

Audit Committee

21 September 2015

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

Venue Committee Room 4 - Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

Membership

Chair Cllr Craig Collingswood (Lab)

Vice-chair Cllr Christine Mills (Con)

Labour

Cllr Harbans Bagri
Cllr Philip Bateman
Cllr Keith Inston
Cllr Jasbir Jaspal
Cllr Stephen Simkins

Conservative

Cllr Patricia Patten

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:

Contact Dereck Francis

Tel/Email Tel: 01902 555835 or dereck.francis@wolverhampton.gov.uk

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Wolverhampton WV1 1RL

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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 (6 July 2015)** (Pages 5 - 12)
[For approval]
- 4 **Matters arising**
[To consider any matters arising from the minutes]

DECISION ITEMS

- 5 **Audited Statement of Accounts 2014/15**
[To approve the formal publication of the accounts][**to follow**]
- 6 **ISA 260**
[To note the report] [**to follow**]
- 7 **Internal Audit Charter - Annual Review** (Pages 13 - 18)
[To review and approve the Internal Audit Charter]
- 8 **Internal Audit Update** (Pages 19 - 26)
[To note the contents of the latest update]
- 9 **Audit Services - Counter Fraud Update Report as at August 2015** (Pages 27 - 36)
[To receive the latest internal Audit Counter Fraud update]
- 10 **Payment Transparency** (Pages 37 - 40)
[To note the Council's current position with regards to the publication of all the Council's expenditure]
- 11 **Audit Committee - Self Assessment of Good Practice and Effectiveness**
(Pages 41 - 48)
[To undertake a self-assessment of good practice and effectiveness exercise]
- 12 **Strategic Risk Register and Strategic Assurance Map** (Pages 49 - 78)
[To receive the latest summary of the strategic risk register]

13 **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:

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

<i>Item No.</i>	<i>Title</i>	<i>Grounds for Exemption</i>
14	Audit Investigations Update (Pages 79 - 82) [To note the current position on audit investigations]	Information relating to any individual. Information which is likely to reveal the identity of an individual. Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (1, 2, 3)
15	Internal Audit Update - Quarter One (Pages 83 - 90) [To note the contents of the latest internal audit update as at the end of quarter one]	Information relating to any individual. Information which is likely to reveal the identity of an individual. Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (1, 2, 3)

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Audit Committee

Minutes - 6 July 2015

Attendance

Members of the Audit Committee

Cllr Craig Collingswood (Chair)
Cllr Christine Mills
Cllr Harbans Bagri
Cllr Philip Bateman
Cllr Keith Inston
Cllr Jasbir Jaspal
Cllr Patricia Patten
Cllr Stephen Simkins
Mike Ager

Employees

Michelle Howell	Finance Manager
Richard Morgan	Senior Audit Manager
Narinder Phagura	Strategic Risk Manager
Mark Wilkes	Client Lead Auditor
Dereck Francis	Democratic Support Officer
Mark Taylor	Director of Finance
Erik Bagnall	West Midlands Pension Fund
Robert Spence	Finance Manager

External Auditors - PricewaterhouseCoopers

Richard Bacon
Sophia Mouyis

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence**
Apologies for absence were submitted on behalf Terry Day (Independent Member).
- 2 Declaration of interests**
Cllr Keith Inston declared a personal interest in agenda item 17 (Draft Statement of Accounts 2014/15) in so far as it relates to the Pensions Fund. Cllr Jasbir Jaspal and Stephen Simkins also declared a personal interest in agenda item 17 in so far as they are members of the Pensions Committee and the Pensions Board respectively.

Mike Ager, Independent Member declared a personal interest in agenda item 9 (Annual Internal Audit report 2014/15) in so far as it relates to Coppice Community School where he is a Governor.

3 **Election of Vice-Chair**

Cllr Christine Mills was elected Vice-Chair of the Committee.

4 **Minutes of previous meetings**

(a) **Audit Committee – 9 March 2015**

Resolved:

That the minutes of the meeting held on 9 March 2015 be approved as a correct record and signed by the Chair.

(b) **Audit (Monitoring of Audit Investigations) Sub-Committee - 27 April 2015**

Resolved:

That the minutes of the meeting held on 27 April 2015 be noted.

5 **Matters arising**

With reference to Minute No. 9 (Internal Audit Update – Quarter Three), Richard Morgan, Senior Audit Manager reported that the update report requested on the Agresso system was included within item 9 on the agenda (Annual Internal Audit Report 2014/15). He also reported that with reference to Minute No. 12 (Secondary School Balances), as a result of a piece of Internal Audit work undertaken at Coppice Community High School and the subsequent resignation of an officer at the School, Internal Audit would now be undertaking a full systems review of the finances of the School during the autumn.

Cllr Craig Collingswood asked that the Senior Audit Manager clarify a matter raised by Cllr Phil Bateman on whether the officer resignation was in addition to a previous resignation by a finance officer.

6 **Work Programme 2015/16**

The Committee's work programme for 2015/16 was received and noted.

7 **External Audit Progress Report 2014/15**

Richard Bacon and Sophia Mouyis from the Council's external auditors, PricewaterhouseCoopers (PwC) reported on their audit work on the Council's draft accounts for 2014/15. A copy of their audit plans for 2014/15 had also been circulated, particularly for new members of the Committee.

PwC also advised the Committee that the Council's gross expenditure for 2014/15 had exceeded £1 billion for the first time. This changed the regulations of the Council's audit and meant that the external auditors would have to work at a different level of detail. The 'materiality' level that had been set would need to come down. PwC would brief the Committee on this in their report to the next meeting.

In response to questions PwC explained that the Minimum Revenue Provision (MRP) was an alternative to depreciation. They explained their role in auditing MRP accounting entries made to ensure they are consistent with the Policy agreed by the Council. Mark Taylor, Director of Finance reported that the change in policy on the MRP was driven by the need for the Council to make financial savings. Advice had been obtained from Queens Counsel and accounting professionals before the change in policy was approved.

In response to a question on Equal Pay, PwC informed the Committee that it would be looking to make sure that the Council had set aside enough for the equal pay claim cases that it had coming through. The Director of Finance added that he was confident that the provision set aside for equal pay claims was sufficient and was satisfied that the Council had set aside enough for equal pay cases around the corner. The cut-off date for receipt of claims was now six years so the Council would be exposed for six years after the introduction of its Single Status arrangements.

Resolved:

That the report be received and noted.

8 Draft statement of accounts 2014/15

Mark Taylor, Director of Finance presented for information, the draft Statement of Accounts for 2014/15, which he had approved and which would be subject to audit by the Council's external auditors PwC. The West Midlands Pension Fund statement of accounts was also included in the report. The Director of Finance informed the Committee that some of the figures within the accounts would change as a result of comments received from PwC.

Cllr Phil Bateman asked about risks to the Pension Fund from outside bodies. The Director of Finance reported that there was a robust process for identifying risks to the Fund from outside bodies and that no significant risks were out there. PwC added through their national work with the Local Government Association; nationally risks to pension funds from outside bodies were not a huge issue.

Cllr Stephen Simkins asked about the robustness of the Council's data on employee contributions to the Pension Fund. The Director of Finance acknowledged that quality of data from employers to the Pension Fund had been an issue but that whilst the city Council's data would need some cleansing, he was confident that the data would be significantly accurate; particularly with the move to the Agresso system.

Resolved:

1. That it be noted that the Director of Finance approved the Draft Statement of Accounts 2014/15 on 30 June 2015, as required by the Accounts and Audit (England) Regulations 2011.
2. That it be noted that the 2014/15 Draft Statement of Accounts is to be audited by PricewaterhouseCoopers LLP from July through to September, and that any material changes required as a result of the audit will be reported to the Audit Committee.
3. That it be noted that formal approval by the Council and publication of the 2014/15 Statement of Accounts is required by 30 September 2015 (Accounts and Audit (England) Regulations 2011).
4. That it be noted that the Statement of Accounts incorporates a copy of the Annual Governance Statement as required by the Accounts and Audit (England) Regulations 2011.
5. That a report be submitted to a future meeting on the risks to the Council arising in respect of admitted bodies to the Pension Fund.

6. That an updated set of accounts be presented to the next meeting of the Committee.

9 **Annual Governance Statement - 2014/15**

The Committee received, for review and comment, the Council's Annual Governance Statement for 2014/15 which had been signed by the Leader of the Council and the Managing Director.

In response to questions concerning governance issues associated with the proposal to establish a West Midlands Combined Authority (CA), Narinder Phagura, Strategic Risk Manager reported that the Annual Governance Statement reflected work undertaken during 2014/15. Some of the work on the CA with partners in the West Midlands and other local authorities was mentioned in the Governance Statement. Moving forward, Internal Audit would be reporting on governance issues carried forward from 2014/15 and the regular 'strategic risk register' report to Committee would also include reference to the work on the Combined Authority.

Regarding scrutiny of the CA, the Committee it was reported that progress reports would be presented to the Committee. Reports would also be submitted to Scrutiny and Cabinet for each of the decision making milestones. Work was also taking place on drafting a Constitution for the CA. Mark Taylor, Director of Finance undertook to feed back the comments and questions raised to the CA Programme Office with a view to them reporting to the Committee at a future date. Cllr Craig Collingswood added that the Committee would receive information in so far as it related to its audit role.

Resolved:

That the contents of the Council's Annual Governance Statement for 2013/14 be noted.

10 **Annual Internal Audit Report 2014/15**

Richard Morgan, Senior Audit Manager summarised the key points of the report which aimed to provide the Committee with an annual Internal Audit opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control processes.

Mike Ager, Independent Member expressed his disappointment that five out of 20 audit review reports were 'limited assurance'. He sought assurance from the Senior Audit Manager that actions agreed with managers were appropriate and would be implemented. The Senior Audit Manager confirmed that was the case and that a detailed follow-up report would be produced on the high risk areas.

Cllr Phil Bateman asked whether councillors had a role in highlighting fraud. He was advised that the Fraud Team had received cases from councillors as well as from the public and Council employees. They are all investigated and rated to determine what priority the Fraud Team would attach to the case. It was also confirmed that the whistleblowing policy was active and the Fraud Team received complaints from that source. All complaints were treated extremely seriously.

Resolved:

That the contents of the Annual Internal Audit Report and the overall opinion that “based on the work undertaken during the year, the implementation by management of the recommendations made and the assurance made available to the Council by other providers as well as directly by Internal Audit, Internal Audit can provide reasonable assurance that the Council has adequate and effective governance, risk management and internal control processes” be noted.

11 **Audit Committee Annual Report - 2014/15**

Narinder Phagura, Strategic Risk Manager presented the report which summarised the main areas of work undertaken by the Committee during 2014/15.

The Committee suggested that the key achievement relating to the work of the dedicated Sub Committee be reworded.

Resolved:

That the Audit Committee Annual Report for 2014/15 be endorsed and referred to Full Council for approval.

12 **Annual Review of the Effectiveness of Internal Audit**

Narinder Phagura, Strategic Risk Manager presented the report that provided the Committee with sources of information and measures in place to assist it in being able to reach a conclusion on the adequacy and effectiveness of the Internal Audit Service. In doing so she informed the Committee it had complied with the Public Sector Internal Audit Standard throughout 2014/15 and that the five principles contained in CIPFA’s ‘Role of the Head of Internal Audit in public service organisations’ had also been complied with.

Resolved:

That the annual review of the effectiveness of internal audit be approved in order to discharge the Committee’s responsibility under Regulation 6 of the Accounts and Audit Regulations 2011, where “the relevant body shall, at least once in each year, conduct a review of the effectiveness of internal audit.”

13 **Strategic Risk Register and Strategic Assurance Map**

Narinder Phagura, Strategic Risk Manager outlined the salient points of the report on the key risks the Council faced and how it could gain assurance that the risks are being mitigated. The Strategic Risk Manager also drew the Committee’s attention to a reduction in the assessment of some risks from Red to Amber or from Amber to Green.

During the discussion Mike Ager, Independent Member welcomed the development of the risk report into a more useful document. He asked where the Committee could obtain independent assurance on risk 17 (The Care Act) and risk 19 (Combined Authority). The Strategic Risk Manager reported that the Care Act came into effect on 1 April. Prior to then Internal Audit worked with the Department for Health. Internal Audit would now be undertaking a stock take (one off assessment). It would be reviewing whether there are any areas to consider further as well as the second phase of the Care Act. A Programme Board had been established to manage the

risk. Internal Audit would keep a watching brief to ensure there are no issues of concern. Regarding the Combined Authority, she reported that the building blocks for this new area of activity were being put in place.

Referring to risk ref 10 (Economic Inclusion), Cllr Phil Bateman reported that economic inclusion was a key building block for the city going forward; and the city still needed the economic development activity to continue. The Committee would need to keep a close eye on this because the timescales involved were so long. He suggested that the Council identify other indicators to help it better determine the level of the risk and to help the Council to achieve its economic inclusion aims. He indicated that he did not believe the Council was collecting enough economic data or was good at that type of data. He queried how Internal Audit could show that the economic inclusion target had been delivered if the data remained patchy. Cllr Craig Collingswood noted that performance had improved from 15 Red to 12 Amber and that it was heading in the right direction.

Cllr Stephen Simkins commented that the Council was exposed to external bodies over which it had no control and whom had their own targets and priorities to achieve ahead of contributing to the delivery of the Council's. He asked how the Council could work with and influence outside bodies in order to achieve its targets. The Strategic Risk Manager reported that the Wolverhampton Skills Commission would be considering that question. The Commission would be developing its action plan and their success and influence could be judged by the delivery of their action plan.

Regarding risk ref 1 (Looked After Children), Cllr Simkins also asked when the Council would see to benefits of the extra resources allocated to Looked After Children (LAC). Mark Taylor, Director of Finance reported that following an initial reduction, LAC numbers had plateaued. The Service had also been reconfigured by Linda Sanders, Strategic Director People and the service was working with the Council's Legal Service in terms of Care Orders. Ambitious targets had been included in the budget for 2016/17 relating to LAC and he anticipated that the Council should begin to see in year savings in LAC budget and a reduction in funding in the following year.

Resolved:

1. That the strategic risk register be noted.
2. That the reduction in the assessment of the following risk be noted:
 - Risk 2- Skills for work
 - Risk 8- Business continuity management
 - Risk 10- Economic inclusion
 - Risk 14 – School improvement
 - Risk 15 – Emergency planning
3. That the transfer of risk 6 – Compliance with the Public Services Network to the corporate services directorate risk register. In June 2015, the Council received certification for the next 12 months. However, as there will be on-going work to do to remove legacy solutions and to upgrade systems to ensure future compliance it is proposed that this be overseen at an operational level rather than the strategic level.

4. That the closure and removal of risk 18 – Elections from the strategic risk register be noted.
5. That it be noted that although some progress has been made in the mitigation of risk 17 – Employee Management since last reported, further actions are being implemented to ensure this risk is mitigated to an acceptable level. As a result the target date has been amended to reflect this.
6. That the main sources of assurance available to the Council against its strategic risks be noted.
7. That a report on the progress on the transformation of the Looked After Service be presented to a future meeting.

14 **Protecting the Public Purse - Fraud Briefing**

Mark Wilkes, Client Lead Auditor presented a report on the Audit Commission's fraud briefing – Protecting the Public Purse.

Cllr Craig Collingswood commented that it was encouraging to see that the Council was performing well in detecting council tax fraud in comparison with other Metropolitan District Councils.

Resolved:

That the contents of the Audit Commission's fraud briefing- protecting the Public purse be received and noted.

15 **CIPFA Audit Committee Update - Issue 17**

The Committee received, for information, the latest of regular briefings issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) for audit committee members in public sector bodies.

Resolved:

That the contents of the latest CIPFA Audit Committee Update, Issue 17 – helping audit committees to be effective be received and noted.

16 **Payment Transparency**

Richard Morgan, Senior Audit Manager 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.

17 **P-card Update**

Further to the discussion at the previous meeting (9 March 2015), Andy Moran, Head of Procurement presented a report on changes made to the use of the Council's procurement cards (p-cards). He reported on action taken to reduce the number of p-cards in issue and the number and value of transactions they were being used for.

Cllr Christine Mills welcomed that the number of p-cards in use had been substantially reduced since the last report on 9 March.

Resolved:

That the actions taken by the Council regarding the use of P-Cards be noted.

Audit Committee

21 September 2015

Report title	Internal Audit Charter – Annual Review	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Accountable director	Mark Taylor, Finance	
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	

Recommendation(s) for action or decision:

The Committee is recommended to:

1. Perform an annual review of, and approve the Internal Audit Charter. The Charter was first introduced and approved by the Audit Committee in September 2013, and is now due for its second annual review.

1.0 Purpose

- 1.1 The Charter was approved by the Audit Committee in September 2013 and is now due for its second annual review. The only change since the Charter was last reviewed is in relation to the reporting line of the Head of Audit following the latest senior management restructure. The Head of Audit is now line managed by the Director of Finance/Section 151 Officer, rather than the previous post of Strategic Director, Delivery.

2.0 Background

- 2.1 There is a statutory requirement for Internal Audit to work in accordance with the 'proper audit practices'. These 'proper audit practices' are in effect the 'Public Sector Internal Audit Standards' and the Internal Audit Charter reflects this.

3.0 Progress, options, discussion

- 3.1 The Internal Audit Charter will continue to be subject to annual review by the Audit Committee.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendations in this report (GE/24082015/Q).

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendations in this report. (RB/24082015/I).

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

Internal Audit Charter

CITY OF
WOLVERHAMPTON
COUNCIL




**Stronger
Economy**


**Stronger
Communities**


**Stronger
Organisation**

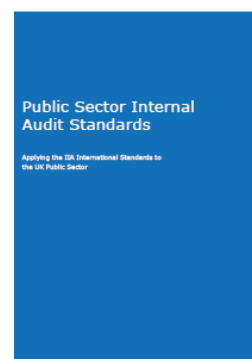
Definition of internal auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Authority and standards

There is a statutory requirement for Internal audit to work in accordance with the 'proper audit practices'. These 'proper audit practices' are in effect the Public Sector Internal Audit Standards (PSIAS). These Standards are mandatory and have been adopted by the council's internal audit section.

Internal audit is a statutory service in the context of the Accounts and Audit Regulations (Amendment)(England) 2011, which states that a relevant body must 'undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'.



In the council's Financial Procedure Rules, the Section 151 Officer has the responsibility to ensure that an adequate and effective internal audit of all council activities is carried out in accordance with the most recent CIPFA Statements on Internal Audit Practice and relevant legislation.

Internal audit have the right of access to all records, assets, personnel and premises, including those of partner organisations, and has the authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.

Throughout the Public Sector Internal Audit Standards, reference is made to the terms 'Chief Audit Executive', 'board' and 'senior management'. For the purposes of this Charter, the 'Chief Audit Executive' is defined as the Head of Audit the 'board' as the Audit Committee and 'senior management' as the Strategic Executive Board.

Scope and objectives of internal audit activities

The scope of work of internal audit is to determine whether the council's risk management, control, and governance processes are adequate and effective in order to ensure that:

- Key risks are identified and managed;
- Key financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved;
- Quality and continuous improvement are fostered in the council's control process; and
- Key legislative and regulatory issues impacting the council are identified and addressed appropriately.

Internal audit's remit extends to the entire control environment of the council and not just financial controls. Where other internal or external assurance providers may have undertaken relevant assurance and audit work, internal audit will seek to rely on the work of these other assurance providers where professional standards would make it appropriate to do so.

Responsibilities

Internal audit has a responsibility to:

- Provide a cost effective and value added full internal audit service;
- Develop a flexible annual audit plan using a risk-based methodology;
- Implement the annual audit plan;
- Track status of outstanding management actions;
- Provide regular updates on the work of internal audit to the Audit Committee and where appropriate, senior officers;
- Assist, as needed, in the investigation of significant suspected fraudulent activities within the organisation; and
- Work with the External Auditor and other review bodies to share assurance and minimise duplication.

Organisational independence

Internal audit is involved in the determination of its priorities in consultation with those charged with governance. The Head of Audit has direct access and freedom to report in his own name to all officers and councillors and particularly to those charged with governance. If required the Head of Audit may request to meet privately with the Audit Committee.

Internal audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations.

Objectivity is presumed to be impaired when individual auditors review any activity in which they have previously had operational responsibility. If individual auditors are extensively consulted during system, policy or procedure development, and independence could be seen as being compromised, or if they have had previous operational roles, they will be precluded from reviewing and making comments during routine or future audits, for the remainder of that financial year and for the following financial year after their involvement.

Accountability, reporting lines and relationships

The Head of Audit reports on an administrative basis to the Section 151 Officer and reports functionally to the Audit Committee, the Managing Director and other senior management. An Annual report will also be produced and presented to the Audit Committee which will include an 'opinion' from the Head of Audit on the adequacy and effectiveness of internal control, risk management and governance within the council.

A written report will be prepared by internal audit for every internal audit review. The report will be subject to an internal quality review before being issued to the responsible officer and, where appropriate, will include an 'opinion' on the adequacy of controls in the area that has been audited. The responsible officer will be asked to respond to the report in writing. The written response must show what actions have been taken or are planned in relation to each

recommendation. Accountability for the response to the advice and recommendation of Internal Audit lies with management, who either accept and implement the advice or formally reject it. The full role and responsibilities of the Audit Committee are detailed in their terms of reference, which are based on the model provided by CIPFA in their “Audit Committees – Practical Guidance for Local Authorities”.

Internal audit resourcing

Internal audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience. Internal auditors need to be properly trained to fulfill their responsibilities and should maintain their professional competence. The Section 151 Officer is responsible for the appointment of the Head of Audit, who must be suitably qualified and experienced. The Head of Audit is responsible for appointing all of the other staff to internal audit and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Head of Audit is also responsible for ensuring that the resources of internal audit are sufficient to meet its responsibilities and achieve its objectives. If a situation arose whereby it was concluded that resources were insufficient, this must be formally reported to the Section 151 Officer, and, if the position is not resolved, to the Audit Committee.

Fraud

Managing the risk of fraud is the responsibility of management. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. Internal audit does not have responsibility for the prevention or detection of fraud and corruption. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption. Internal audit may be requested by management to assist with fraud related work. It is a requirement of the council’s Anti-Fraud and Corruption Policy that any concerns over suspected fraud and corruption should be raised initially with the Head of Audit Services. Internal audit will then control any such investigations.

Advisory work

The standards allow that internal audit effort may, where considered to have the right skills, experience and available resource, sometimes be more usefully focused towards providing advice rather than assurance over key controls. Any such internal audit involvement in consultancy and advisory work, would only take place where it would not constitute a conflict of interest in keeping an independent stance. Any significant additional consulting services will be approved by the Audit Committee beforehand.

Review of the internal audit charter

This charter will be reviewed annually by the Head of Audit Services and the Audit Committee.

Audit Committee

21 September 2015

Report title	Internal Audit Update – Quarter One	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Accountable director	Mark Taylor, Finance	
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:

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

1.0 Purpose

- 1.1 The purpose of this report is to update the Committee on the progress made against the 2015/16 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 June 2015 (quarter one) 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. (GE/07092015/E)

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendations in this report. (TS/07092015/B)

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

Internal Audit Update: Quarter 1

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COUNCIL



**Stronger
Economy**



**Stronger
Communities**



**Stronger
Organisation**

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 2015/6 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 the committee with information on recent audit work that has been carried out to assist them in discharging their responsibility by giving the necessary assurances on the system of internal control.

The information included in this progress report will be fed 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:



2 Summary of audit reviews completed

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

Auditable area	AAN Rating	Recommendations			Total	Number accepted	Level of assurance
		Red	Amber	Green			
Hill Avenue Primary School	Medium	-	7	6	13	13	Limited
Low Hill Nursery School	Medium	-	-	5	5	5	Substantial
Whitgreave Junior School	Medium	-	-	-	0	0	Substantial
Long Knowle Primary School	Medium	1	12	5	18	18	Limited
Senior Officers Remuneration and Officers > £50K	N/A*	-	-	-	-	-	N/A*
Coppice Performing Arts School	N/A*	1	-	-	1	1	Limited
Use of P-cards: System controls	N/A*	-	4	2	6	5**	Limited

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Key:

AAN Assessment of assurance need

* One-off piece of work undertaken by request or certification/non-risk based reviews etc. – therefore an audit opinion may not always be provided.

** One recommendation was superseded by the introduction of the new council P-card.

3 Audit reviews underway

There were a number of other reviews underway as at 30 June 2015, and these will be reported upon in later update reports.

Year on year comparison

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

Opinion	2015/16 (Quarter 1)	2014/15	2013/14
Substantial	2	7	18
Satisfactory	-	29	51
Limited	4	12	9

4 Key issues arising from our work completed in Q1

Further details arising from the limited assurance reports referred to above, will be presented to the committee in a private report exempt from publication under Schedule 12A of the Local Government Act 1972 (as amended), Part 1, Paragraph 1, 2, 3 as it is felt that in particular, individuals may be identifiable through the content.

Agresso

As previously reported to Audit Committee, we are currently undertaking full end to end audit reviews of all key systems, in order to provide assurance on the implementation of Agresso. These extensive reviews are on-going and will be reported to the Audit Committee in due course on their completion.

In addition, we continue to work with key staff on the implementation of Agresso and as part of this process we have recently provided assurance in respect of the implementation of various modules within the system.

Managed Audits

Managed audits are the work we do on the council's key financial systems and incorporate the requirements of the external auditors, in order that they can place reliance on our work and thereby reduce their own year-end testing accordingly. The 2014/15 programme of managed audits has now been completed. For 2015/16 we will be looking to develop a good working relationship with the council's new external auditors Grant Thornton.

The follow up of previous recommendations

Follow up work on key recommendations made as part of the limited assurance reports we issued in 2013/14 has commenced. Progress on this 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 will be presented to the Audit Committee in a separate report, along with details of new initiatives put in place in order to both raise awareness of, and tackle fraud across the council.

The Annual Report of the Audit Committee

The 2014/15 Annual Report of the Audit Committee (approved by the committee at its July meeting) will be presented by the Chair at the Full Council meeting on 23 September 2015.

Audit Committee training session

A training session on "Understanding Local Government Accounts" for the Audit Committee was arranged and facilitated by PwC on 9 September 2015. The purpose of this was to help members of the committee in their understanding of the annual accounts, prior to their approval.

City People

City People recently ran the below article on the audit service, and was also reported in the Express and Star:

"The council's audit service has continued to expand on its successful joint working arrangement with Sandwell MBC. Not only has it recently won the contract to provide the audit service for Wolverhampton Homes, it has also entered into a partnership with Centro (who are responsible for the delivery of public transport in the West Midlands) in order to provide a similar range of services.

The current client base across the two teams at Wolverhampton and Sandwell now includes:

- Wolverhampton City Council
- Sandwell Metropolitan Borough Council
- Wolverhampton Homes
- West Midlands Pension Fund
- West Midlands Fire Service
- Centro
- Sandwell Leisure Trust
- Sandwell Inspired Partnerships
- Various academies across the borough

A range of other related services are also included, at various points, within this arrangement including risk management, a fraud investigation service and insurance.



Councillor Craig Collingswood the new Chair of the Audit Committee said that he is pleased that our audit, risk, fraud and insurance service continues to grow as they provide an important role in ensuring that we have excellent governance, risk management and internal controls in place here at the council. They also work closely with our external auditors (PwC) in making sure our accounts are in order. This is certainly a model for the future whereby we are bringing a much stronger commercial outlook to the way that we provide and deliver our services.

He went on to say that by increasing their customer base, not only does this bring economies of scale to the council, it also allows the team to develop and widen their experience and skills.

I see one of the key roles of the Audit Committee as being there to support the service and help raise the profile of internal control and risk management issues across the council. I will also be reporting back to Full Council at their September meeting on the work the committee has undertaken over the last 12 months."

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Audit Committee

21 September 2015

Report Title	Audit Services – Counter Fraud Update Report at August 2015	
Cabinet Member with Lead Responsibility	Councillor Andrew Johnson Resources	
Accountable Director	Mark Taylor, Finance	
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:

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

1.0 Purpose

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

2.0 Background

- 2.1 The cost of fraud to local government is estimated at £2.1 billion a year. This is money that could be used for local services.
- 2.2 The Counter Fraud Unit was set up within Audit Services, in response to the increased emphasis being placed upon both fraud prevention and detection by the Department for Communities and Local Government.

3.0 Progress, options, discussion, etc.

- 3.1 At the last meeting of the Audit Committee in July 2015, it was agreed that regular updates on the progress the council was making in tackling fraud would be brought before the Committee.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report [GE/24082015/A].

5.0 Legal implications

- 5.1 Investigations by the Counter Fraud Unit may have legal implications depending upon what action is taken or decided against in respect of those investigations [RB24082015/S].

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 the implications in this report.

10.0 Schedule of background papers

- 10.1 None.

Counter Fraud Update Report August 2015

CITY OF
WOLVERHAMPTON
COUNCIL



**Stronger
Economy**



**Stronger
Communities**



**Stronger
Organisation**

1 Introduction

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

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

2 The Counter Fraud Unit

The Counter Fraud Unit, which sits within Audit Services, is continuing to develop and lead in raising fraud awareness across the council and in promoting an anti-fraud culture. The team carries out investigations into areas of suspected or reported fraudulent activity and organises a series of council wide pro-active fraud activities, including the targeted testing of areas open to the potential of fraudulent activity. The team maintains the council's fraud risk register, and are soon to re-introduce a round of raising fraud awareness seminars and fraud surgeries. In addition they lead on the Cabinet Office's National Fraud Initiative (NFI) exercise.

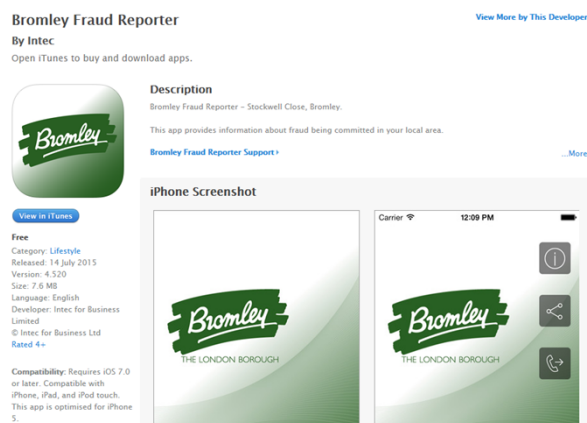
3 Counter Fraud Update

Counter Fraud Plan

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

Council Fraud App

The Department for Communities and Local Government (DCLG) has awarded funding to Intec, an application developer, to produce a Counter Fraud App for use by the public. The council having supported the application for funding has the opportunity to use the App. The prototype App has been produced and is being tailored and branded to the council's requirements. The App will be used to communicate the fraud awareness message to the public, including details of key fraud threats and success stories. The public will also be able to use the App to report potential frauds. Once the prototype App has been approved it will be made available to the public.



Bromley Council have been the first to pilot the App, which became available last month, and can be downloaded for free, through (amongst others) the itunes app store.

Benefit Fraud Investigation Team

As a part of a national initiative, the council's Housing Benefit Fraud Team transferred to the Department of Works and Pensions (DWP) new Single Fraud Investigation Service (SFIS) on 1 June 2015. In future, all Housing Benefit Fraud investigations will be conducted by SFIS investigators and they will claim any resulting savings.

All open fraud case files have been securely transferred to the DWP and they will conclude the investigations. The DWP has established a national fraud hotline for use by members of the public when reporting suspected housing benefits fraud. Contact details for the hotline are available on the council's internet site and from City Direct.

The council has established a Single Point of Contact (SPOC) for dealing with all communications with SFIS.

Benefit Fraud outcome of Investigations - 2015/16

The table below identifies the value and number of Housing Benefit fraud overpayments resulting from investigations completed during the financial year 2015/16, prior to the Housing Benefits Teams move to the DWP. These are cases where the claimant has either provided inaccurate information in order to obtain benefits or has failed to inform the council that their circumstances have changed resulting in them no longer being eligible to receive benefits. The council uses intelligence to identify dishonest benefit claimants and to actively pursue the recovery of fraudulently claimed payments and where appropriate penalise the perpetrator. A total of 13 investigations have been completed. These resulted in overpayments which either did not meet the criteria for a sanction to be invoked or overpayments which resulted in a sanction of a prosecution or penalty. Overpayments are recovered through established council systems, for example, by Revenues and Benefits or through the debtor systems.

Sanction	Value of overpayment £	Number of cases
Non Sanction Over Payment	£46,100	9
Prosecution Over Payment	£9,200	3
Penalty Over Payment	£700	1
Caution Over Payment	£0	0
Total	£56,000	13

National Fraud Initiative

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

The latest NFI exercise commenced during January 2015 and the current outcomes are shown below. In addition, the outcomes from the last NFI exercise in 2013/14 continue to be realised and are also included below.

Description	Previous value (£)	Current value (£)
Housing benefit claimants to student loans (2013/14)	127,812	140,914
Housing benefit claimants to external payrolls (2013/14)	6,837	9,027
Housing benefit claimants to student loans	9,618	24,246
Housing benefits claimants to in country immigration	0	42,224
Housing benefits claims to internal housing benefits claims	0	7,038
Housing benefits claims to external housing benefits claims	21,272	21,272
Total	165,539	244,721

Action is being taken to recover the value of the fraud and error wherever possible.

Fraud Data Warehouse

Birmingham City Council has been operating a *data warehouse for a number of years.

** data warehouse: storing data sets from across organisations and used for data matching purposes in order to identify potential fraud.*

For the last five years their data warehouse has been used to hold tenancy data provided by 15 organisations including some Midland councils and housing associations. Wolverhampton Homes is already one of the participating organisations.

Birmingham is now exploring opportunities to expand the scope of the warehouse to include data which can be used to detect other types of fraud, starting with Council Tax fraud. Wolverhampton has been invited to participate in the initiative. Work has commenced to put processes in place, to enable the data to be shared. Details of the progress made will be brought before the Committee as it becomes known.

Partnership Working

As part of the partnership arrangements with Sandwell Metropolitan Borough Council, and following the transfer of the Benefit Fraud Team to the DWP (as referred to above), the existing joint arrangement has been extended to include tackling fraud. This will involve the fraud team at Sandwell assisting the council in carrying out investigations and implementing the wider Counter Fraud Plan. This joint approach will see an increase in shared information, working practices and the introduction of new counter fraud initiatives,

Fraud Risk Register

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

Counter Fraud Plan Update

Issue	Action	Timescale
Raising counter fraud awareness across the council	Develop and deliver Fraud Awareness seminars for managers and supervisors	New seminars to be arranged in Autumn 2015
	Develop on line fraud training for staff.	Completed October 2013 – to be refreshed during 2015
	Work with Workforce Development to develop and promote fraud training.	Ongoing use of online training package
	Establish measures for assessing the level of employee fraud awareness.	Winter 2016
	Hold fraud surgeries to enable staff to report areas of suspected fraud.	New surgeries to be held in Autumn 2015
	Use various forms of media to promote fraud awareness across the council including City People, the intranet and the internet.	On-going
	In conjunction with the external provider Intec develop a fraud information and reporting App for use by the public.	Autumn 2015
Work closely with Wolverhampton Homes and seek opportunities to promote joint fraud awareness.	On-going	
Work with national, regional and local networks to identify current fraud risks and initiatives.	Maintain membership of the National Anti-Fraud Network (NAFN).	On-going
	Participate in the Cabinet Office's National Fraud Initiative (NFI) data matching exercises. Acting as key contact for the council, the West Midlands Pension Scheme and Wolverhampton Homes.	On-going
	Complete the annual TEICCAFI and CIPFA fraud surveys.	Last completed May 2015 next survey expected May 2016
	Investigate opportunities to develop the use of NFI real time and near real time data matching.	Used for Housing Waiting Lists – Summer 2015
	Participate in CIPFA's technical information service.	On-going
	Maintain membership of the Midlands Fraud Group.	On-going – Next meeting September 2015
Attend external fraud seminars and courses.	On-going	

Issue	Action	Timescale
Assess the counter fraud strategy against best practice	Complete national fraud self-assessments, for example:	
	<ul style="list-style-type: none"> <li data-bbox="496 264 927 297">• New CIPFA Code of Practice 	June 2015
	<ul style="list-style-type: none"> <li data-bbox="496 331 1075 365">• TEICCAFI's- Protecting the Public Purse 	Annually
	<ul style="list-style-type: none"> <li data-bbox="496 398 1075 499">• Department for Communities and Local Government – ten actions to tackle fraud against the council. 	Winter 2015
Identify and rank the fraud risks facing the council	Manage the council's fraud risk register to ensure key risks are identified and prioritised.	Substantially completed - continue to refine Autumn 2015
	Develop measures of potential fraud risk to help justify investment in counter fraud initiatives.	Autumn 2015
	Seek opportunities to integrate the fraud risk register with other corporate risk registers and also the Audit Services Audit Plan	Winter 2015
Work with other fraud investigation teams at the council	Develop good communication links between the Counter Fraud Unit, Wolverhampton Homes, and Audit Services.	Corporate Fraud Group established
	Maintain an overview of the progress made with the tenancy data sharing agreement between Wolverhampton Homes and Birmingham City Council.	Ongoing
	Develop a fraud data sharing agreement between Wolverhampton Council and Birmingham City Council.	Autumn 2015
Work with external organisations to share knowledge about frauds?	Establish formal joint working relationships with external bodies, for example Police, Health Service and Immigration Enforcement.	A number of joint investigations have been completed with the police during 2015.
Participate in external initiatives and address requests for information	Implement industry best practice as identified in reports produced by external bodies, for example; The TEICCAFI Annual Protecting the Public Purse report and the National Fraud Initiative report.	Annual on-going
	Encourage Service Areas to participate in initiatives to identify cases of fraud.	Corporate Fraud Group established
	Look for opportunities to use analytical techniques such as data matching to identify frauds perpetrated across bodies, for example other councils.	Autumn 2015 onwards

Issue	Action	Timescale
	Undertake a programme of proactive target testing.	Autumn 2015 onwards
	Respond to external requests for information or requests to take part in national initiatives.	Ongoing
All cases of reported fraud are identified, recorded and investigated in accordance with best practice and professional standards.	Work with Service Areas to develop methods of recognising, measuring and recording all forms of fraud.	Corporate Fraud Group established
	Manage and co-ordinate fraud investigations across the council.	Ongoing
	Implement and update the council's portfolio of fraud related policies in response to changes in legislation.	New policies approved March 2014 and updated 2015
	Where appropriate take sanctions against the perpetrators of fraud either internally in conjunction with Human Resources and Legal Services or externally by the Police.	Ongoing
Ensure responsibility for counter fraud activities is included in Partnership agreements with external bodies.	Embed responsibility for counter fraud activities in partnership agreements with the council's strategic partners.	Ongoing
	Partnership agreements to include the council's rights of access to conduct fraud investigations.	Ongoing
Provide the opportunity for employees and members of the public to report suspected fraud.	Manage and promote the Whistleblowing Hotline and record all reported allegations of fraud.	Ongoing
	Promote and hold fraud surgeries that provide the opportunity for staff to discuss any potential fraudulent activity at the council.	New surgeries to be held by Autumn 2015
	Seek other methods of engaging with employees and the public to report fraud.	Ongoing
	Where appropriate ensure allegations are investigated and appropriate action taken.	Ongoing
	Work with and develop procedures for carrying out investigations with other service areas for example Human Resources, Legal Services and Wolverhampton Homes.	Corporate Fraud Group established
Inform members and senior officers of counter fraud activities.	Report quarterly to the Audit Committee on the implementation of Counter Fraud initiatives and the progress and outcome of fraud investigations.	September 2015 onwards quarterly

Fraud Risk Register @ August 2015

Themes	Potential fraud type	Risk rating
Housing Tenancy	Subletting for profit, providing false information to gain a tenancy, wrongful tenancy assignment and succession, failing to use the property as the principle home, right to buy.	Red
Housing Benefit	Claiming benefits to which not entitled	Red
Council Tax	Fraudulently claiming for discounts and exemptions such as the single persons discount, Local Council Tax Support Schemes	Red
Personal Budgets	Falsely claiming that care is needed, carers using direct payments for personal gain, carers continuing to receive direct payments after a person dies, duplicate applications submitted to multiple councils.	Red
Welfare Assistance	Fraudulent claims	Amber
Procurement	Collusion (employees and bidders), false invoices, overcharging, inferior goods and services, duplicate invoices	Amber
Business Rates	Evading payment, falsely claiming mandatory and discretionary rate relief, empty property exemption, charity status	Amber
Payroll	'ghost' employees, expenses, claims, recruitment	Amber
Blue Badge	Fraudulent applications, use and continuing to receive after a person dies	Amber
Electoral	Postal voting, canvassing	Amber
Schools	School accounts, expenses, procurement, finance leases	Amber
Theft	Theft of council assets including cash	Green
Insurance	Fraudulent and exaggerated claims	Green
Manipulation of data	Amending financial records and performance information	Green
Bank Mandate Fraud	Fraudulent request for change of bank details.	Green
Grants	False grant applications, failure to use for its intended purpose	Green
Bribery	Awarding of contracts, decision making	Green
Money Laundering	Accepting payments from the proceeds of crime	Green

Audit Committee

21 September 2015

Report title	Payment Transparency	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Accountable director	Mark Taylor, Finance	
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:

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

1.0 Purpose

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

2.0 Background

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

- 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 is updated monthly.
- In addition to the spend to date, the site also includes spend for the financial years from 2011 to 2014.
- Since last reported to the Audit Committee in July 2015, there have been no requests for information from the public (as an 'armchair auditor').

3.0 Progress, options, discussion

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

4.0 Financial implications

4.1 There are no financial implications arising from the recommendation in this report (GE/24082015/E).

5.0 Legal implications

5.1 There are no legal implications arising from the recommendation in this report (RB/24082015/P).

6.0 Equalities implications

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

7.0 Environmental implications

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

8.0 Human resources implications

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

9.0 Corporate landlord implications

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

10.0 Schedule of background papers - None

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Audit Committee

21 September 2015

Report title	Audit Committee – Self Assessment of Good Practice and Effectiveness	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Accountable director	Mark Taylor, Finance	
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	

Recommendation(s) for action or decision:

The Committee is asked to:

1. Complete the self-assessment of good practice and effectiveness exercise and return it before the next Audit Committee.

1.0 Purpose

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) in their Audit Committees – Practical Guidance for Local Authorities, recommend that an Audit Committee should carry out a regular review of its performance and effectiveness, alongside a number of other self-assessment activities. As the first stage of such an exercise, the committee are asked to complete a self-assessment of good practice checklist, based on the model provided by CIPFA.

2.0 Background

- 2.1 This self-assessment exercise forms part of a three stage review, which in line with CIPFA's Audit Committees – Practical Guidance for Local Authorities, includes the following activities:

Self-assessment exercise

Members of the committee were asked to complete the self-assessment exercise at the Audit Committee meeting on 9 March. However, since that time, there have been changes to the membership of the committee and therefore, it would be beneficial to revisit and re-perform the exercise.

Members of the committee are asked to complete the self-assessment and return it to peter.farrow@wolverhampton.gov.uk by 21 October 2015. The results will then be summarised and reported back to the next Audit Committee meeting.

Members knowledge and skills framework

The next stage will then involve members completing a knowledge and skills framework exercise, which will be distributed at the next meeting.

Evaluating the effectiveness

Once the above framework exercise has been completed, a more detailed "evaluating the effectiveness of the committee" exercise will be undertaken at a later meeting.

3.0 Progress, options, discussion, etc.

- 3.1 This exercise will take place in three stages. Following each stage, the results will be summarised and presented at the next meeting. The results will also help drive a more structured future training programme.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendations in this report. (GE/24082015/S)

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendations in this report. (RB/24082015/U)

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 – Audit Committee: Self-Assessment of Good Practice

Audit Committee: Self-Assessment of Good Practice

Good practice questions	Yes	Partly	No
Audit committee purpose and governance			
Does the authority have a dedicated audit committee?			
Does the audit committee report directly to full council?			
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement (see below)?			
Is the role and purpose of the audit committee understood and accepted across the authority?			
Does the audit committee provide support to the authority in meeting the requirements of good governance?			
Are the arrangements to hold the committee to account for its performance operating satisfactorily?			
Functions of the committee			
<p>Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?</p> <ul style="list-style-type: none"> • Good governance • Assurance framework • Internal audit • External audit • Financial reporting • Risk management • Value for money • Counter-fraud and corruption 			
Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?			
Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?			
Where coverage of core areas has been found to be limited, are plans in place to address this?			
Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?			

Membership and support			
Has an effective audit committee structure and composition of the committee been selected? This should include: <ul style="list-style-type: none"> • Separation from the executive • An appropriate mix of knowledge and skills among the membership • A size of committee that is not unwieldy • Where independent members are used, that they have been appointed using an appropriate process. 			
Does the chair of the committee have appropriate knowledge and skills?			
Are arrangements in place to support the committee with briefings and training?			
Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			
Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?			
Is adequate secretariat and administrative support to the committee provided?			
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?			
Has the committee evaluated whether and how it is adding value to the organisation?			
Does the committee have an action plan to improve any areas of weakness?			

Note: if you are unsure of how to answer any particular question, then please leave that line blank.

CIPFA's Position Statement: Audit Committees in Local Authorities

Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.

The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

The core functions of an audit committee are to:

- Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the authority's objectives.
- In relation to the authority's internal audit functions: oversee its independence, objectivity, performance and professionalism, support the effectiveness of the internal audit process and promote the effective use of internal audit within the assurance framework.
- Consider the effectiveness of the authority's risk management arrangements and the control environment. Review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships with other organisations.
- Monitor the effectiveness of the control environment, including arrangements for ensuring value for money and for managing the authority's exposure to the risks of fraud and corruption.
- Consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control.
- Support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.
- Review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

Audit committees can also support their authorities by undertaking a wider role in other areas including:

- Considering governance, risk or control matters at the request of other committees or statutory officers.
- Working with local standards committees to support ethical values and reviewing the arrangements to achieve those values.

- Reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code of Practice.
- Providing oversight of other public reports, such as the annual report.

Although no single model of audit committee is prescribed, all should:

- Act as the principal non-executive, advisory function supporting those charged with governance.
- In local authorities, be independent of both the executive and the scrutiny functions;
- Have clear rights of access to other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups.
- Be properly accountable to the authority's board or equivalent bodies
- Meet regularly – at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public.
- Be able to meet privately and separately with the external auditor and with the head of internal audit.
- Include, as regular attendees, the chief financial officer(s) or appropriate senior and qualified substitute, the chief executive, the head of internal audit and the appointed external auditor. Other attendees may include the monitoring officer (for standards issues) and the head of resources (where such a post exists). These officers should also be able to access the committee, or the chair, as required. The committee should have the right to call any other officers or agencies of the authority as required.
- Report regularly on their work, and at least annually report an assessment of their performance.

Good audit committees are characterised by:

- A membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role.
- A membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives.
- A strong independently minded chair – displaying a depth of knowledge, skills and interest.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.

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Audit Committee

21 September 2015

Report title	Strategic Risk Register and Strategic Assurance Map	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Accountable director	Mark Taylor, Finance	
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	N/A	

Recommendations for noting:

The Committee is asked to note:

1. The strategic risk register at Appendix A
2. The reduction in the assessment of the following risk:
 - Risk 19 - Combined Authority
3. That although some progress has been made in the mitigation of risk 17 – Employee Management, further actions are being implemented to ensure this risk is mitigated to an acceptable level. As a result the target date has been amended to reflect this.
4. The main sources of assurance available to the Council against its strategic 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 strategic risk register report was last presented to the Committee in July 2015 and included an update on the progress made on the mitigation of these risks. As a result of the short period since this update, there has not been any significant change to the Register. A summary of the Register is included at Appendix A of this report which sets out the assessment of the risks as at August 2015.
- 2.3 Appendices B and C provide detailed updates for two of these strategic risks (in respect of Looked After Children and the Combined Authority), which were requested by the Audit Committee at its meeting in July.
- 2.6 Appendix D provides a summary of the Council's strategic assurance map which follows the three lines of defence model (shown below). The assurance map details where the Committee can gain assurance against the strategic risks. This too is a live document and is updated alongside the monitoring and reviewing of the strategic risk register.

The three lines of defence model:

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

3.0 Progress, options, discussion

- 3.1 The strategic risk register will be updated as required, and presented at approximately quarterly intervals to the Committee. 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 strategic risk register summary. Financial implications may arise from the implementation of strategies employed to mitigate individual corporate risks, but these will be evaluated and reported separately if required (GE/07092015/X).

5.0 Legal implications

5.1 Although there may be some legal implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct legal implications arising from this report (TS/0709/2015/A).

6.0 Equalities implications

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

7.0 Environmental implications

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

8.0 Human resources implications

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

9.0 Corporate landlord implications

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

10.0 Schedule of background papers

10.1 None

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Strategic Risk Register @ August 2015

CITY OF
WOLVERHAMPTON
COUNCIL



**Stronger
Economy**



**Stronger
Communities**



**Stronger
Organisation**


Profile of current strategic risks:


Red	1, 2, 4, 11, 12,
Amber	3, 7, 8, 9, 10, 14, 15, 16, 17, 19

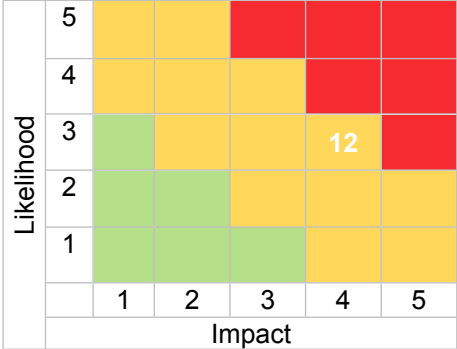

Our priorities

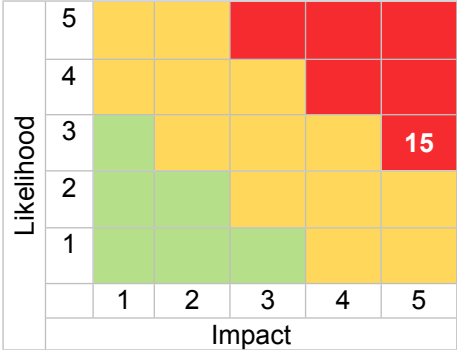

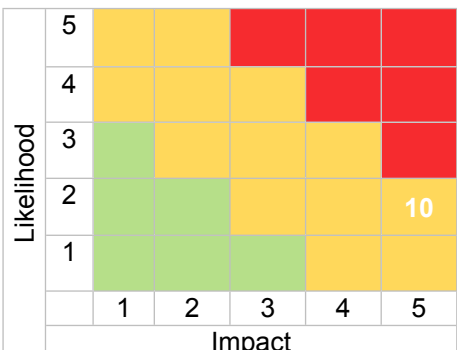



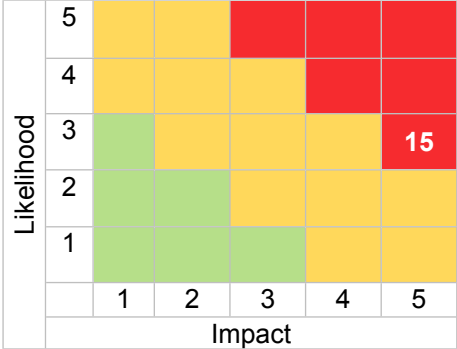

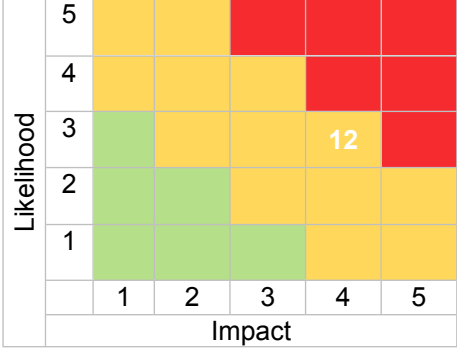

The following are the strategic risks assessed as medium to high that the council faces in delivering its priorities


Risk ref	Risk title and description	Previous score (June 2015)	Direction of travel	Current score (August 2015)	Target score and date																																													
1 01/14	<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: Linda Sanders (Emma Bennett) Cabinet Member: Cllr Val Gibson</p> <table border="1"> <tr> <td rowspan="5">Likelihood</td> <td>5</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>4</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>20</td> </tr> <tr> <td>3</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> </tr> <tr> <td>2</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td>1</td> <td>Green</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5">Impact</td> </tr> </table>	Likelihood	5	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	20	3	Green	Yellow	Yellow	Yellow	Red	2	Green	Green	Yellow	Yellow	Yellow	1	Green	Green	Green	Yellow	Yellow			1	2	3	4	5			Impact					20 Red		20 Red	15 Red March 2016
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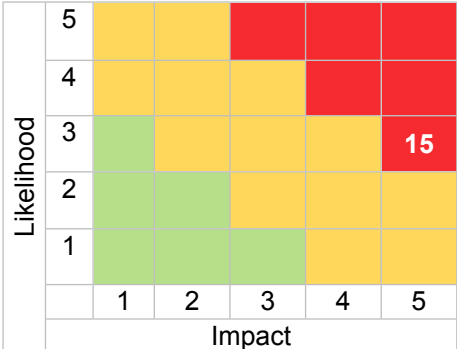

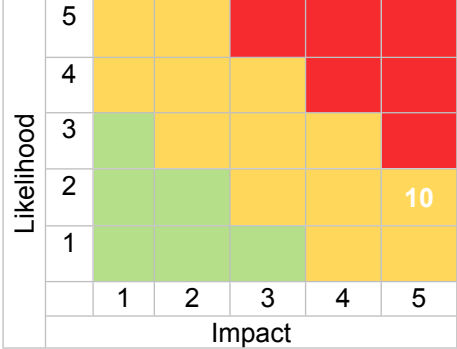
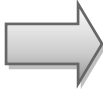
Risk ref	Risk title and description	Previous score (June 2015)	Direction of travel	Current score (August 2015)	Target score and date																																													
2 01/14	<p>Skills for Work If the city residents do not have the appropriate skills that employers require then they will be unable to access the jobs and opportunities available resulting in high rates of unemployment and increased demand on Council services.</p> <p>Risk owner: Tim Johnson Cabinet Member: Cllr John Reynolds</p> <table border="1" data-bbox="209 651 667 999"> <tr> <td rowspan="5" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000; text-align: center;">20</td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="6" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4					20	3						2						1								1	2	3	4	5		Impact						15 Red		15 Red	10 Amber March 2017
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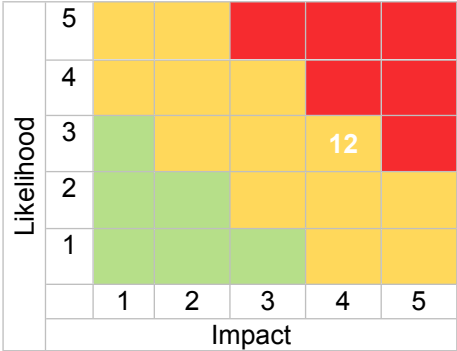
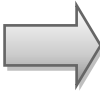
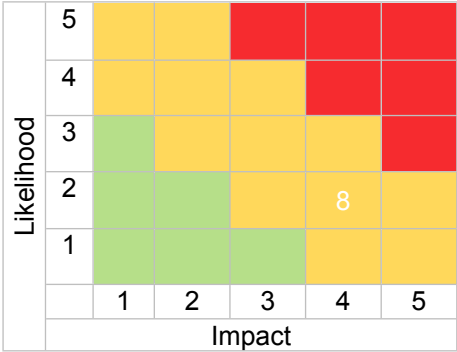

Risk ref	Risk title and description	Previous score (June 2015)	Direction of travel	Current score (August 2015)	Target score and date
3 01/14	<p>Information Governance (IG) If the Council does not put in place appropriate policies, procedures and technologies to ensure:</p> <ul style="list-style-type: none"> that the handling and protection of its data is undertaken in a secure manner and consistent with 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: Kevin O' Keefe Cabinet Member: Cllr Paul Sweet</p> 	12 Amber		12 Amber	8 Amber March 2016

Risk ref	Risk title and description	Previous score (June 2015)	Direction of travel	Current score (August 2015)	Target score and date
4 01/14	<p>Medium Term Financial Strategy 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: Keith Ireland Cabinet Member: Cllr Andrew Johnson</p> 	15 Red		15 Red	15 Red
7 01/14	<p>Safeguarding 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: Linda Sanders (Ros Jervis) Cabinet Member: Cllr Val Gibson and Cllr Elias Mattu</p> 	10 Amber		10 Amber	5 Amber Next Ofsted inspection

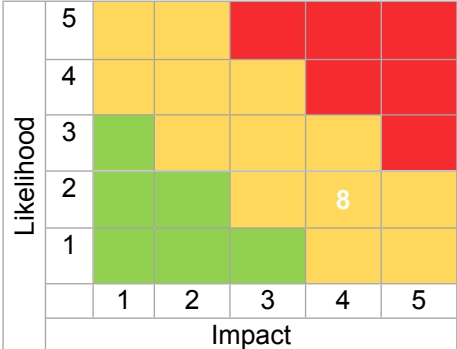

Risk ref	Risk title and description	Previous score (June 2015)	Direction of travel	Current score (August 2015)	Target score and date
8 01/14	<p>Business Continuity Management (BCM) Failure to develop, exercise and review plans and capabilities that seek to maintain the continuity of critical functions in the event of an emergency that disrupts the delivery of Council services.</p> <p>Risk owner: Linda Sanders (Ros Jervis) Cabinet Member: Cllr Sandra Samuels</p> 	10 Amber		10 Amber	8 Amber June 2016
10 01/14	<p>Economic Inclusion 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: Tim Johnson (Keren Jones) Cabinet Member: Cllr John Reynolds</p> 	12 Amber		12 Amber	8 Amber September 2017

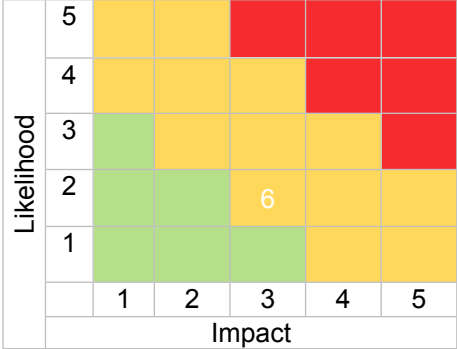

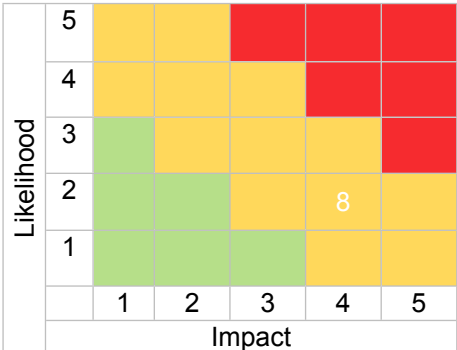

Risk ref	Risk title and description	Previous score (June 2015)	Direction of travel	Current score (August 2015)	Target score and date																																											
11 01/14	<p>The Care Act</p> <p>If the Council does not have robust plans in place to implement the Care Act including:</p> <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: Linda Sanders (Tony Ivko) Cabinet Member: Cllr Elias Mattu</p> <table border="1" data-bbox="209 936 667 1283"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000; text-align: center;">15</td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3					15	2						1							1	2	3	4	5		Impact					15 Red		15 Red	10 Amber April 2016
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Risk ref	Risk title and description	Previous score (June 2015)	Direction of travel	Current score (August 2015)	Target score and date
12 01/14	<p>Better Care Fund (BCF) 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: Linda Sanders Cabinet Member: Cllr Elias Mattu</p> 	15 Red		15 Red	10 Amber October 2015
14 01/14	<p>School Improvement If the Council does not provide effective support, challenge and appropriate intervention to raise standards in schools and school governance, 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: Julien Kramer Cabinet Member: Cllr Claire Darke</p> 	10 Amber		10 Amber	5 Amber July 2016

Risk ref	Risk title and description	Previous score (June 2015)	Direction of travel	Current score (August 2015)	Target score and date
16 01/14	<p>Equal Pay 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 “Abdullah” type claims can still be brought. <p>Risk owner: Mark Taylor Cabinet Member: Cllr Paul Sweet</p> 	12 Amber		12 Amber	8 Amber March 2016
19 02/15	<p>Combined Authority If the Council does not effectively engage with partners in the consideration of the formation of a Combined Authority, ensuring sufficient and appropriate resources are assigned to progress, manage and provide assurances to partners on the programme and any work streams, then the Council’s objectives in respect of growth in the regional economy, employment and skills, business investment and regeneration may not be fully realised.</p> <p>Risk owner: Keith Ireland Cabinet Member: Cllr Roger Lawrence</p> 	12 Amber		8 Amber	4 Amber April 2016

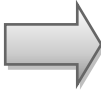
The following are/ were the medium/ low (assessed at less than 10) strategic risks that the Council faces in delivering its corporate priorities.

Risk ref	Risk title and description	Previous score (June 2015)	Direction of travel	Current score (August 2015)	Target score and date
9 01/14	<p>City Centre Regeneration</p> <p>If the city centre regeneration programme is not effectively managed in terms of project timings, costs and scope, then it will be unable to maximise opportunities including:</p> <ul style="list-style-type: none"> the attraction of private sector investment 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 John Reynolds</p> 	8 Amber		8 Amber	8 Amber

Risk ref	Risk title and description	Previous score (June 2015)	Direction of travel	Current score (August 2015)	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: Linda Sanders (Ros Jervis) Cabinet Member: Cllr Roger Lawrence and Cllr Sandra Samuels</p> 	6 Amber		6 Amber	6 Amber
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: Kevin O' Keefe Cabinet Member: Cllr Paul Sweet</p> 	8 Amber		8 Amber	4 Amber From August 2015 to March 2016

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Strategic Risk 1- Looked After Children

Risk title and description	Previous score (June 2015)	Direction of travel	Current score (August 2015)	Target score and date
<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: Linda Sanders (Emma Bennett) Cabinet Member: Cllr Val Gibson</p>	20 Red		20 Red	15 Red April 2016

Background

- 1.1 At the July 2015 meeting of the Audit Committee, members requested further information in respect of strategic risk 1 – Looked After Children. This note updates the committee on the progress of the work programme to reduce the number of Looked After Children to 631 by 31 March 2016.
- 1.2 Members will be aware from previous risk reports that the numbers of looked after children reached a peak at 807. Over the last 5 years Wolverhampton has seen a continued growth in Looked After children (LAC) at a greater pace than has been seen nationally to 143 per 10,000. We are now at 126 per 10,000. By achieving a reduction to 631 we will be at 110 per 10,000.
- 1.3 The Families r First programme was established in 2014 in order to ensure that wherever possible children are supported to remain with their families safely. This would in turn enable the right children come into care at the earliest point. The work streams under this have been successful in stabilising the numbers. Since the reconfiguring of edge of care services in mid-June under one Head of Service, admissions have decreased significantly and there are now over 50 fewer Looked After Children, a reduction to 726 as of August 2015.

2 Current position

2.1 The Families r First programme is now embedded in the Children's Services transformation phase 2 which includes:

- Review of whole system with iMPower Consultancy: building on the LGA funded iMPower work that took place between March and April, iMPower have now been awarded a tender to undertake a longer term piece of work including a review and analysis of services currently targeted at early help in order to assess both the effectiveness and efficiency of our current model with a view to informing a high level redesign. The work with iMPower is for three months and began in July 2015. Together with data and financial analysis, a series of interviews are taking place with service leads, workshops with key employees have been established alongside some focus groups with frontline staff and service users. Work is being undertaken with Corporate Landlord leads in order to inform the development of proposals for asset rationalisation to achieve service redesign.
- The 2015/16 budget for the whole of the LAC service is £33 million. The Medium Term Financial Strategy includes a savings proposal for the reduction in the number of LAC of £6 million over the period of 2015/16 to 2018/19.
- Budget 2016/17 plans and modelling continues in order to inform the planning and delivery of the further proposed £4.3 million savings in 2016/17 from a whole system transformation. The Children's transformation programme aims to deliver an accelerated, sustainable and lasting reduction of LAC through redesigning the whole Children's services pathway and systems, ensuring better use of resources with effective targeted early intervention and prevention to keep families together safely.
- A key change in order to accelerate progress was to reconfigure Edge of Care services under one Head of Service. This commenced in June with an objective to significantly improve and better co-ordinate and focus services on support to prevent children becoming looked after. In bringing these services together, work has been undertaken to ensure all resources are targeted at supporting families to remain together. The service is providing both planned and crisis interventions. It was evident that the majority of children were coming into care late in the evening and at weekends due to crisis within the family. A new rota arrangement is being put in place to extend hours of support to 8 p.m. and over the weekend. The work of the Edge of Care team has already significantly impacted on the numbers of children coming into care – with eight in total in July (compared to 24 in January). This enables work to be undertaken closely with the Emergency Duty team to reduce out of hours emergency admissions (including police protection) with all children at risk of becoming looked after being required to be referred to the newly created Edge of Care service.
- The development and implementation of a Multi-Agency Safeguarding Hub (MASH) is being led by a strategic partnership board with support from a weekly operational group. With MASH's already in place in Birmingham, Coventry, Sandwell, Staffordshire and Stoke, West Midlands Police are keen to implement this model across all West Midlands local authorities in order to ensure child protection and vulnerable adults referrals are managed by a multi-agency team that shares

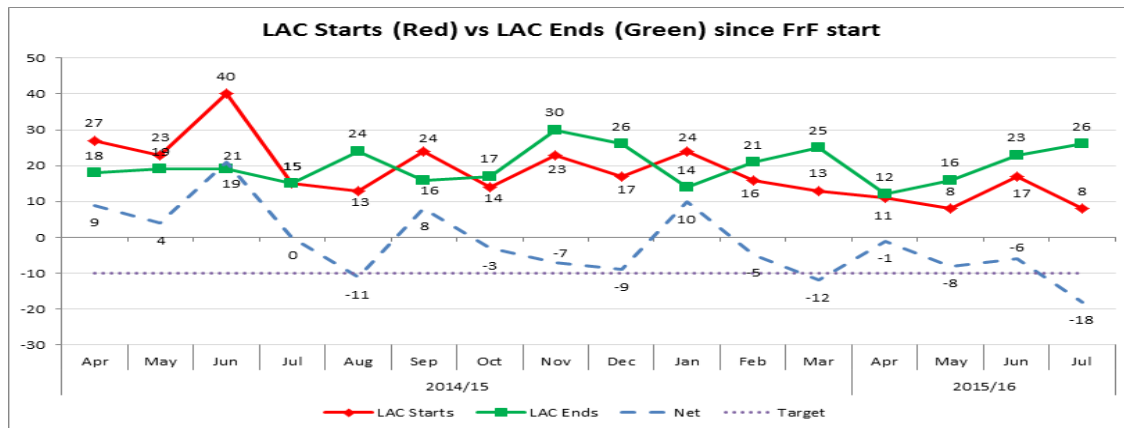
information at the earliest point and ensures multi-agency decision making. Wolverhampton is committed to a single children's and adults MASH and plans to implement this from January 2016. Work is currently being undertaken to plan Civic Centre accommodation and the IT system to support the MASH whilst multi agency dip sampling of referrals will take place in September to inform the resources required.

2.2 Essential elements of the children's transformation process include a focus on workforce, retraining and behaviour change across the system including with partners. The case review and analysis undertaken by Suzanne Coulson (an independent specialist) in spring 2015, has resulted in the following:

- A dedicated legal workshop and on-going work plan and performance management to shift culture and practice to further reduce initiation of care proceedings, increase use of private law options and ensure the revocation of most of the 91 care orders where children and young people are placed at home. A joint schedule has now been developed.
- A dedicated police workshop plus on-going work and performance monitoring to reduce use of police protection through ensuring effective and pro-active social work/Edge of Care intervention.
- A programme of retraining to improve social work practice, assessment and care planning based upon the principle that strong social work practice is key to reducing number of LAC through ensuring effective preventative support to children and families.
- The re-designation of social work services in order to address the long term vacancies at a Consultant Social Worker level, ensuring that resources are aligned with needs across the locality areas, and to target 12 additional social workers in order to ensure caseloads are appropriate and that high quality social work is provided.
- On-going and targeted recruitment campaigns have led to the majority of vacant social worker posts having been recruited to. It is planned that all these posts will be filled by the end of September.

2.3 Whole System Engagement - Integral to the improvement programme is a shared leadership endeavour across all partners through ensuring that key partnership activity (as represented by the Children and Young People Partnership Board, Health and Wellbeing Board, the Strengthening Families Board, the Health and Social Care Joint Commissioning Board and the Children's Safeguarding Board) is engaged over the summer in the children's services transformation journey. This will be built into the next phase of the system redesign work.

2.4 The chart below demonstrates the reduction of LAC over recent months through preventing children from becoming looked after and enabling children to exit from care in a timely manner.




3. Risk mitigation

- 3.1 The risks to managing demand differently and reducing the numbers of LAC have been identified and recorded in the programme risk register and includes the following:
- The demands of partner agencies where there may be a tendency to prefer children and young people to be removed from their families as the primary way to safeguard effectively.
 - The change in culture of social work practice to “think family” before care and the associated challenge and skill of managing risk within families
 - The impact of large sibling groups who may enter care.
 - The lack of preventative services available to support children at home.
 - The impact of the financial costs if targets are not met.

4. The Assurance Framework

- 4.1 Assurances on the effective management of this strategic risk include reporting to:
- Scrutiny Board.
 - Children’s Trust Board
 - Wolverhampton Safeguarding Children’s Board
 - Children’s Service Budget monitoring group (including cabinet members and Head of Finance)
 - Strengthening Families Board
 - Regular update reports to the Strategic Executive Board and the People Leadership Team.

Strategic Risk 19 - Combined Authority

Risk title and description	Previous score (June 2015)	Direction of travel	Current score (August 2015)	Target score and date
<p>Combined Authority</p> <p>If the council does not effectively engage with partners in the consideration of the formation of a Combined Authority, ensuring sufficient and appropriate resources are assigned to progress, manage and provide assurances to partners on the programme and any work streams, then the council's objectives in respect of growth in the regional economy, employment and skills, business investment and regeneration may not be fully realised.</p> <p>Risk owner: Keith Ireland Cabinet Member: Cllr Roger Lawrence</p>	12 Amber		8 Amber	4 Amber April 2016

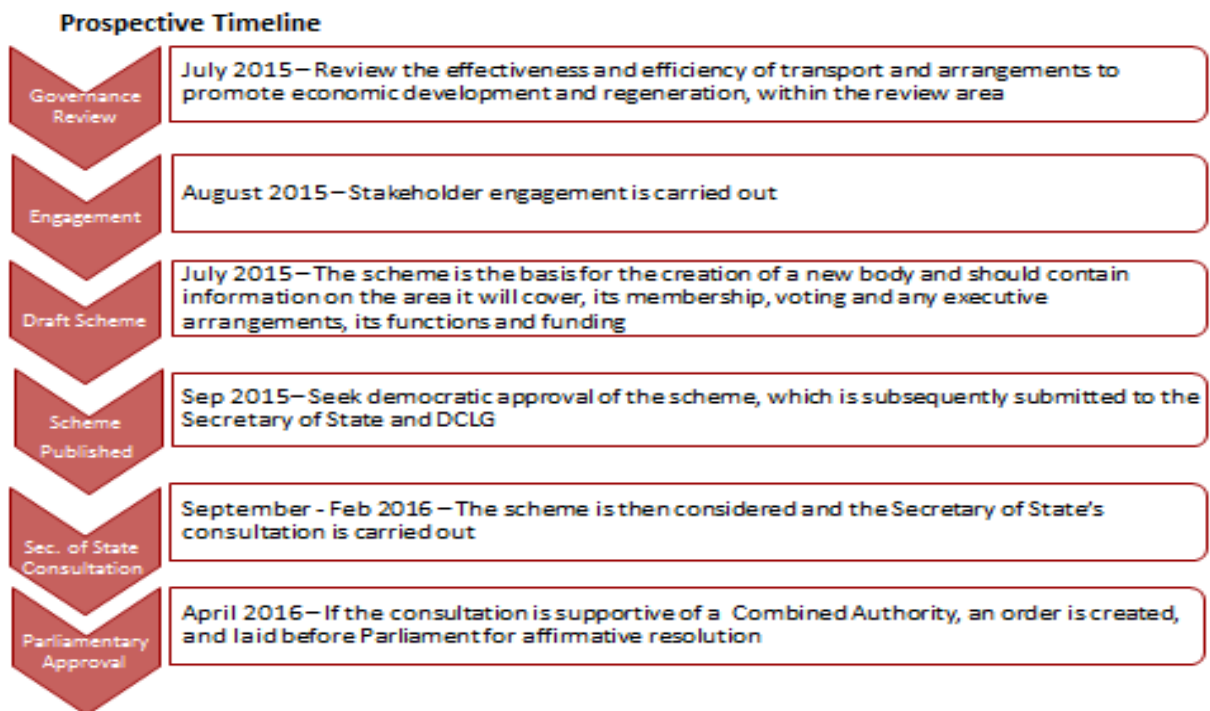
Background

- 1.1 At the July 2015 meeting of the Audit Committee, members requested further information in respect of strategic risk 19 - Combined Authority. This note updates the committee on the progress of the work programme to potentially create a Combined Authority (CA) through the stages of proposing, negotiating, securing and delivering a devolution deal for the West Midlands region.
- 1.2 Members of the committee will be aware from previous risk reports that the leaders of the seven West Midlands authorities (Wolverhampton, Sandwell, Dudley, Walsall, Birmingham, Solihull and Coventry) announced their intention to pursue the potential for the creation of a CA as a reflection of their ambition to accelerate economic growth and public sector reform across the region.
- 1.3 This intention follows on from the creation of Combined Authorities for Greater Manchester in 2011 and in Sheffield City Region, West Yorkshire, Liverpool City Region and the North East in 2014.

1.4 The process to establish a CA has three main steps:

- **The governance review** – which is a review of the existing governance arrangements for the delivery of economic development, regeneration and transport and assessing whether there is scope to improve outcomes by making changes to these existing arrangements. In order to pursue a proposed CA, the review will need to evidence and conclude that there is a case for changing the current arrangements.
- If the governance review concludes that establishing a CA would be beneficial, the second stage will involve drawing up and consulting on a **scheme** for the new body, setting out the detail of the proposed constitutional and operating arrangements. All constituent authorities are required to approve the scheme for submission to the Secretary of State for Communities and Local Government.
- Once the scheme has been completed and published, the Secretary of State will consider the scheme and undertake a formal consultation. If satisfied with the proposals, a draft order will be laid before both Houses of Parliament for approval by resolution.

1.5 The planned programme timetable is summarised below.



Current position

- 1.6 The council is playing a pivotal role in shaping the proposed CA. The Leader is chairing regular Leaders' meetings to discuss and agree the vision and purpose of the CA, whilst the Managing Director is the programme director responsible for ensuring the work is delivered effectively, efficiently and to tight timescales. The programme team that's administering, driving forward and co-ordinating activity is also based at the council.

1.7 Actions that have been taken to date to progress the programme include:

- The establishment of the CA Programme Office led by Wolverhampton City Council, to support local authorities in assessing the feasibility of creating a CA
- The establishment of six initial programme workstreams including:
 - (i) Creation of the CA
 - (ii) Economic Analysis - undertaking economic analysis to understand the Functional Economic Market Area in the West Midlands; essentially, focusing on travel to work data, migration patterns and industrial specialisations.
 - (iii) Infrastructure - identification of key regional and sub-regional infrastructure interventions and requirements.
 - (iv) Balance – identifying how each partner can benefit from a CA, with the understanding that not every area will benefit at the same time in the same way.
 - (v) Public Sector Reform – considering opportunities for building on successful preventative services (e.g. Troubled Families)
 - (vi) Communications – tasked with developing the communications protocols and strategy for the programme and co-ordinating media enquiries.
- Regular Leaders’ Summits including Chief Executives, the three Local Enterprise Partnerships and districts.
- Agreement has been reached on the founding principles for the CA of:
 - (i) All Leaders are committed to working together to deliver the vision behind the CA.
 - (ii) All communities will benefit from the CA, but not all communities will benefit at the same time, or in the same way.
 - (iii) The CA should facilitate smarter investment decisions with better outcomes.
 - (iv) The CA should deliver economic growth for the benefit of its communities.
 - (v) The CA should reform fragmented public services.
 - (vi) The CAs initial focus should be on small, but high impact, number of ‘early wins
- Meeting with the Chancellor, George Osborne, former Deputy Prime Minister, Lord Heseltine, Local Government Secretary, Greg Clarke, and Local Government Minister, Marcus Jones.
- Meetings with officers involved in the already established CA’s across the country to understand the work involved, the key issues and opportunities to consider.
- The procurement of specialist consultants to assist with the technical aspects of the programme workstreams.
- The launch of a statement, showing how the West Midlands area can drive forward joint objectives in support of economic growth and progressive public sector reform.

- A report presented to Cabinet on 22 July 2015, detailing the programme work to date and obtaining the necessary approvals to progress the further actions required.

Further actions required

1.8 In order to manage the programme effectively the following actions will be undertaken over the coming months:

- Submission of the final governance review and scheme to full Council on 23 September 2015.
- Engagement events on the proposals contained within the draft governance review.
- The potential establishment of a Shadow Board to drive forward at pace in the most effective way the three stages outlined at paragraph 1.4 above.

Risk mitigation

1.9 The development of a CA naturally carries risks which members need to be aware of. These risks have been identified and recorded in the programme risk register and includes the following:

- The geographical coverage of the CA as it will potentially include three Local Enterprise Partnerships (the Black Country LEP, the Greater Birmingham and Solihull LEP and the Coventry and Warwickshire LEP), two of which represent councils (such as Lichfield District Council and Warwickshire County Council) which are currently not signed up to the CA.
- Discussions are taking place over the government's preference for CAs to have an elected mayor in order to gain increased devolved powers.
- There is a risk that the West Midlands cannot close the gap in economic performance. This is being mitigated by proposing the establishment of a CA to draw together strategic work across economic development, transport, housing and employment and skills and to potentially access additional funding from Government.
- The proposal to create a CA may not have local stakeholder support. This risk will be mitigated by consulting on the review of strategic governance and potential operation of a CA, with stakeholders to collect their views.
- The potential establishment of a CA may be seen as a 'Super-Council'. This risk will be mitigated by establishing a clear approach to the communication strategy between the councils and partners explaining precisely what the potential CA can and cannot do. The CA will have a constitution which will govern how the authorities involved will work together to achieve their aims. The constitution will include the practical arrangements involved in the decision making and will govern

the relationships between member authorities. The constitution will include arrangements for dealing with discharging its functions as a legal entity including audit arrangements.

- In terms of programme management, significant resources will be required to progress the work. Each of the seven West Midlands metropolitan councils have already contributed £50,000 each towards the joint appraisal work for a CA and have agreed to increase this by a further contribution of £250,000 each. For Wolverhampton, this is being funded from the Regional Work reserve.

The financial implications of the CA are currently being assessed by the Finance Directors of the seven local authorities. They are not quantifiable at this stage, but when known will be detailed in future reports to Councillors.

The Assurance Framework

1.10 Assurances on the effective management of this strategic risk include:

- Report to Cabinet on 22 July 2015 detailing the programme work to date.
- The submission of the final governance review and scheme to full Council on 23 September 2015.
- Regular update reports to the programme office from the various workstream leads.
- The regular reporting of the strategic risk register to the Audit Committee and Cabinet.

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Strategic Risk Assurance Map – August 2015

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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>	<p>20 Red</p>	<p>Performance indicator- number of LAC per 10,000 population</p> <p>Internal audit review 2015/16 - Placements and LAC</p>	<p>Update to Children's Trust Board- September 2014</p> <p>Care panel reviews of placement costs</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 will continue to provide assurance regarding the changes in number of LAC and progress made against the Families r First programme. Assurances regarding the cost of LAC need to be continually provided to ensure effective management of the budgetary pressures associated with this risk.</p>
2	<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>	<p>15 Red</p>	<p>Wolverhampton Skills Commission Review – November 2014 to April 2015</p> <p>Internal audit review - Employment Opportunities 2013/14 (Satisfactory assurance)</p> <p>Black Country performance management framework</p> <p>Internal audit review – City of Wolverhampton College- Learners with learning difficulties post 16, December 2014</p>	<p>Scrutiny review of "Employability and Skills in Wolverhampton" report to Cabinet 11 March 2015</p> <p>Scrutiny review of "Employability and Skills" September 2014 – January 2015</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 undertaken by the Wolverhampton Skills Commission provides 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>	<p>12 Amber</p>	<p>Internal audit review– Protective marking compliance, September 2014 (Limited assurance)</p> <p>Information Commissioner audit (October 2011, July 2012)</p> <p>Internal audit review 2014/15 – Information sharing agreements (Satisfactory assurance)</p> <p>Internal audit review 2013/14 - Management of information sharing agreements (Satisfactory assurance)</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</p>	<p>Senior Risk Information Officer Annual Report 2014/15</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>

			Internal audit review 2015/16- Information Governance	Subject Access Requests (SAR) met within timescales		
4	<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 result in insufficient reserves to remain solvent, the potential loss of democratic control and the inability of the council to deliver essential services and discharge its statutory duties.</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, May 2014</p> <p>Internal audit review Budgetary Control - 2014/15 (Satisfactory assurance)</p> <p>Internal audit review – 2014/15 Assumptions of the MTFS</p> <p>PwC report: Report to those charged with governance (ISA 260) September 2015</p>	<p>MTFS risk register</p> <p>Reports to Budget Working Party</p> <p>Reports to Cabinet</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>
7	<p>Safeguarding</p> <p>If the Council's safeguarding procedures and quality assurance processes are not consistently and effectively implemented then it will fail to safeguard children and vulnerable adults and lead to reputational damage.</p>	10 Amber	<p>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 2015/16 – Safeguarding in schools</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>Self- audits confirmation by schools of s175 compliance</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 continue to be sought 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>
	<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>	10 Amber	<p>Internal audit review August 2013 - Resilience management and Business continuity planning (Limited assurance)</p> <p>Follow up of internal audit recommendations - January 2014</p> <p>Internal audit review 2015/16 – Business continuity and resilience management</p>	<p>Reports from Wolverhampton Resilience Board to SEB</p>	<p>Incident management: St Alban's Church of England School February 2015</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 2015/16- 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>	12 Amber	<p>Reports to the Black Country Local Enterprise Partnership and City Board</p> <p>National performance indicators e.g. % residents unemployed, child deprivation, skills profile, etc.</p> <p>Wolverhampton Skills Commission Review – November 2014 to April 2015</p>	<p>Report to SEB – City Board – December 2014</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>Care Act Stocktake 4 – June 2015</p> <p>Care Act Stocktake 3 self - assessment</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> <p>Following discussions with the Strategic Director, internal audit resource will focus on this area in 2016/17.</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 full approval received - December 2014</p>	<p>Reports to the Health and Well Being Board (HWBB) March, July and November 2014</p> <p>Programme risk register</p> <p>Reports to the Quality and risk sub group</p> <p>Better Care Plan performance indicators</p>	<p>Monthly project reports</p> <p>Controls Assurance Statement</p>	<p>Assurance on the management of the programme will be provided by the HWBB, and the measure of key outcome based performance indicators.</p> <p>Following discussions with the Strategic Director, internal audit resource will focus on this area in 2016/17.</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>	10 Amber	<p>Ofsted annual report – Schools 2013/14, December 2014</p> <p>Ofsted inspections 2014/15</p> <p>School internal audit reviews 2013/14 and 2014/15 and 2015/16</p>	<p>Performance indicator – gaps in educational performance</p> <p>Performance indicator – end of key stage outcomes</p> <p>Report to Children and Young People Scrutiny Panel- Ofsted</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>

			<p>Internal audit review 2015/16 – Governance Strategy</p> <p>Internal audit review 2015/16 – Pupil Premium</p>	<p>inspection outcomes April to September 2014, November 2014</p> <p>Audits carried out by School Support Advisors and External Governance reviews</p>		
15	<p>Emergency Planning</p> <p>Failure to develop, exercise and review plans and capabilities for preventing, reducing, controlling or mitigating the effects of emergencies in both the response and recovery phases of major a incident.</p>	<p>6 Amber</p>	<p>Internal audit review - Resilience management and Business continuity planning August 2013 (Limited assurance)</p> <p>Follow up of internal audit recommendations, January 2014</p>	<p>Reports to Wolverhampton Resilience Board (WRB)</p> <p>Regular reports from WRB to SEB and C3 Scrutiny Panel</p>	<p>Incident management, e.g. weather incidences 2014, Public disorders Summer 2012, Hickman Avenue fire September 2014</p> <p>Test exercise “Exercise Chillout” August 2014</p> <p>Debrief report to SEB on mosque incident – 24 July 2013</p> <p>Winter debrief report to WRB – June 2014</p> <p>Controls Assurance Statement</p>	<p>The exercise and testing programme once developed and implemented will provide further assurances on the management of this risk. In the meantime, unplanned incidences and the lessons learned from these exercises continue to provide some level of assurance over this risk.</p>
16	<p>Equal Pay</p> <p>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.</p>	<p>12 Amber</p>	<p>Internal audit review - Equal Pay claims, September 2014 (Substantial assurance)</p> <p>Internal audit review 2015/16 – Equal Pay</p> <p>PwC report: Report to those charged with governance (ISA 260) September 2015</p>	<p>Reports to Equal Pay Project Board</p>	<p>Controls Assurance Statement</p>	<p>Ongoing review by management of the level of claims continues to provide assurance on this risk, over which the Council has little control.</p>
17	<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 <p>the Council may not have the required capability to deliver its objectives.</p>	<p>8 Amber</p>	<p>Internal audit review – Performance Appraisal Scheme, September 2014 (Limited assurance)</p> <p>Update report to Audit Sub Committee- February 2015</p> <p>Internal audit review 2015/16 – Performance appraisals</p> <p>Internal audit review 2015/16 – HR System Data Quality</p>	<p>Corporate performance indicator- re: appraisals completed</p>	<p>Controls Assurance Statement</p>	<p>Ongoing review of the corporate performance indicator by management will continue to provide assurance over the management of this risk.</p>
19	<p>Combined Authority</p> <p>If the Council does not effectively engage with partners in the consideration of the formation of a Combined Authority, ensuring sufficient and appropriate resources are assigned to progress, manage and provide assurances to partners on the programme and any work streams, then the Council’s objectives in respect of growth in the regional economy, employment and skills, business investment and regeneration may not be fully realised.</p>	<p>8 Amber</p>	<p>Review by Secretary of State 2016</p>	<p>Updates to joint Leaders’ and joint Chief Executives’ meetings</p> <p>Programme risk register</p> <p>Reports to programme office</p> <p>Report to Cabinet 22 July 2015</p>		<p>Assurances on the management of this risk will be obtained as programme milestones are achieved e.g. governance review, consultation process, etc.</p>

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