Risk Owner: Tim Johnson Cabinet Leader: Cllr Ian Brookfield</p>  <table border="1" data-bbox="224 821 678 1182"> <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>Likelihood</td> <td>3</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>12</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>Yellow</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 colspan="6">Impact</td> </tr> </table>		5	Yellow	Yellow	Red	Red	Red		4	Yellow	Yellow	Yellow	Red	Red	Likelihood	3	Green	Yellow	Yellow	12	Red		2	Green	Green	Yellow	Yellow	Yellow		1	Green	Green	Green	Yellow	Yellow			1	2	3	4	5		Impact						12 Amber	8 Amber *On-Going	<p>Employee well-being was a Council priority prior to Covid-19 and continues to be a priority now. Strong communications are regularly issued to staff. Adjustments are being made to facilitate homeworking, the Council have launched an online employee wellbeing hub and a comprehensive programme of support was made available to staff during mental health week (18 - 24 May 2020).</p> <p>Significant work is ongoing to ensure staff have the correct PPE, despite national issues with regards to supply. The Council have asked local businesses to assist with the supply of PPE in the City and have also purchased 3/4 million boxes of PPE, this is 7 times more than we have received from Central Government.</p> <p>Following Government guidance issued on 10 May 2020 the Council are consulting with employees, unions and the health and safety team before approval is sought to re-start services, in order to ensure that both employees and the public are protected.</p>	28 – Health and Safety
	5	Yellow	Yellow	Red	Red	Red																																																
	4	Yellow	Yellow	Yellow	Red	Red																																																
Likelihood	3	Green	Yellow	Yellow	12	Red																																																
	2	Green	Green	Yellow	Yellow	Yellow																																																
	1	Green	Green	Green	Yellow	Yellow																																																
		1	2	3	4	5																																																
	Impact																																																					

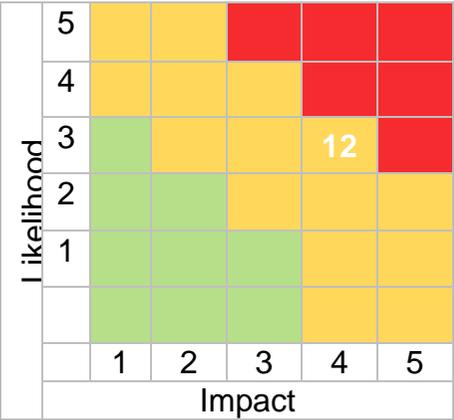
Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																																	
13	<p>WV Living</p> <p>There is potential for significant reputational and financial risk to the Council as a result of the financial impacts on WV Living as a result of Covid-19.</p> <p>Risk Owner: Tim Johnson Cabinet Leader: Cllr Ian Brookfield</p>  <table border="1" data-bbox="224 746 678 1107"> <tr> <td></td> <td>5</td> <td></td> <td></td> <td></td> <td>20</td> <td></td> </tr> <tr> <td></td> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></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></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>Likelihood</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				20			4							3							2							1						Likelihood		1	2	3	4	5			Impact					20 Red	12 Amber *On-Going	WV Living Directors have now identified options and opportunities to help to mitigate the immediate and potential medium-term impact of the Coronavirus Crisis on the WV Living Business Plan. As a result, the Chair of the Board of Directors has written formally to the Council to request financial support during the short/medium term while the Business Plan is updated to reflect these options and opportunities (this will take a number of months to achieve as the impact of the crisis on the housing market evolves and is better understood).	N/A
	5				20																																																	
	4																																																					
	3																																																					
	2																																																					
	1																																																					
Likelihood		1	2	3	4	5																																																
		Impact																																																				

Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																										
13 4/20	<p>Employee Capacity</p> <p>There is a risk to the provision of statutory functions / functions required as part of the Council's Covid-19 response due to employee capacity issues - including impact of sickness / caring responsibilities.</p> <p>Risk Owner: Tim Johnson Cabinet Leader: Cllr Ian Brookfield</p>  <table border="1" data-bbox="224 798 683 1157"> <tr><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>	5						4						3				12		2						1							1	2	3	4	5		Impact					12 Amber	8 Amber *On-Going	Detailed analysis has been conducted and systems have been established in order to understand the flexibility of the workforce. Service areas have been prioritised and redeployment capacity assessed, where necessary employees are being redeployed - requirements are reviewed on an ongoing basis.	N/A
5																																															
4																																															
3				12																																											
2																																															
1																																															
	1	2	3	4	5																																										
	Impact																																														

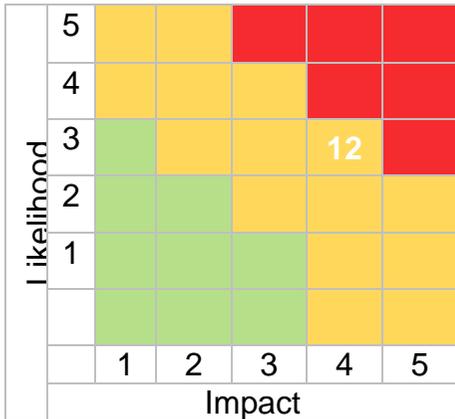
Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																										
15 4/20	<p>ICT Network and Telecommunications / Security Issues</p> <p>There is a risk of service disruption due to failures in ICT and telecommunications systems (including the ability to access the Council's secondary data centre). There is also an increased risk of cyber security threats as a result of Covid-19.</p> <p>Risk Owner: Charlotte Johns Cabinet Leader: Cllr Louise Miles</p>  <table border="1" data-bbox="224 965 678 1329"> <tr><td>5</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td><td>Red</td></tr> <tr><td>4</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>3</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td></tr> <tr><td>2</td><td>Green</td><td>Green</td><td>Yellow</td><td>8</td><td>Yellow</td></tr> <tr><td>1</td><td>Green</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</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	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	Red	3	Green	Yellow	Yellow	Yellow	Red	2	Green	Green	Yellow	8	Yellow	1	Green	Green	Green	Yellow	Yellow		1	2	3	4	5		Impact					8 Amber	4 Amber *On-Going	Regular and ongoing maintenance and review of ICT systems and technical defences is ongoing - this includes specific actions such as the decision to block Zoom from the corporate network and the installation of necessary updates. System back-ups continue to be undertaken on a regular basis.	23 – Cyber Security
5	Yellow	Yellow	Red	Red	Red																																										
4	Yellow	Yellow	Yellow	Red	Red																																										
3	Green	Yellow	Yellow	Yellow	Red																																										
2	Green	Green	Yellow	8	Yellow																																										
1	Green	Green	Green	Yellow	Yellow																																										
	1	2	3	4	5																																										
	Impact																																														

Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks
16 4/20	<p>Education Provision</p> <p>There are risks to education provision in the city as a result of school closures, these include, but are not limited to early years sufficiency (closure of providers), pupil performance 2020-21 and management of transitions back into school.</p> <p>Risk Owner: Emma Bennett Cabinet Leader: Cllr Dr Michael Hardacre</p> 	8 Amber	4 Amber *On-Going	<p>The Council are providing a programme of ongoing support to the City's schools, planning for transitions has commenced in line with guidance from the Government. The Council are supporting schools to interpret guidance. The risk score (likelihood) is now decreasing as we prepare for the co-ordinated re-opening of schools and settings. The capacity across early years childcare providers is increasing but longer-term impact on smaller providers is possible depending on what happens in September. Performance, as judged nationally in summer 2021 could impact on pupils individually but also there are potential implications for the City and our resources. However, recent steps, such as a move towards priority year groups having more face to face contact with schools, laptops for year 10 children and the ongoing drive for our most vulnerable children to attend school, means that the risk will be mitigated somewhat.</p>	22 - Skills for Work and Inclusive Growth

Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																										
17 4/20	<p>Impact on-going projects and programmes</p> <p>There is a risk to the Council's ongoing projects and programmes in terms of both timings and costs due to the impacts of Covid-19. Furthermore, original business cases may no longer align with future strategic aims.</p> <p>Risk Owner: Laura Phillips Cabinet Leader: Cllr Harman Bangor</p>  <table border="1" data-bbox="224 893 683 1252"> <tr><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>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				16		3						2						1							1	2	3	4	5		Impact					16 Red	12 Amber *On-Going	<p>With regards to the Council’s major capital projects; the strategic pipeline and the related investment funding opportunities, the Infrastructure for Growth Board met on 22 April to consider the impacts of the pauses in work caused by COVID-19 and the changes in longer term objectives. An exercise to describe some of these considerations in terms of changes to key assumptions and associated risks (i.e. reduced appetite in city centre residential development, potential for a property market crash etc) is underway and was discussed again at the board on 18 May.</p> <p>With respect to wider transformational projects, most projects were formally paused with only residual updates taking place, but some are now coming back online. As with the major capital projects, there may need to be an activity to review assumptions within project business cases. The Project Assurance Manager has raised this with the Chair of PAG and a review of existing business cases is underway.</p>	<p>9 – City Centre Regeneration</p> <p>37 - Governance of Major Capital Projects</p>
5																																															
4				16																																											
3																																															
2																																															
1																																															
	1	2	3	4	5																																										
	Impact																																														

Risk ref	Risk title and description	Current score (May 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																																
18 4/20	<p>PPE There is a risk to Wolverhampton's frontline workers due to national issues regarding the supply of PPE.</p> <p>Risk Owner: David Watts Cabinet Leader: Cllr Linda Leach</p>  <table border="1" data-bbox="224 670 678 1090"> <tr><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></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			12			2						1													1	2	3	4	5		Impact					12 Amber	8 Amber *On-Going	Regular contact with managers and care providers is ongoing identify frontline workers PPE requirements. It is noted that in order to mitigate this risk the Council have purchased 3/4 million boxes of PPE, this is 7 times more than received from Central Government.	N/A
5																																																					
4																																																					
3			12																																																		
2																																																					
1																																																					
	1	2	3	4	5																																																
	Impact																																																				

<p>19</p>	<p>Recovery If the Council's recovery planning is not robust the Council and the City will not recover swiftly causing an inability to support citizens and businesses effectively, resulting in significant financial and/or reputational damage.</p> <p>Risk Owner: Charlotte Johns Cabinet Leader: Cllr Ian Brookfield</p>	<p>12 Amber</p>	<p>8 Amber *On-Going</p>	<p>Planning for recovery has now commenced and falls into two categories;</p> <ul style="list-style-type: none"> • Short term operational transition of services from lock down, alongside • Longer term strategic approach to wider recovery within the council and City to shape future service delivery. <p>With regards the phased re-opening of Council services detailed work is ongoing to review and implement Government guidance appropriately. Heads of Service are working in conjunction with the Council's Health and Safety Team to identify how services can move forward safely, with minimal risk to officers and members of the public. This includes considerations such as PPE requirements and work locations.</p> <p>The Council have established a recovery framework which is in the process of being approved. This includes a phased approach, the first phase of which is to establish a robust evidence base to inform recovery through an impact assessment which is proposed through four lenses; services, community, employee and economy. A robust governance structure to oversee the recovery phase has been established and regular reporting to the Strategic Executive Board and elected members is ongoing. Collaboration is also being undertaken with both regional partners and partners from within the City where appropriate, through the regional Recovery Co-ordinating Group.</p>	<p>N/A</p>
-----------	--	--------------------------------------	--	--	------------



* 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

Appendix 2 – Strategic Risk Register

May 2020



Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	Target score and date (where appropriate)	Comment																																												
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; <p>then it may be subject to regulatory action, financial penalties, reputational damage and the loss of confidential information.</p> <p>Risk owner: Mark Taylor Cabinet Member: Cllr Stephen Simkins</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							8 Amber		12 Amber	8 Amber When new working practises are embedded	The score of this risk has increased as result of the Covid-19 pandemic. The increased risk score takes into account new working arrangements resulting in an increased likelihood of data breaches. The Information Governance Team are part of the Council's Governance workstream to ensure that Information Governance implications are taken into account when decisions are made. The team are also working with ICT to ensure that Information Governance impacts are included in key documentations such as Teams User Guides. Working from home guidance is also being reviewed to ensure that Information Governance issues and tips are included. Work is also ongoing with the Projects and Programmes team to ensure that Information Governance implications are considered across Covid-19 related all work streams. It is envisaged that this risk score will fall when new ways of working become embedded.
Likelihood	5																																																	
	4																																																	
	3				12																																													
	2																																																	
	1																																																	
		1	2	3	4	5																																												
Impact																																																		

Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	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="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td>20</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></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				20		4						3						2						1							1	2	3	4	5		Impact					16 Red		20 Red	16* Amber On-Going	<p>The score of this risk has increased alongside Covid-19 risks; 1 – Budgetary Pressure 2020-2021 and 7 – Medium Term Budgetary Pressure as detailed on the Covid-19 risk register.</p> <p>As reported in the Covid Risk Register, work is ongoing within the Council's Finance Team alongside Senior Managers and Budget Holders to monitor spending and regular reports are being provided to the Leader, Cabinet Member and the Strategic Executive Board (SEB). A detailed financial report which includes Covid-19 impacts on the Medium Term Financial Plan will be prepared for Cabinet Panel in due course.</p>
Likelihood	5					20																																											
	4																																																
	3																																																
	2																																																
	1																																																
		1	2	3	4	5																																											
	Impact																																																

Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	Target score and date (where appropriate)	Comment																																												
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"> <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							10 Amber	↑	12 Amber	10 Amber On-Going	The score of this risk has increased in line with risk 4 – Safeguarding Children on the Covid-19 Register. For details of mitigating actions with regards to safeguarding children and vulnerable adults at this time see the Covid-19 Risk Register.
Likelihood	5																																																	
	4																																																	
	3				12																																													
	2																																																	
	1																																																	
		1	2	3	4	5																																												
Impact																																																		

Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	Target score and date (where appropriate)	Comment																																											
8 01/14	<p>Business Continuity Management (BCM) 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></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	8* Amber On-going	This risk score remains unchanged, BCM plans are being utilised, employees are working from home and all statutory functions are operating effectively. The Resilience Team are beginning to compile 'standing down templates' for the recovery phase of the crisis. The Council's new BCM system is operating and meets ISO 2230 and 22313, the team are also working towards the new British BCM standards which have recently been introduced. The Team are collating detailed 'lessons learnt' to feed into future operations.
Likelihood	5																																																
	4																																																
	3				12																																												
	2																																																
	1																																																
		1	2	3	4	5																																											
	Impact																																																

Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	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 colspan="6">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>The score for this risk remains at 12 – Amber. Whilst there have been impacts on project timings, costs and scope, at present these are being effectively managed across the City Centre Regeneration Programme. The Council is proactively working with partners and stakeholders to mitigate risk and where possible ensure that activity can continue, in accordance with Government guidelines.</p> <p>All project managers have been asked to review and highlight risks relating to Covid-19 so that the potential impacts on each project can be identified and analysed and that where necessary changes to scope can be implemented.</p> <p>Potential impacts include, but are not limited to; timing delays, reduction in income from sales (occupation / floor space) increased costs within the supply chain, changes to stakeholder priorities and effects on financial viability. In addition, the Council has identified a number of projects where there is a specific risk that Covid-19 will have an impact on the budgeted costs.</p> <p>Risks across the City Centre Regeneration Programme are being continually monitored and evaluated. Regularly reporting to the Strategic Executive Board / Infrastructure for Growth (IfG) Board, Project Assurance Group / Member Reference Group and elected members is in place.</p>
Likelihood	5																																																
	4																																																
	3				12																																												
	2																																																
	1																																																
		1	2	3	4	5																																											
Impact																																																	

Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	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"> <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	8* Amber On-going	The score of this risk remains unchanged. Multi-Agency / Regional work is ongoing and working well. Plans are being updated to take into account actual occurrences, at the time of reporting three major Council Emergency Plans have been updated. The Resilience Team are collating lessons learnt to feed into future operations.
Likelihood	5																																																
	4																																																
	3				12																																												
	2																																																
	1																																																
		1	2	3	4	5																																											
	Impact																																																

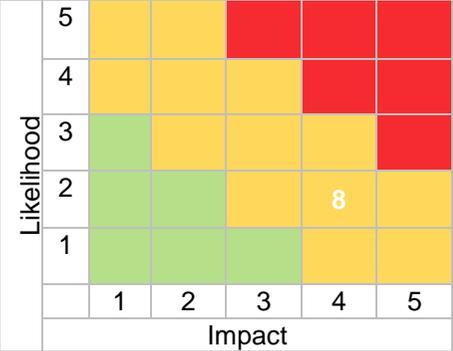
Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	Target score and date (where appropriate)	Comment																																																	
22 01/17	<p>Skills for Work and Inclusive Growth</p> <p>If the city residents do not have the 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"> <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></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></td> <td>10</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							3							2				10			1								1	2	3	4	5			Impact					10 Amber		10 Amber	10* Amber On-going	<p>There have been no changes to this risk score.</p> <p>The Council's Wolves at Work programme is beginning to support residents and business recovery from the impact of the Covid-19 pandemic. The programme is digitally supporting residents during this period by connecting residents with future skills and employment officers. The online platform Wolves WorkBox continues to provide access to support, training and advertise current vacancies and work coaches continue to support job seekers.</p>
	5																																																						
	4																																																						
	3																																																						
	2				10																																																		
	1																																																						
		1	2	3	4	5																																																	
		Impact																																																					

Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	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: Mark Taylor Cabinet Member: Cllr Stephen Simkins</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	10 Amber <small>Dependent on cyber world-wide cyber incidents</small>	There are no changes to the score of this risk as a result of the Covid-19 pandemic. The risk of devices being compromised due to being left unlocked has decreased with the current working arrangements. Work on new initiatives is ongoing with a number of updates due to be rolled out in July 2020 which may reduce the risk score. Regular and ongoing maintenance and review of ICT systems and technical defences is ongoing and system back-ups continue to be undertaken on a regular basis.
Likelihood	5																																																
	4																																																
	3				12																																												
	2																																																
	1																																																
		1	2	3	4	5																																											
	Impact																																																

Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	Target score and date (where appropriate)	Comment
24 01/17	<p>Maximising Benefits from West Midlands Combined Authority</p> <p>If the Council does not put in place effective arrangements to utilise the opportunities available from being part of West Midlands Combined Authority (WMCA) it will be unable to maximise the benefits and opportunities available to it.</p> <p>Risk owner: Tim Johnson Cabinet Member: Cllr Ian Brookfield</p>	6 Amber	N/A	N/A	N/A	This risk has been de-escalated from the Strategic Risk Register and will now be managed at an operational level.
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>	4 Amber	N/A	N/A	N/A	This risk has been de-escalated from the Strategic Risk Register and will now be managed at an operational level.

Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	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: TBC Cabinet Member: Cllr Peter Bilson</p> <table border="1" data-bbox="219 879 672 1230"> <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	There have been no changes to this risk score as a result of the Covid-19 pandemic. Work is ongoing to ensure the Council's compliance with the National Building Safety Programme, Grenfell Inquiry Report Recommendations and MHCLG Building Regulation Guidance.
Likelihood	5																																																
	4																																																
	3																																																
	2						10																																										
	1																																																
		1	2	3	4	5																																											
	Impact																																																

Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	Target score and date (where appropriate)	Comment																																											
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 Sephen Simkins</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></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td>8</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						2			8			1							1	2	3	4	5		Impact					8 Amber		8 Amber	8 Amber *On-going	<p>Whilst there have been impacts on this risk as a result of Covid-19 the risk score remains constant as at present these are being adequately managed and tightly controlled. The Council's Health and Safety Team are fully involved in decision making processes and governance structures. With regards to a return to face to face services the following process has been established;</p> <ul style="list-style-type: none"> • Director and SEB approval is required to start discussions regarding how services can return on a face to face basis. • Discussions with the Health and Safety Team, Human Resources and Facilities Management on how and if this can be achieved safely are required • Consultations with Unions and staff on how this might work must be undertaken • Where there is agreement, the proposal is taken to SEB for approval, sign-off is also required from elected members where appropriate. <p>All decisions are recorded on detailed decision trackers and appropriate communications must be developed prior to re-launching service provisions. There is a potential that this risk could increase as the Council move further into the recovery phase. Assurance will be required that services are adhering to government guidelines and risk assessments in order to protect both employees and members of the public.</p>
Likelihood	5																																																
	4																																																
	3																																																
	2				8																																												
	1																																																
		1	2	3	4	5																																											
	Impact																																																

Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	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> 	12 Amber	↓	8 Amber	8 Amber *On-going	<p>The score of this risk has been reduced, valid fire risk assessments are in place for all public buildings. The Council's Projects and Works team are currently focusing on implementing high priority actions as identified within these risk assessments and adequate funding is in place to complete these works.</p> <p>There have only been minor impacts from Covid-19 which includes a delay in completing some fire risk assessment reviews, this is not deemed as significant issue as valid assessments are in still in place.</p>

Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	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"> <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>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>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				16		3						2						1							1	2	3	4	5		Impact					12 Amber		16 Red	12* Amber Ongoing	The score of this risk has increased from amber to red as the project onsite is currently paused due to the impacts of the Covid-19 pandemic.
Likelihood	5																																																
	4					16																																											
	3																																																
	2																																																
	1																																																
		1	2	3	4	5																																											
	Impact																																																

Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	Target score and date (where appropriate)	Comment																																											
32 06/18	<p>Waste Management Services</p> <p>If the Council does not continue to effectively manage the delivery of its waste service there is a risk that savings targets will not be delivered, and reputational damage may be incurred due to issues with waste collections.</p> <p>Risk owner: Ross Cook Cabinet Member: Cllr Steve Evans</p> <table border="1" data-bbox="219 619 672 970"> <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;"></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; text-align: center;">4</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						1				4			1	2	3	4	5		Impact					4 Amber		4 Amber	4* Amber Ongoing	This risk score remains at 4 – amber, there has been no impact to waste collections as a result of the Covid-19 pandemic. The Council has begun to undertake garden waste collections as planned and in accordance with government guidance household waste rubbish collection sites have re-opened.
Likelihood	5																																																
	4																																																
	3																																																
	2																																																
	1					4																																											
		1	2	3	4	5																																											
	Impact																																																

Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	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: Ross Cook Cabinet Member: Cllr Peter Bilson</p> <table border="1" data-bbox="219 639 672 992"> <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	4 Amber June 2020	The score of this risk remains unchanged and work to support the TMO's continues.
Likelihood	5																																																
	4																																																
	3					12																																											
	2																																																
	1																																																
		1	2	3	4	5																																											
	Impact																																																

Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	Target score and date (where appropriate)	Comment																																												
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="219 735 672 1090"> <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></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td>8</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						2			8			1							1	2	3	4	5	Impact							8 Amber		8 Amber	4* Amber Ongoing	The score of this risk remains unchanged, there has been no impact on the governance of major capital projects as a result of the Covid-19 pandemic.
Likelihood	5																																																	
	4																																																	
	3																																																	
	2				8																																													
	1																																																	
		1	2	3	4	5																																												
Impact																																																		

Risk ref	Risk title and description	Previous score (March 2020)	Direction of travel	Current score (May 2020)	Target score and date (where appropriate)	Comment																																											
38	<p>Climate Change</p> <p>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: Cllr Steve Evans</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></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td>6</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						2			6			1							1	2	3	4	5		Impact					6 Amber		6 Amber	4* Amber Ongoing	The score of this risk remains unchanged, there has been no impact on the Council's Climate change strategy as a result of the Covid-19 pandemic.
Likelihood	5																																																
	4																																																
	3																																																
	2				6																																												
	1																																																
		1	2	3	4	5																																											
	Impact																																																

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 22 June 2020
--	---

Report title	Annual Governance Statement 2019-2020	
Accountable director	Claire Nye, Director of Finance	
Originating service	Audit	
Accountable employee	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	21 May 2019

Recommendation for action:

The Committee is recommended to:

1. Review and comment upon the contents of the Council's Annual Governance Statement for 2019-2020.

1.0 Purpose

- 1.1 That Members review and comment upon the content of the Annual Governance Statement for the year 2019-2020.
- 1.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2015, 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 Chief Executive.

2.0 Background

- 2.1 The Annual Governance 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 Annual Governance 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.

3.0 Progress

- 3.1 Progress on the implementation of the actions required in the key areas will be monitored by Audit Services and reported to the Audit and Risk Committee during the year.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report. [GE/10062020/E]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report. [TS/11062020/Q]

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 recommendations in this report

10.0 Health and Wellbeing implications

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

11.0 Covid implications

11.1 The key aspects of the Council's approach to governance during Covid-19 is set out within the Annual Governance Statement.

12.0 Schedule of background papers

12.1 None.

13.0 Appendices

13.1 Appendix 1: Annual Governance Statement 2019-2020.

This page is intentionally left blank

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 22 June 2020
--	--

Report title	Annual Internal Audit Report 2019-2020	
Accountable director	Claire Nye, Director of Finance	
Originating Service	Audit	
Accountable employee	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 contents of the Annual Internal Audit Report and the overall opinion that “based on the work undertaken during the year, the implementation by management of the recommendations made and the assurance made available to the Council by other providers as well as directly by Internal Audit, Internal Audit can provide reasonable assurance that the Council has adequate and effective governance, risk management and internal control processes”.

1.0 Purpose

- 1.1 The purpose of this report is to provide the Audit and Risk Committee with an annual internal audit opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control processes.

2.0 Background

- 2.1 This report gives a brief description of the role of Internal Audit, the control environment within which it operates, its compliance with the Public Sector Internal Audit Standards and a summary of the work carried out during the year to 31 March 2020.

3.0 Progress

- 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 recommendations in this report.
[GE/10062020/E]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendations in this report.
[TS/10062020/W]

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 this report.

11.0 Covid implications

11.1 The impact of Covid-19 on the delivery of the 2019-2020 Internal Audit Plan for 2019-2020 is set out within this report.

12.0 Schedule of background papers

12.1 None.

13.0 Appendices

13.1 Appendix 1: Internal Audit Annual Report 2019-2020

Internal Audit Annual Report 2019-2020

Appendix 1



1. *Introduction*

Our internal audit work for the period from 1 April 2019 to 31 March 2020 was carried out in accordance with the approved Internal Audit Plan. The plan was constructed in such a way as to allow us to make a statement on the adequacy and effectiveness of the Council's governance, risk management and control processes. In this way our annual report provides one element of the evidence that underpins the Annual Governance Statement the Council is required to make to accompany its annual financial statements. This is only one aspect of the assurances available to the Council as to the adequacy of governance, risk management and control processes. Other sources of assurance on which the council may rely, could include:

- The work of the External Auditors (Grant Thornton)
- The result of any quality accreditation
- The outcome of any visits by Her Majesty's Revenues and Customs (HMRC)
- Other pieces of consultancy or third party work designed to alert the Council to areas of improvement
- Other external review agencies (i.e. Ofsted, the Information Commissioner's Office)

As stated above, the framework of assurance comprises a variety of sources and not only the Council's internal audit service. However, Internal Audit holds a unique role within a local authority as the only independent source of assurance on all internal controls. Internal Audit is therefore central to this framework of assurance and is required to acquire an understanding not only of the Council's risks and its overall whole control environment but also all sources of assurance where appropriate, and where possible this is captured in the regular Strategic Assurance Map that is presented to the Audit and Risk Committee.

In this way, Internal Audit will be able to indicate whether key controls are adequately designed and effectively operated, regardless of the sources of that assurance. Also, consideration of the Council's ethics and activities, and the information technology governance is implicit in all internal audit activity.

The definition of internal audit, as described in the Public Sector Internal Audit Standards, is "Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

Internal audit activity is organisationally independent and further details behind the framework within which internal audit operates, can be found in the internal audit charter.

Executive Summary

As the providers of internal audit to the council, we are required to provide the Chief Executive and Section 151 Officer with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control processes. In giving our opinion it should be noted that assurance can never be absolute. The most that internal audit can provide to the Chief Executive and Section 151 Officer is reasonable assurance that there are no major weaknesses in the council's governance, risk management and control processes. We have taken into account:

- All audits undertaken for the year ended 31 March 2020 (taking into our Covid-19 statement included in our annual opinion below)
- Any follow-up action taken in respect of audits from previous periods.
- Any key recommendations not accepted by management and the consequent risks.
- Any limitations which may have been placed on the scope of internal audit.
- The Council's Strategic Risk Register and Assurance Map as presented regularly to the Audit and Risk Committee.

Internal Audit Opinion

We have conducted our audits in accordance with the Public Sector Internal Audit Standards. Within the context of the parameters set out above, our opinion is as follows:

Based on the work undertaken during the year, the implementation by management of the recommendations made and the assurance made available to the Council by other providers as well as directly by Internal Audit, Internal Audit can provide reasonable assurance that the Council has adequate and effective governance, risk management and internal control processes.

Covid-19

Towards the end of the year, and in response to Covid-19 the internal audit team were redeployed to either the food distribution hub or to work on the small business grant team, set up in order to process and distribute the grant payments under the scheme introduced by the Government. As a result of this, a number of audits that were underway at the time of the outbreak, had to be put on hold and therefore were unable to feed into this opinion. Therefore, while we need to caveat our opinion with this, we do believe that we managed to complete sufficient work pre-outbreak, in order to support our opinion and to inform the Annual Governance Statement. These reviews will be revisited as soon as possible and consideration given to either cancelling, re-starting or rolling them over into future audits, dependent upon both the changing risk profile and the immediate needs of the Council during the reset and recovery period. We will keep the Audit and Risk Committee up to date on how this progresses.

In reaching our opinion, the following factors were taken into particular consideration:

- We have had unfettered access to all records and employees during 2019-2020.
- The need for management to plan appropriate and timely action to implement our and other assurance providers' recommendations.
- Key areas of significance, identified as a result of our audit work performed in year are detailed later in this report.
- While stand-alone reviews of governance and risk management are not undertaken, consideration of both these issues are implicit in all internal audit work. Similarly, assurance is gained from the regular review of the Council's Strategic Risk Register as presented at each meeting of the Audit and Risk Committee, and through the 'calling-in' of certain risks by the committee for a more detailed review.
- Our statement on Covid-19 included in the above audit opinion.

Throughout the year we did also note a number of key control issues, either through our work or in the preparation of the Annual Governance Statement, and these are listed below.

While not fundamental to the overall opinion, we gave a **'limited assurance'** rating as a result of our internal audit work in the following areas:

• Fire Safety in Council Buildings
• Fleet Services – Vehicle Spares & Stock Management
• Business Continuity Arrangements Employee Driver Checks
• Employee Driver Checks

Further details on each of these limited assurance reports were presented to the Audit and Risk Committee throughout the year, and can be found on the Council's website.

Governance issues arising from the Annual Governance Statement

The Council recognises that the identification, evaluation and monitoring of risks is a key aspect in the governance of the organisation. The following matters represent the most significant current governance issues that are subject to attention in order to ensure that good practice is embedded:

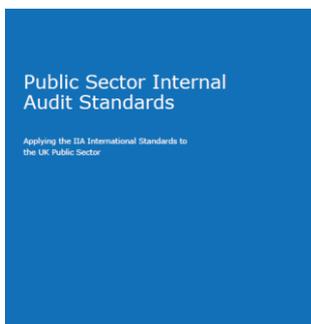
• Savings targets
• Procurement, Contract Management and Monitoring
• Strategic Asset Plan
• Civic Halls
• GDPR

Further details on each of these can be found in the 2019-2020 Annual Governance Statement.

Key risks the Council faces

The key risks the Council faces in delivering its outcomes are captured in a Strategic Risk Register which is updated as and when the risk profile of the Council changes, and is reported to the Audit and Risk Committee on a regular basis.

Compliance with the Public Sector Internal Audit Standards



The internal audit service follows the Public Sector Internal Audit Standards, and the Code of Ethics that form part of the standards, as laid out in the internal audit charter approved by the Audit and Risk Committee. The quality assurance and improvement programme and accompanying self-assessment identified no major non-conformances with these standards. This was confirmed through the results on an independent valuation of the self-assessment exercise commissioned by, and reported through the Audit and Risk Committee in 2018. Therefore, the internal audit activity is able to confirm conformance with the international standards for the professional practice of internal auditing.

Summary of work completed

A detailed written report and action plan is prepared and issued for every review where appropriate. The responsible officer will be asked to respond to the report by completing and returning an action plan. This response must show what actions have been taken or are planned in relation to each recommendation.

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

A total of 31 pieces of audit work have been completed during the year in which an audit opinion has been given. A summary of the audit opinions given, along with a comparison over previous years, is set out below:

Opinion	2019-2020	2018-2019	2017-2018
Substantial	9	18	17
Satisfactory	18	23	21
Limited	4	6	9

Direction of travel

As can be seen the number and of Limited Assurance levels of assurance has reduced when compared to the previous two years (albeit it against a reduced number of audits in 2019-2020).

2 Summary of audit reviews completed

The following audit reviews were completed during the 2019-2020 financial 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
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
Quarter 2 – Troubled Families Grant Certification	Medium	-	-	-	-	-	Grant Certification

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
2018-2019 Transport Grant Certification	Medium	-	-	-	-	-	Grant Certification
Kings Secondary School	Medium	-	6	4	10	10	Satisfactory
St. Matthias Secondary School	Medium	-	7	7	14	14	Satisfactory
Green Park Special School	Medium	-	-	1	1	1	Substantial
Little Village Nurseries (two visits)	Medium	-	4	1	5	5	Substantial
Bilston CE Primary School	Medium	-	1	2	3	3	Substantial
St Andrews Primary School	Medium	-	2	1	3	3	Substantial
Employee Driver Checks	Medium	2	4	1	7	7	Limited
GDPR Update	Medium	-	3	4	7	7	Satisfactory
Quarter 3 - Troubled Families Grant Certification	Medium	-	-	-	-	-	Grant Certification
Equipment Stores	Medium	-	8	10	18	18	Satisfactory
Reported this quarter for the first time:							
Terms & Condition Changes	Medium	-	-	3	3	3	Substantial
Payroll (3 rd Party Deductions)	High	-	-	2	2	2	Substantial
Treasury Management	High	-	-	2	2	2	Substantial
St. Paul's Primary School	Medium	-	4	2	6	6	Satisfactory
Modern Day Slavery	Medium	-	3	5	8	8	Satisfactory
CYP Subsistence & Mileage Payments	Medium	-	2	1	3	3	Satisfactory
End of Year Return – Troubled Families Grant Cert.	Medium	-	-	-	-	-	Grant Certification
Adult Education – Safeguarding & Safer Recruitment	Medium	-	17	4	21	21	Satisfactory

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
City North Gateway (M54 Junction 2) Project	High	-	2	1	3	3	Satisfactory
Licensing (Private Hire)	Medium		2	1	3	3	Satisfactory

Key:

AAN - Assessment of assurance need.

N/A - Consultancy type assignments where an opinion on the control environment is not the main focus of a review.

3 *On-going assurance work 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 lead by another member of the audit team.

Project/Programme	In the original audit 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.

Page 76

Project/Programme	In the original audit plan?	Audit Service's Role
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.
Delivering Independent Travel Programme	Yes	A member of the team sits on the Programme Board as an 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.

Project/Programme	In the original audit plan?	Audit Service's Role
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.
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.
Infrastructure for Growth Board	New	The purpose of this group is to oversee the strategy of regeneration projects across the city to ensure there is a co-ordinated joined up approach. A member of the team is present on this board to provide support and assurance around governance.

4 *Key issues arising from our work completed during the year*

During the year we brought the following matters to the attention of the Committee in January 2020, in our quarter 2 update report

- Fire Safety in Council Buildings
- Business Continuity Arrangements
- Fleet Services – Vehicle Spares and Stock Management

We brought the following matters to the attention of the Committee in March 2020, in our quarter 3 report

- Employee Driver Checks

Quarter 4: the following is being brought to the attention of the Committee for the first time

While there were no limited assurance reports issued during the final quarter of the year (quarter 4) the Audit and Risk Committee may wish to be aware of the following

Modern Day Slavery

Councils have a key role to play in tackling modern slavery. Our audit aimed to provide assurance that systems in place were compliant with the Modern Slavery Act 2015, including the identification and referral of victims, provision of support, engagement in community safety and disruption activities and ensuring council supply chains are protected.

This audit was given a satisfactory opinion. During our work we acknowledged that the Council had promoted anti-slavery, including the publication of a modern slavery statement and actively engaged with the Wolverhampton and Walsall Anti-Slavery Partnership to identify and support victims of modern slavery in a multi-agency and collaborative way. Further, referral of victims takes place to the to notify the Home Office in accordance with defined pathways.

However, we identified that a formalised Council policy was not in place to govern the approach to modern slavery. Also, arrangements were yet to be introduced to identify contracts being procured that may represent a high risk of modern slavery activity and reporting arrangements needed enhancement regarding the number of referrals to the Council's Modern Slavery Lead. Face to face training had also not been delivered to all priority teams within the Council. All of our recommendations were accepted by management and will be reviewed as part of our follow up work.

Lawnswood Campus

Lawnswood Campus is home to three Pupil Referral Units serving the schools and City of Wolverhampton as part of a city-wide strategy to promote inclusion and positive behaviour in safe, secure, child centred, positive and nurturing environments. We were asked by the new Executive Headteacher to undertake a review of the financial and governance processes at the campus. This highlighted a number of issues regarding the Management Board's role in the governance arrangements and in overseeing the financial performance of the school. Following this, an action plan has been produced and these issues are being addressed by the Executive Headteacher with support from the Local Authority's school improvement service.

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. During this quarter we have followed up recommendations in respect of our previous review of the Rainbow Nursery and action was being taken in order to implement these.

5 Changes to the Audit Plan during the year

Audit Area (as was in place during 2019-2020)	Audit related pieces of work in the initial plan	Audit related pieces of work added or removed during the year	Revised number of audit related pieces of work
Corporate	6	(3)	3
Finance (incl. key financial systems)	12	(1)	11
Governance	4	(2)	2
Communications & External Relations	-	-	-
Human Resources	2	-	2
Business Improvement	2	1	3
Strategy	1	(1)	-
Education (incl. Schools audits)	14	(3)	11
Children Services	8	(1)	7
Adult Services	4	(1)	3
Public Health	2	-	2
Regeneration	3	(1)	2
City Environment	4	1	5
City Assets & Housing	4	(3)	1
Total	66	(14)	52

During the year these changes to the audit plan were brought to the attention of the Audit and Risk Committee through our quarterly update reports.

The audit cycle of reviews and visits tends to run from June to May of each year, with the first month or so of each new financial year focused upon completing a number of the previous years reviews. As referred to in our audit opinion earlier in this report, a number of such reviews were unable to be completed from March 2020 onwards due to the result of responding to Covid-19. These were:

Key Financial Systems:

- Main Accounting System
- Accounts Receivable

Planned Systems Audits:

- Bilston Urban Village
- Garden Waste Service

- Fixed Assets
- Housing Benefits
- Housing Rents
- Local Taxes (Council Tax and NNDR)
- SEND Safer Recruitment & Single Central Register

As can be seen, a number of these reviews relate to Key Financial Systems. In their absence a level of assurance can be taken from the fact that as by their very nature key areas within these systems are reviewed on an annual basis, were subject to review in the previous year and no major areas of concerns had been raised at that time.

Also, indicated earlier in this report, these reviews will be revisited as soon as possible and consideration given to either cancelling, re-starting or rolling them over into future audits, dependent upon both the changing risk profile and the immediate needs of the Council during the reset and recovery period. We will keep the Audit and Risk Committee up to date on how this progresses.

6 *Audit and assurance effectiveness measures*

Our performance against the following Audit and Assurance effectiveness measures, that were prepared around the successful delivery of the audit service, is as follows:

Audit Plan measures	
Audit reports identifying suggested areas for action, issued to auditees within two weeks of completion of fieldwork.	Approximately 75% of audit reports were issued within two weeks of the completion of audit fieldwork.
Number of audits where time taken to complete assignment is more than 10% longer than planned.	Approximately 40% of reviews took 10% longer than anticipated, with the others completed either on target or under. In the majority of instances, reasons for audit work exceeding budget is that unforeseen issues arise which take time to resolve. However, we will continue to seek to improve on the time taken in completing such reviews.
Delivery of at least 80% of the audit plan, and an opinion which provides suitable assurance on the overall governance, risk management and control environment.	The audit plan was subject to revision during the course of the year in order to take account of emerging issues and a changing risk profile, and in responding to Covid-19. Based on the revised number of audits as at 31 March 2020, 80% of the plan had been delivered. Section 5 of this report provides details of the plan changes agreed during the year, as well as those audits started but then put on hold as a result of the impact of Covid-19.
Risk Based Audit Plan produced and available to the Council in advance of the year.	The Audit Plan was approved by the Audit and Risk Committee prior to the commencement of the new plan year.

Recommendations measures	
90% of recommendations accepted by Council management.	All recommendations made in the year were accepted by Council management.
Number of key recommendations followed up, implemented by the council by the target date.	The majority of previous key recommendations followed up had been implemented within the agreed date. Where not, these have been reported back to the Audit and Risk Committee throughout the year.
Relationships measure	
Positive feedback from completed client satisfaction surveys and other sources.	The majority of feedback was of a positive nature.
External Audit measure	
External Audit use the work of internal audit to help inform their own work.	No issues have been raised by the External Auditors on the work of Internal Audit.

7 *Key Partnerships*

The City Council's Audit Service also provide the internal audit service for:

- West Midlands Pension Fund
- West Midlands Combined Authority
- Wolverhampton Homes
- WV Living

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 22 June 2020
--	---

Report title	Internal Audit and the impact of Covid-19	
Accountable director	Claire Nye, Director of Finance	
Originating service	Audit	
Accountable employee	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 impact of Covid-19 on the operations of the internal audit team.

1.0 Purpose

- 1.1 The UK Public Sector Internal Audit Standards Advisory Board has produced guidance to support audit functions during Covid-19.
- 1.2 This states that all internal audit teams in organisations affected by Covid-19 will be reassessing their work plans and staff priorities. For public sector internal auditors there is an additional responsibility. All staff in a public service body have a responsibility to work in the public interest. At a time of national crisis there is a need to act in the best interests of the health, safety and livelihoods of the public as well as supporting the operational needs of the organisation. As a result very few internal auditors will be operating under 'business as usual' conditions. At the very least they will be doing the majority of work remotely, and staff in many teams are likely to be taking on different roles to support their organisation and the public interest.
- 1.3 This report, is based upon this guidance and updates the Audit and Risk Committee on how the Council's Internal Audit function has reacted to the challenge brought by Covid-19.

2.0 Background

- 2.1 The Mission of Internal Audit as included in the Internal Audit Charter and approved by the Audit and Risk Committee is 'to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.' In the current circumstances internal audit is fulfilling our Mission in different ways than usual. Ideally, this will provide enough assurance to support our audit opinions, and for the Annual Governance Statement, although it is appropriate to draw attention to the context within which this assurance will be gained and potential limitations.
- 2.2 As part of our Annual Internal Audit Report for 2019-2020 and accompanying opinion statement we noted that towards the end of the year, and in response to Covid-19 the internal audit team were redeployed to either the food distribution hub or to work on the small business grant team.
- 2.3 As a result of this, a number of audits that were underway at the time of the outbreak, had to be put on hold and therefore were unable to feed into our annual opinion. While we needed to caveat our opinion, we do believe that we managed to complete sufficient work pre-outbreak in order to support our opinion and to inform the Annual Governance Statement.
- 2.4 These reviews will be revisited as soon as possible and consideration given to either cancelling, re-starting or rolling them over into future audits, dependent upon both the changing risk profile and the immediate needs of the Council during the reset and recovery period.

2.5 During this period we have continued to:

- Provide advice and support in the development of new controls. For example, where the Council has had to implement new and urgent government policy or processes – in particular with regards to the payment of small business grants.
- Ensure that our work remained risk-based, but continuously reassessing it in order to reflect the significant changes and escalation of risk levels being experienced.

We will also be helping the Council to understand and plan for longer term risks resulting from the current crisis to protect the Council and its services going forward.

2.6 With regards to applying the Public Sector Internal Audit Standards, there have been challenges as indicated, including the redeployment of internal audit officers to other work such as in the food distribution hub and the small business grant teams, which has reduced capacity to carry out audit work, alongside the redeployment of operational officers to other duties, and their general availability and access to information.

2.7 Where internal audit officers have been diverted into operational roles, for that duration they are not operating as internal auditors. When they return to their internal audit role, an assessment will be undertaken to see if any steps are necessary to address any potential impairment to independence and objectivity. However, we believe this to be low risk.

3.0 Progress

3.1 As and when officers return to the audit team, the Internal Audit Plan approved by the Committee in March 2020, will need to be revisited and re-assessed in order to take into account a number of factors. This will include the audit resources remaining, the post-Covid risk profile and the changes that will no doubt be introduced across the Council to its practices and processes. However, due to the likely remaining level of uncertainty, it may be difficult to plan too far ahead and a more consultative approach is likely to need to be taken for the remainder of the year.

3.2 There is a likelihood that the majority of audit resource in 2020-2021 will be focussed as a short term measure on how public resources have been used during this time and how the Council resets and recovers. However, consideration of key financial systems and other risks will remain within the audit plan where possible.

3.3 An update on progress will be brought to the committee in the next quarter.

4.0 Financial implications

4.1 It is not anticipated at this stage that any financial implications will arise from the proposed review of the Internal Audit Plan. Should any financial implications emerge through the year these will be detailed in future report progress reports to Committee.
[GE/10062020/J]

5.0 Legal implications

5.1 There are no legal implications arising from the recommendation in this report.
[TS/10062020/T]

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 the recommendation in this report.

11.0 Covid implications

11.1 This report details the impact of Covid-19 on the Council's internal audit service.

12.0 Schedule of background papers

12.1 None.

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 22 June 2020
--	---

Report title	CIPFA Audit Committee Update	
Accountable director	Claire Nye, Director of Finance	
Originating service	Audit	
Accountable employee	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable.	

Recommendations for noting:

The Committee is asked to note:

The contents of the latest CIPFA Audit Committee Updates, one of which is a compendium edition and includes a selection of briefings from the last 10 years of the Audit Committee Update:

- Reviewing the Audit Plan
- Self-assessment and Improving Effectiveness
- Developing an Effective Annual Governance Statement
- Focus on Local Audit

With the other focussing upon Covid-19 and Key Issues for an Audit Committee.

1.0 Purpose

- 1.1 The Chartered Institute for Public Finance and Accountancy (CIPFA) issue regular briefings for Audit Committee members in public sector bodies. Their aim is to provide members of Audit Committees with direct access to relevant and topical information that will support them in their role.

2.0 Background

- 2.1 The latest editions of these briefings include a compendium edition with a selection of briefings from the last 10 years of the Audit Committee Update:

- Reviewing the Audit Plan
- Self-assessment and Improving Effectiveness
- Developing an Effective Annual Governance Statement
- Focus on Local Audit

Along with an edition on Covid-19 – Key Issues for an Audit Committee

3.0 Progress

- 3.1 Further CIPFA updates will be brought before the Audit and Risk Committee, as and when they are published.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report.
[GE/10062020/Y]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report.
[TS/10062020/R]

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 the recommendation in this report.

11.0 Covid implications

11.1 The latest CIPFA Audit Committee Update addresses key issues for audit committees from Covid-19

12.0 Schedule of background papers

12.1 CIPFA Audit Committee Update

This document contains some information which is copyrighted and cannot be made readily available. However, to comply with the spirit of the Freedom of Information Act, should you require details of the report it may be possible to give you access to certain information. If you wish to do that, please contact the accountable employee as detailed above.

13.0 Appendices

13.1 Appendix 1: Selection of Briefings from the last 10 years of Audit Committee Updates.

13.2 Appendix 2: Covid-19 Pandemic – Key issues for the Audit Committee regular briefing on new developments.

This page is intentionally left blank

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 22 June 2020
--	---

Report title	Payment Transparency	
Accountable director	Claire Nye, Director of Finance	
Originating Service	Audit	
Accountable employee	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 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 have been no requests for information from the public (as an 'armchair auditor').

3.0 Progress

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/10062020/V]

5.0 Legal implications

5.1 There are no legal implications arising from the recommendation in this report.
[TS/10062020/S]]

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 the recommendation in this report.

11.0 Covid implications

11.1 There are no Covid-19 implications arising from the recommendation of the report.

12.0 Schedule of background papers

12.1 None.

This page is intentionally left blank

CITY OF
WOLVERHAMPTON
COUNCIL

Audit and Risk Committee

22 June 2020

Report Title	Audit Services – Counter Fraud Update	
Accountable Director	Claire Nye, Director of Finance	
Originating Service	Audit	
Accountable employee	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 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

- 3.1 At the last meeting of the Audit and Risk Committee in March 2020, 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/10062020/X]

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/10062020/D]

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 arising from this report.

11.0 Covid implications

11.1 A new fraud risk arising from Covid-19 has been included in the Council's Fraud Risk Register which is included within this report.

12.0 Schedule of background papers

12.1 None.

13.0 Appendices

13.1 Appendix 1: Counter Fraud Report

13.2 Appendix 2: Fighting Fraud and Corruption Locally

Audit Services Counter Fraud Report @ June 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.

During the COVID 19 Pandemic members of the Counter Fraud Team have supported key activities such as the Food Hub and the Business Rates Relief Grants, while still maintaining the counter fraud role.

In conjunction with colleagues from Finance, Revenues and Benefits, and Audit members of the Counter Fraud Team have supported the due diligence activities undertaken during the award of the Business Rates Relief Grants to ensure the risk of fraud is minimised.

3 *Counter Fraud Update*

Counter Fraud Plan

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

Fighting Fraud and Corruption Locally a Strategy for the 2020's

The 'Fighting Fraud and Corruption Locally Strategy 2020' is the updated local government counter fraud and corruption strategy, see Appendix 3. The strategy has been developed by Councils and relevant stakeholders and sets out the main areas of focus that local authorities should take to tackle fraud effectively.

In 2011, the first Fighting Fraud and Corruption Locally Strategy was published by the National Fraud Authority, this was followed by a revision in 2016. The strategies key principles of 'Acknowledge', 'Prevent' and 'Pursue' were adopted and form the basis of the Council's Anti-Fraud and Corruption Policy.

The Credit Industry Fraud Avoidance System (Cifas) has now taken responsibility for the Fighting Fraud and Corruption Locally Strategy and has prepared a revised strategy for the 2020's. The Council took part in the consultation stage in developing the revised strategy which reinforces the key areas from the previous two strategies but now also include two new areas, which are 'Govern' where anti-fraud measures should be embedded throughout the organisation and 'Protect' where individuals, the community and the Council should be protected against the harm of fraud.

The Council's Anti-Fraud and Corruption Policy identifies the importance of adopting a zero tolerance to fraud. The threat of fraud is acknowledged, any fraudulent practices are prevented, and where perpetrated are detected, investigated and wherever possible any loss of monies is recovered. In accordance with the revised strategy the Council will continue to monitor and adapt in the fight against fraud, share best practice and bring clarity to the changing anti-fraud and corruption landscape.

Section 4 of the strategy identifies the role an Audit Committee can play in implementing the strategy, including they:

- Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work;
- Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured;
- Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud;
- Should support proactive counter fraud activity;
- Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.

The Council will continue to implement the strategy through its Fraud Risk Register and the Counter Fraud Plan, and will report regularly to the Audit and Risk Committee. The impact of the revised strategy on the Council's approach to fraud prevention will be continuously monitored with any amendments and changes being reported to future meetings of this committee.

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, cyber fraud including ransomware and email interception, and recently the Business Rates Relief Grants.

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. A total of 2,358 matches have been processed with five amounts recovered for Pension and Council Tax overpayments totalling £8,562. This provides an indication 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

During the Covid-19 the Counter Fraud Team has continued to provide a Tenancy Fraud Service. Potential fraud referrals have been recorded and investigated. Due to the restrictions imposed by the lockdown and social distancing measures it has not been possible to visit premises or to interview suspects. As the restrictions are lifted the situation will be assessed and when safe to do so, investigations will be completed.

The Counter Fraud Teams Tenancy Fraud results for the year April 2019 to March 2020 are shown in the following tables:

	April 2019 – March 2020
	Number
Total Number of Referrals Received	133
Referrals open being Investigated	30
Anti-Money Laundering – Right to Buy Checks	81
Residency Duration Checks for Right to Buy Applications	66

Further details of the above figures are included below.

	April 2019 – March 2020	
Type of fraud and/or error	Cases	*Value £
Tenancy sub-letting – Illegal subletting of properties which were recovered	10	930,000
Right to buy – preventing fraudulent RTB applications	1	65,000
Other tenancy fraud – succession, abandonment or non-occupation	1	93,000
Social Housing Application fraud – offers withdrawn and/or applicants excluded from waiting list	9	324,000
Total	21	1,412,000

*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.

Partnership Working

The partnership arrangement with Sandwell Metropolitan Borough Council, is continuing with the Fraud Team at Sandwell This joint approach sees 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 February 2020 discussions were held on Council Tax Exemptions, Blue Badge fraud, DWP joint working, Anti Money Laundering and cases of interest.

Counter Fraud Plan Update

Please note – some of the timescales in the plan may need to be pushed back as a result of Covid-19.

Issue	Action	Timescale
Raising counter fraud awareness across the Council	Develop and deliver Fraud Awareness seminars	Fraud based training provided Autumn 2019
	Develop on line fraud training for staff.	To be refreshed Summer 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.	Summer 2020
	Hold fraud surgeries to enable staff to report areas of suspected fraud.	Fraud surgeries planned for Summer 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 last 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 February 2020 next meeting Summer 2020
	Attend external fraud seminars and courses.	Fighting Fraud and Corruption Locally Conference – March 2019

Issue	Action	Timescale
		NAFN Fraud Roadshow – June 2019 Direct Payment Fraud Training – July 2019 NAFN Counter Fraud Conference November 2019
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

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 Summer 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 Summer 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 @ June 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
NEW: Covid-19	The Council is open to fraud and misappropriation due to changes in legislation and the speed in which government grants need to be validated and distributed.	Amber
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 (non-Covid-19)	False grant applications, failure to use for its intended purpose.	Green

NEW: Page 105

Bribery	Awarding of contracts, decision making.	Green
Money Laundering	Accepting payments from the proceeds of crime.	Green

This page is intentionally left blank

Fighting Fraud and Corruption Locally

A strategy for the 2020s

A response to economic crime and fraud



With support from:



This is the third Fighting Fraud and Corruption Locally Strategy, produced by local government for local government.

Content

03

Foreword
Local Government Association
Joint Fraud Taskforce

05

Executive Summary
Review of 2016 Strategy
Introduction

10

The Context

20

The Strategic Approach
GAPPP
The themes

25

Turning Strategy into Action
The Local Response
Appendix 1 & Appendix 2

Foreword

— Richard Watts



Since the first strategy was produced in 2011 councils have faced significant financial challenges. Councils have innovated, collaborated and prioritised in order to meet the financial challenge and to protect front line services. Tackling the threat of fraud and corruption has been and continues to be a cornerstone of protecting council finances and enabling them to maximise the value of every pound spent on behalf of local residents.

Every pound siphoned off by a fraudster is a pound that cannot be spent on services where they are needed. Councils need to be vigilant. Councils have a good record in countering fraud and the strategy contains numerous case studies and examples of successes.

As the strategy highlights, it is estimated that about one in three of all crimes committed nationally is fraud based and fraudsters are always seeking new ways to take money. The strategy also highlights that potential losses to fraud could run into hundreds of millions or even billions of pounds if preventative action is not

taken. Councils need to be agile and work together with national agencies and the Government to respond to new fraud threats, to prevent losses and to protect vulnerable people in our society. Collaboration to counter and prevent fraud is a theme running through the strategy.

The Fighting Fraud and Corruption Locally Strategy is an excellent example of how councils can come together for the overall benefit of local services and residents served. The strategy has been led by the Fighting Fraud and Corruption Locally Board. This Board has been described as “a coalition of the willing”. It is a group of senior multi-disciplinary experts from councils working together with partners, that work with the councils on counter fraud activities. The Board is currently chaired by a representative from the Society of Local Authority Chief Executives (SOLACE). The Board members and the organisations they come from all provide their expertise on a pro bono basis, for the benefit of the sector and to help counter fraud. The board is supported by the LGA. In carrying out the research to draft this new strategy, the board has run several workshops up and down the country that have been attended by representatives from more than 250 councils. The work of all these people is reflected in the strategy and our thanks are due to all of them.

The strategy outlines, outlines a governance framework for continuing national and regional collaboration on counter fraud under the Fighting Fraud and Corruption Locally umbrella. Section four of the strategy outlines a practical programme and checklist for individual councils to follow.

I am happy to endorse this strategy on behalf of the LGA and welcome it as an opportunity for councils to review and further improve their counter fraud work in the 2020s.

Cllr Richard Watts
Chair Resources Board, Local
Government Association
Leader Islington Council

Foreword

— Mike Haley



As the Chair of the Joint Fraud Taskforce I am delighted to support The Fighting Fraud and Corruption Locally 2020 strategy at a time when incidences of fraud and corruption are rising and there is an identified need for councils and their leaders to adopt a robust response.

Having worked as a fraud investigator I understand the importance of collaborative working and of having a structure and framework that guides and governs counter fraud and associated corruption activities.

Through working together and applying the principles of this strategy I am convinced that, perhaps for the first time, we have a model for true collaboration that is so important in identifying fraudsters, often organised groups, who seek to undermine and take financial advantage of systemic vulnerabilities and abuse those citizens in our community who are in themselves vulnerable.

I recognise the challenge that we all face in having to balance demands on resource across essential services at a time when funding is constrained. However, I also recognise the important role that local authorities and their frontline services play in tackling fraud and corruption that are a drain on those resources. Savings through enforcement and bringing fraudsters to justice can be used to support our social services and can build stronger and safer communities.

I am convinced that this strategy is an important step in tackling fraud and corruption that is so corrosive to society. In my role as Chair of the Joint Fraud Taskforce I welcome my local authority colleagues. By working together, I am convinced that we can deliver a step change in tackling fraud.

Mike Haley

Chair of the Joint Fraud Taskforce

The Joint Fraud Taskforce is a partnership between banks, law enforcement and government to deal with economic crime.

Executive Summary

Fighting Fraud and Corruption Locally 2020 is the updated counter fraud and corruption strategy for local government. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities with the support of those at the top.

By using this strategy local authorities will:

- *develop and maintain a culture in which fraud and corruption are unacceptable*
- *understand the harm that fraud can do in the community*
- *understand their fraud risk*
- *prevent fraud more effectively*
- *use technology to improve their response*
- *share information and resources more effectively*
- *better detect fraud loss*
- *bring fraudsters to account more quickly and efficiently*
- *improve the recovery of losses*
- *protect those at risk.*

This strategy is aimed at council leaders, chief executives, finance directors and all those charged with governance in local authorities including those on audit committees and with portfolio responsibility. It is produced as part of the Fighting Fraud and Corruption Locally initiative, a partnership between local authorities and key stakeholders, and succeeds the previous strategies written in 2011 and 2016. It is not 'owned' by any one organisation but by the local authorities who have given time and support to develop it. Areas of focus for elected members, chief executives and those charged with governance are laid out in Section 4: The Local Response.

This partnership has been so successful it has existed since 2010 when the research and engagement first began.

Local authorities continue to face a significant fraud challenge and while the official figures are dated the argument about protecting funds and vulnerable people remains. The National Fraud Authority estimated local authorities face the threat of £2.1bn fraud in a year in 2013. In fact, the Annual Fraud Indicator produced by Crowe Clark Whitehill estimates that figure may be as high as £7.8bn in 2017, out of a total of £40.4bn for the public sector as a whole. The Government's Economic Crime Plan states that the numbers of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

Every £1 that a local authority loses to fraud is £1 that it cannot spend on supporting the community. Fraud and corruption are a drain on local authority resources and can lead to reputational damage and the repercussions maybe far reaching.

Fraudsters are constantly revising and sharpening their techniques and local authorities need to do the same. There is a clear need for a tough stance supported by elected members, chief executives and those charged with governance. This includes tackling cross-boundary and organised fraud and corruption attempts, as well as addressing new risks such as social care fraud and cyber issues.

In addition to the scale of losses and potential losses, there are further challenges arising from changes in the wider public sector landscape including budget reductions, service remodelling and integration, and government policy changes. Local authorities report that they are still encountering barriers to tackling fraud effectively, including lack of incentives, data sharing, information sharing and powers, but also that they require support from senior stakeholders and those in charge of governance.

These factors do present challenges. However, this strategy demonstrates the tenacity of local fraud teams in continuing to lead on innovation and collaborate and also that there is a network of local leaders willing to support this initiative. This strategy, then, is about creating a self-sustaining counter fraud response for the sector.

Review of 2016 Fighting Fraud and Corruption Locally Strategy

The previous two strategies focused upon pillars of activity that summarised the areas local authorities should concentrate efforts on. These were 'acknowledge', 'prevent' and 'pursue'.

These pillars are still applicable. During the research for this strategy they were supported as key areas by those who have input. However, another two areas of activity have emerged that underpin tenets of those pillars. These are 'govern' and 'protect'.

The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the tone from the top and should be included in local counter fraud strategies.

Govern

Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.

Acknowledge

Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.

Prevent

Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Pursue

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.

Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat and protect themselves and the community.

The second new area that has appeared during the research recognises the increased risks to victims and the local community:

Protect

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime and also protecting itself from future frauds.



 **PROTECTING ITSELF AND ITS RESIDENTS**
*Recognising the harm that fraud can cause in the community.
 Protecting itself and its' residents from fraud.*

This strategy and its tools provide ways for local authorities to further develop and enhance their counter fraud response by ensuring that it is comprehensive and effective and by focusing on the key changes that will make the most difference.

Local authorities can ensure that their counter fraud response is comprehensive and effective by considering their performance against each of the six themes – the six Cs – that emerged from the 2016 research:

- Culture
- Capability
- Competence
- Capacity
- Communication
- Collaboration

Many local authorities have demonstrated that they can innovate to tackle fraud and can collaborate effectively to meet the challenges. Indeed, many have identified that a reduction in fraud can be a source of sizeable savings. There are case studies and quotes through this document evidencing the good work that is already happening.

This strategy

- *recognises that fraud is not a victimless crime and seeks to protect the vulnerable from the harm that fraud can cause in the community*
- *calls upon senior management in local authorities to demonstrate that they are committed to tackling fraud and corruption*
- *calls upon local authorities to continue to tackle fraud with the dedication they have shown so far and to step up the fight against fraud in a challenging and rapidly changing environment*
- *calls upon local authorities to work together to illustrate the benefits that can accrue from fighting fraud more effectively*
- *calls upon senior stakeholders to listen to the business cases on barriers put by local authorities in order to promote counter fraud activity in local authorities by ensuring the right further financial incentives are in place and helping them break down barriers such as a lack of powers.*

Case Study

Birmingham City Council: Acknowledge Using data to tackle fraud

In the original Fighting Fraud Locally 2011 Birmingham City Council was cited as good practice for setting up a data warehouse and protecting public funds. BCC continues to put fraud at the top of the agenda.

BCC has used a well-established, sophisticated data warehouse to develop an automated programme of data matching that allows potential fraud and error to be detected within 24 hours. This has been particularly effective in identifying fraudulent claims for council tax single person discounts and fraudulent housing applications. In time BCC expects the process to reduce the amount of fraud or error requiring a formal investigation as it will have been prevented or stopped almost as soon as it began. As a result, services that are being provided incorrectly can be stopped quickly, thus helping to preserve resources and reduce the level of fraud and error.

“Local authorities must ensure they take the necessary steps to put in place a strategy which can deliver a response that protects itself and its residents. Councils need to commit adequate resources to support that work and also measure its progress against that strategy. Fighting Fraud and Corruption Locally provides the necessary tools and ideas to support that work.”

Trevor Scott, Chief Executive Wealden District Council

Introduction

This strategy document is aimed primarily at council leaders and other elected members, chief executives, finance directors and those charged with governance in local authorities.

As a result of lessons learned during previous incarnations this document contains the core strategy together with companion documents which provide more detailed guidance on its implementation which will be updated when necessary during the life of this strategy. In that way there will be live documents for practitioners to draw upon that will more readily reflect the ever changing fraud local landscape.

We recognise that pulling together practitioners and stakeholders to discuss these issues is a local authority exercise and detracts from day-to-day activity where there are limited resources in place. Therefore this strategy will cover from 2020 onwards supported by live companion documents.

The research for this strategy was carried out by local practitioners and board members.

The research was commissioned by the board and was coordinated by the secretariat.

The research consisted of:



The original Fighting Fraud Locally 2011 strategy was launched with a series of pilots and joint working, conferences and awards and was hugely successful. The workshops highlighted much work being done in local authorities that is commendable and can prevent fraud across boundaries. Therefore, as part of these fact-finding engagement exercises those that attended workshops were asked to offer activity to demonstrate the partnership as part of FFCL. Around 30 activities and events have been identified for 2020 that demonstrate some of the good practice found during the research for this document and show that local authorities continue to tackle fraud and corruption. It is intended that these examples will be used to kick-start momentum in the way that the 2011 strategy did. In addition a number of working groups have formed already to implement the recommendations.

The activity following the publication of FFCL 2016 was more limited. There was no formal local launch and limited board activity. Therefore some of the issues raised during that research still persist. Efforts have been made to redress this during the research for this strategy by setting in place activity to address those persistent issues.

Nevertheless it is clear that local authorities continue to tackle fraud, as evidenced in this strategy's case studies and by the appetite to take forward the issues raised during the research and in the good practice guides.

Several new areas were raised during the research as barriers to overcome and local authorities have already stepped up to join together to help tackle these barriers. As part of the engagement exercise working groups and local authorities are already in place to begin the work on these issues.

This document is divided into four sections:

Section 1

The Context

Sets out the nature and the scale of fraud losses, the argument for measurement and the key issues raised by stakeholders.

Section 2

The Strategic Response

Describes the response that is required from local authorities to address the challenges they are facing, identifying the activities necessary in order to achieve the strategic vision.

Section 3

Turning Strategy into Action – Delivery Plan

Sets out the recommendations and the framework for delivery.

Section 4

The Local Response – Appendices

Companion Annexes

The live companions to this strategy document set out more information on how local authorities can ensure that their counter fraud response is comprehensive and effective. These documents may be refreshed at any time during the life of the strategy. They are not part of the strategy but are further guidance that is changeable. Areas they cover include fraud risks, good practice and the counter fraud local landscape.

Section 1: The Context

a) The scale of fraud and corruption

It is accepted that fraud affects the UK across all sectors and causes significant harm.

The Office for National Statistics states that one in 16 members of the population is likely to fall victims. The Government's Economic Crime Plan 2019 states that the number of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK.

The last, most reliable and comprehensive set of local authority figures was published by the National Fraud Authority in 2013, and indicates that the fraud threat may have been costing the UK £52bn a year.

Within these figures the threat to local authorities totalled £2.1bn.

More recent estimates are higher. The Annual Fraud Indicator produced by Crowe Clark Whitehill estimated that figure may be as high as £7.8bn in 2017 of which procurement fraud was estimated as £4.3bn. This study estimated that the total threat faced by the public sector was £40.4bn.

“We do not have a wholly reliable estimate of the total scale of economic crime. However, all assessments within the public and private sectors indicate that the scale of the economic crime threat continues to grow.”

Economic Crime Plan 2019

The National Fraud Authority estimated public sector fraud (including local government) at £20.6bn in 2013.

The National Audit Office's Local Landscape Review 2018 estimated fraud at up to £20.3bn excluding local government.

The estimated losses for local authorities in 2013 are broken down in the following by identified fraud losses and hidden fraud losses:

Estimated Local Government Fraud Loss 2013

Fraud Type	Estimated loss
Housing tenancy fraud	£845m
Procurement fraud	£876m
Payroll Fraud	£154m
Council Tax fraud	£133m
Blue Badge Scheme misuse	£46m
Grant fraud	£35m
Pension fraud	£7,1m

Annual Fraud indicator 2013

These figures do not take into account the indirect costs of responding to and dealing with fraud and exclude some potentially significant areas of fraud loss. The fraud landscape has changed since 2013 as councils have introduced new ways of working and innovative responses to risks, while at the same time new areas of fraud risk have appeared.

Local authorities were sceptical about current publications on sector fraud figures and performance as there was a plethora of different numbers with no agreement or consensus. However, they remain keen to develop a consistent risk and performance methodology for the sector and for individual councils to estimate the potential risk they face on a consistent basis. Following the research for this strategy, a working group has been set up to develop methodologies for the sector to use.

b) The nature of the problem

In June 2019 the Government published its first Economic Crime Plan and included fraud and corruption in the definition.

The Government's Economic Crime Plan 2019

What is economic crime?

To help establish our partnership, we have agreed a common language across the public and private sectors regarding economic crime. We have used the following definition of economic crime to guide our efforts. Economic crime refers to a broad category of activity involving money, finance or assets, the purpose of which is to unlawfully obtain a profit or advantage for the perpetrator or cause loss to others. This poses a threat to the UK's economy and its institutions and causes serious harm to society and individuals. It includes criminal activity which:

- allows criminals to benefit from the proceeds of their crimes or fund further criminality

- damages our financial system and harms the interests of legitimate business
- undermines the integrity of the UK's position as an international financial centre
- poses a risk to the UK's prosperity, national security and reputation

1.12 This definition is broader than terms such as 'financial crime' or 'white-collar crime' to provide a holistic response to the following types of criminality:

- fraud against the individual, private sector and public sector
- terrorist financing
- sanctions contravention
- market abuse
- corruption and bribery
- the laundering of proceeds of all crimes

For the purposes of this strategy we have retained the terms 'fraud' and 'corruption' while recognising that they are part of a wider agenda. The strategy has not been re-titled 'Economic Crime'.

c) Issues raised by stakeholders

During the workshops and research a number of barriers to effective working were raised – the main issues raised are below. Participants were asked how they would solve these issues and there were many ideas and opportunities presented. Local authorities are keen to play a part and influence the outcomes. Therefore a working group has been set up for each of these areas to assess the evidence so far, collect any further evidence and to report into the secretariat for the FFCL Board to consider. There is evidence to create an FFCL operational group from the current FFCL representative network. Further detail on how this will operate will be in the live Delivery Annex.

Recommendation: A single regional FFCL operational group should be formed from the existing FFCL regional representatives.

Fraud measurement

While recognising that the repercussions of fraud are wider than financial it is important that councils have an up-to-date estimate of what the figures and areas of risk appear to be. There are a number of different methods of calculating fraud losses, and these vary across regions. Moreover the fraud priorities differ across regions. External organisations present figures to the sector but there is little or no ownership of these within local authorities. Local authority attendees raised this lack of independent analysis and free benchmarking to look at areas in deep detail rather than reported figures on numbers of referrals or cases detected. Local authorities could use this analysis to make the business case to tackle fraud, understand fraud issues more closely and see a more detailed picture across boundaries.

Recommendation: A working group on measurement should be formed to develop a consistent risk and performance methodology for the sector.

Local authorities have agreed to work together to build a set of figures for use as an indicator of actual losses, prevention measures and fraud areas. In addition this group will look at the area of benchmarking. This work is underway and the working group is now formed and is in place.

Powers

Local authorities welcomed the introduction of the Prevention of Social Housing Fraud Act (PSHFA) and reported that it had improved accessibility to information and intelligence.

However, some issues on powers that had been raised previously had not been taken forward by any parties, as the PSHFA, had and have been exacerbated by

Case Study

An employee responsible for managing Ipswich Market and collecting stall rent from traders was prosecuted for theft of cash collected. The council's finance team identified an irregularity when it attempted to reconcile income received to income due. The theft was valued at £33,376 and totalled 91 thefts. The employee was given an 18-month prison sentence suspended for two years and ordered to carry out 250 hours of unpaid work in the community.

He was also ordered to pay £14,000 compensation to Ipswich Borough Council at the rate of £400 a month.

new fraud areas such as social care fraud where local authorities report it is difficult to obtain information. During the research local authorities have provided a number of examples across service areas where they cannot obtain information or access organisations in order to progress investigations.

There are a number of potential avenues to resolve these issues and local authorities have themselves suggested opportunities to resolve these. These issues need to be explored further to identify and evidence areas where lack of powers currently frustrate efforts by the sector to successfully progress counter fraud investigations. This will then enable the sector to lobby for the additional powers required.

Recommendation: A working group on powers should be formed.

Local authorities have agreed to work together to identify and evidence areas where lack of powers currently frustrate efforts by the sector to successfully progress counter fraud activity and identify what additional powers are required, what forms that should take and to examine the suggestions that have been collated. This evidence should then be used to lobby government to grant additional powers required. This recommendation is underway and the working group is now formed and is in place

Incentives

Local authorities welcomed the Counter Fraud Fund in 2015 which had been distributed by the then Department for Communities and Local Government

This fund was a one-off and there were good results that are detailed on the Local Government Association Counter Fraud Hub page. However, many local authorities did not have the opportunity to bid and some had lost resources. Local authorities reported that they did not have funds to set up dedicated teams or undertake proactive work, and offers of technology were expensive and often duplicated existing offerings. Local authorities have made some suggestions about ways in which counter fraud activity may be funded. Local authorities have put together ideas on what types of incentives could support improved activity.

Recommendation: A working group on incentives should be formed.

Local authorities have agreed to work together to indicate where incentives may be required from Government and what forms they may take and to examine the suggestions that have been collated in the research.

The working group is now formed and is in place and the work is underway.

Data analytics and matching

A number of data related initiatives exist which local authorities may take part in for example, counter fraud hubs. At the majority of workshops it was said that there is inconsistent advice, high pricing, lack of discussion with suppliers and difficulty filtering out what is useful from what is not. The National Fraud Initiative has two products which were highlighted as useful and these are the Fraud Hub and AppCheck. It was also reported that there were issues with data quality, data standards and a lack of quality assurance about products.

Recommendation: A working group should be formed to review existing data related initiatives available to local authorities and recommend best practice or new ideas.

Local authorities have agreed to form a working group to look at the area of data. A number of ideas have been put together and the group will consider these and what further activity is required. This group will need to decide what is in scope for this work as the issues raised are varied. This recommendation is underway and the working group is now formed and is in place.

Social care issues

At most workshops the area of social care fraud was raised. Social care fraud harms the community and vulnerable individuals who are unable to detect scams or fraud and are often unable to report them. Sometimes abuse of funds by family members or carers complicates the situation. This can include financial abuse of vulnerable persons, not just direct payments and personal budgets.

This area of fraud has emerged as a growing risk since the last strategy was published. The impact of this risk on already stretched social care services and budgets is potentially very significant. For this reason, organisations with relevant skills together with those local authorities that have developed good practice have offered to support work in this area of risk. Our research also highlighted a number of ideas about identifying and tackling some systemic vulnerabilities in this area. Local authorities should ensure fraud strategies are aligned with safeguarding responsibilities to ensure we actively protect the most vulnerable in our communities. Close working with social care teams will be required with joint approaches and planning.

Recommendation: A working group on social care fraud should be formed to look at how local fraud strategies should align to local authorities' safeguarding responsibilities as well as to identify best practice in countering risks relating to social care fraud.

Local authorities have agreed to form a working group to look at the area of social care fraud. A number of ideas have been put together and the group will consider these and what further activity is required. This recommendation is underway and the working group is now formed and is in place.

“Investing to prevent fraud should be one of the early steps in building your counter fraud response. The repercussions of fraud can be far reaching. We have a duty to protect residents in our communities from fraud and we should work in collaboration with officers across the council and partner agencies to prevent fraud and safeguard the vulnerable. Fraud is not a victimless crime”.

*Clive Palfreyman, Executive Director Finance & Resources
London Borough of Hounslow*

d) The themes

In FFCL 2016 a number of themes were identified and while those are still relevant and supported during the research one in particular stood out: collaboration.

Collaboration

There is an appetite for collaboration across the sector and geographically. However, it does not apply solely to local authorities. There is a need for collaboration across sectors, local law enforcement and with suppliers and external organisations.

The current FFCL regional representatives' network functions well. However, there is still a gap where information does not flow. There are also links to law enforcement and both national and local bodies which if they were stronger would help support the fight against fraud. Some councils already participate in regional bodies that could easily be better connected. There is overwhelming support for the idea of more formal FFCL-linked groups. Local authorities requested FFCL regional group.

There is also the possibility of exploring the principle of placing an obligation on partner bodies to share information to assist the detection and prevention of fraud even if the fraud is not against the sharing body.

Furthermore, local authorities reported the need to be more formally linked into the national law enforcement bodies. During the research a number of issues and patterns appeared in workshops that have been raised with enforcement; this demonstrates the merits of a joined-up approach. The Chief Executive of Cifas currently chairs the Joint Fraud Taskforce as well as sitting on the FFCL board and this has enabled Cifas to raise issues with the National Economic Crime Centre about local authorities' fraud risks. Local authorities requested support for better links to the major bodies in enforcement.

It was noted that where support was offered from outside the sector this could lead to a lack of 'ownership' by local authorities and that, had they been consulted or asked to contribute, products and services might have had better take-up. In particular, the cost of external support was raised several times as a barrier to take-up.

Recommendation: A single FFCL regional operational group should be created using the existing network that can link to relevant boards and enforcement.

Activity

During the workshops local authorities agreed to join the existing FFCL regional groups with a representative who is able to form part of a regional FFCL operational group supported by an FFCL Strategic Advisory Board (the current FFCL board).

The North East Regional Investigations Group will form a pilot and link to wider local law enforcement. This has been agreed with that region and is in place.

The new FFCL Strategic Advisory Board should have a dotted-line link into the Joint Fraud Taskforce, which will give access to the main players in local law enforcement.

There is further detail on this in the Delivery Plan Annex with a diagram that outlines how operational issues may flow upwards. The new FFCL regional operational group should be initially chaired by one of the local authority experts from the FFCL Strategic Advisory Board.

Organising ourselves – a collaborative governance model

Local authorities involved in the workshops realised the need for a strategic board and were pleased that the FFCL board had been in place since 2010 with oversight and had stood the test of time. It was also noted that the board had changed in role several times as had the membership. The original board had been very active, the second board had been more of an oversight body and the current board was wider but less visible. Attendees at workshops raised questions regarding the governance of FFCL, the route for selection to the board and the seniority and expertise of the board.

Further detail is included in the Delivery Plan Annex

Attendees appreciated the support from the firms and private sector and did not object in any way to these board members. In particular, the rebuilt secretariat and the support for the conference and awards in 2019 were noted, as was Mazars' free support on toolkits.

Recommendation: It is recommended that a review of governance takes place in respect of the role of the current board in light of the FFCL regional operational group and links to the Joint Fraud Taskforce.

Further recommendations are detailed in the Delivery Plan Annex.

Case Study

The first social care fraud prosecuted by Veritau and City of York Council

Veritau investigated following a referral from a member of the public. This is the first prosecution of a social care fraud by the council's legal department and an area of development for the counter fraud team. Several prosecutions for social care fraud have been achieved before, but these were jointly investigated by the police and taken to court by the Crown Prosecution Service.

The defendant was the financial representative for his mother who received social care support funded by City of York Council. The council funded his mother's social care, and he failed to inform them when his parents' property sold in 2014. He subsequently lied about this on a financial assessment form. The £86,000 has been paid back to the council in full. Information was received that his parents' property had been sold in 2014 for £200,000 and he had not declared this to the council in an attempt to avoid paying for his mother's care fees. The investigation found that on two separate occasions in 2015 he informed the council that his parents were still joint owners of the property and that his father lived there. In a financial assessment for social care funding, jointly owned properties are disregarded if a family member continues to live there.

The counter fraud team worked alongside financial investigators from the council's trading standards team, who were able to obtain financial information which showed that £198,000 from the house sale was deposited into the son's bank account. This money should have been taken into account for his mother's social care funds, meaning that the council would not have had to pay £86,000 out of the public purse. As a result of the two teams working together, the man was billed and the entire loss has now been repaid to the council.

He pleaded guilty to two charges of fraud by false representation at York Magistrates' Court on 8 October 2019. The case was referred to York Crown Court for sentencing on 19 November where he received a 20-month suspended sentence and was ordered to do 80 hours of unpaid work. He was also ordered to pay court costs of over £1,100 and an £80 victim surcharge. When sentencing, the judge said that a significant factor in mitigation was that he had already repaid the £86,000 to the council.

e) Fraud risk areas

The research has highlighted the following types of fraud risks. These frauds are expanded on in the companion documents and the list below is a brief description:

Fraud risks raised in the research

<i>Social care fraud: personal budgets and direct payments</i>	overstatement of needs through false declaration, multiple claims across authorities, third party abuse by carer, family or organisation, posthumous continuation of claims
<i>Schools</i>	most issues that were raised in the workshops were also raised as issues for schools. This area did not feature in FFCL 2016
<i>Right to buy</i>	fraudulent applications under the right to buy/acquire
<i>Money laundering</i>	exposure to suspect transactions
<i>Commissioning of services</i>	including joint commissioning, joint ventures, commercial services, third sector partnerships – conflicts of interest, collusion
<i>Tenancy</i>	fraudulent applications for housing or successions of tenancy, and subletting of the property
<i>Procurement</i>	tendering issues, split contracts, double invoicing
<i>Payroll</i>	false employees, overtime claims, expenses
<i>Identity fraud</i>	false identity/fictitious persons applying for services/payments
<i>Council tax</i>	discounts and exemptions, council tax support
<i>Blue Badge</i>	use of counterfeit/altered badges, use when disabled person is not in the vehicle, use of a deceased person's Blue Badge, badges issued to institutions being misused by employees
<i>Grants</i>	work not carried out, funds diverted, ineligibility not declared
<i>Business rates</i>	fraudulent applications for exemptions and reliefs, unlisted properties
<i>Insurance fraud</i>	false claims including slips and trips
<i>Disabled facility grants</i>	fraudulent applications for adaptations to homes aimed at the disabled

“Fraud has not disappeared: it is ever present, evolving and affects the funding that is needed for frontline services. In many public sector bodies it is still an area where there is significant underinvestment, because they are not recognising the extent of the epidemic and seeing other priorities, particularly around service delivery, as more important. As fraudsters evolve, we must too. To these ends, through collaboration and intelligence sharing with a fraud prevention specialist service, we are ensuring that cases of fraud are not replicated across our partnership, mitigating controls are put in place and offenders are dealt with appropriately. Through our proactive intelligence-led approach we are taking steps to ensure the public purse is protected from all fraudulent activity.”

David Hill, Chief Executive South West Audit Partnership

Concessionary travel schemes – use of concession by ineligible person, including freedom passes

No recourse to public funds – fraudulent claims of eligibility

New responsibilities – areas that have transferred to local authority responsibility

Local Enterprise Partnerships – partnerships between local authorities and businesses. Procurement fraud, grant fraud. All LEPs should now be incorporated, with a local authority as accountable body, in a more formal and regulated relationship. Key issues are LEP governance, procedures for allocating/prioritising grants

Immigration – including sham marriages. False entitlement to services and payments

Cyber-dependent crime and cyber-enabled fraud – enables a range of fraud types resulting in diversion of funds, creation of false applications for services and payments.

However, during the research for this strategy it has become clear that some frauds have become more prevalent and that some risks have reduced. In addition, fraud risks were raised at several workshops about money laundering, suspicious activity reports and risks attached to local authorities becoming more commercial.

The details of these risks are included in the companions as these are seen as changing areas that may need frequent updating.

While the direct consequences of fraud may be financial and reputational loss there are wider impacts that surround the harm to victims locally and the harm in the community. Local authorities have raised a number of issues about protecting the vulnerable from fraud and this spans a large area. There are also other stakeholders in this local landscape who offer support to victims, have developed networks and done deeper research. A large number of volunteers have come forward from the workshops with good practice and a willingness to collaborate to prevent and tackle these issues. The main fraud risk area that has drawn attention is social care fraud. However, there are other frauds that may merit scrutiny.

Activity

Local authorities have agreed to form a working group to look at the area of social care fraud. A number of ideas have been put together and the group will consider these, what further activity is required and if any wider work can be done.

Economic Crime Plan 2019

Economic crime touches virtually all aspects of society. Economic crimes range across the full breadth of criminality, ranging from low-level frauds through to sophisticated cyber-enabled market manipulation. Fraud is now the second most common crime type in England and Wales, with nearly every individual, organisation and type of business vulnerable to fraudsters.

f) Counter Fraud Capacity, Competence and Capability

In FFCL 2016 themes were identified in the areas of capacity, competence and capability as part of the 6Cs – see page 23. These issues still exist.

Despite the challenge around capacity, competence and capability and lack of dedicated resource it is clear that activities to tackle fraud across the sector are being pursued and having a positive impact. But demand and growth in the number of incidents of fraud reported nationally mean local authorities must focus on areas of fraud that they identify as posing greatest risk and adverse impact on their organisations and the vulnerable. Working collaboratively and sharing resources should be encouraged and the FFCL regional board should undertake an analysis of which local authorities may benefit from support and how this might happen.

Many local authority practitioners reported that their capacity to tackle fraud and corruption had been reduced as a result of austerity-related local authority funding reductions. In addition several workshops were attended by shared service representatives and reported that non-attendees no longer had counter fraud resources. In one workshop it was noted that eight councils did not have any resource but that a colleague in the revenue department of a neighbouring authority had been 'helping out' across them. There are also situations that require collaboration: for example, a district council pursues council tax and business rates fraud, but the main beneficiaries are the county council and the Government.

In many cases practitioners also reported that some of the skilled investigation resource had been transferred to the Department for Work and Pensions and had not been replaced. There were large disparities in respect of numbers of staff and skills.

Local authorities reported that their staff did not always have the skills or training to tackle fraud and corruption. Many attendees were skilled and qualified. It was also clear that because a number of local authorities did not have access to a team they were not covering the full range of fraud activities. In contrast the workshops were well attended by experts who, while overloaded, were attempting to tackle all frauds but with one hand behind their backs. Very often they said they would be pleased to assist neighbouring councils but had no contact or requests. The FFCL regional board may assist with this and what support can be given.

In addition there were some parts of the country where the teams were not up to date with current local landscape issues or activities that would benefit them in their roles. At the FFCL 2019 conference questions were raised about free access to tools and

good practice and it was agreed to hold this in the Knowledge Hub, which is an independent, free tool that many local authorities already use. In addition some local authorities already have small networks in the Knowledge Hub that they could link to the FFCL pages. The Knowledge Hub has been open for FFCL since the summer and now contains the archive documents as well as details about other current issues.

Adult care services successful prosecution and repayment in full of fraud loss

The subject of this investigation was the husband of a Hertfordshire County Council service user in receipt of financial support to pay for daily care. He completed the financial assessment forms on behalf of his wife but failed to declare ownership of residential property that was rented out in the private sector.

The allegation originated from a social worker who had a 'gut feeling' that the couple had a second home and referred to matter to Herts' shared anti-fraud service.

The investigation found that the couple jointly owned three properties in addition to their residential home. All three properties were rented out and held equity.

The husband was interviewed under caution where he accepted ownership of the properties but denied any wrongdoing, stating that there was no capital in any of the additional homes and that he had been struggling financially since his wife became ill. As part of the enquiries conducted by the team a fourth property was identified abroad.

On 1 July 2019 at Luton Crown Court, he pleaded guilty to all three counts of fraud by false representation. He was sentenced to two years in prison, suspended for two years. The judge adjourned any financial sanction until the confiscation order was completed. A service decision was made in that had the financial assessment form been completed correctly and the additional property declared, the service user would have been deemed a self-funder and received no financial support for care. Therefore the loss to HCC was calculated as £75,713 and a future saving of £1,166 per week (£60,632 per year) was recorded.

The loss including interest was calculated to be £89,141, which he has paid in full.

Case Study

Collaboration on Protect and Pursue

A man was sentenced to 18 months' imprisonment, suspended for 18 months, after forging documents when applying for disabled persons' freedom passes and disabled persons' Blue Badges.

He was found guilty of 12 offences - nine at Brent, Enfield and Haringey councils. He then pleaded guilty to a further three charges of forgery at Waltham Forest Council.

A lengthy investigation, led by Brent Council's fraud team, discovered that the subject used fake birth certificates, utility bills and medical certificates to falsely present himself and others as disabled.

Brent Council worked with the other three local boroughs, who carried out their own thorough and professional investigations with Brent's support, to join up the charges that resulted in the successful verdict.

For the Brent, Enfield and Haringey offences he was sentenced to 18 months' imprisonment per offence for these nine offences to be served concurrently. The sentence was suspended for 18 months.

The man was sentenced to 12 months' imprisonment for each of the three Waltham Forest offences. This was also suspended and will be served concurrently with the 18-month sentence. He also needs to complete 20 hours of a rehabilitation activity requirement order.

Culture

Some local authority practitioners reported that senior managers were finding it difficult to dedicate sufficient time to demonstrate their support for counter fraud activities due to a focus on other priorities such as meeting budget savings targets and maintaining key services to residents.

This was considered to have a negative effect upon performance, and was associated with counter fraud work having a low profile and the benefits of counter fraud work not being fully appreciated. Appendix 1 details what senior officers and members should focus on.

There is reluctance in some cases to report identified fraud, for example in press releases, for fear of presenting a negative impression of an authority. Reporting of successful outcomes is a powerful tool in prevention and deterrence.

It is important to embed a counter fraud culture and this requires a focus and leadership from the top. This requires having an appropriate resource in place. There is a role for the audit committee to challenge activity, understand what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.

Collaboration

Local authority practitioners demonstrated an appetite for working more formally across local authority boundaries and with other agencies, departments and the private sector. They reported a range of difficulties in securing progress to working together.

Examples included counter fraud work not being consistently prioritised across the sector, lack of financial incentives to make the business case to collaborate, local lack of understanding of data protection rules, and lack of funding.

They also reported an appetite for innovative use of data and wider data sharing, but had encountered barriers to this or made very slow progress.

Local authorities further reported that they found it hard to get the police involved in their cases and that they did not receive feedback on cases from crime reporting hotlines.

During the research a number of incidents were highlighted that demonstrated patterns of activity, organised fraud and money laundering. These issues have been acted upon. However, it is important that local authorities have access to routes where they can report these matters. Local authorities are the eyes and ears of the community and have a wealth of data that can help other local law enforcement if legally

accessed but this communication is not happening everywhere. This collaboration would support the fight against serious and organised crime. If the recommendations about links between the operational board and the JFT are agreed this will start to resolve some of the issues in this section.

Recommendations:

The external auditor should highlight FFCL and its appendices to the audit committee in the annual report

The regional network should continue use the Knowledge Hub as a free, independent, non-commercial confidential space to share information. When it is live the secretariat should hand it to the FFCL operational board.

Local authorities should partner with neighbours and engage in regional networks and should consider sharing resources and expertise. The FFCL operational board should take the lead on this.

While this strategy covers fraud and corruption, no instances of corruption were raised at the workshops though it was clearly considered alongside fraud in local strategies. The Ministry of Housing, Communities and Local Government has conducted research on procurement fraud and corruption that will be added to

the live FFCL documents.

“Working in partnership has allowed the Veritau member councils to establish a dedicated corporate fraud team. The team offers each council access to fraud investigators with specialist knowledge of the fraud risks facing local government. The team has also helped each council to recover significant fraud losses, particularly in new and emerging areas like adult social care.”

Max Thomas, Managing Director Veritau

Case Study

Devon Audit Partnership

A social housing local landlord alleged that Mr P was potentially subletting his property illegally to an unentitled third party. Mr P was already in the process of applying for the right to buy his social housing property.

The subsequent investigation revealed evidence that Mr P's friend was subletting the property from him and had been for at least two years. It also confirmed that Mr P was living in a private rented property with his girlfriend less than two miles away.

Mr P constantly denied the allegations. However, at his interview under caution with the DAP counter fraud services team, after repeatedly lying, he admitted the overwhelming evidence proved he was letting his friend live at his social housing property but denied that he had done anything wrong.

Mr P was subsequently prosecuted and pleaded guilty at that point to two offences contrary to:

Prevention of Social Housing Fraud Act 2013 – in relation to the dishonest illegal sublet of a social housing property

Fraud Act 2006 – in relation to the dishonest attempt to fraudulently obtain a £39,600 discount on his right to buy.

Mr P was sentenced to 160 hours' unpaid work for each charge and ordered to pay Plymouth City Council £750 towards its costs. Judge Darlow stated at the end of the case: “It was fraud [and] the decision by Plymouth City Council to prosecute is to be applauded.”

Section 2: The Strategic Approach

To support the delivery of the strategy there is a need for an action plan, appropriate governance arrangements and revised structures to underpin the key requirements to foster and improve collaboration across boundaries.

The recommendations contained in this strategy need to be turned into a set of achievable actions that are properly resourced, timetabled and allocated to appropriate local and national partners. These will need to be supported by an advisory board of senior stakeholders that commands widespread support and leadership across all levels of local

government. This should include the Local Government Association and the relevant central government departments.

New structures, appropriate to the changing demands, need to be constructed to support the delivery of the strategy. It is recommended that these are built upon the existing counter fraud arrangements already paid for by local government, and that the resources of the existing and new structures are committed to supporting the delivery of this strategy.

The key principles are laid out in the pillars and themes:



Govern

The bedrock of the strategy is that those who are charged with governance support the activity by ensuring that there are robust arrangements and executive support to ensure counter fraud, bribery and corruption measures are embedded throughout the organisation. Beating fraud is everyone's business. The internal arrangements that are put in place should be communicated throughout the organisation and publicly available to demonstrate the culture and commitment to preventing fraud.

Without exception the research revealed an 'ask' that those charged with governance be directed to the strategy and that this become a key element. During the research for FFL 2011 and 2016 it was requested that some key points be laid out for those charged with governance in local authorities to make it simple for them to ensure fraud was being tackled. This request was repeated on numerous occasions during the workshops for FFCL 2020. Some basic questions are laid out at the end of the strategy in Appendix 1.

The supplements to this strategy lay out some key stakeholders, their roles and the areas that they should consider when evaluating the counter fraud efforts in their organisations.

The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the tone from the top and should be included in local counter fraud strategies.

Acknowledge

In order to create a counter fraud response an organisation must acknowledge and understand fraud risks and then demonstrate this by committing the right support and appropriate resource to tackling fraud.

This means undertaking a risk assessment of fraud areas and vulnerabilities and then agreeing an appropriate resource. Not every local authority requires a large team but they should have assessed the risk, have a plan to address it and have access to resources with the right capabilities and skills.

Prevent

Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.

Local authorities should set in place controls to prevent fraudsters from accessing services and becoming employees. It is nearly always more cost-effective to prevent fraud than to suffer the losses or investigate after the event.

The technology to establish identity, check documents and cross-check records is becoming cheaper and more widely used. Controls should apply to potential employees as well as service users. If someone lies about their employment history to obtain a job they are dishonest and it may not be appropriate to entrust them with public funds. In any case they may not have the training or qualifications to perform the job to the required standard.

Case Study

Fraud Hub Hertfordshire County Council

Hertfordshire County Council and a number of its neighbouring authorities are taking the next step to protect themselves by sharing intelligence in a newly formed FraudHub from the National Fraud Initiative to ensure they can reveal the full extent of fraudulent activities within their region.

Results so far have been extremely positive for Hertfordshire with over...

- *3,000 Blue Badges cancelled*
- *3,000 concessionary travel passes being revoked*
- *120 LG pensions or deferred pensions stopped*
- *182 Direct Payments or personal budgets for adult care being stopped/reduced or reviewed*
- *15 residential care placements being cancelled*
- *23 payroll discrepancies being subject to further investigation*
- *50,000 customer records removed from database alone using mortality data*
- *More than £5m in estimated savings in its first 12 months*

Pursue

Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response on sanctions and collaboration.

Local authorities have achieved success by following this approach; however, they now need to respond to an increased threat.

A further theme has appeared during the research to link with the government strategy but also recognising the increased risks to victims and the local community.

Protect

Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.

For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cyber-crime and also protecting itself from future frauds. This theme lies across the pillars of this strategy.

From the research it is clear that a large number of local authorities use the FFCL initiative as a basis for local plans. Some local authorities have embedded the pillars into operational work. An example of how this has been done is included in the Annexes.

Case Study Pursue

Subletting Case Study Westminster City Council – unlawful profits

The council investigated following an anonymous tipoff that the tenant of a council property was not using the address as required by their tenancy and was profiting from the short-term letting of the property using Airbnb.

Searches of Airbnb carried out by the investigator found the property, which is a studio flat, advertised as a whole property with over 300 reviews. The council investigator found that even though the listing was not in the tenant's name, some of the reviews mentioned the tenant by his name, thanking him for his advice and local restaurant recommendations.

The council obtained the tenant's bank statements under the provisions of the Prevention of Social Housing Fraud Act using the authorised officer service provided by the National Anti-Fraud Network. The investigator subsequently found credits totalling over £125,000 covering four years.

All payments were credited from Airbnb, PayPal or Worldpay. When investigators visited the property they found a man at the premises who denied being the tenant even though his appearance matched the tenant's description. The next day the adverts had been removed from Airbnb but the investigator

had already retrieved and saved copies. The tenant failed to attend several interviews under caution, but when possession action began his solicitors asked for a further opportunity for their client to be interviewed under caution to provide an account of events. This was agreed but again the tenant failed to attend the interview. Having applied the Code for Crown Prosecutors to the facts of the case and the defendant's personal circumstances, criminal action was not taken.

At the possession hearing, the District Judge said the Airbnb evidence was strong and that there was no distinction between 'short-term let' and subletting the home. The judge found in favour of the council. At an unsuccessful appeal hearing the judge agreed to the council's unlawful profits order of £100,974.94 – one of the highest that has ever been awarded to the council.

The tenant has now been evicted from the property.

Fighting Fraud and Corruption Locally – embedding the pillars

Durham County Council's counter fraud and corruption team has embedded many of the themes to create a robust approach. They have set up partnerships across sectors and regions, created a data hub and used the FFCL strategy to inform all of their work. The audit committee has supported the team and attended the FFCL awards in 2019.

DCC believes the best defence is to create a strong anti-fraud culture based on zero tolerance to deter fraud from being committed. It has reinforced this with a new corporate fraud sanction policy.

Norwich City Council adopted the FFCL pillars into its anti-fraud and bribery strategy in 2017 with the additional pillars of governance (similar to the NHS model). This has had a positive response from council executives and members including the audit committee. The annual report contains a RAG-rated review against the criteria set out in the local strategy and an activity plan based on the criteria each year to demonstrate progress and highlight areas to focus on.

A more detailed explanation of these is in the Annexes.

The Themes – Six Cs

The live companions to this strategy document set out more information on how local authorities can ensure that their counter fraud response is comprehensive and effective. In the 2016 Strategy six themes were identified and during the research the workshop attendees were keen that these remain part of the strategy document.

Local authorities should consider their performance at a minimum against each of the six themes that emerged from the research conducted. To ensure this is effective and proportionate local authorities should benchmark this information where possible.

The themes are:

Culture – creating a culture where fraud and corruption are unacceptable and that is measurable

Capability – assessing the full range of fraud risks and ensuring that the range of counter fraud measures deployed is appropriate

Capacity – deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance

Competence – having the right skills and standards commensurate with the full range of counter fraud and corruption activity

Communication – raising awareness internally and externally, deterring fraudsters, sharing information, celebrating successes

Collaboration – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.

Making the business case:

Investing in counter fraud activity –

Local authorities should pursue opportunities to invest in counter fraud and corruption activity in order to generate savings by preventing and recovering losses.

Local authorities do not, as a rule, explicitly budget for fraud losses (the exception to this is housing benefit, where subsidy losses are budgeted for). However, estimates of local authority losses demonstrate that there is a significant problem, and therefore a significant opportunity for local authorities.

Local authorities should seek to assess their potential losses and measure actual losses in order to make the business case for investing in prevention and detection. In many cases there is an existing business case based upon the experience of other local authorities. For example, the prevention and detection of fraud perpetrated in income areas such as council tax is now widespread and offers higher tax revenue which can be recovered through existing, efficient collection systems. However, each local authority will need to make its own case as fraud risks will vary significantly depending on location, scope, and scale of activities.

The moral case – fraud and corruption in local authorities are unacceptable crimes that attack funds meant for public services or public assets.

The result is that those in genuine need are deprived of vital services. Fraud and corruption are often linked with other criminal offences such as money laundering and drug dealing. Local authorities have a duty to protect the public purse and ensure that every penny of their funding is spent on providing local services. More often than not, in doing so they achieve wider benefits for the community. For example, adult social care sits within the precept for council tax and reducing fraud in this area means that taxpayers' money is protected and is an incentive.

Case Study

An interim manager hired vehicles for personal use covering at least nine different vehicles and costing more than £18,000. The fraud included various invoice frauds for gardening services and over £20,700 paid to the interim manager's account.

In total the interim manager's actions resulted in monies, goods or services with a total value of £60,882.16 being ordered or obtained at a cost to the council from seven suppliers, including false invoices purporting to be from a gardening company.

Thirty-one fraudulent invoices were introduced by the interim manager totalling over £48,000 and were processed, authorised and paid using the council's systems. A further eight invoices totalling

more than £7,000 were subsequently authorised by the interim manager's line manager for liabilities incurred by the interim manager. Employee purchase cards were used to pay for goods worth over £1,270 and the interim manager personally benefited by £4,000 from the compensation payment and over £20,780 from the fraudulent invoices he submitted from the gardening company.

The fraud was discovered via a whistleblowing referral to audit services

The council's investigation found that the maintenance company with the same bank account as the interim manager's company did not exist. The council's audit services department led an investigation with the police to take the matter to Birmingham Crown Court where the interim manager pleaded guilty to Fraud Act offences. He was sentenced to three years' imprisonment on 25 September 2019.

Section 3: Turning Strategy into Action

The Delivery Plan

To support the delivery of the strategy there is a need for an action plan, appropriate governance arrangements and revised structures to underpin the key requirements and foster and improve collaboration across boundaries.

The set of recommendations contained in this strategy need to be turned into a set of achievable actions that are properly resourced, timetabled and allocated to appropriate local and national partners. These will need to be supported by an advisory board of senior stakeholders that commands widespread support across all levels of local government. This should include the Local Government Association and the relevant central government departments.

New structures, appropriate to the changing demands, need to be constructed to support the delivery of the strategy. It is recommended that these are built upon the existing counter fraud arrangements already paid for by local government, and that the resources of the existing and new structures are committed to supporting the delivery of this strategy.

Further details on governance and recommendations are in the Delivery Plan Annex.

Section 4: The Local Response

Appendix 1

What should senior stakeholders do?

The chief executive

1. Ensure that your authority is measuring itself against the checklist for FFCL
2. Is there a trained counter fraud resource in your organisation or do you have access to one?
3. Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?

The section 151 officer

1. Is there a portfolio holder who has fraud within their remit?
2. Is the head of internal audit or counter fraud assessing resources and capability?
3. Do they have sufficient internal unfettered access?
4. Do they produce a report on activity, success and future plans and are they measured on this?

The monitoring officer

1. Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?
2. Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?

The audit committee

1. Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work
2. Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured
3. Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud
4. Should support proactive counter fraud activity
5. Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.

The portfolio lead

Receives a regular report that includes information, progress and barriers on:

- The assessment against the FFCL checklist
Fraud risk assessment and horizon scanning.

Appendix 2

FFCL Checklist

- The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.
- The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.
- There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.
- The relevant portfolio holder has been briefed on the fraud risks and mitigation
- The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources
- There is a counter fraud and corruption strategy applying to all aspects of the local authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.
- The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.
- The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.
- Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.
- Successful cases of proven fraud/corruption are routinely publicised to raise awareness.
- The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.
- The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:
 - codes of conduct including behaviour for counter fraud, anti-bribery and corruption
 - register of interests
 - register of gifts and hospitality.
- The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended

- in FFCL 2020 to prevent potentially dishonest employees from being appointed.
- Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.
- There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.
- There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.
- Contractors and third parties sign up to the whistleblowing policy and there is evidence of this. There should be no discrimination against whistleblowers.
- Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.
- There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.
- Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.
- Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.
- There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.
- All allegations of fraud and corruption are risk assessed.
- The fraud and corruption response plan covers all areas of counter fraud work:
 - prevention
 - detection
 - investigation
 - sanctions
 - redress.
- The fraud response plan is linked to the audit plan and is communicated to senior management and members.
- Asset recovery and civil recovery are considered in all cases.
- There is a zero tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.
- There is a programme of proactive counter fraud work which covers risks identified in assessment.
- The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.

- The local authority shares data across its own departments and between other enforcement agencies.
- Prevention measures and projects are undertaken using data analytics where possible.
- The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.
- The counter fraud team has access to the FFCL regional network.

There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.

The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.

The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:

- surveillance
- computer forensics
- asset recovery
- financial investigations.

Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.

Section 4

The Fighting fraud and Corruption Locally board would like to thank

The Fighting Fraud and Corruption Locally board is:

Charlie Adan – Chief Executive and SOLACE
 Bevis Ingram – LGA
 Andrew Hyatt – Royal Borough of Kensington and Chelsea
 Mike Haley – Cifas and Joint Fraud Taskforce
 Rachael Tiffen – Cifas and secretariat
 Suki Binjal - Lawyers in Local Government
 Colin Sharpe – Leicester City Council
 Clive Palfreyman – LB Hounslow
 Trevor Scott – Wealden District Council
 Alison Morris – MHCLG
 Mark Astley – NAFN
 Paula Clowes – Essex County Council
 Simon Bleckly – Warrington Council
 Karen Murray – Mazars
 Paul Dossett – Grant Thornton
 Marc McAuley – Cipfa

The Board would like to thank Cifas for managing this process, for the delivery of the research and the drafting of this document.

Regional Workshops

Around 260 councils attended workshops organised in the following areas:

East Anglia
SouthWest, Devon, Plymouth, Cornwall and Devon
Kent
London and the South East
Essex
Hertfordshire and Home Counties
Midlands Fraud Group and Chief Internal Auditors and County Networks
North West Fraud Groups
Yorkshire Groups
North East and North Regional Fraud Group

The Fighting Fraud and Corruption

Locally board wishes to thank:

Andrea Hobbs
Colin Sharpe
Debbie Dansey
Helen Peters
James Flannery
Jamie Ayling
Jacqui Gooding
David Hill
Max Thomas
Jonathan Dodswell
Hannah Lindup
Shelley Etherton
Gary Taylor
Nick Jennings
Ken Johnson
Mark O'Halloran
Paul Bicknell
Lauren Ashdown
Steven Graham
Matt Drury
Gillian Martin
Sara Essex
Sally Anne Pearcey
Paula Hornsby
Rachel Worsley
Nikki Soave
Francesca Doman
Andrew Reeve
Jason Pengilly
Paul Bradley
Professor Alan Doig
Sean Turley
Neil Masters
Dan Matthews
Scott Reeve
Corinne Gladstone
Louise Baxter
Keith Rosser
Ben Russell
Philip Juhasz
Paddy O'Keefe
Mark Wilkes

Andrew Taylor
Neil Farquharson
Steven Pearce
Lucy Pledge
Sheila Mills
Jamey Hay
Kerrie Wilton
Michael Skidmore
Oliver Day
Carol McDonnell
Nici Frost-Wilson

Special thanks go to:

The researchers and drafters:

Rachael Tiffen – Cifas
Paula Clowes – Essex County Council
Andy Hyatt – Royal Borough of Kensington and Chelsea

**

And all those who attended the workshops, provided feedback, responded to surveys and who took up the actions after the workshops.

Section 5

Glossary and documents

NAFN – National Anti-Fraud Network
CIPFA – Chartered Institute of Public Finance and Accountancy
Cifas – UK's fraud prevention service
NECC – National Economic Crime Centre
NCA – National Crime Agency
MHCLG – Ministry of Housing, Communities and Local Government

ONS: www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/bulletins/crimeinenglandandwales/yearendingseptember2019#fraud
www.gov.uk/government/publications/economic-crime-plan-2019-to-2022
National Fraud Authority, Annual Fraud Indicator, March 2013
National Fraud Authority - Good practice publication: www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/
Economic Crime Plan 2019: www.gov.uk/government/publications/economic-crime-plan-2019-to-2022
Eliminating Public Sector Fraud: www.cabinetoffice.gov.uk/sites/default/files/resources/eliminating-public-sector-fraud-final.pdf
Smarter Government: www.homeoffice.gov.uk/publications/agencies-public-bodies/nfa/our-work/smarter-government-report
Local Government Association Counter Fraud Hub: www.local.gov.uk/counter-fraud-hub
Veritau: veritau.co.uk/aboutus
SWAP Internal Audit Services: www.swapaudit.co.uk
Devon Audit Partnership: www.devonaudit.gov.uk

This page is intentionally left blank