



Audit Committee

15 December 2014

Time 2.00 pm **Public Meeting?** YES **Type of meeting** Regulatory
Venue Committee Room 3 - Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

Membership

Chair Cllr Keith Inston (Lab)
Vice-chair Cllr Christine Mills (Con)

Labour

Cllr Harbans Bagri
Cllr Philip Bateman
Cllr Alan Bolshaw
Cllr Dr Michael Hardacre
Cllr Jasbir Jaspal

Conservative

Cllr Wendy Thompson

Independent Member

Mr Mike Ager
Mr Terry Day

Quorum for this meeting is two Councillors.

Information for the Public

If you have any queries about this meeting, please contact the democratic support team:

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

Agenda

Part 1 – items open to the press and public

Item No. *Title*

MEETING BUSINESS ITEMS

- 1 **Apologies for absence**
- 2 **Declaration of interests**
- 3 **Minutes of previous meetings** (Pages 1 - 10)
 - (a) **Audit Committee – 22 September 2014**
[For approval]
 - (b) **Audit (Monitoring of Audit Investigations) Sub-Committee – 3 November 2014**
For information]
- 4 **Matters arising**
[To consider any matters arising from the minutes]
- 5 **Work Programme 2014/15** (Pages 11 - 12)
[For information]

DECISION/ DISCUSSION ITEMS:

EXTERNAL AUDIT REPORTS AND INSPECTION:

- 6 **Annual Audit Letter** (Pages 13 - 24)
[To note the letter from PricewaterhouseCoopers]

RISK MANAGEMENT:

- 7 **Corporate Risk Register and Corporate Assurance Map** (Pages 25 - 46)
[To note the latest summary of the Council's corporate risk register, and the main sources of assurance available to show that the risks are being mitigated]

INTERNAL AUDIT REPORTS:

- 8 **Internal Audit Update - Quarter Two** (Pages 47 - 56)
[To note the contents of the latest internal audit update]
- 9 **Payment Transparency** (Pages 57 - 60)
[To note the Council's current position regarding the publication of all its expenditure]

- 10 **Review of Fraud Related Policies and Procedures** (Pages 61 - 82)
[To note the results of the review of the Council's fraud related policies]
- 11 **Benefits Fraud Sanctions 2013/14** (Pages 83 - 86)
[To note the number of benefit fraud sanctions undertaken during 2013/14]

OTHER GOVERNANCE ISSUES:

- 12 **Budget Update and Review** (Pages 87 - 92)
[To consider the Council's arrangements for ensuring adequate identification and management of budget risks and for budget planning and forecasting for future years]
- 13 **Annual Governance Statement Update** (Pages 93 - 104)
[To note progress made in addressing the key improvement areas identified in the 2013/14 annual governance action plan]

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Audit Committee

Minutes - 22 September 2014

Attendance

Members of the Audit Committee

Cllr Keith Inston (Chair)
Cllr Wendy Thompson
Cllr Harbans Bagri
Cllr Philip Bateman
Cllr Alan Bolshaw
Cllr Dr Mike Hardacre
Cllr Jasbir Jaspal
Mike Ager
Terry Day

Employees

Peter Farrow	Head of Audit
Dereck Francis	Democratic Support Officer
Keith Ireland	Strategic Director, Delivery
Richard Morgan	Senior Audit Manager
Mark Taylor	Assistant Director, Finance

External Auditors

Richard Bacon	PricewaterhouseCoopers
Richard Vialard	PricewaterhouseCoopers

Part 1 – items open to the press and public

Item No. *Title*

- 1 **Apologies for absence**
Apologies for absence were submitted on behalf of Cllr Christine Mills.

- 2 **Declaration of interests**
Cllr Dr Mike Hardacre declared a personal interest in the items on the agenda for the meeting in so far as they relate to the City of Wolverhampton College, the Central Learning Partnership Board and Wolverhampton Homes.

- 3 **Minutes of previous meetings**
 - (a) **Audit Committee – 14 July 2014**
Resolved:
That the minutes of the meeting of the previous meeting held on 14 July 2014 be approved as a correct record and signed by the Chair.

(b) Audit (Monitoring of Audit Investigations) Sub Committee – 21 July 2014

Resolved:

That the minutes of the meeting of the Sub-Committee held on 21 July 2014 be noted.

4 Matters arising

With reference to Minute 6 of the Sub-Committee meeting held on 21 July 2014 regarding the Internal Audit report on the performance appraisal scheme, Cllr Keith Inston reported that he had asked that the plan of improvement in response to the Internal Audit review report and recommendations be submitted to the meeting of the Sub-Committee on 3 November and that the Cabinet Member for Governance and Performance for be requested to attend the meeting. He also extended an invitation to members of the Audit Committee who were not members of the Sub- Committee to attend that meeting.

5 Work Programme 2014/15

The Committee received, for information, the work programme for the remainder of the 2014/15 municipal year.

6 ISA 260

The External Auditor presented their annual report to the Committee on the audit for the year ended 31 March 2014. In doing so they informed the Committee that they had completed the majority of their audit work and expected to be able to issue an unqualified audit opinion on the Statement of Accounts and Value For Money conclusion by 30 September 2014.

Mike Ager, Independent member reported that the report gave the Committee considerable external assurance regarding the finances of the Council.

In response to questions from the Panel, the External Auditors and Mark Taylor clarified the related third party transactions.

Resolved:

That the report be noted.

7 Financial Resilience Report of PricewaterhouseCoopers

The External Auditor presented their review of the financial resilience of the council's financial position.

Mr Ager, Independent member commented that the report certainly gave some comfort about the Council's financial position, without being complacent.

Resolved:

That the report be noted.

8 Audited Statement of Accounts - 2013/14

Mark Taylor, Assistant Director Finance, submitted for approval the audited statement of accounts for 2013/14.

Referring to the Annual Governance Statement within the accounts, Mr Ager, Independent member asked who would be monitoring whether the actions within the Governance Statement had been implemented. Peter Farrow, Head of Audit reported that the Audit Committee would be undertaking that role. He undertook to bring a report to the next meeting regarding progress made.

Cllr Wendy Thompson commented that the Annual Governance Statement was a worthy document.

Resolved:

1. That the formal publication of the 2013/14 Statement of Accounts, as required by the Accounts and Audit Regulations 2011, which require publication by 30 September, be approved.
2. That authority be delegated to the Chair of the Audit Committee to agree subsequent changes to the Statement of Accounts in consultation with the Assistant Director Finance should there be any audit adjustments.
3. That it be noted that the Council's external auditors intend to issue an unqualified opinion on the Statement of Accounts 2013/14, subject to the outcomes of a few remaining elements of audit work.
4. That it be noted that the external auditors have not identified any material errors in the draft accounts and there are no uncorrected misstatements.

9 **Corporate Risk Register and Assurance Map**

The Committee received, for information, a summary of the Council's risk register and a corporate assurance map which detailed where the Council could gain assurance that the risks within the register are being mitigated.

Regarding risk reference 7 (safeguarding) Cllr Dr Mike Hardacre reported that changes introduced by the Department for Education in the way schools record information had not been picked up by the Safeguarding Unit and had been left to schools to take on board. He was not sure about the ownership of this within the organisation and suggested that Education and Children and Young People needed to liaise so each was aware of what they are doing and also to make sure that schools are implementing the Government requirements. Peter Farrow, Head of Audit undertook to take that risk back to the 'risk owner' to find out why this issue had been missed and how it would be picked up in the future.

Keith Ireland, Strategic Director Delivery reported that the issue of safeguarding had been recently discussed within the organisation and that a briefing had been given to all Council employees and briefing sessions would also be arranged for all councillors.

Mike Ager, Independent Member welcomed the production of the assurance map. He also reported that a lot of the external assurance referred to in the map would come from reports. The Committee would need to decide if it could cope with the volume.

Resolved:

1. That the latest summary of the Council's corporate risk register be noted.
2. That the main sources of assurance available to the Council against its corporate risks be noted.

10 **The Introduction of Agresso**

Further to the request at the last meeting, the Committee received a report on the introduction of the Agresso system.

Resolved:

That the update on the introduction of the Agresso system be noted.

11 **Internal Audit Charter - Annual Review**

Peter Farrow, Head of Audit submitted the internal audit charter for annual review and approval. The charter was a formal document which defined the activity, purpose, authority and responsibility of internal audit and its position within the Council. No changes had been made to the document since it was last approved by the Committee in September 2013.

Resolved:

That the internal audit charter be approved.

12 **Internal Audit Update - Quarter One**

Peter Farrow, Head of Audit presented a report on the progress made against the 2014/15 audit plan and on recent work that had been completed.

Referring to the FutureWorks programme, Keith Ireland, Strategic Director Delivery reported that the Committee should not underestimate the amount that the Audit team had done on the Agresso financial system in collaboration with other employees across the Council working on the Agresso system.

Resolved:

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

13 **Internal Audit Staffing Arrangements**

The Committee received, for information, a report on the staffing position within the Internal Audit service. Peter Farrow, Head of Audit assured the Committee that the staffing resources available were sufficient to deliver on the audit plan and that he had no concerns regarding staffing numbers.

Keith Ireland, Strategic Director Delivery also informed the Committee that if the Council's external auditors felt that the service was understaffed they would have expressed that to him. He also informed the Committee of the collaborative work taking place with Sandwell Council, particularly the sharing of the Head of Audit role as well as sharing specialist audit staff.

Members of the Committee reported that the report gave them assurance. They asked that the staffing position be reported upon periodically to the Committee.

In response to a question from Cllr Wendy Thompson, Peter Farrow informed the Committee that the work with schools was one of the strongest areas of the Internal Audit and that he was keen to maintain the relationship which the internal audit service had with schools.

Cllr Wendy Thompson and Cllr Keith Inston both referred to the staffing position within Highways and Environmental Health and asked for the same assurance in terms of staffing levels. In response Keith Ireland reported that the market for engineers was such that the Council could not compete with the salaries on offer in the private sector. He undertook to speak to the Strategic Director for Education and Enterprise on the Committee's concerns.

14 **CIPFA Audit Committee Update**

The Committee received for information the latest of the regular briefings issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) for audit committee members in the public sector. The latest briefing covered external audit quality and independence, government consultation on local authority regulations and CIPFA consultation on a new counter fraud code.

Resolved:

That the contents of the latest CIPFA Audit committee update, issue 14 - helping audit committees to be effective be noted.

15 **Payment Transparency**

Peter Farrow, Head of Audit updated the Committee with the current position regarding the Council's publication of all its expenditure activity since the last meeting of the Committee.

Resolved:

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

16 **Budget Update and Review**

Mark Taylor, Assistant Director Finance presented a report bringing to the Committee's attention information about the Council's finances that had been recently reported to the Cabinet and Cabinet (Resources) Panel. The report was the first of what would be regular updates to the Committee throughout the year on the budget and medium term financial strategy.

Resolved:

That the report be received and noted.

17 **Independent Review of Process for medium term Financial Strategy and Budget**

Mark Taylor, Assistant Director Finance submitted a report inviting the Committee to review and follow up on recommendations from an independent review process for the Council's Medium Term Financial Strategy and Budget which had been conducted by Eugene Sullivan, CIPFA (HONS).

In response to Mike Ager, Independent Member, Mark Taylor undertook to submit a follow up report to the Committee on progress in implementing the action plan.

Cllr Wendy Thompson reported that she was wary of all the fees and charges changes that the independent review was recommending.

Resolved:

That the recommendations from the independent review and the action plan developed to address those recommendations be received and noted.



Audit (Monitoring of Audit Investigations) Sub-Committee

Minutes - 3 November 2014

Attendance

Members of the Sub-Committee

Cllr Keith Inston (Vice Chair in the Chair)
Cllr Wendy Thompson
Mike Ager, Independent Member

Members of the Audit Committee

Cllr Harbans Bagri
Cllr Alan Bolshaw

Employees

Peter Farrow	Head of Audit
Dereck Francis	Democratic Support Officer
Keith Ireland	Strategic Director, Delivery
Katy Morgan	Client Lead Auditor
Richard Morgan	Senior Audit Manager
Kevin O'Keefe	Chief Legal Officer
Mark Taylor	Assistant Director, Finance
Mark Wilkes	Client Lead Auditor
Jaji Sheamare	Centro Audit Team

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence**
Apologies for absence were submitted on behalf of Cllrs Christine Mills (Chair) and Dr Mike Hardacre and Mr Terry Day, Independent Member
- 2 Declarations of interests**
There were no declarations of interests.
- 3 Minutes of the previous meeting (21 July 2014)**
Resolved:
That the minutes of the meeting held on 21 July 2014 be approved as a correct record and signed by the Chair
- 4 Matters arising**
There were no matters arising from the minutes of the previous meeting.

5 **Internal Audit Report - Performance Appraisal Scheme**

Further to the discussion at the last meeting on 21 July 2014, the Sub Committee received an update report on work to improve the performance around the uptake of employee performance appraisals.

Keith Ireland, Managing Director tabled updated figures on appraisals completed per directorate and for the West Midlands Pensions Fund as at 31 October 2014. The data showed that there was currently a 64.7% take up. He reported that it was heading in the right direction and acknowledged that there was still work to do, including resolving data integrity issues. Updating of information also appeared to be a problem for managers. The Agresso human resources module would be going live in November 2014 and he anticipated that this would help address that aspect of the appraisals process. He also informed the Sub Committee that Cllr Paul Sweet, Cabinet Member for Performance and Governance had taken a firm interest to see that this issue is sorted.

Cllr Paul Sweet was in attendance for this item. He informed the Sub Committee that the latest data was showing a healthier position and he acknowledged that appraisals should have been embedded into the organisation a long time ago. He indicated that the actions to address issues highlighted in the review report were sensible. He reported that he wanted to reassure the Sub Committee that through his 1 to 1s with Keith Ireland and in his meetings with HR employees, the Executive and the Senior Management Team are taking the issue of appraisals seriously.

During the discussion on the progress being made, Cllr Wendy Thompson asked why it had taken the Council so long to get to the current level of take up of appraisals and she wondered whether there had been intransigence in the cultural attitude of the Council that had impeded implementation of the appraisal scheme.

In response to a question about where future follow up on the appraisal scheme would be reported, Cllr Keith Inston requested that the Sub Committee receive quarterly updates on progress until performance was at an acceptable level and that the next update be submitted to the meeting on 2 February 2015. He also thanked Cllr Paul Sweet for attending the meeting.

Peter Farrow, Audit Manager added that Scrutiny Board had and would continue to receive update reports on the staff performance appraisal scheme.

Resolved

1. That the report be noted.
2. That an update report on the appraisal scheme be submitted to the meeting on 2 February 2015.

6 **Audit Services - Counter Fraud Report October 2014**

Mark Wilkes, Client Lead Auditor presented the report which updated the Sub Committee on the current counter fraud activities undertaken by the Counter Fraud Unit within Audit Services.

Referring to the section of the report on the value and number of benefit fraud, overpayments, particularly the sanctions, Cllr Keith Inston asked whether there was a monetary value in an overpayment case above which the Council would seek a prosecution. Kevin O'Keefe, Chief Legal Officer reported that Legal Services would consider if there was a 51% chance of a successful prosecution taking into consideration all of the factors that would include the monetary value of the overpayment.

Mike Ager, Independent Member sought assurance that even where sanctions are not applied in a benefits overpayment case, the overpayment would still be recovered by the Council. Richard Morgan, Senior Audit Manager confirmed that in all cases recovery of the overpayment would be sought.

Referring to the Fraud Risk Register (Appendix 4 in the report), Cllr Alan Bolshaw asked whether the Sub Committee should be pleased with the RAG ratings in the table or whether it was more a generic table. Peter Farrow, Audit Manager confirmed that it was the latter.

Resolved:

That the contents of the latest Internal Audit counter fraud update report be noted.

7 **National Fraud Initiative: Outcomes and Information for Elected Members and Decision Makers - 2012/13**

The Sub Committee received, for information, a slide pack issued by the Audit Commission for elected members and senior decision makers to inform them about the National Fraud Initiative and data matching at the Council.

Resolved:

That the slide pack from the Audit Commission be noted.

8 **CIPFA Code of Practice on Managing the Risk of Fraud and Corruption**

The Sub Committee received, for information, the Chartered Institute of Public Finance Accountancy's (CIPFA's) new Code of Practice on Managing the Risk of Fraud and Corruption.

Resolved:

That the latest CIPFA Code of Practice on Managing the Risk of Fraud and Corruption be noted.

9 **Exclusion of press and public**

Resolved:

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 item(s) of business as they involve the likely disclosure of exempt information falling within the paragraphs of Schedule 12A of the Act set out below

Item No.	Title	Applicable Paragraph
10	Audit Investigations Update	1,2,3

Part 2 - exempt items, closed to the press and public

10 **Audit Investigations Update**

The Sub Committee received updates on current audit investigations.

Referring to case IL671, Cllr Wendy Thompson asked whether all schools received an update/notification on the use of P-cards. Katy Morgan, Client Lead Auditor reported that there had not been a corporate instruction but that Audit Services could look to issue such an update message. Mark Taylor, Assistant Director Finance added that authorised P-card users received training and had to sign to confirm that they understood the purposes for what the P-card could /could not be used.

Referring to case IL82W, Mike Ager, Independent Member asked whether the case highlighted an issue in terms of the acceptance of credit card payments for large amounts. Mark Wilkes advised that action would be taken to minimise the risk of future credit card fraud. Progress in implementing a solution would be reported at future meetings.

Mark Taylor also reported that the Council's controls would be improved in the light of the case.

Resolved:

That the current position with regard to the audit investigations be noted.



Audit Committee Work Programme 2014/15

Agenda Item: 5

Committee Meeting Date All at 2.00pm	Final Accounts / Annual Governance Statement	Internal Audit Reports	Risk Management	External Audit Reports and Inspection	Other Governance Issues
22 September 2014 Page 11	2013/14 Audited Statement of Accounts	Internal Audit Update Payment Transparency Internal Audit Staffing Internal Audit Charter Review CIPFA Audit Committee Update	Corporate Risk Register and Assurance Map	Annual Report to those charged with Governance (ISA 260)	Sub-Committee: Minutes and Matters Arising The Introduction of Agresso Independent Review of the Medium Term Financial Strategy Budget Update and Review
15 December 2014	Annual Governance Statement Update	Internal Audit Update Payment Transparency Review of Fraud Related Policies	Corporate Risk Register and Assurance Map	Annual Audit Letter	Sub-Committee: Minutes and Matters Arising Benefits Fraud Sanctions Report 2013/14 Budget Update and Review
9 March 2015	2014/2015 Statement of Accounts Progress update	Internal Audit Update Payment Transparency Internal Audit Plan 2015/16 Review of Fraud Related Policies	Corporate Risk Register and Assurance Map	External Audit Plan 2015/16	Sub-Committee: Minutes and Matters Arising Audit Committee Self-Assessment Workshop Audit Committee Terms of Reference Review

[NOT PROTECTIVELY MARKED]

**Monitoring of Audit Investigations
Sub-Committee Work Programme 2014/15**

Sub-Committee Meeting Date All at 3pm	Monitoring of Audit Investigations: to include details of completed investigations, implementation of recommendations, fraud risk register, pro-active testing, NFI updates, raising fraud awareness events, benchmarking and other fraud related activities
3 November 2014	Counter Fraud Report Audit Issues Update
2 February 2015	Counter Fraud Report Audit Issues Update Employee Appraisal scheme
27 April 2015	Counter Fraud Report Audit Issues Update

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Wolverhampton City Council

Annual Audit Letter

2013/14

Government and
Public Sector
October 2014
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Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

In April 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and of audited bodies'. It is available from the Chief Executive of each audited body. The purpose of the statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and management letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

Introduction

The purpose of this letter

This letter summarises the results of our 2013/14 audit work for members of the Council.

We have already reported the detailed findings from our audit work to the Audit Committee in the following reports:

- External Audit Progress Report 2013/14 (June 2014);
- Audit opinion for the 2013/14 financial statements, incorporating opinion on the proper arrangements to secure economy, efficiency and effectiveness in its use of resources (September 2014);
- Report to those charged with Governance (ISA (UK&I) 260) (September 2014); and
- Annual Certification Report (to those charged with governance) (March 2014).

We also issued a Financial Resilience Report in September 2014 to the Strategic Director Delivery.

The matters reported here are the most significant for the Authority.

Scope of Work

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As an administering Authority of a pension fund, the Authority is also responsible for preparing and publishing Accounting Statements for the West Midlands Pension Fund.

Wolverhampton City Council

Our 2013/14 audit work has been undertaken in accordance with the Audit Plan that we issued in March 2014 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

We met our responsibilities as follows:

Audit Responsibility	Results
<i>Perform an audit of the accounts and pension fund accounting statements in accordance with the Auditing Practice Board's International Standards on Auditing (ISAs (UK&I)).</i>	We issued an unqualified audit report on your financial statements (including those of the pension fund). Key points from our audit of the accounts can be found in the section 'Audit Findings'.
<i>Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.</i>	We had no concerns to report as part of this work and concluded that your submission was consistent with the financial statements.

Audit Responsibility	Results
<i>Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.</i>	<p>We issued an unqualified value for money conclusion on your arrangements for securing adequate Use of Resources.</p> <p>Key points from our work in this area can be found in the section 'Audit Findings'.</p>
<i>Consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.</i>	<p>We identified no concerns with the content of your Annual Governance Statement, and found it to be compliant with relevant guidance.</p>
<i>Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.</i>	<p>We identified no matters that would require us to issue a public interest report.</p>

Audit Responsibility	Results
<i>Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.</i>	<p>We identified no matters that would require any other action to be taken in respect of our responsibilities here.</p>
<i>Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.</i>	<p>We have issued our completion certificate and have no relevant matters to report.</p>
<i>Issue a report noting whether or not the pension fund financial statements in the pension fund annual report and accounts are consistent with those in the authority's statement of accounts.</i>	<p>We have issued an unqualified opinion in respect of the pension fund annual report.</p>

The next section of this report sets out how we have met our responsibilities during the course of the audit and what our key findings were.

Audit Findings

Accounts

We audited the Council's accounts in line with approved Auditing Standards and issued an unqualified audit opinion on 30 September 2014.

Key points to bring to your attention are as follows:

- The draft accounts (including pension fund) were submitted to us ahead by the 30 June deadline and were of a good quality.
- Key members of staff were available from day one of the audit and responded promptly to our audit questions and requests for information.
- Working papers were ready at the start of the audit and we had already been able to select samples of transactions for audit testing.
- Significant areas of focus this year included:
 - Ensuring that revised valuations of Council land and buildings were based on accurate data;
 - Confirming the adequacy of the Provision for Equal Pay; and
 - Considering the financial standing of the Council over the medium term.
- We identified a number of small differences in the actual size of Council properties to the size used by the Valuer in order to determine valuations. These were trivial and so the accounts were not amended but because the records of land and buildings areas which underpin your

valuations are not always accurate we did report this as an internal control weakness to the Audit Committee.

- We did not identify any further significant control deficiencies.
- We reviewed the reasonableness of the assumptions underlying the pension liability and concluded that we were comfortable with the assumptions adopted.
- From 2013/14 there have been changes to the accounting for defined benefit schemes and termination benefits. These changes were reflected in the financial statements. We are satisfied that this has been accounted for appropriately.
- We identified no material errors and there were no uncorrected misstatements. Trivial disclosure amendments were corrected by management; these did not impact on the draft reported General Fund outturn or on the cash position of the Council.
- We identified no material misstatements in the draft Pension Fund accounts.

Financial standing

There were no material uncertainties related to events and conditions that may cast significant doubt on your ability to continue as a going concern and there are sufficient resources available to meet your commitments for at least a 12-month period after the date of our audit opinion. We concluded the use of the going concern assumption was appropriate. However, we stressed our concerns over your medium term financial standing, noting the extent of the

financial challenge that remains, despite significant advances this year. We have provided further comment on this in the 'use of resources' section below.

Accounting systems and systems of internal control

The Council is responsible for developing and implementing systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. We review these arrangements for the purposes of our audit of the financial statements and our review of the Annual Governance Statement. We identified one significant deficiency in internal control as described above.

Annual Governance Statement

Local authorities are required to produce an Annual Governance Statement (AGS) that is consistent with guidance issued by CIPFA/SOLACE. The AGS accompanies the Statement of Accounts.

We reviewed the AGS to consider whether it complied with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

Use of Resources

We carried out sufficient, relevant work in line with the Audit Commission's guidance, so that we could conclude on whether you had in place, for 2013/14, proper arrangements to secure economy, efficiency and effectiveness in your use of the Authority's resources.

In line with Audit Commission requirements, our conclusion was based on your arrangements for:

- securing financial resilience; and

- challenging how the Council secures economy, efficiency and effectiveness.

To reach our conclusion, we carried out a schedule of work that was based on our risk assessment.

In our planning risk assessment we identified that although the Council had proper arrangements for challenging how it secures economy, efficiency and effectiveness and for securing financial resilience in the previous year we did identify a number of concerns and risks relating to the Council's ability to continue to demonstrate financial resilience. We therefore developed a detailed programme of work that placed greater emphasis on addressing the financial resilience criterion. The scope of this work covered:

- Budgetary control
- Taking a radical approach to service provision
- Information for decision making
- Managing the financial impact of the redundancy programme
- Assumptions in the MTFS
- In-year reporting updates
- Changes to MRP
- Other financial estimates and provisions
- Robustness of savings plans
- Whether an Advisory notice was required

As part of this programme of work we have issued to the Strategic Director Delivery a detailed report on Financial Resilience which we shared with the Audit Committee in the September 2014 meeting.

We issued an unqualified conclusion in respect of the two criteria above.

Despite being able to conclude satisfactorily that the Council's going concern assumption is appropriate and that we do not require a revision to our value for money conclusion, our work on financial standing has identified a

number of areas of concern that put the Council's financial resilience at risk if not managed effectively.

To continue to demonstrate that the Council has sufficient resources available to meet its commitments in the short term it is important that the Council:

- Focuses on translating the 2014/15 target savings into realised, measurable savings. Where savings are not likely to be met these expected variances should be reported to Councillors.
- Continues to monitor and report achievement of savings against target by scheme.
- Continues to identify one-off savings during 2014/15 or bring forward future savings scheme to address the currently projected over spend in, and reduce the call on, the General Fund.
- Ensures that the cost pressures in Looked After Children are actively monitored and variances are reported early and accurately.
- Continues to develop robust and granular plans to ensure the delivery of the savings plans required to set a balanced budget in 2015/16.
- Quantifies the remaining savings target for the period of the MTFs. The plan to meet these stages must be clear and robust.
- Continues to take a radical approach to service provision. Future reductions to local government funding above and beyond those already known about are conceivable; a significant proportion of the savings remain politically sensitive and may experience difficulties at consultation stage. It would be advisable to identify and approve savings that exceed the known savings target to allow for removal of schemes, slippage and unforeseen costs relating to demand.
- Keeps its assumptions and estimates under review.

Whole of Government Accounts

We undertook our work on the Whole of Government Accounts consolidation pack as prescribed by the Audit Commission. The audited pack was submitted by the 3 October deadline. We found no areas of concern to report as part of this work and concluded that it was consistent with the financial statements.

Summary of recommendations

During the course of our audit work we have made recommendations to the Council. These have been discussed and agreed with management.

Certification of Claims and Returns

We presented our most recent Annual Certification Report for 2012/13 to those charged with governance in March 2013.

For the period ended 31 March 2013 we certified seven claims and returns worth a final aggregate net total of £244,115,210. Of these, three were amended following certification work undertaken and four required qualification letters to set out matters arising from the certification of the claim or return. Four claims/returns required qualification letters to set out matters arising from the certification of the claim/return. Three of the claims/returns were amended following the certification work undertaken.

Other responsibilities

We are required to determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act. This includes a requirement to consider whether, in the public interest, we should make a report on any matter coming to their notice in the course of the audit. There were no issues to report in this regard.

Other matters reported to those charged with governance

One significant deficiency in internal control was identified through our work which is detailed below. There were no other matters that, in our professional judgement, we believe we should bring to your attention.

Summary of significant internal control deficiencies

<i>Deficiency</i>	<i>Recommendation</i>
<p><i>Maintenance of up to date and accurate base data records for property valuations</i></p> <p>Land values are determined in accordance with site acreage and where buildings are of a specialised nature and fair value is based on depreciated replacement cost values are calculated based on gross internal floor areas. Accordingly, it is important that this data is complete and accurate at each balance sheet date.</p> <p>Consistent with our finding in the previous financial year the underlying data is not always accurate which may result in over- or under-statement of the balance sheet. This is particularly relevant to schools, because work is regularly being carried out that changes the size of the buildings, but the issue applies to all asset types.</p>	<p>There is a need for the property and asset management teams to carry out a data validation exercise before every valuation and again at the end of the financial year to ensure that any increases or reductions in and land or building size are recorded on a timely basis.</p> <p>This may require consultation with other relevant departments within the Council who hold up to date information on the Council's assets.</p> <p>We understand that management has put in place a new control system as a result of our findings.</p>

Final Fees

Final Fees for 2013/14

We reported our original fee proposals in our audit plan to the Audit in March 2014.

We are currently in the process of agreeing the fee over and above the scale element with the Audit Commission and will report the final position in due course. The table below summarises our fee proposal and the latest estimated fee outturn (excluding VAT):

	2013/14 outturn	2013/14 fee proposal
Audit work performed under the Code of Audit Practice	251,100	251,100
- Statement of Accounts		
- Conclusion on the ability of the organisation to secure proper arrangements for the economy, efficiency and effectiveness in its use of resources		
- Whole of Government Accounts		
Additional local risk based audit work (Note 1)	40,011	34,000
Pension Fund audit work	48,618	48,618
Certification of Claims and Returns (Note 2)	44,200	44,200
Sub-Total Audit Code Work	383,929	377,918
Non-audit work (Note 3)	90,875	83,000
TOTAL	474,804	460,918

Note 1 – As part of our 2013/14 audit planning process we tailored a programme of audit work in response to the additional local audit risks relevant to this Council for the period in question. As set out in our audit plan additional fees required to cover the additional work covering:

- Property, Plant and Equipment Valuation
- Equal Pay

- Savings Plans and financial resilience
- System changes and redesign
- Accounting policy changes

We have sought approval from the Audit Commission for a £40,011 variation from scale fee. £27,987 of additional fee has already been approved but we are awaiting a final response regarding the final element of these fees and we expect to be able to advise you of the final fee shortly.

Note 2: Our fee for certification of claims and returns is yet to be finalised for 2013/14 and will be reported to those charged with governance in March 2015 within the Certification Report to Management in relation to 2013/14 grants.

Note 3: In addition to the statutory services provided as your Appointed Auditor, PwC has, during the year, provided non-audit services which fell outside of the Code of Audit Practice.

These services, and the associated fees (excluding VAT), were:

- Certification of the Decent Homes backlog grant. The fee for this work was £2,500
- Critical Friend support and assistance in developing the FutureSpace Final Business Case. The fee for this work was £61,662.
- Two stage gate reviews for the 'Future Works' programme. The fee for this work was £23,713.
- Access to the PwC Tax helpline. The fee for this work was £3,000.

We confirm to you that we have appropriate safeguards in place to maintain our audit independence and reported these to the Audit Committee in September 2014. We have maintained our independence since that date.



In the event that, pursuant to a request which Wolverhampton City Council has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. Wolverhampton City Council agrees to pay due regard to any representations which PwC may make in connection with such disclosure and Wolverhampton City Council shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, Wolverhampton City discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for Wolverhampton City and solely for the purpose and on the terms agreed through our contract with the Audit Commission. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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Audit Committee

15 December 2014

Report title	Corporate Risk Register and Corporate Assurance Map	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Accountable director	Mark Taylor	
Originating service	Audit	
Accountable employee(s)	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
	Narinder Phagura Tel Email	Strategic Risk Manager 01902 554580 narinder.phagura@wolverhampton.gov.uk
Report has been considered by	Strategic Executive Board	20 November 2014

Recommendations for noting:

The Committee is asked to note:

1. The latest summary of the Council's corporate risk register.
2. The escalation of a risk in respect of employee management (risk 17), to the corporate risk register.
3. The main sources of assurance available to the Council against its corporate risks.

1.0 Purpose

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

2.0 Background

- 2.1 The Council is no different to any organisation, and will always face risks in achieving its objectives. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 2.2 The corporate risk register report was last presented to the Committee in September 2014. Since this time we have met with the risk owners in order to review and update the risks and risk management action plans.
- 2.3 The corporate risk register does not include all of the risks that the Council faces. It represents the most significant risks that could potentially impact on the achievement of the corporate priorities. Other risks are captured within operational, programme, project or partnership risk registers in line with the Council's corporate risk management framework and strategy.
- 2.4 A summary of the corporate risk register is included at Appendix A of this report which sets out the status of the risks as at November 2014. These risks are reviewed on an ongoing basis and can be influenced by both external and internal factors and as such, may fluctuate over time.
- 2.5 Appendix B provides a summary of the Council's corporate assurance map which follows the three lines of defence model (shown below). The assurance map details where the Committee can gain assurance against the corporate risks. This too is a live document and is updated alongside the monitoring and reviewing of the corporate risk register.

The three lines of defence model:

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

3.0 Progress, options, discussion

- 3.1 The corporate risk register will be updated as required, and presented at approximately quarterly intervals to the Committee. The Committee will also be given the opportunity to 'call in' individual risks for further review.

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 corporate 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/26112014/B]

5.0 Legal implications

5.1 Although there may be some legal implications arising from the implementation of the strategies employed to mitigate individual corporate risks, there are no direct legal implications arising from this report. (RB/28112014/T)

6.0 Equalities implications

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

7.0 Environmental implications

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

9.0 Corporate landlord implications

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

10.0 Schedule of background papers

10.1 None

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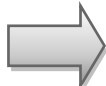
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Amber 5, 6, 9, 15, 16


Summary Corporate Risk Register @ November 2014


Corporate priorities	<ul style="list-style-type: none"> Encouraging new business 	<ul style="list-style-type: none"> Empowering People and Communities 	<ul style="list-style-type: none"> Re-Invigorating the City 	<ul style="list-style-type: none"> Confident, Capable Council
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The following are the current **red** corporate risks the Council faces in delivering its corporate priorities


Risk ref	Risk title and description	Previous score (August 2014)	Current score (November 2014)	Direction of travel	Target score and date	Comment
1 01/14 Page 29	<p>Looked After Children (LAC) If the number of LAC is not reduced this may result in an increase in costs, budget overspends and an increased demand on children's services.</p> <p>Risk owner: Sarah Norman Cabinet Member: Cllr Val Gibson</p>	20 Red	20 Red		15 Red April 2015	<p>The risk continues to be managed through the multi-agency Families r First programme, governed by the Children's Trust Board. The objective of the programme is to reduce the number of LAC to 720 by March 2015. The programme is based around three workstreams as follows:</p> <ul style="list-style-type: none"> A committed partnership which takes a whole family approach and therefore involves shared responsibility and understanding through information sharing. Early help providing locally based family support through a new operating model across children, young people and families. Targeted intervention including actions to increase in house foster carers thereby reducing costly external placements. <p>The number of LAC continues to stabilise over recent months with current numbers at 799.</p> <p>Since last reported, a number of children have been identified for removal from LAC including some (28) 16/17 year olds who are to be transferred into independent living following an independent reviewing officer review, and some (30) children who will be returned to parents following court hearings in early 2015. Despite this reduction in numbers however, there is not a proportionate reduction in the cost of LAC as financial resources will still be required for those moving to independent living. In addition, residential placements are a</p>

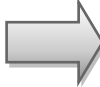
Risk ref	Risk title and description	Previous score (August 2014)	Current score (November 2014)	Direction of travel	Target score and date	Comment
Page 30						<p>significant proportion of the total LAC cost and continue to be the area where alternative strategies to place these children are proving difficult. As a result, the service continues to be exposed to budgetary pressures.</p> <p>In addition to the above, further actions to mitigate the risk include:</p> <ul style="list-style-type: none"> • The work being done with Essex County Council, who has experienced a stabilisation in their LAC numbers following implementation of a targeted action plan. The learning from Essex is being shared with Wolverhampton. • The development of a Fostering Recruitment Strategy and Marketing Communication Action Plan which was presented to scrutiny in November 2014. This includes the recruitment of a team of specialist foster carers, as well as a multi-disciplinary specialist team in the Council to support the carers, with a view to the specialist carers being ready to receive their first placements by April 2015. <p>As a result of the continuing budget pressures the risk remains red.</p>


Risk ref	Risk title and description	Previous score (August 2014)	Current score (November 2014)	Direction of travel	Target score and date	Comment
2 01/14	<p>Skills for Work</p> <p>If the city residents do not have the appropriate skills that employers require then they will be unable to access the jobs and opportunities available resulting in high rates of unemployment and increased demand on Council services.</p> <p>Risk owner: Tim Johnson Cabinet Member: Cllr Phil Page</p>	20 Red	20 Red		15 Red March 2015	<p>Progress made in the management of this risk is overseen by the Wolverhampton Skills and Employment Board which is represented by partners from the college, university, Council and major employers in the City.</p> <p>The actions taken in mitigating this risk involve the Council and its partners working together under numerous initiatives including:</p> <ul style="list-style-type: none"> • Work with Job Centre Plus and the use of job clubs and enterprise clubs. • Talent Match - working across the Black Country to provide tailored support and personalised pathways to 18-24 year olds who have been classed as “not in education, employment, or training (NEET) for at least 12 months”. • The Wolverhampton Employability Partnership whose priorities for the current year include matching skills with employment opportunities and also mapping out funding programmes to support skills development. • The “Working Together” pilot project through the City Deal, aiming to increase the employability of long term unemployed and economically inactive social housing tenants across the Black Country. <p>As a result of the numerous strategies and initiatives in place, the Enterprise and Business Scrutiny Panel has commenced a review into “employability and skills” which will look at the strategies being employed and provide assurance on their effectiveness. The review will be undertaken by the recently established Wolverhampton Skills Commission. The Commission comprises an external review panel with an independent Chair who will call for evidence from skills providers, the Council, university and employers and offer constructive challenge and help shape an integrated approach to skills and businesses employment needs. The Commission is expected to publish its initial findings in March 2015 after which an action plan will be developed to further progress the management of this risk, which will be monitored by the City Board.</p>


Risk ref	Risk title and description	Previous score (August 2014)	Current score (November 2014)	Direction of travel	Target score and date	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 the provision of the Data Protection Act 1998; 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: Keith Ireland Cabinet Member: Cllr Paul Sweet</p>	16 Red	16 Red		12 Amber March 2015	<p>This risk continues to be monitored by the Information Governance Board. Since last reported, the following actions have been taken in the mitigation of this risk:</p> <ul style="list-style-type: none"> The Council now has eight officers (including information asset owners and administrators) who have recently completed the Senior Information Risk Officer training. Approval has been given to the procurement and roll out of an automated IT solution for protective marking documents. Further assurances are also being sought on how we ensure that all new employees, temporary and agency workers complete the relevant protective marking training. Compliance with freedom of information requests continues to be high, and temporary resources have been employed to deal with the delays encountered in dealing with subject access requests. Compilation of the self- assessment against the requirements of the Information Governance (social care) Toolkit has commenced, for submission to the Department of Health in December 2014. This is to obtain N3 connection by March 2015. Once achieved, this will allow the Council to securely access and share data held on NHS systems which will be essential to implement key transformational programmes including the Better Care Fund. The Information Governance team is supporting managers in formatting relevant data sets to ensure the Council is compliant with the new requirements of the Local Government Transparency Code, the first publication of which is due in December 2014. <p>In terms of information incidences, one incident has arisen since last reported, which has now been closed down and an agreed action plan put in place. There are currently no cases with the Information Commissioners Office for investigation.</p> <p>The target date continues to reflect the expected date to obtain N3 connection.</p>


Risk ref	Risk title and description	Previous score (August 2014)	Current score (November 2014)	Direction of travel	Target score and date	Comment
4 01/14	<p>Medium Term Financial Strategy</p> <p>If the Council is unable to agree and operate within its medium term financial strategy (MTFS) this may exhaust reserves, result 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: Strategic Executive Board Cabinet Member: Cllr Andrew Johnson</p>	15 Red	15 Red		10 Amber March 2016	<p>The updated position of the MTFS and a summary of the risk register were presented to Cabinet on 22 October 2014. This continues to show a forecast budget challenge of £37 million after identified savings for the five year period from 2014/15 to 2018/19.</p> <p>Since last reported, the outturn for the six month period to 30 September 2014 has been presented to Cabinet (Resources) Panel. This shows the projected outturn for the General Fund with a net £3.3million overspend, which is largely attributable to Looked After Children and expenditure on care packages for older people.</p> <p>Progress against the achievement of savings for 2014/15 are reviewed on an ongoing basis and the latest report shows that of the £21.3 million required, £10.2million has been achieved, and a further £8.1 and £2.9million have a high or medium confidence of materialising respectively.</p> <p>The independent review of the MTFS model which provided some assurance on the management of this risk was reported to the last Audit Committee meeting in September. It is understood that the recommendations from this review are being implemented. A validation exercise by internal audit on the accuracy of the MTFS model found no issues. An internal audit review of the assumptions made in compiling the Strategy is being carried out and will be reported to Scrutiny in February 2015. A report on the Council's fees and charges is being presented to the Cabinet (Resources) Panel in December.</p> <p>Although the financial risk for 2014/15 is assessed as amber, the assessment for the medium term remains red as there continues to be significant financial challenge, uncertainty and risk for the Council from 2016/17 onwards.</p>


Risk ref	Risk title and description	Previous score (August 2014)	Current score (November 2014)	Direction of travel	Target score and date	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: Sarah Norman Cabinet Member: Cllr Val Gibson</p>	15 Red	15 Red		10 Amber Next Ofsted inspection	<p>This risk continues to be overseen by the children's and adult's local safeguarding boards.</p> <p>Following the preparation of self-assessments for both children's and adult's safeguarding that were previously reported, these have now been reviewed (by the West Midlands Association of Directors of Children's Services and the West Midlands Association of Directors of Adult Social Services respectively) and feedback received. A report "Our Story" has also been presented to the Cabinet Member for Children and Families, detailing the work being done to safeguard children. Following this, an improvement plan is now being developed which will set out the actions that will be taken and the timescales involved. The Improvement Plan will be monitored by a cross service safeguarding team including representatives from the Youth Offending Team, Public Health, Looked After Children and safeguarding teams.</p> <p>In terms of child sexual exploitation (CSE), the CSE strategy has been updated and re-launched by the safeguarding Board in November. Multi agency sexual exploitation (MASE) meetings are also held with children and their families, with agreed care plans put in place, where a risk of exploitation has been identified.</p> <p>In terms of the Council's role in ensuring safeguarding in schools, the appointment of a school's safeguarding officer has been approved and once appointed, will provide assurance on compliance with s175 and "Keeping Children Safe in Education".</p> <p>For adult safeguarding, a quality assurance framework is being developed to provide assurance on how the Council is complying with the statutory framework that comes into effect on 1 April 2015. A scoping group has also been established to carry out a safeguarding alert pilot audit and a three month pilot of this tool has commenced. The scoping group is in the process of developing a case file audit tool to enable it to carry out a three month audit commencing in February 2015.</p>

Risk ref	Risk title and description	Previous score (August 2014)	Current score (November 2014)	Direction of travel	Target score and date	Comment
8 01/14	<p>Business Continuity Management (BCM)</p> <p>Failure to develop, exercise and review plans and capabilities that seek to maintain the continuity of critical functions in the event of an emergency that disrupts the delivery of Council services.</p> <p>Risk owner: Ros Jervis Cabinet Member: Cllr Andrew Johnson</p>	15 Red	15 Red		10 Amber March 2015	<p>This risk continues to be managed and monitored by the Wolverhampton Resilience Board.</p> <p>The business continuity planning policy has been updated, and will be presented to the Strategic Executive Board for final approval in December.</p> <p>The Council has identified, benchmarked and agreed 31 'priority one' services. These services have been identified due to the business impact that would materialise in the event of a disruptive incident. Consequently, resources will be reallocated from lower priority services to enable the higher ones to begin operating and be recovered to an acceptable level.</p> <p>Once user acceptance testing of a new electronic planning tool has been completed, work will commence to develop continuity plans for these priority one services in the first instance. It is envisaged this work will be completed by March 2015, after which continuity plans for priority two services will be developed.</p> <p>The plans will be developed using an IT based tool which in due course will be linked into the Council's new Agresso system and will allow automatic alerts to be flagged up to service leads to review and update their plans each time there is a relevant change to employee details (for example, leavers, restructures).</p>

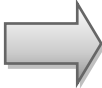


Risk ref	Risk title and description	Previous score (August 2014)	Current score (November 2014)	Direction of travel	Target score and date	Comment
10 01/14	<p>Economic Inclusion</p> <p>If the Council and its partners do not work effectively together to promote and enable growth then the risk of economic exclusion will materialise and demand for Council services will continue to increase.</p> <p>Risk owner: Keren Jones Cabinet Member: Cllr Peter Bilson, Cllr Phil Page and Cllr Elias Mattu</p>	16 Red	16 Red		12 Amber June 2015	<p>The measures in place to manage this risk as reported previously continue to be in place. This includes the City Conference, planned by the City Board which took place between 29 September and 6 October. The aim of the Conference was to attract strategic businesses with a high growth potential and the job and supply chain opportunities they bring. The Conference was also about supporting the City's home-grown entrepreneurs to develop and grow their businesses, and helping businesses to innovate and become more internationally competitive. The business links that were established during the Conference are currently being followed up after which an evaluation of the event will be conducted and the findings reported to the City Board's meeting in December.</p> <p>A further measure in managing the risk is the recent announcement of the City becoming a business improvement district which will allow the implementation of a business plan to drive a three million pound investment in the City Centre over the coming years.</p>



Risk ref	Risk title and description	Previous score (August 2014)	Current score (November 2014)	Direction of travel	Target score and date	Comment
11 01/14	<p>The Care Act</p> <p>If the Council does not have robust plans in place to implement the Care Act including:</p> <ul style="list-style-type: none"> • appropriate governance arrangements, • appropriate project management arrangements • sufficient financial resources • sufficient workforce capability and capacity • effective information systems <p>then it will fail to meet its new responsibilities and discharge its statutory obligations.</p> <p>Risk owner: Tony Ivko Cabinet Member: Cllr Steve Evans</p>	15 Red	15 Red		10 Amber April 2015	<p>Following the consultation process that was previously reported, the Department of Health published the final statutory guidance and the final Care Act guidelines on 23 October 2014. The Council is currently in the process of considering and assessing the impact of this.</p> <p>The programme risk register which captures the risks associated with the successful implementation of the Act, currently shows key risks in the areas of finance and the capability and capacity of other resources.</p> <p>Some of the uncertainty surrounding these risks has since reduced as a result of recent announcements by the Department, including the tightening of the minimum eligibility thresholds for entitlement to social care support. It is understood that the revised threshold now aligns to the current Council practice. Despite this however, there remains an added demand on resources as a result of self-funders who are now included within the Act.</p> <p>The Council is currently testing two financial models to use to deliver the requirements of the Act (the Birmingham model and the Lincolnshire model), which will assess the financial impacts these models would result in, if adopted by the Council.</p> <p>In terms of decision making and implementing the Act, the Council is working with 14 other local authorities across the region to ensure risks (of a judicial review for example) are minimised.</p> <p>A communications strategy is also in place to ensure all stakeholders and in particular residents of the City fully understand the details of the Care Act and how it impacts them. To this end, the Department of Health continues to publish material for local authorities to use so that the messages communicated are consistent.</p> <p>A further assessment of the risk will be made once the final guidance and regulations have been fully considered by the Council, financial models tested and also once the final funding formula is announced by the Department of Health in 2015.</p>

Risk ref	Risk title and description	Previous score (August 2014)	Current score (November 2014)	Direction of travel	Target score and date	Comment
12 01/14	<p>Better Care Fund (BCF)</p> <p>If the Council and its partners fail to deliver the improved outcomes required by the Better Care Fund, demand on acute services will not be reduced, the reward money will not be received and the Council will not receive the additional resources promised by the Better Care Fund.</p> <p>Risk owner: Sarah Norman Cabinet Member: Cllr Sandra Samuels</p>	15 Red	15 Red		10 Amber October 2015	<p>The Better Care Fund programme continues to be managed by the jointly appointed programme manager and is overseen by the Health and Well Being Board.</p> <p>Since last reported, the following actions have taken place to manage this risk:</p> <ul style="list-style-type: none"> • Following the resubmission of the Better Care Plan in September 2014, the Department of Health has rated the plan as “Approved with Support” which means that there is confidence in the delivery of the plan. In order to attain a rating with full assurance, further evidence and information needs to be submitted. The programme team is working to collate and submit this with a view to achieving a fully approved Plan by December. • Work stream leads are continuing with the development of their detailed service plans and service design proposals for submission in December. • The development of programme and work stream risk registers which will be monitored by the Quality and Risk Group. • Development of the management of the agreed pooled budget and Section 75 agreement for consideration and approval by the Health and Well Being Board in January. <p>The risk will continue to be assessed as red until implementation of the programme is underway and assurances received over the achievement of successful outcomes for the residents of Wolverhampton.</p>

Risk ref	Risk title and description	Previous score (August 2014)	Current score (November 2014)	Direction of travel	Target score and date	Comment
14 01/14	<p>School Improvement</p> <p>If the Council does not provide effective support, challenge and appropriate intervention to raise standards in schools, then the Council and these schools are at risk of underperforming, receiving inadequate Ofsted judgements and a potential loss of control and influence.</p> <p>Risk owner: Tim Johnson Cabinet Member: Cllr Phil Page</p>	15 Red	15 Red		10 Amber From Sept 2014 to April 2015	<p>This risk is being managed by the Head of Standards and Vulnerable Pupils who was appointed in September 2014.</p> <p>Since last reported, the following actions have been taken to assist in the mitigation of this risk:</p> <ul style="list-style-type: none"> • The Wolverhampton 2014 School Improvement Strategy has been further updated to clarify how risk assessments and categorisations are derived and the level of challenge that the Council will provide to each school. • A School's Governance Strategy 2014 – 2016 has been developed and approved in October 2014. The strategy sets out how the Council will work with schools and governors and support them to be more efficient and effective. This includes, training provided, the Council's expectations of school governors and how a school's governing body will be evaluated for effectiveness. The strategy will be implemented from December 2014. • Risk assessments for all primary schools have been completed and where appropriate, actions plans have been put in place and are monitored by school Improvement Boards to ensure progress is being made. <p>In addition to Ofsted reviews, assurance on the effectiveness of the above strategies is provided through audits and reviews carried out by school support advisors, who report their findings to the school's Improvement Board and where appropriate escalate issues to the Assistant Director, Education and Enterprise.</p> <p>In terms of the performance of Academies in the City, the Council has completed desk top analysis of all primary academies. The analysis is dependent on the availability of data and as such, the level of co-operation from the academies. Where concerns are identified these will be considered for escalation to the Secretary of State.</p> <p>The change in the target date reflects the timing of the next review of the school improvement strategy which will take account of the assurances obtained on the effectiveness of the strategy and the measures introduced, as noted above.</p>

The following are the **amber** corporate risks the Council faces in delivering its corporate priorities.

Risk ref	Risk title and description	Previous score (August 2014)	Current score (November 2014)	Direction of travel	Target score and date
5 01/14	<p>FutureWorks</p> <p>If the Agresso system does not perform as expected then there will be a prolonged need to maintain the old system resulting in inefficiencies in service delivery; unplanned maintenance costs and delays in planned savings materialising.</p> <p>Risk owner: Keith Ireland Cabinet Member: Cllr Paul Sweet</p>	10 Amber	10 Amber		5 Amber December 2014
6 01/14	<p>Compliance with Public Services Network (PSN)</p> <p>If the Council fails to achieve the required technology controls required for connection to PSN, and other similar information security regimes, then it will experience significant interruption to the delivery of its services.</p> <p>Risk owner: Keith Ireland Cabinet Member: Cllr Andrew Johnson</p>	5 Amber	5 Amber		5 Amber Achieved
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 • 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 • increased prosperity and • a reduced demand on Council services <p>Risk owner: Tim Johnson Cabinet Member: Cllr Peter Bilson</p>	8 Amber	8 Amber		8 Amber Achieved

Risk ref	Risk title and description	Previous score (August 2014)	Current score (November 2014)	Direction of travel	Target score and date
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 major a incident.</p> <p>Risk owner: Ros Jervis Cabinet Member: Cllr Andrew Johnson</p>	9 Amber	9 Amber		6 Amber April 2015
16 01/14	<p>Equal Pay</p> <p>Significant equal pay liabilities have been dealt with over recent years. However, equal pay will remain a potentially significant risk until:</p> <ul style="list-style-type: none"> the second generation claims, from trade union members, have been dealt with. six years after the implementation of single status, until that time "Abdulla" type claims can still be brought. <p>Risk owner: Keith Ireland Cabinet Member: Cllr Paul Sweet</p>	12 Amber	12 Amber		8 Amber April 2015
17 10/14	<p>Employee Management</p> <p>If policies dealing with employee management and in particular appraisals are not effectively implemented and complied with then:</p> <ul style="list-style-type: none"> employees may not be fully aware of the Council's objectives and their contribution to the achievement of them, and employees may not have the appropriate training and support to achieve high standards of performance the Council may not have the required capability to deliver its objectives. <p>Risk owner: Keith Ireland Cabinet Member: Cllr Paul Sweet</p>	N/A	8 Amber	N/A	4 Green

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Corporate Assurance Map – November 2014

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Risk Ref	Risk Title and Description	Current Score	Types of Assurance			Comments/Gaps in Assurance/Risk Exposure
			External/ Independent (Third Line of Defence)	Risk and Compliance (Second Line of Defence)	Operational and Management (First Line of Defence)	
1	<p>Looked After Children (LAC) If the number of LAC is not reduced this may result in an increase in costs, budget overspends and an increased demand on children's services.</p>	20 Red	<p>Performance indicator- number of LAC per 10,000 population</p> <p>Audit by Dartington Research Unit into LAC 2013</p> <p>Internal audit review 2014/15 - Placements and LAC</p>	<p>Update to Children's Trust Board- September 2014</p> <p>Report to Cabinet (Performance Management Panel) September 2014</p> <p>Scrutiny review of LAC February 2014</p> <p>Monthly programme reports to Corporate Programme Office</p>	<p>Reports to LAC Budget Monitoring Group (every two months)</p> <p>Controls Assurance Statement</p>	<p>Present sources and will continue to provide assurance regarding the changes in number of LAC and progress made against the Families r First programme. However, assurances regarding the cost of LAC need to be continually provided to ensure effective management of the budgetary pressures associated with this risk.</p>
	<p>Skills for Work If the city residents do not have the appropriate skills that employers require then they will be unable to access the jobs and opportunities available resulting in high rates of unemployment and increased demand on council services.</p>	20 Red	<p>Internal audit review - Employment Opportunities 2013/14</p> <p>Black Country performance management framework</p> <p>Wolverhampton Skills Commission Review – November 2014 to April 2015</p> <p>Internal audit review – City of Wolverhampton College- Learners with learning difficulties post 16, December 2014</p>	<p>Enterprise and Business Scrutiny Panel review of "employability and skills" September 2014</p> <p>Performance indicator - % of residents with no qualification</p> <p>Performance indicator - number of work experience/ volunteering/ apprenticeships opportunities provided</p> <p>Monthly unemployment briefings</p>	<p>Reports to the Wolverhampton Skills and Employment Board</p> <p>Controls Assurance Statement</p>	<p>In addition to the performance indicators in place, the review currently being undertaken by the Wolverhampton Skills Commission will provide assurance over the effectiveness of the various measures and initiatives in place to manage this long term risk.</p>
3	<p>Information Governance 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 the provision of the Data Protection Act 1998; compliance with the Freedom of Information Act and Environmental Information risk Act <p>then it may be subject to regulatory action, financial penalties, reputational damage and the loss of confidential information.</p>	16 Red	<p>Information Commissioner audit (October 2011, July 2012)</p> <p>Internal audit review 2013/14 - Management of information sharing agreements</p> <p>Internal audit review– Protective marking compliance, September 2014</p> <p>Internal audit review 2014/15 – Information sharing agreements</p> <p>Internal audit advice and support</p>	<p>Information risk register and reports to Information Governance Board</p> <p>Update reports to Cabinet, Scrutiny Board and SEB</p> <p>Performance indicators reported to Cabinet- Number of data breaches</p> <p>Performance indicator - % of Freedom of Information (FOI) requests met within timescales</p> <p>Performance indicator- % of Subject Access Requests (SAR) met within timescales</p>	<p>Senior Risk Information Officer briefings to Strategic Executive Board</p> <p>Controls Assurance Statements</p>	<p>Ongoing audits, performance against FOI and SAR requests and information incidence logs will continue to provide assurance over this risk.</p>
4	<p>Medium Term Financial Strategy If the council is unable to agree and operate within its medium term financial strategy (MTFS) this may result in insufficient reserves to remain solvent, the potential loss of democratic control and the inability of the council to deliver essential services and</p>	15 Red	<p>PwC report: Report to those charged with governance (ISA 260) September 2014</p> <p>Independent review of process for MTFS and budget- E Sullivan,</p>	<p>MTFS risk register</p> <p>Reports to Budget Working Party</p> <p>Reports to Cabinet October 2014, June 2014 and February 2014</p>	<p>Management accounts</p> <p>Controls Assurance Statements</p>	<p>Ongoing internal and external reviews will continue to provide assurances over the achievement of efficiency savings and the resilience of the MTFS.</p>

Risk Ref	Risk Title and Description	Current Score	Types of Assurance			Comments/Gaps in Assurance/Risk Exposure
			External/ Independent (Third Line of Defence)	Risk and Compliance (Second Line of Defence)	Operational and Management (First Line of Defence)	
	discharge its statutory duties.		<p>May 2014</p> <p>Internal audit review - 2014 Assumptions of the MTFS</p> <p>Internal audit review Budgetary Control - 2014/15</p>			
5	<p>FutureWorks</p> <p>If the Agresso system does not perform as expected then there will be a prolonged need to maintain the old system resulting in inefficiencies in service delivery; unplanned maintenance costs and delays in planned savings materialising.</p>	<p>10</p> <p>Amber</p>	<p>Internal audit payroll verification September - November 2014</p> <p>Internal audit review 2014/15 – Post implementation review</p> <p>Audit Committee review - September 2014</p> <p>Internal audit update reports to Programme Board and Audit Committee</p> <p>Internal audit review - Benefits Realisation, November 2014</p>	<p>Programme risk register</p> <p>Weekly reports to Programme Board</p>	<p>Progress reports to SEB July 2014</p> <p>Controls Assurance Statement</p>	Annual internal audit reviews of the key financial systems will continue to provide assurance over the Agresso system.
6	<p>Compliance with Public Sector Network (PSN)</p> <p>If the council fails to achieve the required technology controls required for connection to PSN, and other similar information security regimes, then it will experience significant interruption to the delivery of its services.</p>	<p>5</p> <p>Amber</p>	<p>PSN healthcheck by CLAS Consultancy at Cabinet Office 2013 and 2014</p>	<p>Reports to Information Governance Board</p>	<p>Controls Assurance Statement</p> <p>Briefings to SEB</p>	No further assurances required at present.
7	<p>Safeguarding</p> <p>If the Council's safeguarding procedures and quality assurance processes are not consistently and effectively implemented then it will fail to safeguard children and vulnerable adults and lead to reputational damage.</p>	<p>15</p> <p>Red</p>	<p>West Midlands Association of Directors of Adult Social Services peer review – Adult safeguarding September 2014</p> <p>West Midlands Association of Directors of Children's Services peer review- children's safeguarding September 2014</p> <p>Ofsted inspection safeguarding services- June 2011</p> <p>Peer review – Local safeguarding Children's board 2013</p> <p>LGA peer review - Local safeguarding adults board November 2013</p> <p>Internal audit review 2014/15 - Safeguarding for children and adults</p>	<p>Reports to safeguarding boards</p> <p>Annual reports from adults and children's local safeguarding boards</p> <p>'Our Story' report to Cabinet Member for Children and Families.</p> <p>National and local Wolverhampton performance indicators in relation to social care</p> <p>Report to Wolverhampton Safeguarding Children's Board- December 2014 - Schools Safeguarding</p>	<p>Children's safeguarding self - assessment- September 2014</p> <p>Adults safeguarding self-assessment – September 2014</p> <p>Quality Assurance Framework and assessments</p> <p>Controls Assurance Statement</p>	<p>Up to date assurance from Ofsted is required to confirm risk is being effectively managed.</p> <p>In addition, further assurances are required in respect of the adequacy and effectiveness of the safeguarding arrangements in schools.</p> <p>Assurances will also be required in future on the Council's compliance with the statutory framework in respect of adults safeguarding which becomes effective from April 2015.</p>

Risk Ref	Risk Title and Description	Current Score	Types of Assurance			Comments/Gaps in Assurance/Risk Exposure
			External/ Independent (Third Line of Defence)	Risk and Compliance (Second Line of Defence)	Operational and Management (First Line of Defence)	
8	<p>Business Continuity Management</p> <p>Failure to develop, exercise and review plans and capabilities that seek to maintain the continuity of critical functions in the event of an emergency that disrupts the delivery of Council services.</p>	15 Red	<p>Internal audit review August 2013 - Resilience management and BCP</p> <p>Follow up of internal audit recommendations - January 2014</p>	<p>Reports from Wolverhampton Resilience Board to SEB and C3 Scrutiny Panel</p>	<p>Incident management : i.e. industrial action July 2014</p> <p>Reports to Wolverhampton Resilience Board</p> <p>Controls Assurance Statement</p>	<p>The exercise and testing programme once developed and implemented will provide further assurances on the management of this risk.</p> <p>Given the continual reductions in the Council's workforce, ongoing testing will be required to provide assurance over the resilience of the provision of Council services.</p>
9	<p>City Centre Regeneration</p> <p>If the city centre regeneration programme is not effectively managed in terms of project timings, costs and scope, then it will be unable to maximise opportunities including:</p> <ul style="list-style-type: none"> creation of well paid employment retention of skilled workers sector and economic growth increased prosperity and reduced demand on council services 	8 Amber	<p>Internal audit review 2014/15 - Management of business improvement district</p> <p>Internal audit review 2014/15- City centre development</p>	<p>Programme and project risk registers</p> <p>Project reports to Cabinet and Scrutiny</p> <p>Monthly reporting to the City Centre Regeneration Programme Board</p> <p>Monthly programme reports to Corporate Programme Office</p>	<p>Reports to Programme Board from project managers</p> <p>Controls Assurance Statement</p>	<p>Regular update reports to the Programme Board and Cabinet continue to provide assurance on the management of this risk.</p>
10	<p>Economic Inclusion</p> <p>If the Council and its partners do not work effectively together to promote and enable growth then the risk of economic exclusion will materialise and demand for Council services will continue to increase.</p>	16 Red	<p>Reports to the Black Country Local Enterprise Partnership and City Board</p> <p>National performance indicators e.g. % residents unemployed, child deprivation, skills profile, etc.</p> <p>Wolverhampton Skills Commission Review – November 2014 to April 2015</p>	<p>Report to SEB – City Board – December 2013</p> <p>Monthly unemployment briefings</p> <p>Report to Cabinet - Welfare Reform, December 2014</p>	<p>Controls Assurance Statement</p>	<p>National indicators will demonstrate the effectiveness of the measures in place to manage this long term risk.</p>
11	<p>The Care Act</p> <p>If the Council does not have robust plans in place to implement the Care Act it will fail to meet its statutory obligations.</p>	15 Red	<p>Likely internal audit review 2015/16</p>	<p>Regular reports to Care Act Implementation Programme Board</p> <p>Programme risk register</p> <p>Report to Adults and Community Scrutiny Panel November 2014</p>	<p>Monthly programme management reports to CPO</p> <p>Controls Assurance Statement</p>	<p>Assurances on the management of this risk will continue to be provided through the Corporate Programme Office and Programme Board.</p>
12	<p>Better Care Fund</p> <p>If the Council and its partners fail to deliver the improved outcomes required by the Better Care Fund, demand on acute services will not be reduced, the reward money will not be received and the Council will not receive the additional resources promised by the Better Care Fund.</p>	15 Red	<p>Revised plan submission to Department of Health and approval received - September 2014</p>	<p>Reports to the Health and Well Being Board (HWBB) March, July and November 2014</p> <p>Programme risk register</p> <p>Better Care Plan performance indicators</p>	<p>Monthly project reports</p> <p>Controls Assurance Statement</p>	<p>The approvals received from the Department of Health on the Better Care Plan continue to provide the necessary assurance, until the Plan is implemented in April 2015. After this time, assurance on the management of the programme will be provided by the HWBB, and the measure of key outcome based performance indicators.</p>
14	<p>School Improvement</p> <p>If the Council does not provide effective support, challenge and appropriate intervention to raise standards in schools, then the Council and these schools are at risk of underperforming, receiving inadequate Ofsted judgements and a potential loss of control and influence.</p>	15 Red	<p>Ofsted annual report – Schools 2012/13, December 2013</p> <p>Ofsted inspections 2014/15</p> <p>School internal audit reviews 2013/14 and 2014/15</p>	<p>Performance indicator – gaps in educational performance</p> <p>Performance indicator – end of key stage outcomes</p> <p>Report to Children and Young</p>	<p>Reports to Cabinet</p> <p>Controls Assurance Statement</p>	<p>The Ofsted inspections continue to be the primary source of assurance for this risk.</p> <p>A review on the effectiveness of the School Improvement Strategy in 2015 will provide further assurance on the measures in place to manage this risk.</p>

Risk Ref	Risk Title and Description	Current Score	Types of Assurance			Comments/Gaps in Assurance/Risk Exposure
			External/ Independent (Third Line of Defence)	Risk and Compliance (Second Line of Defence)	Operational and Management (First Line of Defence)	
			Ofsted annual report – Schools 2013/14 – December 2014	People Scrutiny Panel- Ofsted inspection outcomes April to September 2014, November 2014 Audits carried out by School Support Advisors and External Governance reviews		
15	Emergency Planning 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 major a incident.	9 Amber	Internal audit review - Resilience management and BCP, August 2013 Follow up of internal audit recommendations, January 2014	Reports to Wolverhampton Resilience Board (WRB) Regular reports from WRB to SEB and C3 Scrutiny Panel	Incident management, e.g. weather incidences 2014, Public disorders Summer 2012, Hickman Avenue fire September 2014 Test exercise “Exercise Chillout” August 2014 Debrief report to SEB on mosque incident – 24 July 2013 Winter debrief report to WRB – June 2014 Controls Assurance Statement	The exercise and testing programme once developed and implemented will provide further assurances on the management of this risk. In the meantime, unplanned incidences and the lessons learned from these exercises continue to provide some level of assurance over this risk.
16	Equal Pay If schools do not comply with the Collective agreement and agree local pay scales and conditions then there is a potential for significant equal pay claims to materialise.	12 Amber	Internal audit review - Equal pay claims, September 2014	Reports to Equal Pay Project Board	Controls Assurance Statement	Ongoing review by management of the level of claims continues to provide assurance on this risk, over which the Council has little control.
17	Employee Management If policies dealing with employee management and in particular appraisals are not effectively implemented and complied with then: <ul style="list-style-type: none"> employees may not be fully aware of the Council’s objectives and their contribution to the achievement of them, and employees may not have the appropriate training and support to achieve high standards of performance the Council may not have the required capability to deliver its objectives.	8 Amber	Internal audit review – Performance appraisal scheme, September 2014	Corporate performance indicator- re: appraisals completed	Controls Assurance Statement	Ongoing review of the corporate performance indicator by management will continue to provide assurance over the management of this risk.



Audit Committee

15 December 2014

Report title	Internal Audit Update – Quarter 2	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Accountable director	Mark Taylor	
Originating service	Audit	
Accountable employee(s)	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendations for noting:

The Committee is asked to note:

The contents of the latest internal audit update as at the end of quarter two.

1.0 Purpose

- 1.1 The purpose of this report is to update the Committee on the progress made against the 2014/15 audit plan and to provide information on recent work that has been completed.

2.0 Background

- 2.1 The internal audit update report as at 30 September 2014 (quarter two) contains details of the matters arising from audit work undertaken so far this year. The information included in the report will feed into, and inform the overall opinion in our annual internal audit report issued at the year end. It also updates the Committee on various other activities associated with the internal audit service.

3.0 Progress, options, discussion, etc.

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

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendations in this report.
[CN/04122014/J]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendations in this report.
(TS01122014/A)

6.0 Equalities implications

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

7.0 Environmental implications

- 7.1 There are no 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 Schedule of background papers - None

Wolverhampton

City Council



Internal Audit Progress Report: Q2 Audit Committee: 15 December 2014

Contents:

1. Introduction
2. Summary of work completed
3. Key issues arising



1 Introduction

The purpose of this report is to bring the Audit Committee up to date with the progress made against the delivery of the 2014/15 internal audit plan.

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

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

<p>Substantial</p>	<ul style="list-style-type: none"> • a robust framework of controls which ensures that objectives are likely to be achieved and controls are applied continuously or with only minor lapses
<p>Satisfactory</p>	<ul style="list-style-type: none"> • a sufficient framework of key controls for objectives to be achieved but the control framework could be stronger or the application of controls could be more consistent
<p>Limited</p>	<ul style="list-style-type: none"> • a risk of objectives not being achieved due to the absence of key internal controls or a significant breakdown in the application of controls

2 Summary of work completed

The following audit reviews were completed within the first two quarters of the current year.

Key: AAN = Assessment of Assurance Need

Auditable Area	AAN Rating	Recommendations				Level of Assurance	
		Red	Amber	Green	Total		Number accepted
Bert Williams Leisure Centre – Income Management	Medium	-	5	2	7	7	Satisfactory
Coppice Performing Arts School – Provisional Financial Review	N/A*	-	-	-	-	-	N/A *
Legal Services Recharges	N/A*	-	4	-	4	4	N/A *
Adoption Reform Grant Certification	N/A*	-	-	-	-	-	N/A *
Parkfield Primary School	Medium	-	1	7	8	8	Satisfactory
Oxley Primary School	Medium	-	1	1	2	2	Substantial
St Luke’s CE Primary School	Medium	-	1	3	4	4	Satisfactory
St Andrew’s CE Primary School	Medium	-	4	4	8	8	Satisfactory
Grove Primary School – Mini Review	N/A *	-	-	-	6	6	N/A *
New Park Special School - Healthcheck	N/A *	-	-	-	19	-	N/A *
Woodthorne Primary School	Medium	-	4	7	11	11	Satisfactory
Stow Heath Primary School	Medium	-	2	16	18	18	Satisfactory
Automated Biometric Systems	Medium	-	1	2	3	3	Satisfactory
Adults and Community – Complaints Procedures	Medium	-	-	2	2	2	Substantial
Pensions Gratuities	Medium	-	4	1	5	5	Satisfactory
Equal Pay Claims	High	-	2	-	2	2	Substantial

Auditable Area	AAN Rating	Recommendations				Total	Number accepted	Level of Assurance
		Red	Amber	Green				
Information Governance Protective Marking Compliance	High	2	2	-	4	4	Limited	
Single Status - Collective Agreement Compliance	High	-	-	1	1	1	Substantial	
Budgetary Control Managed Audit	High	-	-	4	4	4	Substantial	
General Ledger Managed Audit	High	-	-	2	2	2	Substantial	
Senior Officers Emoluments	High	-	-	-	-	-	N/A **	
Senior Officers Salaries > £50K Check	High	-	-	-	-	-	N/A **	
CRC – Annual Assurance Review	High	-	2	-	2	2	Satisfactory	
CRC – Assurance Statement	High	-	-	-	-	-	N/A **	
Adult Education Service – HR Issues	N/A *	-	-	-	4	-	N/A *	
Project Costing and Billing System	N/A *	-	-	-	5	-	N/A *	
Rakegate Primary School – After School Club Procedures	N/A *	-	-	5	5	5	Satisfactory	
Petty Cash Procedures – Locality Teams	N/A *	-	7	-	7	7	Limited	
Very Sheltered Housing Contract Arrangements	Medium	1	5	3	9	9	Limited	
Treatment of VAT on Certificate Payments	N/A *	-	3	-	3	3	Limited	
Performance Appraisal Scheme	High	1	4	2	7	7	Limited	

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Notes

* One-off pieces of work undertaken by request (outside of the Audit Plan).

** Certification only – therefore no audit opinion provided.

There were a number of other reviews underway as at 30 September 2014, and these will be reported back in later update reports.

Year on year comparison

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

Opinion	2014/15 (Quarter 2)	2013/14	2012/13
Substantial	6	18	22
Satisfactory	10	51	44
Limited	5	9	6

3 Key issues arising

Information Governance Protective Marking Compliance

An audit of the information protective marking arrangements provided only limited assurance that e-mails sent from the @wolverhampton.gov.uk e-mail address complied with corporate policy. Specific issues identified included the following:

- Based on an examination of e-mails over a two month period it was identified that approximately 55% of emails contained no evidence of information protective marking in their subject line;
- There appeared to be a general over-use of the 'PROTECT' classification of e-mails when compared to the 'NOT PROTECTIVELY MARKED' classification; and
- There were a number of cases where protective marking had not been applied correctly. In one case a highly confidential e-mail contained no information protective marking in the subject line.

Recommendations arising from our findings were discussed and agreed with management for implementation.

Petty Cash Procedures – Locality Teams

This petty cash relates to payments made by locality social care teams under Section 17 of the 1989 Children Act to safeguard and promote the welfare of children who are in need. The team sit under the Children In Need/ Child Protection service area. Purchases should relate to emergencies regarding provisions, assistance with utility bills, short term child care etc. Following a referral by Banking Services, a review of the petty cash imprest arrangements operated by the South West Locality Team was undertaken. We found a number of failures, including:

- to undertake regular reconciliations of the petty cash imprest as part of the reimbursement claim process, in accordance with Financial Procedure Rules.
- maintain adequate records of the reimbursement claims made and the expenditure to which they relate, also in line with Financial Procedure Rules.
- record petty cash information accurately within the Agresso imprest reconciliation and expenditure records.
- utilise petty cash for low value transactions.
- authorise petty cash reimbursement claims prior to submission.
- undertake independent ad hoc reconciliations of the petty cash account.

The recommendations arising from our work were agreed with management for implementation before 31 October 2014. There is also a general review being undertaken of the Section 17 procedures for both making and the type of payments made, and we are involved in this project team.

Very Sheltered Housing Contract Arrangements

An audit of the operational and contract management framework for the Council's Very Sheltered Housing (VSH) Schemes was undertaken. VSH is rented housing provision that delivers flexible care and support services. The aim of the scheme is to provide supported living so that people have the opportunity to live in their own self-contained property whilst having on site access to care and housing related support in accordance with assessed needs. This identified the following key issues:

- There was a lack of clearly defined and assigned roles and responsibilities. Specifically overall contract management responsibility had not been assigned for VSH contracts. In addition governance arrangements had not been clearly defined and established.
- VSH contracts had not been reviewed since they were established in 2012, in accordance with contract terms and conditions / service specifications.
- There was a lack of effective contract monitoring and reporting arrangements in relation to VSH.
- Effective monitoring of voids was not undertaken even though a number of the schemes frequently failed to fill all their 'block' places, resulting in the Council paying for vacant VSH places.
- Adequate procedures had not been established to ensure there was an effective challenge when VSH providers refuse client referrals.
- Regular financial monitoring was not undertaken against contract values to ensure that value for money was being received and the contract was being delivered within budget.

All of the recommendations arising from our work have been agreed with management for implementation by 30 April 2015.

Treatment of VAT on Certificate Payments

An audit review of the treatment of VAT on contractor certificate payments was undertaken as a result of a potential non-compliance issue. Certificate payments are typically made against large contracts on the basis of a professional valuation of works undertaken to date. Currently some payments are made inclusive of VAT (i.e. gross) on the basis of a valuation certificate via the current no-invoice payment mechanism, without having received a VAT invoice. Consequently, the VAT paid is also reclaimed prior to the receipt of a VAT invoice. This is not in accordance with HMRC rules. In total three 'amber' rated issues were identified as follows:

- Not complying with HMRC Rules regarding making certificate payments inclusive of VAT and reclaiming VAT without receipt of a VAT Invoice.
- Not obtaining and retaining VAT invoices as supporting evidence for payments made.
- A lack of monitoring to ensure payments are made in accordance with HMRC Rules.

Our recommendations were agreed with management for immediate implementation.

Performance Appraisal Scheme

Our full report was presented at the last meeting of the Audit Committee. Since that time, the Council has taken steps to increase the number of appraisals undertaken. Regular data on performance is now being tracked through a number of Councillor and officer routes.

Agresso

The implementation of Agresso continues to be one of the major focusses of our work, and during the second quarter of 2014/15 we undertook the following activities:

- On-going representation on the FutureWorks Board - providing assurance to the Board and the Audit Committee at various stages of the programme.
- Working with the Payroll team to undertake and review payroll reconciliations in support of the payment of the Council and Wolverhampton Homes payrolls from Agresso.
- Continuing to provide significant internal audit resources to assist the Hub in clearing the backlog of invoices for payment.
- Focusing particular attention on the payments processes, specifically where arrangements have been made to facilitate payments outside normal processes and in monitoring duplicate payments.
- Undertaking a piece of work designed to provide assurance in respect of the benefits realisation process.
- Providing extensive and on-going general advice and support in respect of the project.

In addition to the above, we intend to undertake full end to end audit reviews of all key systems, in order that we are able to provide assurance in respect of the implementation of Agresso.

The extent of our role in the implementation of Agresso, will in all likelihood impact upon our ability to complete a number of planned audits within the current year. However, we will continue to review our planned audit capacity in line with the changing risk profile of the Council, and audit resource will continue to be targeted towards the higher risk areas.

Managed Audits

Managed audits are the work we do on the Council's key financial systems and incorporate the requirements of the external auditors (PwC), in order that they can place reliance on our work and thereby reduce their own year-end testing accordingly. All 2013/14 managed audits work was completed to the satisfaction of PwC. The 2014/15 programme of managed audits has now commenced and will be completed in the coming months.

The follow up of previous recommendations

In quarters 3 and 4, we intend to commence our follow up work on key recommendations made as part of the limited assurance reports we issued in 2013/14. Progress on which will be reported at future Audit Committee meetings.

Counter Fraud Activities

We have continued to investigate all allegations of suspected fraudulent activity, during the year, Details of these have been presented to, and monitored through the work of the Audit Committee's Investigations Sub-Committee, along with details of a number of new initiatives put in place in order to tackle fraud across the Council.



Audit Committee

15 December 2014

Report title	Payment Transparency	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Accountable director	Mark Taylor	
Originating service	Audit	
Accountable employee(s)	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendations for noting:

The Committee is asked to note:

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:

- Following the introduction of Agresso, the Council now publishes its own spend data, instead of using a third party.
- The data is available on the Council's internet site under Transparency and Accountability (payments to suppliers) and will be updated monthly.
- In addition to the spend for 2014 to date, the site also includes spend for the financial years from 2011 to 2014.
- However, towards the end of November there were some technical issues with the site, and the information was not readily available to members of the public. At the time of this report, IT were liaising with the software company in order to rectify this.
- Since last reported to the Audit Committee in September 2014, there have been no requests for information from the public (as an 'armchair auditor') via the mailbox available on the Council's website.

3.0 Progress, options, discussion

3.1 We will report back to the next Audit 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 recommendations in this report.
[CN/04122014/Q]

5.0 Legal implications

5.1 There are no legal implications arising from the recommendations in this report.
(TS/01122014/X)

6.0 Equalities implications

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

7.0 Environmental implications

7.1 There are no 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 implications in this report.

10.0 Schedule of background papers - None

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Audit Committee

15 December 2014

Report title	Review of Fraud Related Policies and Procedures	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Accountable director	Mark Taylor	
Originating service	Audit	
Accountable employee(s)	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendations for noting:

The Committee is asked to note:

The review of the Council's fraud related policies and procedures:

- Whistleblowing policy and procedure
- Anti-fraud and corruption policy and procedure
- Anti-money laundering policy and procedure
- Raising fraud awareness guide

1.0 Purpose

1.1 This report updates the Committee on the recent review of the Council's fraud related policies.

2.0 Background

2.1 The fraud related policies were updated, reviewed and approved by the Audit Committee in March 2014. This latest review brings their annual review, back in line with the scheduled Audit Committee Work Programme.

There have been no significant changes since they were last reviewed, with only minor alterations regarding contact details being required.

The documents are as follows:

- Appendix A – Whistleblowing policy and procedure
- Appendix B – Anti-fraud and corruption policy and procedure
- Appendix C – Anti-money laundering policy and procedure
- Appendix D – Raising fraud awareness guide

3.0 Progress, options, discussion, etc.

3.1 These policies and procedures will be reviewed on an annual basis by the Committee.

4.0 Financial implications

4.1 There are no financial implications arising from the recommendations in this report.
(GE/2611/2014/A)

5.0 Legal implications

5.1 There are no legal implications arising from the recommendations in this report.
(RB/28112014/R)

6.0 Equalities implications

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

7.0 Environmental implications

7.1 There are no 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 Schedule of background papers - None

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Whistleblowing

Policy and Procedure

Policy statement

Every employer faces the risk that something will go badly wrong in their organisation and ought to welcome the opportunity to address it as early as possible. Whenever such a situation arises the first people to know of such a risk will usually be employees yet while these are the people best placed to speak up before damage is done, they often fear they have the most to lose if they do (otherwise known as “whistleblowing”). They may also feel that speaking up would be disloyal to their colleagues or to the Council and they may fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.

The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment we actively encourage employees, and others that we deal with, who have serious concerns about any aspect of the Council’s work to come forward and voice those concerns.

This document makes it clear that you can raise concerns without fear of victimisation, subsequent discrimination or disadvantage. This whistleblowing policy and procedure is intended to encourage and enable employees to raise serious concerns within the Council rather than overlooking a problem.

Whistleblowing is the popular term used when someone who works in an organisation raises a concern that could threaten customers, colleagues, the public or the organisation’s own reputation. As an early warning system, whistleblowing can help alert employers to risks such as:

- a danger in the workplace;
- fraud in, or by the organisation;
- offering, taking or soliciting bribes;
- damage to the environment;
- failure to comply with appropriate professional standards;
- gross waste or mismanagement of funds;
- serious misuse or abuse of authority;
- misreporting performance data; or
- neglect of people in care.

Whistleblowing concerns as distinct from grievances

Whistleblowing is where an employee has a concern about danger or illegality that has a public interest aspect to it. A grievance or private complaint is, by contrast, a dispute about the employee’s own employment position and has no additional public interest dimension.

Therefore, any issues surrounding an employees’ own contracts of employment, bullying or harassment, should be raised under the existing Council policies for these issues (copies of which can be obtained on the Council’s intranet site). Where issues involve potential cases of fraud, bribery or corruption, employees should also refer to the Council’s anti-fraud and corruption policy and procedure.

Aims of this policy and procedure

The aims of the whistleblowing policy and procedure are as follows:

- To encourage employees to feel confident about raising concerns and to question and act on those concerns.
- To provide ways for employees to receive feedback where appropriate on any action taken as a result.
- To reassure employees that if they raise concerns in the public interest and reasonably believe them to be true (*known as a public interest disclosure), the Council will not tolerate any reprisal against an employee because they have raised a concern under the policy, and will treat any such reprisal as a disciplinary matter which might lead to dismissal. However, this assurance is not extended to those who maliciously raise a concern that they know is false, which is also considered a disciplinary matter.
- To ensure that employees are aware of the options available to them if they are dissatisfied with the Council's response.

* No agreement made before, during or after employment, between an employee and the Council will preclude that employee from making a public interest disclosure.

Who is covered by the policy and procedure?

The Council's whistleblowing policy and procedure applies equally to employees, Councillors, job applicants, volunteers, agency workers and Council contractors, suppliers and partners.

Raising a concern

While it is hoped this policy and procedure will reassure employees to raise concerns internally, the Council accepts that employees can safely contact an appropriate external body. Therefore, you may wish to, or benefit from, talking the matter through in confidence with such an external body. If so, independent and confidential advice is available through the organisation Public Concern at Work, who can be contacted as follows:

Public Concern at Work

3rd Floor
Bank Chambers
6 -10 Borough High Street
London
SE1 9QQ
(Tel: 020 7404 6609)
(www.pcaw.org.uk)



Public Concern at Work is a whistleblowing charity that aims to protect society by encouraging workplace whistleblowing. They operate a free, confidential advice line for workers with whistleblowing dilemmas.

If you decide to go ahead with raising a whistleblowing concern, the Council hopes that you will feel able to raise it with your line manager. Where you do not feel that is an option or a sensible course (for example because the issue may involve your manager), or if the concern has been raised locally but remains unaddressed, the concern can be safely raised at a higher level by using the Council's confidential whistleblowing hotline:



Whistleblowing hotline: (01902) 550550

(24 hours a day, 7 days a week, answerphone out of office hours)

Alternately, concerns can be raised directly with the following officers:

Peter Farrow - Head of Audit Services

Tel: (01902) 554460

e-mail: peter.farrow@wolverhampton.gov.uk

Kevin O’Keefe – Director of Governance/Monitoring Officer

Tel: (01902) 554910

e-mail: kevin.o’keefe@wolverhampton.gov.uk

This policy and procedure is intended to provide you with an avenue within the Council to raise concerns. The Council hopes you will be satisfied with any action taken. If you are not, and if you feel it is right to take the matter outside the Council, the following may be useful contact points:

Public Concern at Work (contact details above)

The Council’s external auditors:

PricewaterhouseCoopers (PwC)

Cornwall Court

19 Cornwall Street

Birmingham

B3 2DT

(Tel: 0121 265 5000)

Whilst anonymous allegations will be assessed and action taken where appropriate, it is much more difficult to properly investigate matters raised anonymously. The whistleblowing policy and procedure is designed to protect anyone raising concerns and individuals utilising the provisions of the policy are encouraged to identify themselves. Obviously, feedback relating to any investigation which has been undertaken can only be provided where contact details are known.

How will the Council respond?

Where a concern is raised, whether formally under the policy or not, the manager will listen carefully, avoid pre-judging the issue and decide whether it should be dealt with under the whistleblowing policy.

Some concerns may be more suitable to be investigated and dealt with by managers through alternative Council procedures such as the disciplinary or grievance processes. Also, concerns or allegations which fall within the scope of other specific procedures (for example, child protection issues) will normally be referred for consideration under those procedures.

Where it is decided that it is a whistleblowing concern, and in all cases where a concern is raised formally (by invoking the policy), the manager should notify the head of audit services. A decision will then be taken between both parties, as to the most appropriate way, dependent upon how serious and urgent the risk is, in which way the concern can be investigated, for example an audit services investigation, other internal investigation, referral to the police or other external organisation.

You will be told how and by whom your concern will be handled, and be given an estimate of how long any investigation will take.

If you would like an update or feedback following the raising of your concern, you will be told, where appropriate the outcome of the investigation. However, due to the legal obligations of confidentiality the Council owes other employees, it might not be able to freely provide feedback on the outcome of any disciplinary action taken against another employee.

The Council will respect confidentiality and your identity will be kept confidential if you request, unless disclosure is required by law. However, the Council cannot guarantee that others may not try to deduce (correctly or otherwise) your identity. If you are wrongly identified as having raised a concern, the protection offered to whistleblowers within the policy, will also apply to you.

Reporting

The Head of Audit Services will maintain a record of all key details of concerns raised under the whistleblowing policy and procedure and will report on whistleblowing concerns and their outcomes, as necessary to the Audit (Monitoring of Audit Investigations) Sub-Committee in accordance with the principles on confidentiality.

In the event that a member of the Audit Sub-Committee is dissatisfied with any aspect of how the concern has been dealt with, the matter will be referred back to the main Audit Committee or the Council's external auditors.

An annual report summarising activity undertaken under the Council's whistleblowing policy and procedure will also be submitted to the Audit Committee. This report will include:

- a record of the number and types of concerns raised and the outcomes of investigations;
- feedback from individuals who have used the arrangements;
- any complaints of victimisation;
- any complaints of failures to maintain confidentiality;
- a review of other existing reporting mechanisms, such as fraud, incident reporting or health and safety;
- a review of other adverse incidents that could have been identified by staff (e.g. complaints, publicity or wrongdoing identified by third parties);
- a review of any relevant litigation; and
- a review of staff awareness, trust and confidence in the arrangements.

Review of the whistleblowing policy and procedure

The Council's whistleblowing policy and procedure will be reviewed on an annual basis by the Head of Audit Services and the Audit Committee to ensure that it remains up to date, fit for purpose and represents generally accepted good practice.

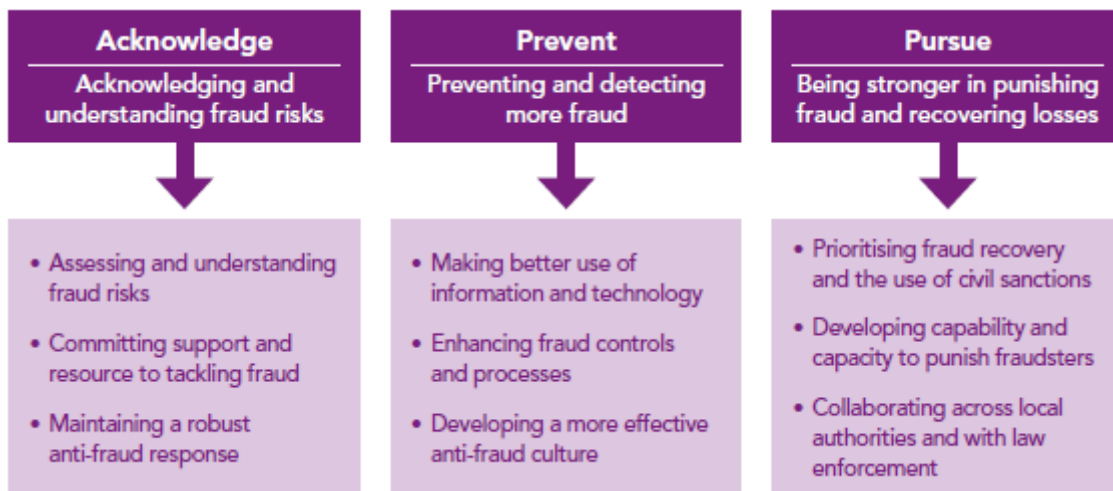
Anti- Fraud and Corruption Policy and Procedure

Policy Statement

Wolverhampton City Council is committed to creating and maintaining an environment where fraud, corruption and bribery will not be tolerated. 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. Where appropriate arrangements will be made to ensure that such cases receive maximum publicity to deter potential fraudsters.

Links to the Council’s corporate plan themes and aims

One of the Council’s key corporate plan themes is to be a confident, capable Council. This is underpinned by a series of aims including improving value for money across all services and improving governance arrangements and internal controls. In order to achieve these aims it is important that a zero tolerance to fraud stance is taken, and the threat of fraud is acknowledged, any fraudulent practises are prevented, and where perpetrated are detected, investigated and wherever possible any loss of monies is recovered. These are the goals and intended outcomes of this Policy, and are based around those of the what was the National Fraud Authority’s ‘Fighting Fraud Locally Strategy’ of “Acknowledge”, “Prevent” and “Pursue”:



1. Introduction

The public are entitled to expect the Council to carry out its business with integrity, honesty and openness and to demand the highest standards of conduct from those working for it. This policy and procedure outlines the Council’s commitment to creating an anti-fraud culture and maintaining high professional and ethical standards.

What is Fraud?

For the Council’s purpose fraud can be defined as the intentional distortion of financial statements or other records by persons internal or external to the Council which is carried out to conceal the misappropriation of assets or otherwise for gain (this covers theft, false accounting, bribery and corruption, deception, collusion, money laundering and identity theft). Examples of fraudulent activities include:

- The offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the authority, its members or officers
- Destroying, defacing, concealing or falsifying any account, record or document required for an accounting purpose, with a view to personal gain or gain for another (including falsifying expenses claims and time records)
- Theft of cash and Council assets/property

Consequences of Fraud

Where there are any incidents of fraud within the council, it carries several negative effects, not only for the Council, but also for the council's partners, the public and Council employees. Negative effects include adverse publicity, loss of assets (anything from time to money), loss of morale, reduced performance and loss of trust.

Culture

The Council is committed to enhancing and actively promoting an anti-fraud and corruption culture where employees and the public can feel comfortable in voicing their concerns.

2. Responsibility

Who has responsibility for the detection of fraud, corruption and bribery within the Council?

Everyone has a responsibility for identifying and reporting any suspected instances of fraud, corruption and bribery to their line manager or, if required, direct to the Director of Finance (Section 151 Officer) or Audit Services.

Employees

Employees are often the first line of defence in preventing fraud and are an integral part in quickly identifying fraud, corruption and bribery. All employees of the Council should be aware of their role and responsibilities as well as the policies/rules that they need to comply with, and the Council encourages any employee who suspects any irregularity to report it initially to their line manager, the Director of Finance (Section 151 Officer) or the Head of Audit as necessary.

Senior officers

It is the responsibility of each senior officer to establish the internal control regime for their service areas and to ensure that all activities carried out are efficient, effective and well ordered. The systems in place should ensure that if there is a breach it is promptly identified and the necessary action taken to minimise any potential loss. Senior officers should also foster an environment where employees can feel able to approach them with any concerns regarding suspected irregularities. Any such suspected irregularities brought to their attention, should be reported to the Director of Finance or the Head of Audit.

Director of Finance (Section 151 Officer)

The Director of Finance has a statutory responsibility under Section 151 of the local government act to ensure that proper arrangements are made for the council's financial affairs. Therefore, all frauds have to be reported to the S151 Officer, or their nominated officer (generally the head of audit).

Head of Audit

In accordance with the local government act the Council maintains an internal audit function, known as Audit Services. It is the responsibility of Audit Services to investigate any instances of possible fraud, corruption and bribery being perpetrated against the Council.

The Head of Audit also has responsibility for administering the Council's whistleblowing policy and procedure. Therefore, all incidents of whistleblowing, including those made anonymously, shall be reported or passed on, to the Head of Audit.

Councillors

Councillors have a responsibility as the duly elected representatives of Wolverhampton for ensuring that the assets and resources of the Council are protected from all forms of abuse (including fraud, corruption and bribery).

External audit

Independent external audit is an essential safeguard of the stewardship of public money. Part of the role of external audit is to appraise the arrangements made by the Council to prevent and detect fraud, corruption and bribery.

Suppliers, contractors and external organisations

The Council expects all of its partners that it deals with to act with honesty and integrity. The Council will similarly act at all times on the same basis.

Other related documents

This document is not to be seen as the council's sole document in relation to fraud, corruption and bribery, as such the following documents/processes have also been introduced by the Council to promote an anti fraud and corruption culture:

- Fraud awareness guide
- Financial procedure rules
- Contracts procedure rules
- Whistleblowing policy and procedure
- Anti-money laundering policy
- Fraud awareness training
- Disciplinary procedures
- Code of conduct for councillors
- Code of conduct for employees
- Clear and robust recruitment procedures
- Clear lines of responsibility and accountability

The Bribery Act 2010

The Bribery Act defines bribery as "giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so". There are four key offences under the act:

- the giving or offering of a bribe
- the request for, or acceptance of a bribe
- bribing a foreign public official
- a corporate offence of failing to prevent bribery.

The act supports the council's principle of free and fair competition in contracting and procurement.

Anyone who, in the course of Council business, becomes aware that a bribe has been requested, offered, given or accepted should report their suspicions promptly, in accordance with the processes set out in this document.

Facilitation payments are considered bribes (payments to induce officials to perform routine functions they are otherwise obligated to perform).

Genuine hospitality or similar business expenditure that is reasonable and proportionate is allowable by the act and the codes of conduct for councillors and employees, details what is acceptable.

The penalties of committing an offence under the bribery act are up to 10 years imprisonment and an unlimited fine.

Training

The Council recognises that for a successful anti-fraud and corruption culture to be effective, suitable training should be available to all employees, and this will be provided through a variety of methods including seminars, on-line training and the production of helpful guides.

3. Investigations

Where someone knows, or suspects, that an irregularity or an instance of fraud, corruption or bribery is occurring, they should report it to their immediate line manager, or failing this the Director of Finance (Section 151 Officer), in effect this is passed on to the head of audit. Audit services shall, dependent upon the issue, prepare a response plan, carry out an investigation and report back appropriately.

Each allegation and their subsequent outcome shall also be reported by audit services to the Audit Investigations Sub-Committee. In the event that a member of the Audit Sub-Committee is dissatisfied with any aspect of how the concern has been dealt with, the matter will be referred back to the main Audit Committee or the council's external auditors.

Referrals to the Police

Decisions to refer a fraud, corruption or irregularity matter to the police will normally be taken by the Director of Finance or their nominee. Notwithstanding any action taken by the police, the Council is committed to recovering any losses incurred as a result of fraudulent activity wherever possible. This may include pursuing a civil action through the courts where this is deemed to be an appropriate course of action.

4. Conclusions

The Council maintains systems, procedures and guidelines that assist in the minimisation of fraud and corruption and will carry out a full investigation of any issues that arise. Such arrangements are regularly reviewed to ensure they are operating effectively and efficiently.

The Council, will wherever possible, publicise its continual commitment to establishing an anti-fraud and corruption culture.

This policy will be reviewed on an annual basis by the Head of Audit Services and the Audit Committee to ensure that it remains up to date, fit for purpose and represents generally accepted good practice.

Useful contact details

Anyone who has any concerns regarding the possibility of fraud, corruption or bribery taking place can contact the following:



Fraud Hotline: (01902) 550550

(24 hours a day, 7 days a week, answerphone out of office hours)

Peter Farrow - Head of Audit Services

Tel: (01902) 554460

e-mail: peter.farrow@wolverhampton.gov.uk

Mark Taylor – Director of Finance (S151 Officer)

Tel: (01902) 556609

e-mail: mark.taylor@wolverhampton.gov.uk

Kevin O’Keefe – Director of Governance/Monitoring Officer

Tel: (01902) 554910

e-mail: kevin.o’keefe@wolverhampton.gov.uk

The Council’s external auditors:

PricewaterhouseCoopers (PwC)

Cornwall Court

19 Cornwall Street

Birmingham

B3 2DT

(Tel: 0121 265 5000)

Public Concern at Work

3rd Floor

Bank Chambers

6 -10 Borough High Street

London

SE1 9QQ

(Tel: 020 7404 6609)

www.pcaw.org.uk

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Anti-Money Laundering Policy and Procedure

Introduction

Money laundering is any process whereby funds derived from criminal activity are given the appearance of being legitimate. The Council must be alert to the possibility that attempts could be made to utilise funds obtained from criminal activity to pay for Council services.

The Council is committed to preventing money laundering by having anti-money laundering systems in place to establish the legitimacy of the sources of income.

This Anti-Money Laundering Policy makes it clear that it is extremely important that all employees are familiar with:

- the legal responsibilities;
- the serious criminal sanctions that may be imposed for breaches of the money laundering legislation;
- the need to be vigilant and take appropriate steps to reduce the opportunities for breaches of the Money Laundering Regulations 2007 (the Regulations);
- The key requirement to promptly report (disclose) any suspected money laundering activity to the Money Laundering Reporting Officer.

Legal requirements

The regulations set out detailed requirements for the Council to establish procedures to prevent its services being utilised for the purposes of money laundering. In addition, to adherence with the Regulations the Council must also comply with the Terrorism Act 2000 which makes it illegal to financially support money laundering for the purposes of terrorism. The Proceeds of Crime Act (POCA) 2002 further defines the offences of money laundering, creates mechanisms for investigating and recovering the proceeds of crime as well as placing an obligation on the Council and its employees to report suspected money laundering activities.

What is money laundering?

Money laundering is any process which is intended to use, control, hide or disguise monies or property which are the proceeds of 'crime'. The primary money laundering offences are:

- concealing, disguising, converting, transferring or removing criminal property from the UK (section 327 of POCA);
- entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328 of POCA);
- acquiring, using or possessing criminal property (section 329 of POCA);
- becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (section 18 of the Terrorist Act 2000).

There are also two secondary offences:

- failure to disclose any of the three primary offences;
- tipping off the people suspected of being involved in money laundering, in such a way as to reduce the likelihood of them being investigated or prejudicing an investigation.

Which service areas are affected by money laundering?

The Money Laundering legislation defines 'regulated activity' as the provision 'by way of business' of advice about tax affairs, accounting services, treasury management, investment or other financial services, audit services, legal services, estate agency, services involving the formation, operation or arrangement of a company or trust or, dealing in goods wherever a transaction involves a payment of €15,000 (approx. £12,500) or more.

To help prevent money laundering, cash payments (including notes, coin or travellers cheques in any currency) above £5,000 will not be accepted for any Council service.

Establishing the identity of a customer (due diligence)

Where the Council is carrying out certain 'regulated activities', extra care is required to confirm the identity of the customer. Documents, data or information obtained from reliable and independent sources should be checked – this is known as carrying out customer due diligence.

However, if the answer to any of the following three questions is no then there is no need to carry out customer due diligence.

- Is the service a regulated activity?
- Is the Council charging for the service?
- Is the service being provided to a customer other than a UK public authority?

If the answer to all questions is yes then customer due diligence must be carried out before any business is undertaken with the customer. If there is uncertainty whether customer due diligence is required then advice must be obtained from the Money Laundering Reporting Officer.

Due diligence can be used to evidence a customer's identity by, for example:

- checking with the customer's website to confirm their business address
- conducting an on-line search via Companies House to confirm the nature and business of the customer and confirm the identities of any directors
- Conducting personal identity checks for example, requesting that the customer provide their current passport/driving licence, birth certificates

In certain circumstances enhanced customer due diligence must be carried out, for example, where:

- the customer has not been physically present for identification
- the customer is a politically exposed person
- there is a beneficial owner who is not the customer – a beneficial owner is any individual who holds more than 25% of the shares, voting rights or interest in a company, partnership or trust.

If it is believed that enhanced customer due diligence is required then the Money Laundering Reporting Officer should be consulted prior to carrying it out. Customer due diligence should be completed for all relevant new customers and for existing customers, during the life of a business relationship, proportionate to the risk of money laundering and terrorist funding.

If, at any time, it is suspected that a client or customer for whom the Council is currently, or is planning to carry out a regulated activity with, is involved in money laundering activities, terrorist financing, or has lied about their identity then this must be reported to the Money Laundering Reporting Officer.

Reporting suspected cases of Money Laundering

Where an employee or Councillor knows or suspects that money laundering activity is taking/has taken place, or becomes concerned that their involvement in a matter may amount to a prohibited act under sections 327 to 329 of POCA, they must disclose this without delay or as soon as reasonably practicable to the Money Laundering Reporting Officer. Failure to report such activity may render the employee subject to prosecution and/or disciplinary action in accordance with the Council's disciplinary policy. The procedure for disclosure is:

- to complete a 'Disclosure Report to the Money Laundering Reporting Officer' (using a standard form) to include as much detail as possible e.g. name, date of birth, address, company names, directorships, phone numbers, nature of the activity etc;

The Council has appointed the following employee as the Money Laundering Reporting Officer (MLRO):

Peter Farrow - Head of Audit Services

Tel: (01902) 554460

e-mail: peter.farrow@wolverhampton.gov.uk

In the absence of the MLRO listed above, the following employee is authorised to deputise:

Richard Morgan, Senior Audit Manager

Tel: (01902) 555612

e-mail: richard.morgan@wolverhampton.gov.uk

Further advice on money laundering matters can also be obtained from:

Mark Taylor – Director, Finance (S151 Officer)

Tel: (01902) 556609

e-mail: mark.taylor@wolverhampton.gov.uk

Kevin O'Keefe – Director of Governance/Monitoring Officer

Tel: (01902) 554910

e-mail: kevin.o'keefe@wolverhampton.gov.uk

Investigating and Reporting Money Laundering

How will the Money Laundering Reporting Officer investigate a disclosure?

The Money Laundering Reporting Officer will:

- acknowledge receipt of the disclosure report;
- assess the information provided to make a judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering activities and;
- prepare a Suspicious Activity Report (SAR) to the National Crime Agency (NCA), where appropriate;
- The employee or Councillor must follow any directions given by the Money Laundering Reporting Officer
- The employee or councillor must cease all involvement in the transaction (not make any further enquiries into the matter themselves) unless or until consent is provided by the NCA.
- The employee or Councillor must specify in the disclosure report if such consent is required to comply with any transaction deadlines.

- Any necessary investigation will be undertaken by the NCA. Employees and Councillors will be required to co-operate with any subsequent money laundering investigation.
- At no time and under no circumstances should the employee or Councillor voice any suspicions to the person(s) suspected of money laundering, even if the NCA has given consent to a particular transaction proceeding, without the specific consent of the Money Laundering Reporting Officer, otherwise a criminal offence of “tipping off” may be committed.
- Where the Money Laundering Reporting Officer concludes that there are no reasonable grounds to suspect money laundering then they shall mark the disclosure report accordingly and give their consent for any ongoing or imminent transaction(s) to proceed.
- All in-house disclosure reports and NCA Suspicious Activity Reports will be retained for a minimum of five years after the business relationship ends or an occasional transaction is completed.

Record Keeping

Each area of the Council which conducts relevant business must maintain suitable records of any completed due diligence checks and details of relevant transactions must be maintained for at least five years. This provides an audit trail and evidence for any subsequent investigation into money laundering, for example, distinguishing the client and the relevant transaction and recording in what form any funds were received or paid. In practice, the business units of the Council will be routinely making records of work carried out for clients in the course of normal business and these should suffice in this regard.

Review of the Money Laundering Policy

The Money Laundering Policy will be reviewed on an annual basis by the Head of Audit Services to ensure that it remains up to date, fit for purpose and represents generally acceptable good practice.

Raising Fraud Awareness

– a guide for employees and managers

Anti-Fraud and Corruption Policy Statement

Wolverhampton City Council is committed to creating and maintaining an environment where fraud, corruption and bribery will not be tolerated. 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. Where appropriate arrangements will be made to ensure that the case receives maximum publicity to deter potential fraudsters.

Why you should read this

All public sector organisations are at risk of, or affected by, fraudulent or corrupt activity. Everyone has a key role to play in deterring and tackling such abuse, as this guide explains. Apart from costing all of us as taxpayers millions of pounds each year, the reasons you should not ignore fraud and corruption are that it:

- demoralises honest colleagues
- strengthens bullies and incompetents
- encourages others to behave in the same way
- diverts precious resources from those who need it
- undermines public and political confidence in public services
- makes your job harder

What is fraud?

For the Council's purpose fraud can be defined as the intentional distortion of financial statements or other records by persons internal or external to the Council which is carried out to conceal the misappropriation of assets or otherwise for gain (this covers theft, false accounting, bribery and corruption, deception, collusion, money laundering and identity theft). Examples of fraudulent activities include:

- The offering, giving, soliciting or acceptance of an inducement or reward that may influence the actions taken by the authority, its members or officers
- Destroying, defacing, concealing or falsifying any account, record or document required for an accounting purpose, with a view to personal gain or gain for another (including falsifying expenses claims and time records)
- Theft of cash and Council assets/property

How fraud occurs

At least one of the four following basic elements, are usually found to be present when fraud occurs:

- people are involved - they may be people or groups working inside or outside the Council
- assets are at risk
- intent/motive to commit the fraud is present
- opportunity

Managers have a responsibility to ensure that the opportunities for fraud are minimised. While some people would never contemplate fraud, others may if they thought they could get away with it. A high chance of being caught will deter them. Opportunities to commit fraud will be

reduced by ensuring that a sound system of internal control has been established and that it is functioning as intended.

Example indicators of potential fraud in systems

To spot fraud indicators in individual areas or activities it is important that accepted practices have been established for the area or activity under review - the following are examples of possible fraud indicators in a number of areas:

- secretiveness or defensiveness
- when an employee is on leave, the work is left until they return
- annual leave not taken
- regular long hours working
- high staff turnover rates in key controlling functions
- understaffing in key control areas
- low staff morale/lack of career progression/weak management
- lack of rotation of duties
- inadequate or no segregation of duties
- an employee's lifestyle is more affluent than would be expected from their employment
- excessive variations to budgets or contracts
- bank and ledger reconciliations are not maintained or cannot be balanced
- excessive movements of cash or transactions between accounts
- numerous adjustments or exceptions
- key documents missing (e.g. invoices, contracts)
- absence of controls and audit trails
- inadequate monitoring to ensure that controls work as intended (periodic testing and evaluation)
- consistent failures to correct major weaknesses in internal control
- documentation that is photocopied or lacking essential information
- duplicate payments
- 'ghost' employees on the payroll
- large payments to individuals
- lack of senior management oversight
- PO boxes as shipping addresses
- defining needs in ways that can be met only by specific contractors

Some do's and don't's for managers who suspect fraud

do be open to staff concerns. We need to encourage staff to voice any genuine concerns. You should reassure staff that if they raise concerns with you that are in the public interest, they will be protected from victimisation or reprisal. If someone wishes to discuss a concern in confidence you should respect it, but tell them that there may be circumstances (for instance, where their evidence is needed in court) where the matter cannot be resolved unless their identity is revealed.

do note details. Get as much information as possible from the employee. If he or she has made notes, ask for a copy of these. In addition, note any documentary evidence that may exist to support the concern, but do not interfere with this evidence in any way.

do evaluate the information objectively - Before you take the matter further, you need to determine whether any suspicions appear justified. Be objective when evaluating it. Consider the facts as they appear, based on the information you have to hand.

do deal with the matter promptly. The sooner the problem is detected the sooner any damage

caused can be repaired.

don't approach or accuse any individuals directly. If the concern seems credible, don't accidentally tip-off a fraudster in case incriminating evidence could be destroyed.

don't convey the concern to anyone other than someone with the proper authority. We have appointed and trained designated individuals able to deal with and help guide you on fraud matters.

don't try to investigate the matter yourself. If the concern seems credible don't rush into investigating the matter yourself. Pass it on or discuss it as soon as possible with the person or body who has been given that responsibility.

Some do's and don't's for employees who suspect fraud

do raise the matter. The sooner the problem is raised and looked into, the sooner any wrongdoing can be stopped and the sooner you, and others can be reassured things are in order.

do pass on any reasonable suspicion to someone in authority.

do remember key details. If possible, make a note of key details, such as what caused your suspicion, when things happened and who was involved.

don't ignore it. If you are worried that some wrongdoing is happening at work, please don't keep it to yourself.

don't investigate the matter. You may make matters worse if you do. It's your job to raise the concern, not to prove it.

don't report your suspicions to someone who doesn't have proper authority. There are special rules surrounding the gathering of evidence for use particularly in criminal cases. Attempts to gather evidence by people who are unfamiliar with these rules can inadvertently destroy the case.

don't delay. As you won't be asked to prove your concern, raise it when it's a concern. Don't wait for proof.

Investigating suspected fraud

Audit Services normally investigate cases of suspected fraud as investigations must be well managed and carried out by staff trained in handling fraud and corruption investigations in order to result in the right outcome. There are special rules surrounding the gathering of evidence for use in criminal cases and any attempt to gather evidence by people who are unfamiliar with these rules may adversely affect the outcome of the case.

Your primary responsibility is to report the issue and all associated facts promptly and accurately to an appropriate person. You should then be prepared to co-operate as instructed in any subsequent investigation.

Useful contact details

Anyone who has any concerns regarding the possibility of fraud, corruption or bribery taking place can contact the following:



Fraud Hotline: (01902) 550550

(24 hours a day, 7 days a week, answerphone out of office hours)

Peter Farrow - Head of Audit Services

Tel: (01902) 554460

e-mail: peter.farrow@wolverhampton.gov.uk

Mark Taylor – Director of Finance (S151 Officer)

Tel: (01902) 556609

e-mail: mark.taylor@wolverhampton.gov.uk

Kevin O’Keefe – Director of Governance/Monitoring Officer

Tel: (01902) 554910

e-mail: kevin.o’keefe@wolverhampton.gov.uk

The Council’s external auditors:

PricewaterhouseCoopers (PwC)

Cornwall Court

19 Cornwall Street

Birmingham

B3 2DT

(Tel: 0121 265 5000)

Public Concern at Work

3rd Floor

Bank Chambers

6 -10 Borough High Street

London

SE1 9QQ

(Tel: 020 7404 6609)

www.pcaw.org.uk



Audit Committee

15 December 2014

Report title	Benefit Fraud Sanctions 2013/14	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Accountable director	Mark Taylor	
Originating service	Audit	
Accountable employee(s)	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
	Mark James Tel Email	Benefit Fraud Manager 01902 554859 mark.james@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendations for noting:
The Committee is asked to note:

The final position as at 31 March 2014 of the sanction results for the Benefit Fraud Investigation team.

1.0 Purpose

1.1 The purpose of this report is to update Councillors in accordance with the number of sanctions undertaken during 2013/14.

2.0 Background

2.1 The sanction policy reflects Department for Work and Pensions (DWP) legislation and guidance as interpreted by benefits staff and authorised by Councillors.

2.2 There are three sanction types considered for benefit fraud offences in addition to the action taken to recover any overpaid benefit.

- Local authority caution – These are offered to offenders as an alternative to prosecution. If a caution is refused, prosecution is always considered. This sanction is typically given for smaller offences committed by first time offenders who have cooperated in the investigation.
- Administrative penalty – These are also offered to offenders as an alternative to prosecution. Offenders are asked to pay a fine of 30% or 50% of the overpayment on top of the recovery. Offenders have 14 or 28 days to consider the offer, and prosecution is always considered if the offer is refused.
- Prosecution – This strongest sanction is administered by Legal Services or those at DWP and then the Courts service with the great majority heard by Magistrates. This sanction typically applies to larger offences or a very small number committed by repeat offenders. This deterrent includes a criminal record for those found guilty.

3.0 Details of Sanctions 2013/14

3.1 The following table shows a breakdown of the number of sanctions applied during the year, broken down by the type of sanction as described above.

	Caution	Administrative Penalty	Prosecution	Total
WCC	6	8	9	23
Joint with DWP	0	10	44	54
Total	6	18	53	77

3.2 A significant proportion of the 77 sanctions last year resulted in a prosecution (53). This was mainly due to the high value of the overpayments. Large overpayments also usually reflect longer periods of fraud, which can demonstrate a determined failure to apply for benefit truthfully, or to report changes in circumstances promptly.

3.3 In addition to overpayment recovery action, the most common sentences were community punishment orders - unpaid work in the community, totaling 1350 hours. There were also seven curfew orders (restricting people to their home during the evening and night time) one person sentenced to prison for 18 months and a further eleven people with prison sentences of 3 weeks to 12 months suspended for between 12 and 24 months.

4.0 Financial implications

4.1 The value of benefit overpayments subject to sanctions in 2013/14 is identified in the table below:

	Housing Benefit £000	Council Tax Reduction £000	Total £000
Cautions	2	0	2
Administrative Penalties	12	6	18
Prosecutions	227	57	284
Total	241	63	304

4.2 Appropriate action is taken to recover these overpayments wherever possible. [GE/28112014/J]

5.0 Legal implications

5.1 There are no legal implications arising from this report (KO/27112014/D)

6.0 Equalities implications

6.1 There are no equalities implications arising from this report.

7.0 Environmental implications

7.1 There are no 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 Schedule of background papers - None



Audit Committee

15 December 2014

Report title	Budget Update and Review	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Wards affected	All	
Accountable director	Keith Ireland, Managing Director	
Originating service	Strategic Financial Services	
Accountable employee(s)	Mark Taylor Tel Email	Assistant Director Finance 01902 55(6609) mark.taylor@wolverhampton.gov.uk
Report to be/has been considered by	N/A	

Recommendation(s) for action or decision:

The Committee is recommended to:

1. Consider the arrangements for:
 - a. Ensuring adequate identification and management of budget risks;
 - b. Budget planning and forecasting for future years.

1.0 Purpose

- 1.1 To bring to the Committee's attention, information about the Council's finances that has recently been reported to the Cabinet and Cabinet (Resources) Panel, including:

Reports relating to the Council's Budget and Medium Term Financial Strategy (MTFS)

- The Council's forecast General Fund budget and savings requirements for 2015/16 and beyond.

Reports relating to Monitoring of the Council's 2014/15 Budgets

- The forecast outturn position for 2014/15 against revenue budgets as at quarter two.

2.0 Background

- 2.1 As set out in the Audit Committee's workplan, regular updates on the budget and medium term financial strategy will be received throughout the year. This is the second report of this nature during 2014/15.
- 2.2 Reports focussing on the Council's finances have been received by Cabinet and Cabinet (Resources) Panel as set out below:

Cabinet, 22 October 2014

- 2015/16 Budget and Medium Term Financial Strategy 2015/16 – 2018/19 (available via this [link](#))

Cabinet (Resources) Panel, 11 November 2014

- Revenue Budget Monitoring 2014/15 – Quarter Two (available via this [link](#)).

In order to minimise printing costs, the Committee Chair has agreed that full versions of the reports will not be circulated again - however it is recommended that Committee members review the reports ahead of the meeting. Summaries from the relevant reports are also included at 3.0 and 4.0 below.

3.0 2015/16 Budget and Medium Term Financial Strategy 2015/16 – 2018/19

- 3.1 The Cabinet report of 22 October (available via this [link](#)) made reference to the budget strategy approved by Council in March 2014, which includes the following:
- That a minimum of £25 million of additional savings for 2015/16 should be identified and reported to Cabinet in June 2014, in order to demonstrate that a balanced budget can be achieved and that general reserves can be partially replenished.
 - That additional savings for 2014/15 should be identified and reported to Cabinet in June 2014 and then Council in July 2014 in order to revise the 2014/15 budget and reduce the call on general reserves.

- That a further £35 million of additional savings should be identified, taking the total additional savings to be identified to £60 million, in order to address the projected budget deficit over the medium term to 2018/19.

3.2 Substantial progress against this strategy was reported to Cabinet in June 2014 and work has continued to ensure that savings targets agreed are achieved. Table 1 below set out the position against the target at June 2014 and the current position:

Table 1 – Overarching savings strategy

Directorate	June Target	June Identified	Revised Target	October Identified	Difference
	£m	£m	£m	£m	£m
Community	17.0	15.3	15.0	15.0	0.0
Education & Enterprise	1.5	0.7	1.9	1.9	0.0
Delivery (inc. Corporate)	4.0	2.1	7.7	9.8	2.1
Office of the Chief Executive	0.2	0.0	0.4	0.4	0.0
To be allocated	2.3	0.0	0.0	0.0	0.0
Total	25.0	18.1	25.0	27.1	2.1

- 3.3 The June target of £25.0 million included £2.3 million of savings yet to be allocated. The entire £25.0 million target has now been allocated and, in addition, £2.0 million that was originally allocated to the Community directorate for 2015/16 has been deferred to be a 2016/17 target.
- 3.4 The significant additional work that has been undertaken since June has resulted in the identification of a total of £9.0 million of additional savings proposals bringing the total to £27.1 million. There has been a further £2.0 million identified to meet the additional deferred Community directorate target referred to above.
- 3.5 The assumptions and projections underlying the MTFs have been reviewed and adjusted where necessary. This review has resulted in adjustments to income from Government grant income, expenditure and historic savings proposals. The impact of the 2013/14 outturn as reported to Cabinet (Resources) Panel in July 2014 has also been incorporated in the revised projections. The cumulative impact on the projected deficit is shown in Table 2 below.
- 3.6 While this represents progress against the Council's agreed budget strategy, work will continue to deliver the agreed strategy to address the projected budget deficit; namely to identify a further £35 million of savings for 2016/17. The projected position after taking account of the savings that are identified and amendments to the MTFs projections is summarised in Table 2 below:

Table 2 – Projected remaining budget deficit

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Projected remaining budget deficit (cumulative)	(11,827)	(21,261)	(32,894)	(50,541)	(59,190)
Savings proposals identified	1,885	25,169	4,716	(1,015)	(765)
MTFS Adjustments	0	(8,889)	(2,416)	(3,209)	547
Revised projected remaining budget deficit (cumulative)	(9,942)	(3,096)	(12,429)	(27,882)	(36,749)

- 3.7 Table 3 below sets out the projected uncommitted General Fund balance after taking account of the savings identified to date and the revised MTFS assumptions and projections:

Table 3 – Projected uncommitted General Fund balance

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Projected surplus (deficit) as at March 2014	4,512	(16,749)	(49,683)	(100,184)	(159,374)
Cumulative effect of savings proposals identified	1,885	28,939	60,709	91,514	121,554
Cumulative effect of MTFS adjustments	7,548	(1,341)	(12,646)	(20,742)	(28,291)
Revised projected surplus (deficit)	13,945	10,849	(1,620)	(29,462)	(66,211)
Shortfall against £10 million minimum	-	-	11,620	39,462	76,211

- 3.8 As can be seen, whilst the savings proposals identified are sufficient to rebuild general reserves to the minimum £10 million level in 2015/16, work must continue in order to avoid exhausting general fund balances in 2016/17.
- 3.9 In order to support the savings programme in rebuilding general reserves it has been agreed by Cabinet that expenditure during the remainder of 2014/15 be restricted to that which is essential to enable the Council to undertake its planned level of services.
- 3.10 It should also be noted that the projected general fund balance is subject to change as a result of any variations in the outturn for 2014/15. These will continue to be monitored on a quarterly basis and the projections updated where necessary.
- 3.11 It has been approved by Cabinet that the 2015/16 budget and medium term financial strategy 2015/16 -2018/19 (MTFS) and incorporating the savings and MTFS adjustments are approved as the basis for the 2015/16 budget consultation.

3.12 It has been approved by Cabinet that authority be delegated to the Cabinet Member for Resources in consultation with the Assistant Director Finance to approve the final budget consultation arrangements.

4.0 Revenue Budget Monitoring 2014/15 – Quarter Two

- 4.1 The Cabinet (Resources) Panel report of 11 November (available via this [link](#)) states that an overall net over spend of £3.3 million (1.32%) is projected against the General Fund net budget requirement of £247.8 million.
- 4.2 The Council continues to be faced with a challenging projected financial position over the medium term, and significant savings are required in order to achieve a robust financial position. An update to the Medium Term Financial Strategy presented to Cabinet on 22 October 2014, detailed the current projections and the remaining projected budget deficit, after savings identified to date, of £37 million. This projection was based upon the outturn position forecast in the Quarter One Revenue Budget Monitoring Report adjusted for the £2.5 million additional redundancy cost shown above in Corporate Budgets.
- 4.3 The budget shown in the report reflects the acceleration of existing and additional 2014/15 savings proposals equating to £1.7 million approved by Cabinet on 25 June. These savings will reduce the call on general fund reserves this financial year.
- 4.4 In order to support the savings programme in rebuilding general reserves it is proposed that expenditure during the remainder of 2014/15 be restricted to that which is essential to enable the Council to undertake its planned level of services.
- 4.5 Schools have submitted budget plans, approved by governing bodies, for the current financial year which show a reduction in end of year balances. They forecast that schools will use £7.1 million of reserves and that they will end the year with balances of approximately £8.9 million. Plans are currently being revised and an update will be reported to a future meeting of Cabinet (Resources) Panel.
- 4.6 An update on the General Fund budget risks is provided in the report. Overall the risk for 2014/15 is currently assessed as amber.
- 4.7 It is important to note that projected redundancy costs of £7.5 million are included in the forecast outturn, and will be funded by a contribution from the Efficiency Reserve. The projected costs are subject to change dependent upon the actual redundancies approved by year end.
- 4.8 In accordance with the Council's financial procedures rules, all virements in excess of £50,000, or those that result in a transfer between Employees and Other Controllable Expenditure headings, require the approval of the Cabinet (Resources) Panel. There is one virement that requires approval during this quarter.

4.9 The most significant factors contributing towards the projected overspend against the budget are reported in more detail on a service-by-service basis in the report.

5.0 Financial Implications

5.1 These are detailed within the reports to Cabinet and Cabinet (Resources) Panel [RT/03122014/R].

6.0 Legal Implications

6.1 These are detailed within the reports to Cabinet and Cabinet (Resources) Panel [RB/03122014/V].

7.0 Equalities Implications

7.1 These are detailed within the reports to Cabinet and Cabinet (Resources) Panel.

8.0 Environmental Implications

8.1 These are detailed within the reports to Cabinet and Cabinet (Resources) Panel.

9.0 Corporate landlord implications

9.1 These are detailed within the reports to Cabinet and Cabinet (Resources) Panel

10.0 Schedule of Background Papers

10.1 2015/16 Budget and Medium Term Financial Strategy 2015/16 – 2018/19, reported to Cabinet 22 October 2014.

Revenue Budget Monitoring 2014/15 – Quarter Two, reported to Cabinet (Resources) Panel 11 November 2014.



Audit Committee

15 December 2014

Report title	Annual Governance Statement – Action Plan Update	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Accountable director	Mark Taylor	
Originating service	Audit	
Accountable employee(s)	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Delivery Directorate Leadership Team	25 November 2014

Recommendations for noting:

The Committee is asked to note:

The progress made in addressing the key improvements areas identified in the 2013/14 Annual Governance Statement action plan.

1.0 Purpose

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

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

2.0 Background

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

3.0 Progress, options, discussion, etc.

- 3.1 A further update on progress made against the actions identified in the 2013/14 Annual Governance Statement will be reported to the Committee at the year-end as part of the 2014/15 Annual Governance Statement.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report as Councillors are only requested to note the progress made in addressing the key improvements areas identified in the 2013/14 Annual Governance Statement action plan. The Annual Governance Statement and delivery of the action plan is, however, a significant element of the processes in place to ensure proper and effective use of resources. GE/28112014/I]

5.0 Legal implications

- 5.1 There are no legal implications arising from this report

6.0 Equalities implications

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

7.0 Environmental implications

- 7.1 There are no 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 Schedule of background papers

10.1 2013/14 Annual Governance Statement

Position statement on the Annual Governance Statement Action Plan for 2013/14

Key improvement areas and actions for implementation	Responsibility and implementation date	Update @ 30 September 2014
<p>FutureSpaces Delivery arrangements are being developed for the refurbishment of the Civic Centre. The intention is that construction works will begin in early 2015 subject to the final business case evidencing an on-going annual revenue saving of £500,000.</p> <p>Corporate Landlord The adoption of the Corporate Landlord Model is being progressed incrementally against the Strategic Asset Management Review. The adopted work programme for the implementation was approved by both the Strategic Land and Property Board and the Operational Land and Property Board and is now being actively monitored by both Boards. The key deliverables in the programme include:</p> <ul style="list-style-type: none"> • Centralisation of property related budgets. • Creation and delivery of a funded programme of annual condition surveys and statutory testing. • Creation and delivery of more robust cyclical maintenance programme based on the annual 	<p>Strategic Director, Place February 2015</p>	<p>FutureSpaces Work continues to develop the delivery arrangements for the programme. Owing to fundamental changes within the Council (compared to the time of the agreed mandate – November 2011) the programme brief is being reviewed and updated for consultation with key stakeholders.</p> <p>The outcome of this consultation will identify a revised brief, with timescale and benefits. It is anticipated that the review of the programme brief will have been completed by 31 December 2014.</p> <p>Corporate Landlord The rapid implementation of the Corporate Landlord approach has achieved the following deliverables to date:</p> <ul style="list-style-type: none"> • A number of teams have been centralised to create an integrated Corporate Landlord service. • Budgets for response maintenance, utilities and statutory surveys have been centralised and analysis of all other property-related expenditure is underway. • An accelerated disposals programme is well underway,

<p>condition surveys.</p> <ul style="list-style-type: none"> • Development and delivery of a more robust Disposal Programme to achieve the capital receipts from disposals in the MTFS. • Agreement of service profiles by building profile for services for Facilities Management to deliver to their clients. • Development and delivery of the annual renewables programme. • Support to service reviews being conducted with Directorates in respect to providing options appraisals in respect to meeting the property needs for new service operating models. • Development of a revised Corporate Asset Management Plan. 		<p>expected to exceed its savings target for 2014/15 and achieve further substantial savings in future years.</p> <ul style="list-style-type: none"> • Building profiles are on track for completion by the end of October 14. • A Service Review process has been agreed ensuring the Corporate Landlord is now fully involved in planned changes to asset use. This process also helps reinforce compliance with equalities legislation. • Rationalisation of asset management IT systems is underway, enabling fewer systems to be used which will achieve further savings. • A Strategic Asset Management Plan is on track for completion by 31 March 2015.
<p>Savings Targets</p> <p>Whilst the Council's current and historical savings targets have been largely delivered the extremely challenging financial environment continues to require substantial year on year savings. The failure to deliver already identified savings and develop further savings will adversely impact upon the Council's ability to meet its objectives. Close monitoring of the situation continues at both senior officer and Councillor level.</p>	<p>Director of Finance March 2015</p>	<p>The Council continues to develop new savings proposals as part of the 2015/16 budget exercise and to monitor the delivery of historic savings on a quarterly basis. A further £18.1 million of savings for 2015/16 were reported to Cabinet in June 2014 and work continues to identify savings to meet the target of £25 million.</p>
<p>PSN Compliance</p> <p>Prior to 2013 Wolverhampton City Council obtained GCSx accreditation enabling secure access to and exchange of information with central government and government agencies. The introduction of the Public Services Network</p>	<p>Head of Service, ICT March 2015</p>	<p>A further 12 months PSN accreditation was achieved in June 2014. The next assessment will commence during May and June 2015. During the next 12 months ICT will continue to refresh the Council's ICT estate retiring and upgrading Windows XP desktops and Windows 2003 servers and working</p>

<p>(PSN) during 2013 demanded improved technical security standards and more robust Information Governance requirements. Wolverhampton City Council's compliance with the PSN Code of Connection requirements was approved by the Cabinet Office on 19 November 2013 following an independent health check of the Council's ICT estate, looking for vulnerabilities from external sources of attack and from within the Council followed by a comprehensive evaluation of the Council's network and security architecture, ICT operational practices and information governance policies by CLAS consultants at the Cabinet Office. PSN compliance remains at the heart of all ICT decisions regarding the introduction of new services. A continual programme of infrastructure upgrades and refresh ensures compliance is maintained, with the Council undertaking the annual accreditation process during May and June 2014</p>		<p>with the Information Governance team to improve the data retention controls across the Council.</p> <p>Internal and external ICT health checks will continue to be undertaken looking for vulnerabilities from both internal and external sources of attack and appropriate action taken where there is concern.</p>
<p>Contract Management and Monitoring</p> <p>Having identified the range of contracts that are in place the main task is to establish how the reporting process is being managed and whether the contracts are meeting their original expectations. With the wide variety of contracts it will be necessary to develop several different approaches to contract management however the main principles will be early involvement for the contract managers (at tender stage), regular reporting on performance, planned reviews to assess the options available and general awareness training for nominated contract managers.</p>	<p>Director of Finance March 2015</p>	<p>Contract managers are to be nominated and trained in order to support them across the different contract types. Developing a performance reporting and review process is to be standardised at high level as part of the overall approach to category management, with contract management activities being coordinated.</p> <p>Contract management support will become part of the remit for strategic procurement. A key function will be the reporting arrangements and the sharing of information with the procurement contract database. Each contract will have a contract owner/manager listed against it, along with further details such as review dates, variations etc.</p>

<p>Procurement</p> <p>The Procurement Board will be instrumental in guiding the development of strategic procurement. The introduction and utilisation of e-procurement systems (Agresso and Due North) will increase the overall visibility of spend and the profile of this spend can be matched to the contract register. The improved management information will be useful to target particular categories of expenditure and develop procurement strategies that will extract value for money. The use of market sounding, options appraisals and output based specifications will also contribute to improving budgetary controls and increasing the percentage of on contract spend. We will be using collaborative arrangements where these are beneficial to the Council and selecting the appropriate frameworks will be carried out in conjunction with the operational experts. The use of standardised forms and procedures will also aid compliance.</p>	<p>Director of Finance March 2015</p>	<p>The use of Agresso has provided a valuable insight into the spending habits of the Council and the contract arrangements in place. The use of Due North is now extensive and this is proving to be a safe and efficient tendering and evaluation system. Market sounding exercises are underway for several elements of the care services and this is proving valuable for future requirements planning.</p> <p>Development of standardised procedures is part of the revision of contracts procedure rules which in turn will affect the arrangements for contract management and eventually lead to the establishment of category management.</p>
<p>Health and Social Care Reforms</p> <p>Over the next few years adult social care is required to take a lead role in implementing a service delivery transformation to effectively respond to a number of challenges and opportunities which arise due to significant budget reductions and changes to local and national policy. To be delivered successfully, the service transformation involves putting agreed strategies and plans in place. One of the strategies to be implemented is the Better Care Fund which is an integrated pooled budget to support health and social care to work together in local areas. To achieve the outcomes of the fund will require strong partnership working. Significant</p>	<p>Service Director, Health, Wellbeing and Disability March 2015</p>	<p>The Better Care Fund Plan was submitted to the Department of Health in September 2014 and has now been approved to go forward without any conditions. Work is now commencing on clarifying the governance arrangements to implement the S75 pooled budgets and the governance arrangements that will surround that. A report on the recommended governance arrangements will go to the January 2015 Health and Wellbeing Board and then Cabinet for formal approval.</p>

<p>planning and investment of resources will also be required to set up primary care, prevention and community services in order to achieve the fund outcomes.</p> <p>Another strategy the Council will be required to implement will be the Care and Support Bill in April 2015. Mapping, analysis and assessment of the detailed requirements of the Bill to identify the resources required to implement the changes, needs to be undertaken to fully assess the impact of the Bill on the Council. 'The Health and Wellbeing Board will be accountable for the authorisation and delivery of the fund. The Terms of Reference and governance of the Health and Wellbeing Board are being reviewed to take account of these new responsibilities '</p>		
<p>FutureWorks</p> <p>The FutureWorks Programme delivered the new Agresso IT system on 1 April in line with the contractual timescales. This new system and processes are being used across the council and its partner organisations of Wolverhampton Homes and West Midlands Pension Scheme. This successful delivery has enabled the council to start delivering the agreed year one savings.</p> <p>The Council is now embarking on delivering phase 2 of the programme in rolling our self-service functionality which will maximise the return on investment as council services are transformed. The Council will continue to manage the risks around the general governance and structure of this programme and through the general programme controls it will bring.</p>	<p>Director of Finance March 2015</p>	<p>The FutureWorks Transformation Programme set out to transform the Council's major administrative functions of HR, Payroll, Finance and Procurement through the delivery of the new technology solution (Agresso) which is used by over 100 councils. The delivery of the Agresso solution and the associated transformation is targeted with delivering £3.4m of annual savings. These savings will be delivered through increased efficiency of the workforce by enabling them to self-serve functions which previously involved multiple departments and manual re-work. The original intention was to roll out self-service across the organisation from July and this was accelerated with the early deployment of finance self service functions for example raising of requisitions, management of spend and three way matching of payments. In addition, Agresso is integrated to circa 18 systems including Northgate Revenues and Benefits and Housing, SIMS and Carefirst.</p>

		<p>Replacement of all finance, procurement, HR and payroll systems has been a complex undertaking involving:</p> <ul style="list-style-type: none"> • Implementation of 43 system interfaces • Automating and streamlining processes into and across systems to support channel shift • Delivery of a shared service centre – The Hub as part of a new target operating model • Preparation of the organisation for the changes <p>From 1 April the Finance, Procurement and elements of the HR system went live. The remaining functionality which is predominately around payroll and HR has/is being rolled out from end of July through to end of November 14</p> <p>The first payroll went live in July 2014 to a number of Academies (Circa 1000) and Wolverhampton Homes (Circa 800) in August 2014. The main Council payroll (circa 10,600) was run in October 2014. Wolverhampton Council’s Audit team are actively involved in the identification and checking of anomalies in the Agresso payroll and PwC have been involved in reviewing the payroll approach.</p> <p>Finally, in their annual ISA260 Report to those charged with Governance, the council’s external auditors (PwC) confirmed that no issues of concern were noted as a result of their work and testing on Agresso.</p>
<p>Partnership Governance</p> <p>While work has begun on a number of the Council’s key partnerships, a systematic approach to identifying all of the significant partnerships and in determining the level of review of the governance arrangements alongside the ‘health’ of</p>	<p>Service Director, Partnerships, Economy and Culture supported by</p>	<p>The partnership structure essential for delivering the City Strategy has been reviewed and streamlined. Going forward, the key partnerships for delivering the different aspects of the City Strategy are: The City Board. The Economic Growth Board, the Inclusion Board, the Employment and Skills Board,</p>

<p>each partnership, is still being rolled out and will be quite a sizeable task.</p>	<p>the Director of Governance March 2015</p>	<p>the Health and Wellbeing Board and the Children's Trust. Major changes are being developed at the wider West Midlands and Black Country Level through the LEP and Joint Committee. A steering group for European Structural and Investment Funds 2014 -2020 has also recently been established. An audit of wider sub-regional partnerships has recently been conducted.</p> <p>Very recently key Urban West Midlands Authorities announced their intention to establish a Combined Authority for economic growth and inclusion, skills, regeneration and transport.</p>
<p>Information Governance</p> <p>The Council is building on the robust framework and effective working practices it has put in place since consensual audits from the Information Commissioner's Office in 2012 and an enforcement notice in 2014, including:</p> <ul style="list-style-type: none"> • Supporting the Information Governance Board through the development of an operational group to drive progress • Mapped out a centralised work programme and resources including a new structure • Review of all Information Governance policies • Roll out of a suite of training programmes, including ensuring there is 100% compliance. 	<p>Director of Governance March 2015</p>	<p>The Council continues to develop its maturity in Information Governance. The Information Governance Board has undertaken Senior Information Risk Owner (SIRO) training, and continues to monitor the centralised work programme. The council went further than the requirements of an Information Commissioner's Office (ICO) enforcement notice regarding training. All employees have undertaken the mandatory 'Protecting Information' course, and processes are in place to ensure new starters also undertake this. Work is ongoing to deliver the requirements of the Public Health and Social Care toolkits.</p>
<p>Strategic Asset Management</p> <p>The Corporate Landlord model has now been formally adopted by the Council. The implementation of the model and developing a clear understanding of the accountability for activities and financial management will continue. As part of</p>	<p>Strategic Director, Place March 2015</p>	<p>The Corporate Landlord model is now implemented. Work is now taking place to ensure a clear understanding of the accountability for activities and financial management is understood across all services. The Strategic Land and Property Board and the Operational Land and Property Board</p>

<p>the Corporate Landlord approach Strategic and Operational Land and Property management is now covered by two governance Boards. The Strategic Land and Property Board is chaired by the Strategic Director Education and Enterprise, and attended by the Corporate Landlord (Strategic Director Delivery). The Operational Land and Property Board is chaired by the Strategic Director Delivery.</p> <p>The Strategic Land and Property Board meets monthly and the Operational Land and Property Board meets fortnightly. Both Boards consider land and property matters and consult Members through the existing processes of Cabinet Member Briefing; Property Advisory Group and Executive Team prior to decisions being formally made in line with the Council's Constitution. The Strategic Asset Review has now concluded with the agreed categorisation of assets, and clear accountability established for assets including those considered to be of strategic importance (for Economic Growth and Regeneration including Housing).</p> <p>Strategic Asset Management will in the future be supported by the Corporate Landlord's Asset Management team acting as a single source of information and knowledge for the Council's assets making sure that the respective governance boards are provided with accurate and relevant information.</p>		<p>provide oversight and direction to Strategic Asset Management. The Boards meet monthly and consider land and property matters consulting with Members through the existing processes of Cabinet Member Briefing; Property Advisory Group and Executive Team prior to decisions being formally made in line with the Council's Constitution.</p> <p>Building on the outputs of the Strategic Asset Review the agreed categorisation of assets, and clear accountability established for assets including those considered to be of strategic importance (for Economic Growth and Regeneration including Housing) is now in place.</p> <p>Strategic Asset Management is increasingly supported by the Corporate Landlord's Asset Management team acting as a single source of information and knowledge for the Council's assets making sure that the respective governance boards are provided with accurate and relevant information enabling informed decision making and direction.</p>
<p>Schools Improvement</p> <p>The Council's vision is to create an education system in Wolverhampton that promotes higher standards for all children and young people and closes the attainment gap. This is a system where the Council celebrates school autonomy and supports school leaders and teachers in</p>	<p>Director of Education March 2015</p>	<p>The School Improvement and Governance Strategy has been out for consultation internally and externally with partners especially with schools – a working session to review the document was held at the recent headteacher briefing day on 25 September 2014 with over 90 schools attending (out of 108).</p>

<p>leading school improvement and having the highest expectations of every child and young person.</p> <p>The Council's strategic approach to school improvement therefore is to support effective school to school collaboration, strong partnerships and to develop excellent practice in schools whilst demonstrating clear leadership and challenge in the delivery of the its duties in relation to school improvement. This leads to three clear and related targets:</p> <ul style="list-style-type: none">• To ensure that every child in the city has an excellent education.• To raise standards in schools and academies so that by September 2016 attainment and progress measures at all key stages match or exceed national averages.• To improve the quality of provision in schools and academies so that by September 2016 all schools, settings and academies achieve an Ofsted inspection judgement of good or outstanding.		<p>The strategy will be presented to the Executive Team on 10 December 2014 for council sign off.</p> <p>A core part of the strategy is the increased rigour of the authority's challenge to schools causing concern. This has led to an application to the Secretary of State for the replacement of the governing body at one primary school with an Interim Executive Board and the issuing of Warning Notices to three primary schools under Section 60 of the Education and Inspections act 2006.</p>
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