

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

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

Membership

Chair Cllr Craig Collingswood (Lab)

Vice-chair Cllr Sohail Khan (Con)

Labour

Cllr Obaida Ahmed
Cllr Harbans Bagri
Cllr Mary Bateman
Cllr Philip Bateman MBE
Cllr Jasbir Jaspal
Cllr Barbara McGarrity

Independent Member

Mr Mike Ager
Mr John Humphries

Quorum for this meeting is two Councillors.

Information for the Public

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

Contact 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** (Pages 5 - 10)
[For approval]
- 4 **Matters arising**
[To consider any matters arising from the minutes]

DECISION ITEMS

- 5 **External Audit Progress Report and Update**
[To receive the update from the External Auditor] **[TO FOLLOW]**
- 6 **Strategic Risk Register and Strategic Assurance Map** (Pages 11 - 46)
[To receive an update on the key risks the Council faces and how it can gain assurance that these risks are being mitigated]
- 7 **Audit and Risk Committee Annual Report - 2017-2018** (Pages 47 - 62)
[To endorse the Annual Report and refer it to Full Council for approval]
- 8 **Audit Services Counter Fraud Update** (Pages 63 - 74)
[To receive the latest Audit Services Counter Fraud update]
- 9 **Payment Transparency** (Pages 75 - 78)
[To receive the update on the Council's current position with regards to the publication of all its expenditure]
- 10 **CIPFA Audit Committee Update**
[To note the contents of the latest CIPFA Audit Committee Update – Developing an Effective Annual Governance Statement] **[TO FOLLOW]**
- 11 **Wolverhampton Interchange (Train Station) - Lessons Learned Update** (Pages 79 - 82)
[To note the update]

12 **Exclusion of the press and public**

[To pass the following resolution:

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

Part 2 - exempt items, closed to press and public

13 **Audit Investigations Update (Pages 83 - 86)**

[To receive the current position on the 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)

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Attendance

Members of the Audit and Risk Committee

Cllr Craig Collingswood (Chair)
Cllr Sohail Khan (Vice-Chair)
Cllr Obaida Ahmed
Cllr Harbans Bagri
Cllr Mary Bateman
Cllr Philip Bateman MBE
Cllr Jasbir Jaspal
Cllr Barbara McGarrity
Mike Ager (Independent Member)
John Humphries (Independent Member)

Employees

Emma Bland	Finance Business Partner
Ian Cotterill	Audit Business Partner
Peter Farrow	Head of Audit
Dereck Francis	Democratic Services Officer
Kate Martin	Service Director - City Housing
Claire Nye	Director of Finance
Hayley Reid	Senior Auditor
Alison Shannon	Chief Accountant
Mark Wilkes	Audit Business Partner

External Auditors – Grant Thornton

Mark Stocks
Nicola Coombe

Part 1 – items open to the press and public

Item No. Title

- 1 Apologies for absence**
No apologies for absence were received for the meeting.
- 2 Declaration of interests**
Mike Ager, Independent Member, declared a non-pecuniary interest in item 6 (Draft Statement of Accounts 2017-2018) in so far as it refers to Highfields School where he is a Governor.

3 **Minutes of previous meeting - 12 March 2018**

Resolved:

That the minutes of the previous meeting held on 12 March 2018 be approved as a correct record and signed by the Chair.

4 **Matters arising**

Members of the Committee asked when reports requested for today's meeting as well as the standard business reports would be presented. Peter Farrow, Head of Audit reported that the outstanding issues and other standard business items would be considered at the meeting on 23 July. Today's meeting had been specifically arranged to consider the Council's Draft Statement of Accounts as part of the process for completion of the external audit. The special meeting on 25 June was to consider reports from lessons learnt reviews in respect of the Civic Halls Refurbishment, Markets Relocation and Interchange (Train Station) projects/programmes.

With reference to Minute 6 (External Audit Communication), the Head of Audit reported that Mark Wilkes, Audit Business Partner was undertaking work on the digital platforms and electronic routes for reporting fraud. An update on this work and on the suggestion to include details of these routes with the council tax letters, would be contained in the Counter Fraud Update report to be submitted to the meeting on 23 July.

5 **External Audit Progress Report and Update**

Nicola Coombe from the Council's external auditors Grant Thornton presented the report on progress made since the last meeting against their audit plan and on technical matters and developments. She informed the Committee that the audit of the Council's Statement of Accounts 2017/2018 commenced today. One key change to the process was the early deadline of July for completion of the external audit. With the Council's Finance team, the external auditors had endeavoured to complete as much work as possible in preparation for the audit. The findings of the interim audit work and their impact on the accounts were summarised within the external auditors reports. There were no issues of concern to report.

The sector update within the external auditors' reports contained challenge questions to the Director of Finance and the Council. Mike Ager, Independent Member asked how the Council responded to these questions. Claire Nye, Director of Finance reported that in general terms she would review the questions and provide a response.

Councillor Philip Bateman MBE commented that the sector update set out the difficulties local authorities faced, and it was right that update opened with a statement to that effect. He argued that it needed to be recognised that if local authorities are not managed correctly they could follow the financial predicament of Northamptonshire County Council. The role of the Audit and Risk Committee was important, particularly in providing challenge to ensure the Council obtained the best results going forward on its policy direction.

In response to questions, Grant Thornton explained the interim audit work on 'journal entry controls' and substantive testing on employee remuneration. The Director of Finance also explained how the Council had managed the introduction of General Data Protection Regulations. Performance in this area was reported to the Cabinet (Performance Management) Panel.

Resolved:

That the progress report and update provided by Grant Thornton be noted.

6 **Draft Statement of Accounts 2017-2018**

Claire Nye, Director of Finance presented the Council's approved draft Statement of Accounts for 2017-2018, which were subject to audit. The final accounts would be submitted to the meeting on 23 July, subject to any changes from the external audit. For the information of the Committee, particularly the new members, the Director of Finance gave an overview on the following suggested key areas of focus within the draft accounts:

- The accounts for the previous year including group accounts i.e. Wolverhampton Homes.
- The General Fund and Housing Revenue Account.
- The balance sheet showing the assets, liabilities, reserves and supporting notes.
- Used and unused reserves.
- The movement in reserves statement.
- Provisions, contingent liabilities and guarantees.

Councillor Philip Bateman MBE asked for more information on the £30.7 million underspend against the capital programme during 2017 – 2018. He commented that the underspend was a large proportion of the programme to not have been achieved. The money could have had a whole range of implications for the city. He also asked whether there was any penalty with the underspend and where the underspend compared with the position over the last five years.

The Director of Finance reported that slippage sometimes occurred on projects but in general financial terms the Council had not lost any grants as a result of the underspend. A report on the Council's capital programme with a detailed breakdown by projects would be submitted to Cabinet in July 2018. The capital programme report would need to monitor the impacts of the delay of completing capital projects. It was important that the Council spent its capital resources for the reasons intended in order to deliver the outcomes. It was also important that expenditure on capital projects was correctly phased. A Project Assurance Group had been established and a Capital Projects Member Reference Group had also been established to look at major capital projects. The Director of Finance undertook to present to the 23 July meeting the Cabinet report on capital programme monitoring as well as details of the outturn of the Council's capital programme over the last five years.

Mike Ager, Independent Member noted that the remuneration declaration for senior officers showed that several changes had been made to the Council's senior management structure during the year. He suggested that this was a potential risk. The Director of Finance confirmed that a lot of change had taken place which had been managed. Some were minor changes to job titles and roles and others were high level reorganisation.

In response to a question from Councillor Jasbir Jaspal regarding plans for the old College site, the Director of Finance reported that the Council was working on the business case for the City Learning Quarter. Once this was established and agreed the plans for the old College site would become clear.

The Chair asked whether the Council would meet the earlier deadline of July 2018 for the completion of the external audit of the Statement of Accounts and what were the big financial challenges facing the Council over the next 12 months. The Director

of Finance reported that from her perspective she was comfortable that the Council would meet the July deadline. Grant Thornton added that they shared the Director's confidence that the audit would be completed on time. On the question of the big financial challenges facing the Council, the Director of Finance reported that adult social care continued to be a pressure. A paper from Central Government on funding of social care was currently awaited. The £19 million savings target for 2018-2019 was also a financial challenge which the Council faced and plans were being developed to achieve the target.

Resolved:

1. That it be noted that the Director of Finance approved the Draft Statement of Accounts 2017-2018 on 31 May 2018, in accordance with the 31 May 2018 deadline set by the Accounts and Audit Regulations 2015.
2. That it be noted that the 2017-2018 Draft Statement of Accounts is to be audited by Grant Thornton UK LLP from 11 June through to 9 July, and that any material changes required as a result of the audit would be reported to the Audit and Risk Committee on 23 July 2018.
3. That it be noted that formal approval by the Council and publication of the 2017-18 Statement of Accounts is required by 31 July 2018 (Accounts and Audit Regulations 2015).
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 Regulations 2015.

7 **Annual Governance Statement 2017 - 2018**

Peter Farrow, Head of Audit presented for review and comment, the Annual Governance Statement for the 2017-2018. The Council was required under Regulation 6 of the Accounts and Audit Regulations 2015, to produce the Statement to be included in the Annual Statement of Accounts, to be signed by the Leader of the Council and the Managing Director.

Kate Martin, Service Director of Housing, was in attendance for this item and gave a brief overview of the housing related key areas and actions for improvements within the Annual Governance action plan.

Responding to questions regarding risks to the Council of the tenant management organisations (TMOs) not carrying out works to the properties they manage on behalf of the Council and managing concerns about the performance of TMO Boards. The Service Director of Housing reported that under Housing (Right to Manage) Regulations 1994, TMOs answered to their Board. Since they managed the housing stock on behalf of the Council responsibility ultimately rested with the Council. If the Council had concerns regarding the performance of a TMO board, there was a process for resolving concerns or disputes. Limited resources were in place to undertake the level of program monitoring proposed. Once all of the audit reviews are complete the Service Director would assess the position. Cabinet had already agreed resources to support Bushbury Estate Management Boards.

Mike Ager, Independent Member commented that he believed this was the first time the Committee had received this level of detail on housing issues. Peter Farrow, Head of Audit reported that Wolverhampton Homes prepared its own assurance

statements that fed into the Council's Annual Governance Statement. If there are any significant issues regarding Wolverhampton Homes processes they would be fed into the Council's Annual Governance Statement.

Councillor Philip Bateman MBE asked the Head of Audit if he was confident arrangements were in place to ensure the Committee received sufficient notice on housing concerns, and how the Committee would receive information on housing matters. The Head of Audit reported that information would be presented in the strategic risk register report and performance of Wolverhampton Homes and the TMOs was monitored by the Cabinet (Performance Management) Panel. The Council also had elected representatives on Wolverhampton Homes Board.

Grant Thornton added that the Council was the parent company of Wolverhampton Homes and the TMOs and it should not feel disempowered. It could ask for audit work or information on controls in place.

Councillor Philip Bateman MBE also referred to recent analysis from the Local Government Association (LGA) which concluded that councils' ability to replace homes sold under Right to Buy (RTB) would be all but eliminated within five years without major reform of the scheme. Against the background of the LGA report he asked how robust the Council's resources were to continue to move forwards in replacing homes sold under RTB. He asked for a report on the position in the short to medium term. It was agreed that the Service Director of Housing report back to the Committee on this issue.

Resolved:

1. That the contents of the Council's Annual Governance Statement for 2017-2018 be received and noted.
2. That the Service Director of Housing submit to a future meeting a report on the Council's ability to replace homes sold under Right to Buy in the short to medium term.

8 **Annual Internal Audit Report 2017-2018**

Peter Farrow, Head of Audit presented the report that provided the Committee with an annual internal audit opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control processes.

During the discussion on the report, John Humphries, Independent Member reported that the audit review 'Vetting of Foster Carers' was particularly pertinent in light of the Supreme Court judgement in the legal case Armes -v- Nottinghamshire County Council, where the Council was held to be legally liable for harm/injury to a looked after child caused by the foster carer during their placement. He asked whether the risk had moved in profile on the Council's risk register. Hayley Reid, Senior Auditor reported that it was included in the Corporate risk register. The Head of Audit added that the report containing the findings from the audit work had been considered by the Council's Strategic Executive Board and the Leader of the Council. Audit Services had worked with Looked After Childrens' Service and there was confidence that the issues highlighted from the review were being addressed. There was a clear process in place to ensure that the Council viewed assessment forms on externally recruited foster carers with whom it placed looked after children.

The Head of Audit explained the background to audit review 'St Patrick's Primary School' and gave an update on progress with the implementation of the agreed recommendations. The vast majority had been actioned by the new Head Teacher. The Head of Audit also explained the cyclical programme of Audit Services visits to schools. Where requests were made for earlier visits or revisits, the programme would be rescheduled to facilitate that.

Councillor Obaida Ahmed asked whether the background details to the audit reviews listed in the report could be made available to the Committee. The Head of Audit explained that the report before the Committee was a summary of the audit work carried out during 2017/2018. If members wished to receive any of the individual detailed audit reports he invited them to contact him direct.

Responding to questions from the Chair, the Head of Audit confirmed that the Head Teacher at Stow Heath Primary School had approached Audit Services to undertake the audit. The Head of Audit also commented on his team's performance against the indicator 'time to complete audit reports'. He explained that there are occasionally unforeseen issues which take time to resolve. However, he would monitor the position and make sure his team are aware of the need to turnaround audit reports within target. He also confirmed that he had the resources to complete the audit plan.

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.

Audit and Risk Committee

23 July 2018

Report title	Strategic Risk Register and Strategic Assurance Map	
Accountable director	Claire Nye, Finance	
Originating service	Audit	
Accountable employee(s)	Peter Farrow	Head of Audit
	Tel	01902 550417
	Email	Hayley.Reid@wolverhampton.gov.uk
Report to be/has been considered by	Corporate Leadership Team	2 July 2018
	Strategic Executive Board	3 July 2018

Recommendations for noting:

The Committee is asked to note:

1. That two new risks have been added to the register:
 - Risk 32 – Waste Management Services
 - Risk 33 – Governance of Major Capital Projects and Programmes
 - Risk 34 – Wolverhampton Interchange Programme (Train Station)
2. Risk 31 – City of Wolverhampton College has been archived, a memorandum of understanding has now been agreed. A low-level risk has been added to the Corporate department's risk register regarding the ongoing partnership with the College and a possible call on guarantees provided by the Council.
3. The change in the target date and target score for the following risks
 - Risk 7 – Safeguarding
 - Risk 22 – Skills for Work and Economic Inclusion
 - Risk 24 – Maximising Benefits from the Combined Authority.

1.0 Purpose

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

2.0 Background

- 2.1 The Council is no different to any organisation and will always face risks in achieving its objectives. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 2.2 The strategic risk register was last presented to the Committee in March 2017. Since this time, we have met with the risk owners to review and update the risks.
- 2.3 The strategic risk register does not include all the risks that the Council faces. It represents the most significant risks that could potentially impact on the achievement of the corporate priorities. Other risks are captured within directorate, programme, project or partnership risk registers in line with the Council's corporate risk management framework.
- 2.4 A summary of the strategic risk register is included at Appendix 1 of this report which sets out the status of the risks as at June 2018. These risks are reviewed on an on-going basis and can be influenced by both external and internal factors and as such, may fluctuate over time.
- 2.5 Appendix 2 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, etc.

- 3.1 The strategic risk register will be updated as required and presented at approximately quarterly intervals to the Committee. The Committee also takes the opportunity to 'call in' individual risks for further review from time to time. At the last meeting, the Committee

requested risk 30 – Civic Halls to be called in for the July 2018 meeting. However, issues surrounding Civic Halls were discussed in detail at the Audit and Risk Committee meeting on 25 June 2018 and updates with regards to the Lessons Learned action plans will be presented to Committee on a quarterly basis, therefore the risk owner is not attending the meeting.

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/27062018/D]

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/28062018/Q]

6.0 Equalities implications

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

7.0 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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Appendix 1 – Strategic Risk Register @ June 2018



**Stronger
Economy**





**Stronger
Communities**




**Stronger
Organisation**


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

Risk ref	Risk title and description	Previous score (Feb 2018)	Direction of travel	Current score (June 2018)	Target score and date	Comment																																											
3 01/14	<p>Information Governance (IG)</p> <p>If the Council does not put in place appropriate policies, procedures and technologies to ensure:</p> <ul style="list-style-type: none"> that the handling and protection of its data is undertaken in a secure manner and consistent with both the provisions of the Data Protection Act 1998 and the General Data Protection Regulation (GDPR) which comes into force during May 2018; compliance with the Freedom of Information Act and Environmental Information Regulations; <p>then it may be subject to regulatory action, financial penalties, reputational damage and the loss of confidential information.</p> <p>Risk owner: Kevin O' Keefe Cabinet Member: Cllr Val Gibson</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td>12</td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5">Impact</td> </tr> </table>	Likelihood	5						4						3			12			2						1							1	2	3	4	5		Impact					12 Amber		12 Amber	8 Amber Nov 2018	<p>The score of this risk remains at 12 to reflect the demands of GDPR which came into effect on 25 May 2018. In accordance with the Internal audit plan a GDPR health-check audit has been undertaken to review Wolverhampton's compliance with the new regulations, a draft audit report has been issued and no major issues have been identified. A more detailed review has been scheduled for later on in the year.</p> <p>As reported previously, in preparation for the new regulation a work programme was developed and approved in July 2017. Progress against the work plan is as follows;</p> <ul style="list-style-type: none"> In accordance with the Communication and Training Needs Analysis - department/team training sessions are ongoing, with training for priority 1 departments being completed first. Training delivery is on track. Most service areas that were deemed as high priority have received training and are working through individual action plans, monitoring of completion of these action plans continues. Training has been extended to include Councillors, Tenancy Management Offices, Wolverhampton Homes, Headteacher forums and the Safer Wolverhampton Partnership Board. New GDPR compliant Data Protection and Records Management policies have been approved by IG Board and published. A new Council Privacy Notice has also been approved and published in accordance with GDPR regulations, relevant templates have been provided to service areas who need to draft service specific notices, support for this is being provided by the IG Team. Once they have been approved notices will be linked to the overarching Council notice. The data protection page on the Council's website has also been updated to reflect the new regulation. As of 25 May 2018, the IG team have started to follow statutory procedures for dealing with Subject Access Requests, a new
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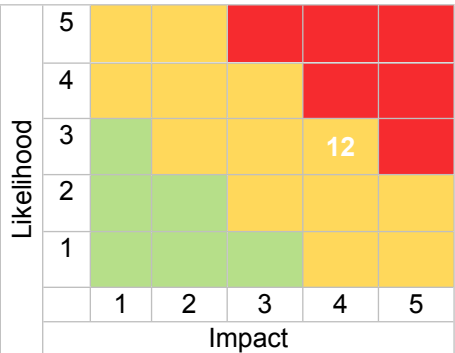

Risk ref	Risk title and description	Previous score (Feb 2018)	Direction of travel	Current score (June 2018)	Target score and date	Comment
						<p>standard operating procedure is being drafted and will be finalised when guidance from the Information Commissioners Office has been published.</p> <ul style="list-style-type: none"> • Work continues with Legal and Procurement to finalise the process for when statutory Data Privacy Impact Assessments and Data Processing Agreements are to be used as part of the procurement process. • The GDPR service level agreement with schools went live in April 2018, so far 18 schools have taken up various options, work with these schools has commenced. • A series of City People and Core Brief articles were published during April and May 2018 and an IG team intranet portal is in the process of being developed. • The new GDPR e-learning module went live in April 2018 and will provide employees with additional support and guidance. • Performance in respect of Freedom of Information and Environmental Information and Data Protection and Subject Access Requests remains strong at 99% for each for the year.
Page 17/14	<p>Medium Term Financial Strategy</p> <p>If the Council does not manage the risks associated with the successful delivery of its medium term financial strategy including the continual review of the assumptions and projections of the strategy, the effective management of the key MTFS programmes and projects such as the transformation of Adults and Children's services then revenues may be exhausted, resulting in the potential loss of democratic control and the inability of the Council to deliver essential services and discharge its statutory duties.</p> <p>Risk owner: Claire Nye Cabinet Member: Cllr Louise Miles</p>	12 Amber		12 Amber	8* Amber On-going	<p>The Budget for 2018-2019 and Medium Term Financial Strategy 2018-2019 to 2019-2020 was approved by the Full Council on 7 March 2018. The report detailed the following matters:</p> <ul style="list-style-type: none"> • That the budget for 2018-2019 is in balance without the use of general reserves. • That a further £19.5 million needs to be identified over the period to 2019-2020 in order to address the projected budget deficit. • That the projected budget deficit assumes the achievement of budget reduction and financial transaction proposals amounting to £28.3 million over the two-year period 2018-2019 and 2019-2020. <p>At their meeting on 11 July 2018 Cabinet approved the high-level budget strategy for 2019-20 which included directorate level budget reduction targets for inclusion in the Draft Budget and Medium Term Financial Strategy for 2019-2020 which will be reported to Cabinet during October 2018.</p>


Risk ref	Risk title and description	Previous score (Feb 2018)	Direction of travel	Current score (June 2018)	Target score and date	Comment																																											
Page 18	<table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td>12</td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td colspan="6">Impact</td> </tr> </table>	Likelihood	5						4						3				12		2						1							1	2	3	4	5	Impact										<p>The reported noted the following:</p> <ul style="list-style-type: none"> The Council's strategic approach to address the budget deficit continues to be to align resources to the Council's Corporate Plan 2016-2019. The Council will soon be undertaking a review of the Corporate Plan and developing the Council's Corporate Plan 2020-2025. Over the medium term, resources will continue to be aligned to the Council's core objective. Since the 2018-2019 budget was set, work has been ongoing to identify a high-level strategy to meet the 2019-2020 deficit, high level proposals were included in the report presented to Cabinet on 11 July 2018, further analysis and consideration of these proposals will take place between July and October 2018 prior to inclusion in the draft budget which will be presented to Cabinet in October 2018. The updated projected deficit assumes the achievement of budget reduction proposals amounting to £28.3m over the two-year period 2018-2019 to 2019-2020. That there continues to be a considerable amount of uncertainty with regards to future funding streams for local authorities particularly with regards 2020-2021 onwards. The Comprehensive Spending Review 2020, the Fair Funding Review and potential pressure arising as a result of new responsibilities will impact upon the Council's budget. The General Fund revenue outturn position for 2017- 2018 was a net underspend of £781,000 against a net budget requirement of £222.6 million. Whilst the positive outturn position helps to support the Council's short term financial position it does not address the Council's challenging financial position in the medium term. The Council's General Fund Balance remains at £10 million, this is the minimum balance as determined by the Council's approved Reserves and Balances Policy. Therefore, emphasis continues to be placed on identifying budget reductions and income generation proposals to meet the projected budget deficit.
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8 01/14	<p>Business Continuity Management (BCM)</p> <p>Failure to develop, exercise and review plans and capabilities that seek to maintain the continuity of critical functions in the event of an emergency that disrupts the delivery of Council services.</p> <p>Risk owner: Mark Taylor (John Denley) Cabinet Member: Cllr Hazel Malcolm</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td>12</td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5">Impact</td> </tr> </table>	Likelihood	5						4						3				12		2						1							1	2	3	4	5		Impact					12 Amber		12 Amber	8 Amber March 2019	<p>At their meeting on 25 April 2018 Cabinet approved plans to transfer the overall day to day management and delivery of Council's Emergency Planning and Business Continuity management service to West Midlands Fire Service (WMFS) under a Collaboration Agreement. It is anticipated that these arrangements will achieve a more resilient, co-ordinated inter-agency and effective service. Two Council employees, the Senior Resilience Officer and the Resilience Officer will be transferred to the Fire Service to support the new arrangements.</p> <p>The Collaboration agreement includes a three-year work-plan to be agreed by the Council's Resilience Board which covers the activities required to ensure that the Council fulfil its responsibility as a 'Category 1' responder and other emergency preparedness, resilience and response duties which include:</p> <ul style="list-style-type: none"> • Emergency planning • Business continuity planning • Exercising to validate emergency preparedness, response and business continuity plans • Support for Senior Managers • Coordination of no notice incidents and planned disruptive events during office hours. • Debriefing of incidents • Liaison to coordinate planning with the NHS, emergency services, neighbouring councils and other relevant agencies • Maintenance and improvement of emergency response resources • Competency based emergency response role training. <p>WMFS Deputy Chief Fire Officer will be responsible for the delivery of the service under the Collaboration Agreement, the Council's Resilience Board will act as the management board for the agreement providing strategic direction, agreeing work plans and approving the annual budget. The Resilience Board will be responsible for monitoring performance of WMFS and its delivery of the Collaboration agreement. WMFS will attend SEB regularly to report on emergency planning and business continuity matters.</p>
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						Adequate arrangements are in place with regards to both Emergency Planning and Business Continuity prior to implementation of the new arrangement. A Senior Resilience Officer has been recruited and is now in post. The main focus of activities at present is preparation for the merger with WMFS. Day-to-day work is continuing, all legal requirements are being met and the team are starting to hit good practise indicators for resilience. It has been decided that this risk will remain at 12 until new the arrangements are in place and become embedded.
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 a reduced demand on Council services <p>Risk owner: Tim Johnson Cabinet Member: Cllr John Reynolds</p>	12 Amber		12 Amber	12* Amber On-going	<p>Risks are being managed across the City Centre programme to address the potential for delayed delivery and cost overrun. With regards to key projects the following is noted:</p> <ul style="list-style-type: none"> On Interchange, Ion has now entered into the station build contract with Galliford Try, construction work commenced during December 2017. The negotiation around the contract had delayed construction start dates and increased overall costs but with the contract now concluded this clearly represents a major milestone in the delivery of the Interchange masterplan. An Investment Prospectus has been prepared in conjunction with CBRE which presents an ambitious but deliverable 10-year vision for the regeneration of the city centre. This is designed to engage investors and offer a compelling vision for private investment supported by targeted public intervention. The Prospectus points to opportunities for 1 million sq. ft. of office development around the Interchange, the next phase of which will be the i9 office development, a business case for which was recently approved by Cabinet. Benson Elliot has largely completed the refurbishment works to the Mander Centre with Debenhams, the anchor store now open. Continued support is being offered to Benson Elliot in attracting new occupiers but recent changes in UK retail means that this is an incredibly challenging time. Challenges around the recent decision from House of Fraser to exit the city centre are being managed in conjunction with House of Fraser and the owners of the building. Other retail

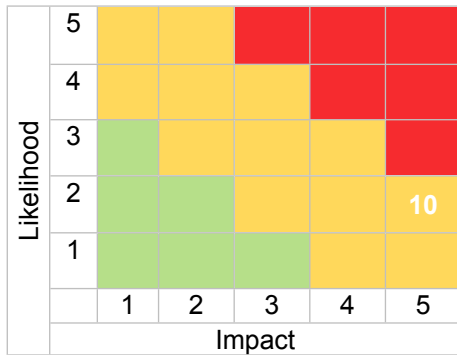
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15 01/14	<p>Emergency Planning</p> <p>Failure to develop, exercise and review plans and capabilities for preventing, reducing, controlling or mitigating the effects of emergencies in both the response and recovery phases of a major incident. Failure to train sufficient numbers of staff to undertake the roles in our plans that assist our residents in emergencies and protect the council's reputation from damage. Failure to audit the emergency response plans and capabilities of third party organisations that deliver statutory services on behalf of the council.</p> <p>Risk owner: Mark Taylor (John Denley) Cabinet Member: Cllr Hazel Malcom</p>  <table border="1" data-bbox="219 874 672 1228"> <tr> <td>5</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>4</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>3</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>12</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>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5">Impact</td> </tr> </table>	5	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	Red	3	Green	Yellow	Yellow	12	Red	2	Green	Green	Yellow	Yellow	Yellow	1	Green	Green	Green	Yellow	Yellow		1	2	3	4	5		Impact					12 Amber		12 Amber	8 Amber March 2019	For full details see risk 8 – Business Continuity above. At the Cabinet meeting on 25 April 2018 plans to transfer the overall day to day management and delivery of Council's Emergency Planning and Business Continuity management service to WMFS under a Collaboration Agreement were agreed. It has been decided that the score for this risk will remain at 12 until the new arrangements are in place and become embedded.
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22 01/17	<p>Skills for Work and Economic Inclusion</p> <p>If the city residents do not have the appropriate skills that employers require and the Council does not work effectively with its partners to promote and enable growth, high rates of unemployment and economic inclusion will result in increased demand for council services.</p> <p>Risk owner: Meredith Teasdale Cabinet Member: Cllr Lynne Moran</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td>10</td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5">Impact</td> </tr> </table>	Likelihood	5						4						3						2					10	1							1	2	3	4	5		Impact					10 Amber		10 Amber	10 Amber Ongoing	<p>Work is still ongoing to support city residents and businesses effected by the insolvency of Carillion. This approach, i.e. working in partnership with West Midlands Combined Authority, Black Country Local Enterprise Partnership (LEP), Black Country Chamber of Commerce and the Department for Work and Pensions (DWP) has also been adopted to support residents who will be effected by the closure of House of Fraser.</p> <p>The Wolves@Work programme is now half way through and has supported over 2500 city residents into work, over 60% of these individuals have remained in work for more than 12 weeks. A number of employment focus events such as 'Careers into Care' and 'Careers into Construction' have been held to engage residents on the programme and help them understand the skills required to gain particular types of employment. The programme is also targeting offenders and rough sleepers.</p> <p>In conjunction with DWP a number of targeted events aimed at helping women into to work have taken place, these have included 'Women into Manufacturing', 'Women into Logistics' and 'Women into Construction' the aim of these events was to help women look at alternative careers and move back into work.</p> <p>There have now been over 175,000 unique visits to the Wolverhampton Work Box site, www.wolvesbox.com. 95 organisations are now promoting their offer on the site and 2,250 residents have signed up. Development of the Work Box site continues with information on apprenticeships, english speakers for other languages, health and work and careers into care to be included.</p> <p>The Black Country wide European Social Fund Youth Employment Initiative Programme has now been extended until 2021. The programme aims to support young people (aged 16 – 29) who are not in employment education and training (NEET). To date over 1,500 young people have engaged with the programme and 578 have achieved positive outcomes into training or employment.</p> <p>The number of academic age (16 and 17 year olds) in learning at the end of March 2018 was 94.3%, this is the highest percentage for the last six years. Work is ongoing to engage young people NEET and Not Known.</p>
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						An apprenticeships programme has been approved by SEB, the programme proposes options for spending the apprenticeship levy and increasing the number of apprentices at the Council. As stated above information on apprenticeships will be added to the Work Box site and will include information from current and past apprentices. An apprentice group has been established and is meeting regularly to develop case studies and information for Work Box.																																											
23 01/17	<p>Cyber Security Failure to maintain a high level of cyber security (technology, processes and awareness) throughout the Council may result in cyber-attacks and theft or loss of confidential data leading to financial penalties, reputational damage and a loss in public confidence.</p> <p>Risk owner: Gail Rider Cabinet Member: Cllr Val Gibson</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td>10</td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5">Impact</td> </tr> </table>	Likelihood	5						4						3						2					10	1							1	2	3	4	5		Impact					10 Amber		10 Amber	10 Amber Ongoing – Dependent on cyber world-wide cyber incidents	<p>The level of this risk remains at ten as there are no imminent threats to Local Government at present.</p> <p>Maintaining robust, secure and up-to-date technology defences continues to be the Council's first line of defence against cyber-attacks. Regular maintenance of the cyber security technical defences is required to address identified vulnerabilities. System back-ups continue to be undertaken in accordance with agreed time-tables and practise restores to the Council's non-production area are ongoing to ensure that back-ups have been undertaken correctly and can be restored. Since last reported it is noted;</p> <ul style="list-style-type: none"> The Council's firewalls were upgraded during January 2018. The routine patching schedule continues to ensure protection against newly discovered threats and vulnerabilities. The continued move to the cloud is being undertaken whilst ensuring minimal disruption to services. The move to the cloud is only undertaken when it is the right decision for the business, decisions to move to the cloud are made on a case by case basis. The Council is in the process of completing their Public Services Network (PSN) certification. Internal and external health checks were undertaken prior to the certification to ensure that any identified vulnerabilities could be addressed. The PSN application has now been submitted and ICT are submitting fortnightly updates on progress, where required remedial action is being undertaken. For the 2018 certification the Security Engineer has been tasked with ensuring that all outstanding items on the PSN action plan are resolved during the year.
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						<ul style="list-style-type: none"> An independent body, NTA Monitor undertook an internal and external health-check during February 2018, ICT are in the process of rectifying issues identified. <p>Information Security and Cyber-Security policies identify the good practices that need to be adopted by the Council. These, along with other HR policies, are regularly reviewed and updated to ensure they are keeping pace and addressing potential threat opportunities. Employee awareness of potential threats and good working practices, through mandatory and associated training, continue to enhance the understanding of cyber security and, help to minimise the opportunities.</p>
29 12/17	<p>Fire Safety – Public Buildings If the Council does not have in place appropriate systems to ensure compliance with the Regulatory Reform (Fire Safety) Order 2005 within public buildings (including schools) there is a risk of injury to members of the public and exposure to regulatory action, financial penalties and reputation damage to the Council.</p> <p>Risk owner: Tim Johnson (Tim Pritchard) Cabinet Member: Cllr Peter Bilson</p>	10 Amber		10 Amber	5 Amber March 2019	<p>The Council is the Responsible Person for public buildings. The named Responsible Person is Corporate Landlord's Head of Assets.</p> <ul style="list-style-type: none"> 98% of public buildings currently have a fire risk assessment (FRA). Existing FRA's have been reviewed and new FRA's commissioned where required, 85% of corporate buildings and 32% of community schools have a suitable and updated FRA. 100% of corporate buildings and community schools will have a suitable, updated FRA by the end of 2018. FRA's identify actions required to improve fire safety, which are the responsibility of Corporate Landlord or the Site Duty-holder. However, Corporate Landlord retain oversight of all actions in order to ensure implementation. Corporate Landlord undertakes actions to both buildings and systems, for example maintaining and upgrading fire protection systems such as alarms and sprinklers. Sufficient resource(s) are required in terms of specialist staff to arrange works and funding to undertake the works. A fire safety expert is required in-house to enable the Council to fulfil its statutory duties. This role is currently unfunded. There is also a funding gap to undertake the required fire safety works, Corporate Landlord are looking at proposals to address this. The role of Site Duty-Holder was launched in June 2018. Corporate Landlord will support Site Duty-Holders in fulfilling their responsibilities, for example by arranging training for 500 fire marshals, in conjunction with Workforce Development.



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Page 26						<p>Corporate Landlord will develop online fire log books during 2018 and will undertake six monthly site audits to ensure that Site Duty-Holders are undertaking required actions.</p> <ul style="list-style-type: none"> • Corporate Landlord has implemented liaison arrangements for I10 and will also implement arrangements for other buildings in multiple occupation, such as I11. • There is an elevated level of fire risk at the the former Dudley Road School site, which is leased to Blakenhall Action Community Forum (BACF). The future use of this building is under now review. • It is noted that whilst Corporate Landlord manages fire risk actions and regular ongoing checks for corporate buildings, community schools have delegated responsibilities. Schools are requested to provide a fire log return half-termly and updated copies of their FRA action plans to demonstrate that regular fire safety checks are being undertaken, along with training and review of emergency arrangements. To date only a third of schools have completed the return. The Council's health and Safety Team have issued a reminder of this requirement to all school's through the Headteacher's bulletin and this issue has also been raised at the Headteacher Health and Safety Forum • Annual visits to schools are undertaken to assess fire safety arrangements.

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30 01/18	<p>Civic Halls</p> <p>There is a significant reputational and financial risk to the Council and to the City's wider visitor economy if the revised Civic Halls refurbishment programme is not effectively managed in terms of project timings, costs and scope.</p> <p>Risk owner: Tim Johnson Cabinet Member: Cllr John Reynolds</p> <table border="1"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ff0000;"></td> <td style="background-color: #ff0000;"></td> <td style="background-color: #ff0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ff0000; text-align: center;">16</td> <td style="background-color: #ff0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90ee90;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ff0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90ee90;"></td> <td style="background-color: #90ee90;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90ee90;"></td> <td style="background-color: #90ee90;"></td> <td style="background-color: #90ee90;"></td> <td style="background-color: #ffff00;"></td> <td style="background-color: #ffff00;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4				16		3						2						1							1	2	3	4	5		Impact					16 Red		16 Red	12 Amber Dec 2018	<p>As previously reported plans for the £14.4 million redevelopment of the 80-year-old, Grade II-listed Civic Halls had begun but work was held up when contractors uncovered major issues.</p> <p>On 31st January 2018, the Council approved a further £23.7 million for a new scheme for the Civic Halls on the basis of a revised business case to address significant building fabric, structural and management issues. Additional works include a substantial number of items not included in the original scheme such as a new electrical and engineering system, major structural work, including a new roof and the latest safety and security measures.</p> <p>A new governance and project management structure has been put in place, commensurate with the scale and complexity of this much larger scheme, including the appointment of a more experienced Programme Director, Project Manager and Cost Manager/Quantity Surveyor. The new project includes a range of work-streams alongside the main design and construction works. Brief details of which are provided below;</p> <ul style="list-style-type: none"> • Business continuity – including the identification of alternative venues for key entertainment events in 2018 and 2019. • Business development – which includes the development of the new entertainment and conferencing offer to be introduced once the venue is reopened. • Economic – ensuring economic objectives such as provision of skills and training and providing support to local business. • Financial – ensuring appropriate financial controls are in place and where appropriate external funding is utilised effectively. <p>Independent risk assurance specialists have been appointed to provide advice and guidance to the Programme Board.</p> <p>As a result of the issues at Civic Halls the former Managing Director presented lessons learnt reports to the Audit and Risk Committee on 25 June 2018.</p>
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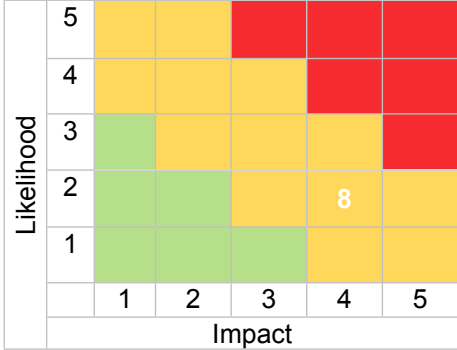

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31 02/18	<p>City of Wolverhampton College There is a risk that the City of Wolverhampton College is not financially viable without a partner. The preferred partner is the City of Wolverhampton Council. Without the Council's support, there is a risk of a merger. At this point we are unable to agree the words of a Memorandum of Understanding which satisfies the business requirements of the Council. The risk of not finding a solution could be the loss of the College to influences external to the City.</p> <p>Risk owner: Keith Ireland Cabinet Member: Cllr Lynne Moran and Cllr John Reynolds</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td>4</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td></td> <td></td> </tr> <tr> <td></td> <td colspan="7">Impact</td> <td></td> </tr> </table>	Likelihood	5								4								3								2								1				4					1	2	3	4	5				Impact								12 Amber		4 Amber	4 Amber Target achieved	The risk has been archived, as a memorandum of understanding has now been agreed. A low-level risk has been included on the Corporate Departmental Risk Register regarding the ongoing partnership with the College and the possible call on guarantees provided by the Council.
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33 06/18	<p>Governance of Major Capital Projects and Programmes</p> <p>The Council will fail to maximise opportunities and incur significant reputational and financial risks if major capital projects are not effectively managed, monitored and reviewed, in terms of project timescales, achievement of milestones and costs.</p> <p>Risk owner: Tim Johnson Cabinet Member: Cllr John Reynolds</p> <table border="1" data-bbox="219 694 672 1045"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: red;"></td> <td style="background-color: red;"></td> <td style="background-color: red;"></td> </tr> <tr> <td>4</td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: red;"></td> <td style="background-color: red;"></td> </tr> <tr> <td>3</td> <td style="background-color: lightgreen;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow; text-align: center;">12</td> <td style="background-color: red;"></td> </tr> <tr> <td>2</td> <td style="background-color: lightgreen;"></td> <td style="background-color: lightgreen;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> </tr> <tr> <td>1</td> <td style="background-color: lightgreen;"></td> <td style="background-color: lightgreen;"></td> <td style="background-color: lightgreen;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3				12		2						1							1	2	3	4	5		Impact					N/A	N/A	12 Amber	8 Amber June 2019	<p>The Council have established a Project Management Methodology that governs the way all Council projects are managed, regardless of their size. Under the methodology projects have been divided into four distinct gateways; pre-initiation, initiation, delivery and closure. Each gateway has been clearly defined and details of the activities required at each phase are included in the methodology along with necessary toolkits and details of where to find additional support. The methodology also includes a set of mandatory documentation, the full completion of which should ensure that the right level of information is captured, and approvals are sought in order for the project to be delivered.</p> <p>In addition to the methodology a number of additional controls are being adopted as a result of the three Lessons Learnt audit reports that were presented to Audit and Risk Committee on 25 June 2018, brief details of these are outlined below:</p> <ul style="list-style-type: none"> • An external specialist project and risk assurance consultancy service have been procured to provide additional challenge, independent analysis and project risk management expertise for major capital projects. The specialist will sit on the Project Assurance Group (PAG). • The PAG is chaired by the Strategic Director of Place, or the Director of Finance in his absence and will provide oversight and challenge for major capital projects and programmes. Either the project's Senior Responsible Officer (SRO) or the Project Manager will be required to attend PAG meetings to provide progress updates. Going forward the PAG will focus on projects that are in the delivery stage. • Additional controls have been put in place to ensure that the Council's project management system, Verto is kept up to date. A performance dashboard has been developed which highlights areas of non-compliance and will be presented to the PAG. • The Projects and Programme team have been given more autonomy to raise issues and concerns around the accuracy of reporting information added to Verto. • Corporate Procurement will have representation on working groups for all externally procured major projects. All reports
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Risk ref	Risk title and description	Previous score (Feb 2018)	Direction of travel	Current score (June 2018)	Target score and date	Comment
						<p>taken to Cabinet for internally and externally procured major projects will be reviewed by Corporate Procurement.</p> <ul style="list-style-type: none"> Both the Audit Business Partner and the Commercial Business Partner have received Accredited Senior Gateway Reviewer training and will undertake peer reviews on major projects, based on requests from the SRO. A formal change management log will be developed, and all project changes will be approved in accordance with project governance structures. Appropriate quorum requirements will be set for project meetings to ensure that key decisions are agreed by all major stakeholders. The Chair of the PAG has been designated as a point of contact for SRO's to raise concerns regarding their ability to govern projects and programmes effectively. <p>Action plans from the three Lessons Learnt reports that were presented to the Audit and Risk Committee on 25 June 2018 will be monitored by Audit Services and quarterly updates on progress will be presented to the Committee</p>
34 06/18	<p>Wolverhampton Interchange Programme (Train Station)</p> <p>There is a significant reputational and financial risk to the Council and to the City's wider visitor economy if the Interchange programme and specifically the train station is not effectively managed in terms of project timings, costs and scope.</p> <p>Risk owner: Tim Johnson Cabinet Member: Cllr John Reynolds</p>	N/A	N/A	12 Amber	8 Amber Dec 2018	<p>The Wolverhampton Interchange Programme proposes to deliver a transport hub to the city centre comprising a new train station (the current station handles over 4.75 million passengers per annum and is no longer fit for purpose), multi-storey car park and an extended tram connection. The programme and specifically the train station refurbishment were subject to a lessons learnt review by Audit Services which was publicly presented to the Council's Audit and Risk Committee meeting on 25 June 2018. Issues identified included:</p> <ul style="list-style-type: none"> An adequate budget had not been reported to Cabinet from the outset of the scheme. A specific contingency budget for the train station had not been established. A shared contingency of £12.5m had been approved for the train station and the metro extension, but at the time of our review (February 2018) it was identified that £4m had been expended to cover a funding short fall. Corporate Procurement had not been involved at the start of the project. It was noted that that issues with suppliers had

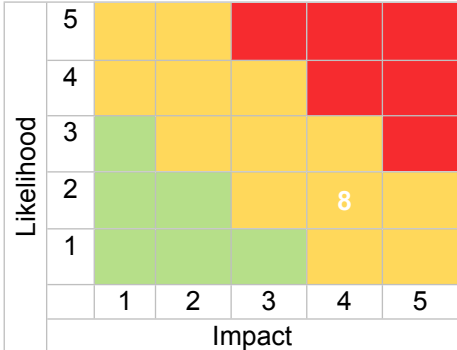

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- The following are the medium and low (assessed at less than 10) strategic risks that the Council faces in delivering its corporate priorities.

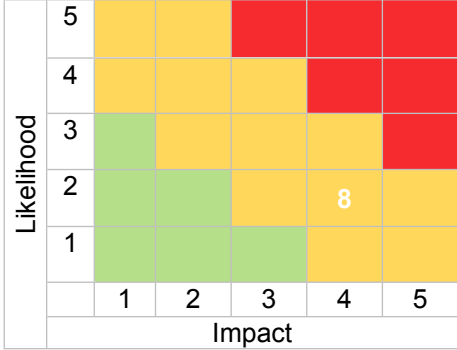

Risk ref	Risk title and description	Previous score (Feb 2018)	Direction of travel	Current score (June 2018)	Target score and date
7 01/14	<p>Safeguarding</p> <p>If the Council's safeguarding procedures and quality assurance processes are not consistently and effectively implemented then it will fail to safeguard children and vulnerable adults and lead to reputational damage.</p> <p>Risk owner: Emma Bennett Cabinet Member: Cllr Sandra Samuels OBE and Cllr Paul Sweet</p> 	8 Amber		8 Amber	8 Amber On-going

Risk ref	Risk title and description	Previous score (Feb 2018)	Direction of travel	Current score (June 2018)	Target score and date
14 01/14	<p>School Improvement</p> <p>If the Council does not provide effective support, challenge and appropriate intervention to raise standards in maintained 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: Meredith Teasdale Cabinet Member: Cllr Lynne Moran</p>  <p>*In accordance with the Schools Causing Concern Guidance – February 2018, the Council attend regular meetings with the Regional School Commission and notify them of any concerns surrounding Academies.</p>	4 Amber		4 Amber	4 Amber Target achieved 95% maintained schools @ good or above

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24 01/17	<p>Maximising Benefits from West Midlands Combined Authority</p> <p>If the Council does not put in place effective co-ordination arrangements to utilise the opportunities available from being part of West Midlands Combined Authority (WMCA) it will be unable to maximise the benefits and opportunities available to it.</p> <p>Risk owner: Tim Johnson Cabinet Member: Cllr Roger Lawrence</p> <table border="1" data-bbox="250 507 705 858"> <tr><td></td><td>5</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>4</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>3</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>2</td><td></td><td></td><td>6</td><td></td><td></td></tr> <tr><td></td><td>1</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>Likelihood</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td></td></tr> <tr><td></td><td colspan="5">Impact</td><td></td></tr> </table>		5							4							3							2			6				1						Likelihood								1	2	3	4	5			Impact						6 Amber		6 Amber	3 Green August 2018
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25 03/17	<p>Payment Card Industry Data Security Standard</p> <p>If the Council does not put in place appropriate systems, procedures and technologies to ensure agent-led telephone payments are compliant with the Payment Card Industry Data Security Standard, there is a risk of data breaches which may result in regulatory action, financial penalties and reputational damage.</p> <p>Risk owner: Claire Nye Cabinet Member: Cllr Louise Miles</p>  <table border="1" data-bbox="250 576 705 927"> <tr><td>5</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td><td>Red</td></tr> <tr><td>4</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>3</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td></tr> <tr><td>2</td><td>Green</td><td>Green</td><td>Yellow</td><td>8</td><td>Yellow</td></tr> <tr><td>1</td><td>Green</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td></td><td colspan="5">Impact</td></tr> </table>	5	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	Red	3	Green	Yellow	Yellow	Yellow	Red	2	Green	Green	Yellow	8	Yellow	1	Green	Green	Green	Yellow	Yellow		1	2	3	4	5		Impact					8 Amber		8 Amber	4 Amber April 2019
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27 06/17	<p>Safety concerns around the City's tower blocks</p> <p>Following the recent tragic events at Grenfell Tower in London, there is an urgent need for the Council to ensure that the tower blocks in the City do not face the same risks, and that tenants can be assured on this.</p> <p>Risk Owner: Kate Martin Cabinet Member: Cllr Peter Bilson</p> <table border="1" data-bbox="250 545 705 896"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3						2						1							1	2	3	4	5		Impact					5 Amber		5 Amber	5 Amber Target achieved
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28 10/17	<p>Health and Safety</p> <p>Through failure to use safe working methods the Council may be exposed to regulatory action, financial penalties and reputational damage.</p> <p>Risk owner: Claire Nye Cabinet Member: Cllr Val Gibson</p>  <table border="1" data-bbox="250 517 705 868"> <tr><td>5</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td><td>Red</td></tr> <tr><td>4</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>3</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td></tr> <tr><td>2</td><td>Green</td><td>Green</td><td>Yellow</td><td>8</td><td>Yellow</td></tr> <tr><td>1</td><td>Green</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td></td><td colspan="5">Impact</td></tr> </table>	5	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	Red	3	Green	Yellow	Yellow	Yellow	Red	2	Green	Green	Yellow	8	Yellow	1	Green	Green	Green	Yellow	Yellow		1	2	3	4	5		Impact					8 Amber		8 Amber	4 Amber Sept 2018
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32 06/18	<p>Waste Management Services</p> <p>If the Council does not manage the changes to Waste Service Delivery effectively there is a risk that savings targets will not be delivered, and reputational damage may be incurred due to issues with waste collections.</p> <p>Risk owner: Tim Johnson Cabinet Member: Cllr Steve Evans</p> <table border="1" style="margin-top: 10px;"> <tr> <td></td> <td>5</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>4</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>3</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>2</td> <td></td> <td></td> <td>8</td> <td></td> </tr> <tr> <td></td> <td>1</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Likelihood</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5">Impact</td> </tr> </table>		5						4						3						2			8			1					Likelihood	1	2	3	4	5		Impact					N/A	N/A	8 Amber	4 Amber Upon full implementation of all the changes to waste management services
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* The target assessment for these risks remains constant as they are risks which are likely to remain at their current level over the medium term and as such these risks may not have target dates.

Strategic Risk Assurance Map – June 2018

Risk Ref	Risk Title and Description	Current Score	External/ Independent (Third Line of Defence)	Types of Assurance Risk and Compliance (Second Line of Defence)	Operational and Management (First Line of Defence)	Comments / Gaps in Assurance/Risk Exposure
3	<p>Information Governance (IG) If the Council does not put in place appropriate policies, procedures and technologies to ensure:</p> <ul style="list-style-type: none"> that the handling and protection of its data is undertaken in a secure manner and consistent with both the provisions of the Data Protection Act 1998 and the General Data Protection Regulation (GDPR) which comes into force during May 2018; compliance with the Freedom of Information Act and Environmental Information Regulations; <p>then it may be subject to regulatory action, financial penalties, reputational damage and the loss of confidential information.</p>	12 Amber	<p>Internal audit review 2016/17 – Freedom of Information Requests (Substantial Assurance)</p> <p>Internal audit review 2016/17 – Information Governance (Satisfactory assurance)</p> <p>Internal audit Health-Check 2018/19 – GDPR (Satisfactory assurance)</p>	<p>Information risk register and reports to Information Governance Board</p> <p>Performance reports to Cabinet, Scrutiny Board and Strategic Executive Board (SEB)</p> <p>Reporting to the Information Governance Board</p> <p>Performance indicators reported to Cabinet- Number of data breaches</p> <p>Performance indicator - % of Freedom of Information (FOI) requests met within timescales</p> <p>Performance indicator- % of Subject Access Requests (SAR) met within timescales</p> <p>Records Management Programme updates in Verto</p>	<p>Senior Information Risk Officer Annual Report</p> <p>Controls Assurance Statements</p>	<p>The Council's on-going dialogue with the Information Commissioners Office, regular audits, performance against FOI and SAR requests and information incidence logs will all continue to inform the level of assurance over the effectiveness and adequacy of the controls in place to manage this risk.</p>

Risk Ref	Risk Title and Description	Current Score	External/ Independent (Third Line of Defence)	Types of Assurance Risk and Compliance (Second Line of Defence)	Operational and Management (First Line of Defence)	Comments / Gaps in Assurance/Risk Exposure
4	<p>Medium Term Financial Strategy</p> <p>If the Council does not manage the risks associated with the successful delivery of its medium term financial strategy including the continual review of the assumptions and projections of the strategy, the effective management of the key MTFS programmes and projects such as the transformation of Adults and Children's services then revenues may be exhausted, resulting in the potential loss of democratic control and the inability of the Council to deliver essential services and discharge its statutory duties.</p>	<p>12 Amber</p>	<p>PwC report: Report to those charged with governance (ISA 260) September 2016</p> <p>Assumptions of the MTFS</p> <p>Local Government Association (LGA) Finance Peer review- June 2016</p> <p>Audit and Risk Committee review of risk – December 2016</p> <p>Internal audit review Budgetary Control – 2016/17 (Satisfactory assurance)</p> <p>Performance indicator- number of Looked After Children (LAC) per 10,000 population</p> <p>Financial Decision Making Audit Services Review</p> <p>Birmingham City Council – Wolverhampton Adult Social Care Peer Challenge, March 2016</p> <p>Follow up – Wolverhampton Adult Social Care Peer Challenge, April 2017</p> <p>Grant Thornton – Review Significant Risks (2016/17 Audit Findings Report) – Risk sufficiently managed</p> <p>LGA Finance Peer review follow up – September 2017</p> <p>Internal audit review Main Accounting – 2017/18 (Satisfactory assurance)</p>	<p>MTFS risk register</p> <p>Reports to Budget Working Party</p> <p>Reports to Cabinet</p> <p>Scrutiny reviews of budget strategy</p> <p>Outcome of Local Government Finance Peer Review Report –Report to 3C Scrutiny Board 14 September 2016</p> <p>Scrutiny review, 3C Scrutiny Board - Update on the implementation on the Local Government Finance Peer Review Report 15 March 2017</p> <p>Resources panel reviews</p> <p>Care panel reviews of placement costs</p>	<p>Management accounts</p> <p>Reports to LAC Budget Monitoring Group (every two months)</p> <p>Controls Assurance Statements</p>	<p>Ongoing internal and external reviews will continue to provide assurances over the successful delivery of the MTFS and the achievement of efficiency savings.</p>

Risk Ref	Risk Title and Description	Current Score	External/ Independent (Third Line of Defence)	Types of Assurance Risk and Compliance (Second Line of Defence)	Operational and Management (First Line of Defence)	Comments / Gaps in Assurance/Risk Exposure
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>	8 Amber	<p>Internal audit review 2015/16 – Independent Reviewing Officer Service (satisfactory assurance)</p> <p>Internal audit review 2015/16 – Safeguarding in schools (satisfactory assurance)</p> <p>S.11 (Safeguarding self-Assessment) Audit 2016/17</p> <p>Internal audit review 2016/17 – MASH (satisfactory assurance)</p> <p>Children's Services Ofsted Inspection January / February 2017 (Requires Improvement Rating)</p> <p>Audit and Risk Committee review of LAC risk – September 2015</p> <p>Internal audit review 2015/16 – External Placements (substantial assurance)</p> <p>Children's Services Ofsted Inspection January / February 2017 (Good Rating)</p> <p>Grant Thornton – Review Significant Risks (2016/17 Audit Findings Report) - Risk sufficiently managed</p> <p>Independent review of Safeguarding Boards</p>	<p>Scrutiny review- Child Sexual Exploitation 2015/16</p> <p>Adults and Safer City Scrutiny Panel Review- Violence against women and girls strategy September 2015</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>Self- audits confirmation by schools of s175 compliance</p> <p>Annual Reports from: IRO Service, Local Authority Designated Officer, Foster Home Reviewing Officer</p> <p>Safeguarding Adults Board Annual Review – Report to Adult and Safer City Scrutiny Panel 31 January 2017</p> <p>Scrutiny review of Corporate Parenting and Children in Care Council – September 2015</p>	<p>Children's Services self- assessment December 2015</p> <p>Adults safeguarding self- assessment and action plan – June 2016</p> <p>Quality Assurance Framework and assessments</p> <p>Controls Assurance Statement</p> <p>WSCB Self-Assessment against Ofsted Descriptors</p>	<p>Regular updates to the both the Children's and Adult's Board(s) and People management teams with regards to the implementation of recommendations made by Ofsted will provide further assurance.</p>
8	<p>Business Continuity Management</p> <p>Failure to develop, exercise and review plans and capabilities that seek to maintain the continuity of critical functions in the event of an emergency that disrupts the delivery of Council services.</p>	12 Amber	<p>Internal audit review 2015/16 – Business continuity and resilience management (satisfactory assurance)</p> <p>Audit and Risk Committee review of risk – July 2016</p>	<p>Reports from Wolverhampton Resilience Board to SEB</p> <p>Strategic Business Continuity Plan, approved by SEB</p>	<p>Controls Assurance Statement</p> <p>Implementation of the Apprise Co-ordination system</p> <p>Completed Priority 1 Business Continuity Plans</p> <p>Development of tactical loss of building plan</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 	12 Amber	<p>Internal audit review 2015/16- City centre development (Satisfactory assurance)</p> <p>External advice - Equib</p>	<p>Programme and project risk registers / risk monitoring through Verto</p> <p>Monthly reporting to the City Centre Regeneration Programme Board</p> <p>Stronger City Economy Scrutiny Panel Review 2016/17 – Regeneration programmes</p> <p>Reviews by the Project Assurance Group (PAG)</p>	<p>Reports to Programme Board from project managers</p> <p>Controls Assurance Statement</p>	<p>Regular update reports to Programme Board(s) and Cabinet continue to provide assurance on the management of this risk.</p>

Risk Ref	Risk Title and Description	Current Score	External/ Independent (Third Line of Defence)	Types of Assurance Risk and Compliance (Second Line of Defence)	Operational and Management (First Line of Defence)	Comments / Gaps in Assurance/Risk Exposure
14	<p>School Improvement</p> <p>If the Council does not provide effective support, challenge and appropriate intervention to raise standards in schools, then the Council and these schools are at risk of underperforming, receiving inadequate Ofsted judgements and a potential loss of control and influence.</p>	<p>4 Amber</p>	<p>Ofsted inspections 2015/16, 2016/17 and 2017/18 to date.</p> <p>School internal audit reviews 2015/16, 2016/17 and 2017/18 to date.</p> <p>Internal audit review 2015/16 – School Improvement and Governance Strategy (satisfactory assurance)</p> <p>Audit and Risk Committee review of risk – February 2017</p> <p>Internal audit review 2016/17 – Vulnerable Pupils</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 and Families Scrutiny Panel – School Improvement Strategy July 2016</p> <p>Report to Children and Young People and Families Scrutiny Panel - Local Authority School Improvement Inspection Self-Evaluation July 2016</p> <p>Report to Children and Young People and Families Scrutiny Panel- Primary School Organisation strategy July 2015</p> <p>Report to Children and Young People and Families Scrutiny Panel- Academy Partnership Protocol April 2016</p> <p>Report to Children and Young People and Families Scrutiny Panel – Secondary School Sufficiency Strategy April 2016</p> <p>Report to Children and Young People and Families Scrutiny Panel – Improving Our Schools Annual Report 2016 April 2016</p> <p>Audits carried out by School Support Advisors and External Governance reviews</p>	<p>Reports to Cabinet</p> <p>Controls Assurance Statement</p> <p>Individual school SFVS statements</p>	<p>The Ofsted inspections and annual report(s) will continue to be the primary source of assurance for this risk.</p>
12	<p>Emergency Planning</p> <p>Failure to develop, exercise and review plans and capabilities for preventing, reducing, controlling or mitigating the effects of emergencies in both the response and recovery phases of a major incident. Failure to train sufficient numbers of staff to undertake the roles in our plans that assist our residents in emergencies and protect the council's reputation from damage.</p> <p>Failure to audit the emergency response plans and capabilities of third party organisations that deliver statutory services on behalf of the council.</p>	<p>12 Amber</p>	<p>Audit and Risk Committee review of risk – July 2017</p>	<p>Reports to Wolverhampton Resilience Board (WRB)</p> <p>Regular reports from WRB to SEB and C3 Scrutiny Panel</p>	<p>Controls Assurance Statement</p>	<p>The exercise and testing programme, once developed and implemented will provide further assurances on the management of this risk. In the meantime, unplanned incidences and the lessons learned from these exercises continue to provide some level of assurance.</p>

Risk Ref	Risk Title and Description	Current Score	External/ Independent (Third Line of Defence)	Types of Assurance Risk and Compliance (Second Line of Defence)	Operational and Management (First Line of Defence)	Comments / Gaps in Assurance/Risk Exposure
22	<p>Skills for Work and Economic Inclusion</p> <p>If the city residents do not have the appropriate skills that employers require and the Council does not work effectively with its partners to promote and enable growth, high rates of unemployment and economic inclusion will result in increased demand for Council Services.</p>	10 Amber	<p>Reports to the Black Country Local Enterprise Partnership and City Board</p> <p>National performance indicators e.g. % residents unemployed, child deprivation, skills profile, etc.</p> <p>Skills and Employment Board</p> <p>Audit and Risk Committee review of risk – September 2016 and December 2015</p> <p>Wolverhampton Skills Commission Review – November 2014 to April 2015</p> <p>Black Country performance management framework</p> <p>Grant Thornton – Review Significant Risks (2016/17 Audit Findings Report) - Risk sufficiently managed</p>	<p>Stronger City Economy Scrutiny Panel Review – Investment and Funding July 2016</p> <p>Report to SEB – City Board – Monthly unemployment briefings</p> <p>Scrutiny review of “Employability and Skills in Wolverhampton” report to Cabinet 11 March 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>Scrutiny Skills and Employment Update – Report to Stronger City Economy Scrutiny Panel – 20 September 2016</p> <p>Skills and Employment Update(s) regularly presented to Stronger City Scrutiny Panel</p>	<p>Reports to the Wolverhampton Skills and Employment Board growth board</p> <p>Inclusion board</p> <p>Controls Assurance Statement</p>	<p>National indicators will demonstrate the effectiveness of the measures in place to manage this long-term risk.</p> <p>In addition, assurances received at a regional level (e.g. through the West Midlands Combined Authority) will also inform the adequacy and effectiveness of the regional initiatives being employed to manage this risk.</p>
23	<p>Cyber Security</p> <p>Failure to maintain a high level of cyber security (technology, processes and awareness) throughout the Council may result in cyber-attacks and theft or loss of confidential data leading to financial penalties, reputational damage and a loss in public confidence.</p>	10 Amber	<p>Annual Public Service Network (PSN) certification</p> <p>Independent testing of cyber security technical defences</p> <p>Use of 3rd party software to stimulate email phishing attacks</p> <p>Audit and Risk Committee review of risk – July 2017</p> <p>Internal audit review - ICTS Strategic Planning</p>	<p>Information risk register and reports to Information Governance Board</p> <p>Reports to SEB and Cabinet (Performance Monitoring)</p>	<p>Regular maintenance and review of technical defence's i.e. fire walls and virus software.</p> <p>Senior Information Risk Officer Annual Report</p> <p>Appointment of Chief Cyber Security Officer</p> <p>Controls Assurance Statements</p>	<p>Independent testing of the Council's cyber security defences will continue to provide assurance.</p>
24	<p>Maximising Benefits form West Midlands Combined Authority</p> <p>If the Council does not put in place effective co-ordination arrangements to utilise the opportunities available from being part of West Midlands Combined Authority (WMCA) it will be unable to maximise the benefits and opportunities available to it.</p>	6 Amber	<p>SEP monitoring via WMCA SEP Board and Black Country LEP.</p> <p>WMCA Assurance framework</p> <p>Reports to WMCA Board and various Committees</p> <p>City of Wolverhampton Council providing the internal audit service for WMCA</p> <p>Grant Thornton – Review Significant Risks (2016/17 Audit Findings Report) - Risk sufficiently managed</p>	<p>Regular reports to SEB</p> <p>Representation on WMCA Boards and Committee's including Audit Risk and Assurance Committee and Overview and Scrutiny Committee.</p> <p>Update on the West Midlands Combined Authority – Report to Scrutiny Board 17 January 2017</p>	<p>Appointment of Business Support Officer</p> <p>Controls Assurance Statement</p>	<p>Council representation on key WMCA Boards and Committees will continue to provide assurance.</p>

Risk Ref	Risk Title and Description	Current Score	External/ Independent (Third Line of Defence)	Types of Assurance Risk and Compliance (Second Line of Defence)	Operational and Management (First Line of Defence)	Comments / Gaps in Assurance/Risk Exposure
25	Payment Card Industry Data Security Standard If the Council does not put in place appropriate systems, procedures and technologies to ensure agent-led telephone payments are compliant with the Payment Card Industry Data Security Standard there is a risk of data breaches and which may result in regulatory action, financial penalties and reputational damage.	8 Amber	Advice provided by the Payment Card Industry	Progress reporting to the Hub Management / Customer Services Management Teams Compliance with contract procedure rule / liaison with Corporate Procurement	Controls Assurance Statement	The implementation of a 3 rd party solution to take and process payment details on behalf of the Council will ensure compliance with the Payment Card Industry standard and transfer the risk of fraud to the 3 rd party.
27	Safety concerns around the City's tower blocks Following the recent tragic events at Grenfell Tower in London, there is an urgent need for the Council to ensure that the tower blocks in the City do not face the same risks, and that tenants can be assured on this.	5 Amber	Independent testing by a Government approved laboratory – confirming that tower-blocks have passed fire safety tests. Review of emergency access to tower-blocks by the Fire-Service Audit and Risk Committee review of risk – July 2017	Regular reporting of fire safety issues to weekly fire safety meetings Reports from fire safety meetings to Senior Officers / SEB Reports to Scrutiny Scoping Group – Fire Safety in tower-blocks	Daily fire safety checks Implementation of Fire Risk Assessments (Type 4 FRS's) Continuing compliance with Fire Regulatory (Fire Safety) Reform Order 2005 On-going consultation with residents	Joint work with Wolverhampton Homes, the Fire Service and specialist contractors is on-going to review fire safety and provide assurance to residents.
28	Health and Safety Through failure to use safe working methods the Council may be exposed to regulatory action, financial penalties and reputational damage.	8 Amber	Key Performance Indicators: • Completed Health and Safety audits • Compliance with RIDDOR reporting	Bi-weekly Health and Safety Meetings Strategic Director Place Senior management briefings and presentations, including reports to Wolverhampton Homes Board Approval of the Health and Safety Plan 2017-19	Regular Health and Safety audits in accordance with audit schedule.	The number of reported incidents will continue to provide assurance in this area. In addition, approval of the Health and Safety plan 2017-19 and monitoring of targets set out within the plan will provide assurance that controls are in place.
29	Fire Safety – Public Buildings If the Council does not have in place appropriate systems to ensure compliance with the Regulatory Reform (Fire Safety) Order 2005 within public buildings (including schools) there is a risk of injury to members of the public and exposure to regulatory action, financial penalties and reputation damage to the Council.	10 Amber	External inspections by the Fire-Service	Scrutiny review -Fire Safety Monitoring of FRA's by Corporate Landlord	Completion of Fire Risk Assessments Development of online fire logs. Regular Health and Safety audits in accordance with schedule Appointment of Site Duty-Holders.	Work is on-going to ensure that sufficient systems and processes are in place to comply with regulations and public safety.
30	Civic Halls There is a significant reputational and financial risk to the Council and to the City's wider visitor economy if the revised Civic Halls refurbishment programme is not effectively managed in terms of project timings, costs and scope.	16 Red	Audit Services Lessons Learnt Review – 2017/18	Ongoing risk assessment / risk register within Verto. Risk workshops PAG reviews and monitoring	Establishment of new governance and project management structure.	Regular update reports to Programme Board(s), Cabinet and on-going risk assessments will provide assurance on the management of this risk.

Risk Ref	Risk Title and Description	Current Score	External/ Independent (Third Line of Defence)	Types of Assurance Risk and Compliance (Second Line of Defence)	Operational and Management (First Line of Defence)	Comments / Gaps in Assurance/Risk Exposure
32	Waste Management Services If the Council does not manage the changes to Waste Service Delivery effectively there is a risk that savings targets will not be delivered, and reputational damage may be incurred due to issues with waste collections.	8 Amber	Internal Audit Review – Waste Services and Future Contract Arrangements	Programme and project risk registers / risk monitoring through Verto PAG reviews and monitoring Performance sand progress reports to Cabinet, and Strategic Executive Board (SEB) Scrutiny review – Changes to Waste Management Services	Establishment of project management structure Project Manager Appointment Lead officer – Waste	Regular update reports to Programme Board(s), Cabinet and on-going risk assessments will provide assurance on the management of this risk.
33	Governance of Major Capital Projects and Programmes The Council will fail to maximise opportunities and incur significant reputational and financial risks if major capital projects are not effectively managed, monitored and reviewed, in terms of project timescales, achievement of milestones and costs.	12 Amber	Audit services Lessons Learnt Reports – 2017/18 Audit and Risk Committee monitoring of lessons learnt action plans Independent project gateway reviews Equip – Independent / external project and risk assurance	Programme and project risk registers / risk monitoring through Verto PAG reviews and monitoring Performance sand progress reports to Cabinet, and Strategic Executive Board (SEB)	Project Management Methodology Controls Assurance Statements	The Audit and Risk Committee will monitor the implementation of all recommendations within the Lessons Leant Action Plan to ensure that improvements are put in place and adhered to.
34	Wolverhampton Interchange Programme (Train Station) There is a significant reputational and financial risk to the Council and to the City's wider visitor economy if the Interchange programme and specifically the train station is not effectively managed in terms of project timings, costs and scope.	12 Amber	Audit Services Lessons Learnt Review – 2017/18	Ongoing risk assessment / risk register within Verto. Risk workshops PAG reviews and monitoring	Establishment of new governance and project management structure.	Regular update reports to Programme Board(s), Cabinet and on-going risk assessments will provide assurance on the management of this risk.

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Audit and Risk Committee

23 July 2018

Report title	Audit and Risk Committee Annual Report – 2017-2018	
Accountable director	Claire Nye, 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 decision:

The Committee is recommended to:

1. Endorse the Audit and Risk Committee Annual Report for 2017-2018 and refer it to Full Council for approval.

1.0 Purpose

1.1 This report summarises the main areas of work undertaken by the Audit and Risk Committee during 2017-2018.

2.0 Background

2.1 The purpose of the Audit and Risk Committee is to provide independent assurance on the adequacy of the risk management framework and the internal control environment. It provides an independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

3.0 Progress, options, discussion

3.1 The Audit and Risk Committee will continue to receive regular assurance reports throughout the year.

4.0 Financial implications

4.1 There are no financial implications arising from the recommendation in this report.
[GE/11072018/M]

5.0 Legal implications

5.1 There are no legal implications arising from the recommendation in this report.
[RB/11072018/E]

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

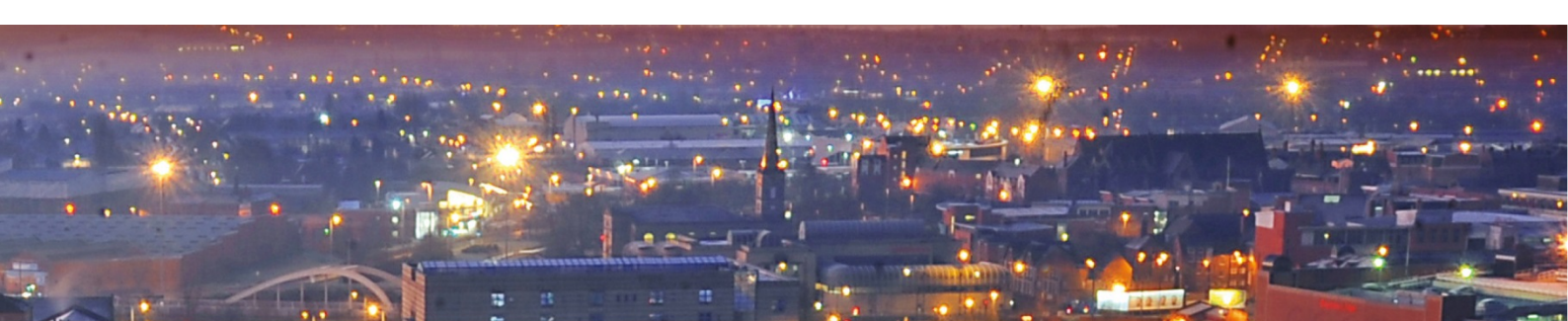
8.1 There are no human resources implications arising from the recommendation in this report.

9.0 Corporate landlord implications

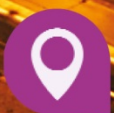
9.1 There are no corporate landlord implications arising from the recommendation in this report

10.0 Schedule of background papers – Audit and Risk Committee – Annual Report

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Audit and Risk Committee Annual Report 2017-2018



**Stronger
Economy**



**Stronger
Communities**



**Stronger
Organisation**

The Audit and Risk Committee at Wolverhampton

Councillor Craig Collingswood – Chair of the Audit and Risk Committee



The Audit and Risk Committee is a key component of the Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Audit and Risk Committee is to provide independent assurance to the Council on the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes.

It also oversees the work of both the internal and external auditors, helping to ensure that efficient and effective assurance arrangements are in place. The key benefits of the Committee can be seen as:

- increasing public confidence in the objectivity and fairness of financial and other reporting;
- reinforcing the importance and independence of internal and external audit and similar review processes;
- providing additional assurance through a process of independent review; and
- raising awareness of the need for internal control and the implementation of audit recommendations.

The Audit and Risk Committee agrees a work programme for each year. It is based on (but not limited to) the following main sources of assurance:

- Annual Governance Statement - this is the statutory report which the Committee approves in relation to the council's Statement of Accounts.
- Strategic Risk Register and Assurance Map - a regular review of the key risks the Council faces, and how and where the Committee can gain assurance that these risks are being well managed.
- Internal Audit - the ongoing work of, and reports from the Council's internal auditors.
- External Audit - the reports submitted to the Committee by the Council's external auditors Grant Thornton

I believe it has been another successful year for the Audit and Risk Committee and we look forward to building on this during 2018-2019.

Finally, as the Chair of the Audit Committee I would like to thank all the members who served on the Committee during the year, both the internal and external auditors and all of the other officers who have contributed towards its success.

We undertook the following key developments during the year

In the last 12 months the Committee has put in place many initiatives, in what has been a productive year, helping to ensure that the City of Wolverhampton has a modern, effective and risk focussed Committee.

During the year we:

- Continued to focus on the Council's risk management arrangements, gaining an increased assurance that the Council is managing its risks well. This also involved the Committee 'calling-in' a number of risks and their risk owners, for a more detailed review as detailed later in this report.
- Maintained a strong working relationship, through regular progress meetings, with the Council's External Auditors Grant Thornton, our Internal Auditors, key Cabinet Members and Senior Officers. We also had further engagement with Grant Thornton, through regular consideration of their informative Audit Committee Update publications at Committee meetings.
- Successfully appointed a second independent member on to the Committee, in order to build on the knowledge and experience each member can bring to the meetings.
- Hosted a regional Audit Committee Forum at the City's Art Gallery in partnership with top accountancy firm Grant Thornton UK LLP. This event saw councillors and Audit Committee members from Local Authorities come together to discuss key themes and their governance responsibilities.
- Continued to obtain strong local press coverage on a number of issues that were raised through, and discussed at the Committee, which portrayed the Council in a positive light.

We hosted a Midlands Audit Committee Forum here in Wolverhampton



Councillor Craig Collingswood, the Chair of the Committee delivering his opening address

In March 2018 the City Council in partnership with top accountancy firm Grant Thornton UK LLP hosted a Midlands Audit Committee Forum at the City's Art Gallery. This regional event saw councillors and Audit Committee members from Local Authorities come together to discuss key themes and their governance responsibilities.

Councillor Collingswood opened the event with a welcome address and gave an overview of the exciting developments that are taking place within the City of Wolverhampton. He then shared his perspective on what makes a strong audit committee. The Audience then heard about the growing risks surrounding Cyber Security and fraud on the Public Sector, followed by Grant Thornton who put on a thought provoking session which looked into the implications of Brexit on Local Government. The Council's Head of Audit, Peter Farrow concluded the morning by sharing his thoughts on the value a modern internal audit service can bring to an organisation.



We were delighted to be able to host such a prestigious event here in our City and it was great to meet with fellow councillors and audit committee members from across the region. We received strong feedback from those attending who indicated that they found it an informative day with a good range of presenters and subjects, giving them the opportunity to take part in a challenging but interesting debate.



Our key business during the year was:

Meeting	Activity
3 July 2017	<ul style="list-style-type: none"> • The Council’s Draft Statement of Accounts • External Audit Update Report • Annual Governance Statement • Annual Internal Audit Report • Audit and Risk Committee Annual Report • Reviewing the Strategic Risk Register and Assurance Map • Counter Fraud Update • Audit Investigations Update • Payment Transparency
18 September 2017	<ul style="list-style-type: none"> • Approving the Council’s Statement of Accounts • External Audit Annual Report to those charged with Governance (ISA 260) • Reviewing the Internal Audit Charter • Internal Audit Update • Counter Fraud Update • CIPFA Audit Committee Update • Payment Transparency • Strategic Risk Register and Assurance Map • Audit Investigations Update
11 December 2017	<ul style="list-style-type: none"> • Receiving the External Audit Annual Audit Letter • Strategic Risk Register and Assurance Map • Internal Audit Update • Payment Transparency • Counter Fraud Update • Annual Governance Statement – Action Plan Update • Audit Investigations Update • Internal Audit – External Assessment
13 March 2017	<ul style="list-style-type: none"> • Audit and Risk Committee – Terms of Reference • External Audit Plan • External Audit Communications with the Committee • Strategic Risk Register and Assurance Map • Internal Audit Update • Approving the Internal Audit Plan • Counter Fraud Update including CIPFA’s Annual Fraud and Corruption Tracker Report • Reviewing the Council’s Fraud Related Policies and Procedures • Payment Transparency • Audit Investigations Update • West Midlands Combine Authority – Assurance • CIPFA Audit Committee Update

How we ensured there was a strong focus on risk management

One of the main roles of the Committee is to regularly review the Strategic Risk Register in order to ensure that the risks the Council faces are being suitably addressed. During the year we ‘called in’ the following risks for a more detailed review:

Cyber Security

We received a very informative presentation on how this high profile risk was being managed including how the Council had responded to the recent WannaCry cyber attack.

We heard about the actions Wolverhampton Homes and the Council had put in place with regards to the safety of our housing stock and other properties.

Safety concerns around the City’s tower blocks (Post-Grenfell)

Emergency Planning

We looked at how the Council would respond to any major incidents if they took place in the City, including the security at our venues.

The Director of Adult Services updated us on the work being undertaken to support the transformation of adult social care and in how we can make the necessary savings targets included in the Medium Term Financial Strategy.

Transforming Adult Social Care

City Centre Regeneration

We heard from the Head of City Development in how risks across the City Centre Regeneration Programme were being managed.

The Council’s Prevent and Cohesion Officer explained the work of the Council in terms of monitoring and responding to community cohesion issues and that an independent review had ranked Wolverhampton as the third most integrated place in the UK.

Community Cohesion

Our conclusion for 2017-2018:

As a result of our work throughout the year, we were able to confirm:

- That the system of internal control, governance and risk management in the Council was adequate in identifying risks and allowing the Council to understand the appropriate management of these risks.
- That there were no areas of significant duplication or omission in the systems of internal control, governance and risk management that had come to the Committee's attention, and had not been adequately resolved.

We believe that our key achievements during the year were:

- Providing assurance through a process of independent review and challenge.
- Raising the profile of internal control issues across the Council and of the need to ensure that audit recommendations are implemented.
- Regular consideration and review of the risks that the Council faces, through examination of the strategic risk register and accompanying assurance map.
- Maintaining a good working relationship with the Council's internal and external auditors.
- Building the skills and knowledge of Committee members through regular technical updates and the consideration of related guidance issued by CIPFA.
- The presence of two independent members serving on the Committee in order to broaden the Committee's experience and independent view point.
- Maintaining a detailed focus on the actions being taken to combat fraud.
- Reviewing the Committee's Terms of Reference in order to ensure they remain fit for purpose.

These are our Terms of Reference:

Statement of purpose

Our Audit and Risk Committee is a key component of the Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of our Audit and Risk Committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, risk and control

To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.

To review the annual governance statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.

To monitor the effective development and operation of risk management in the Council.

To monitor progress in addressing risk-related issues reported to the committee.

To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.

To monitor the counter-fraud strategy, actions and resources.

To receive additional assurance reports from the Corporate Assurance team (Insurance and Health & Safety)

Internal Audit

To approve the internal audit charter.

To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

To approve the risk based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

To approve significant interim changes to the risk-based internal audit plan and resource requirements.

To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:

- Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work;
- Regular reports on the results of the quality assurance and improvement programme;
- Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the annual governance statement.

To consider the head of internal audit's annual report:

- The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the quality assurance and improvement programme that supports the statement - these will indicate the reliability of the conclusions of internal audit.
- The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion - these will assist the committee in reviewing the annual governance statement.

To consider summaries of specific internal audit reports as requested.

To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

To contribute to the quality assurance and improvement programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

To consider a report on the effectiveness of internal audit to support the annual governance statement, where required to do so by the Accounts and Audit Regulations.

To support the development of effective communication with the head of internal audit.

External Audit

To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

To consider specific reports as agreed with the external auditor.

To comment on the scope and depth of external audit work and to ensure it gives value for money.

To commission work from internal and external audit.

To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial reporting

To receive detailed training in respect of the process associated with the preparation, sign off, audit and publication of the Council's annual statement of accounts.

To monitor the on-going progress towards publication of the Council's annual statement of accounts, ensuring the statutory deadlines are achieved.

To obtain explanations for all significant variances between planned and actual expenditure to the extent that it impacts on the annual statement of accounts.

To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

To report to full Council on a regular basis on the committee's performance in relation to the terms of reference, and the effectiveness of the committee in meeting its purpose.

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CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 23 July 2018
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Report Title	Audit Services – Counter Fraud Update	
Accountable Director	Claire Nye	Finance
Accountable employee(s)	Peter Farrow	Head of Audit
	Tel	01902 554460
	Email	peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendation for noting:

The Committee is asked to note:

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

1.0 Purpose

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

2.0 Background

- 2.1 The 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 Ministry of Housing, Communities and Local Government.

3.0 Progress, options, discussion, etc.

- 3.1 At the last meeting of the Audit and Risk Committee in March 2018, it was agreed that regular updates on the progress the Council was making in tackling fraud would continue to be brought before the Committee.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report.
[GE/11072018/F]

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.
[TC/13072018/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 this report.

10.0 Schedule of background papers

- 10.1 None.

Audit Services Counter Fraud Report @ July 2018



1 *Introduction*

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

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

2 *The Counter Fraud 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, conducts raising fraud awareness seminars and holds 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

Counter Fraud Unit Developments

In November 2017, the Tenancy Fraud Team at Wolverhampton Homes TUPE transferred to the Council and have joined the Counter Fraud Unit. Following the transfer, the team has continued to provide a tenancy fraud investigation service to Wolverhampton Homes under a service level agreement.

Following the move to the Council's Counter Fraud Unit, the team has begun to expand their investigatory expertise to investigate new areas of fraud which impacts on the Council. This enhances the Council's ability to tackle fraud.

National Anti-Fraud Network Intelligence Notifications

The National Anti-Fraud Network (NAFN) issues regular alerts which provide information on fraud attempts, trends and emerging threats. The information provided in the alerts has been notified to NAFN by other local authorities from across the country. These alerts are checked to the Council's systems to verify whether there have been any instances at Wolverhampton. This financial year there have been 3 alerts issued by NAFN, which either involved suppliers used by the Council or are applicable to all Councils. The appropriate sections of the Council have been alerted and in each case, it was confirmed that there was no impact at Wolverhampton. The most common alerts related to Bank Mandate fraud and cyber fraud including ransomware.

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 current exercise commenced in January 2017 and a total of 13,613 matches have now been released of which the Cabinet Office has identified 4,583 as recommended matches. The Cabinet Office expects all the recommended matches to be investigated as a minimum. 4,200 matches have been processed, 82 are being investigated. Five frauds have been investigated and 454 errors identified. Details of the progress made will be brought before the Committee as it becomes known. Examples of the progress made since the last Counter Fraud Report in March 2018 are shown below:

Description	Previous value (£)	Current value (£)
Housing benefit claimants to student loans	2,682	19,781
Housing benefits claimants to pensions	11	11
Housing benefits claimants to DWP Deceased	73	73
Council Tax Reduction Scheme to DWP Deceased	3,537	3,537
Duplicate records by amount and creditor reference	0	*100,148
Duplicate records by invoice number and amount but different creditor reference and name	0	*1,800
Total	6,377	125,350

*A total of seven duplicate invoices were paid. In each case the overpayment has been or is being recovered. Six of the overpayments are from 2014 with one from 2016. Due to the timing of the data submission for the last and current NFI exercise, this was the first opportunity for data from Agresso to be submitted for data matching.

The Agresso creditor payments system was implemented in 2014. At that time, many of the checks for duplicate payments were completed manually. Since 2014 duplicate payment reports have been introduced for each payment run. In addition, requisitioners and budget managers have received training and new intuitive reports are currently being introduced which will further reduce the risk of duplicate payments.

CIPFA Fraud and Corruption Tracker Survey

During June 2018, the Council's Counter Fraud Unit submitted the completed annual fraud and corruption survey response to the Chartered Institute of Public Finance Accountants (CIPFA's). The information contained in the survey will be used to produce a report which will be published later in 2018. The key survey results for Wolverhampton were:

Type of fraud and/or error	cases	Value £
Tenancy sub-letting (Wolverhampton Homes) – Illegal subletting of properties	16	*£1,488,000
Other tenancy fraud (Wolverhampton Homes) – fraudulent application, succession, abandonment or non-occupation	9	**£324,000
Right to buy (Wolverhampton Homes)	1	***£65,000
Council tax discount – people claiming single person discount as a result of fraud or error	1,029	£306,000
Procurement – not following procedures	2	£9,000
Council tax reduction scheme	1	£4,000
Payroll – claiming hours not worked / retaining an overpayment	2	£6,000
Other Fraud – Student Loans to Housing Benefits	6	£20,000

* £93,000 notional savings recognises the future losses prevented from recovering the property.

** £36,000 notional savings recognises the future losses prevented by not letting the property to an ineligible individual and with the potential of having to place a genuine prospective tenant from the waiting list in expensive temporary accommodation.

***£65,000 notional saving for a Right to Buy (RtB) application that has been withdrawn.

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

Partnership Working

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

Fraud Risk Register

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

Midland Fraud Group

This group consists of fraud officers from across the Midland's local authorities. The purpose of the group is to identify and discuss the outcome of initiatives being used to tackle fraud. At the last meeting in June 2018, topics discussed included GDPR, Right to Buy checks, NFI Business Rates pilot and cases of interest.

Counter Fraud Plan Update

Issue	Action	Timescale
Raising counter fraud awareness across the Council	Develop and deliver Fraud Awareness seminars	Fraud based training provided by Natwest Bank June 2017
	Develop on line fraud training for staff.	To be refreshed Autumn 2018
	Work with Workforce Development to develop and promote fraud training.	Fraud seminars and surgeries promoted through City People On-going use of online training package
	Establish measures for assessing the level of employee fraud awareness.	Autumn 2018
	Hold fraud surgeries to enable staff to report areas of suspected fraud.	Fraud surgeries planned for Autumn 2018
	Use various forms of media to promote fraud awareness across the Council including City People, the intranet and the internet.	Fraud seminars and surgeries will be promoted through City People
	Work closely with Wolverhampton Homes and seek opportunities to promote joint fraud awareness.	On-going
Work with national, regional and local networks to identify current fraud risks and initiatives.	Maintain membership of the National Anti-Fraud Network (NAFN).	On-going
	Participate in the Cabinet Office's National Fraud Initiative (NFI) data matching exercises. Acting as key contact for the Council, the West Midlands Pension Scheme and Wolverhampton Homes.	On-going. Latest exercise commenced January 2017
	Complete the annual CIPFA fraud survey.	CIPFA Survey completed June 2018
	Investigate opportunities to develop the use of NFI real time and near real time data matching.	Used for additional Single Person Discount data match
	Participate in CIPFA's technical information service.	On-going
	Maintain membership of the Midlands Fraud Group.	On-going – last meeting June 2018 next meeting Autumn 2018
	Attend external fraud seminars and courses.	Midland Fraud Forum Conference – February 2018 CIPFA Counter Fraud Summit - November 2017 National Anti-Fraud

Issue	Action	Timescale
		<p>Network Summit – October 2017</p> <p>RBS Fraud Seminar – October 2017</p>
Assess the counter fraud strategy against best practice	Complete national fraud self-assessments, for example:	
	<ul style="list-style-type: none"> • New CIPFA Code of Practice 	June 2015 (the last time required)
	<ul style="list-style-type: none"> • The European Institute for Combatting Corruption And Fraud TEICCAF's- Protecting the English Public Purse 	Annually
	<ul style="list-style-type: none"> • Department for Communities and Local Government – ten actions to tackle fraud against the Council. 	On-going
Identify and rank the fraud risks facing the Council	Manage the Council's fraud risk register to ensure key risks are identified and prioritised.	On-going
	Develop measures of potential fraud risk to help justify investment in counter fraud initiatives.	On-going
	Seek opportunities to integrate the fraud risk register with other corporate risk registers and also the Audit Services Audit Plan	On-going
Work with other fraud investigation teams at the Council	Develop good communication links between the Counter Fraud Unit, Wolverhampton Homes, and Audit Services.	November 2017 - Wolverhampton Homes Tenancy Fraud Team transfer to Council's Counter Fraud Unit
	Maintain an overview of the progress made with the tenancy data sharing agreement between Wolverhampton Homes and Birmingham City Council.	On-going
Work with external organisations to share knowledge about frauds?	Establish formal joint working relationships with external bodies, for example Police, Health Service and Immigration Enforcement.	On-going
Participate in external initiatives and address requests for information	Implement industry best practice as identified in reports produced by external bodies, for example; The TEICCAF Annual Protecting the English Public Purse report, Cipfa's Annual Fraud Tracker Survey and the National Fraud Initiative report.	Annual/on-going
	Encourage Service Areas to participate in initiatives to identify cases of fraud.	Corporate Fraud Group established
	Look for opportunities to use analytical techniques such as data matching to identify frauds perpetrated across bodies, for example other Councils.	On-going

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

Fraud Risk Register @ July 2018

Themes	Potential fraud type	Risk rating
Housing Tenancy	Subletting for profit, providing false information to gain a tenancy, wrongful tenancy assignment and succession, failing to use the property as the principle home, right to buy. This risk is managed by Wolverhampton Homes.	Red
Council Tax	Fraudulently claiming for discounts and exemptions such as the single person's discount and Local Council Tax Support Schemes.	Red
Personal Budgets	Falsely claiming that care is needed, carers using direct payments for personal gain, carers continuing to receive direct payments after a person dies, duplicate applications submitted to multiple Councils.	Red
Cyber Security	Using technology as a tool to commit acts of fraud – this currently has a very high profile and is an ever-increasing area susceptible to fraud	Red
Welfare Assistance	Fraudulent claims.	Amber
Procurement	Collusion (employees and bidders), false invoices, overcharging, inferior goods and services, duplicate invoices.	Amber
Business Rates	Evading payment, falsely claiming mandatory and discretionary rate relief, empty property exemption, charity status.	Amber
Payroll	'ghost' employees, expenses, claims, recruitment.	Amber
Blue Badge	Fraudulent applications, use 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

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CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 23 July 2018
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Report title	Payment Transparency	
Accountable director	Claire Nye, Finance	
Accountable employee(s)	Peter Farrow	Head of Audit
	Tel	01902 554460
	Email	peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendation for noting:

The Committee is asked to note:

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

1.0 Purpose

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

2.0 Background

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

- 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.
- Since last reported to the Audit and Risk Committee in March 2018, 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 and Risk Committee on the details of any 'armchair auditor' requests the Council receives.

4.0 Financial implications

4.1 There are no financial implications arising from the recommendation in this report.
[GE/11072018/J]

5.0 Legal implications

5.1 There are no legal implications arising from the recommendation in this report.
[RB/11072018/Q]

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 –

10.1 None

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CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 23 July 2018
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Report title	Wolverhampton Interchange (Train Station) – Lessons Learned Update	
Accountable director	Claire Nye, Director of 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	Strategic Executive Board	12 July 2018

Recommendation for noting:

The Committee is asked to note:

1. That following consideration of the report at the Committee meeting of 25 June 2018, it has been confirmed that paragraph 4.1.9 of the audit report was factually correct resulting in no changes being required to the original report.

1.0 Purpose

- 1.1 That the Audit and Risk Committee note the content of this report.
- 1.2 The report provides an update on the Wolverhampton Interchange (Train Station) lessons learned report that was presented to the Audit and Risk Committee on 25 June 2018. During the presentation of the report the Project Manager expressed concerns that paragraph 4.1.9 of the report was factually incorrect. Based on the concerns it was agreed the Audit Business Partner would review any evidence to support this assertion, and where appropriate make the necessary amendments to the report.

2.0 Background

- 2.1 Wolverhampton is a principal station on the West Coast Mainline handling over 4.75 million passengers per annum. However, the existing station facilities and capacity are no longer fit for purpose. The Wolverhampton Interchange Programme proposes to deliver a multi-modal transport hub comprising a new train station, multi-storey car park extension and an extended tram connection.
- 2.2 The Council's former Managing Director commissioned Audit Services to undertake a lessons learned review for three capital projects, which included the Interchange project, that have been subject to highly publicised overspends. The Wolverhampton Interchange's budget in respect of the train station has increased from £12 million to £19 million. The total cost of funding in respect of the whole of the Interchange Programme at the time of the audit review amounted to £81.8 million, which included a capital investment of £16 million from the City of Wolverhampton Council.
- 2.3 The report in respect of the Interchange (Train Station) project was presented to the Council's Audit and Risk Committee on 25 June 2018. During the presentation the Project Manager expressed concerns over the accuracy of paragraph 4.1.9 in the report. It was agreed this would be reviewed the Audit Business Partner and where sufficient evidence could be provided the reports would be changed to rectify any factual inaccuracies.

3.0 Progress, options, discussion

- 3.1 Paragraph 4.1.9 of the Wolverhampton Interchange (Train Station) – Lessons Learned report, reads as follows:

Further, evidence was found regarding queries raised by Corporate Procurement which were not responded to during the re tendering exercise being undertaken to replace Supplier E. The then Head of Procurement raised the following observations after he was copied in on an email by the former Council's Head of Major Projects to ION about the tender position paper from Supplier M.

- *Supplier M's tender submission assumed that hoarding could be erected on platform one to provide a physical barrier between the operational railway, the demolition and the new build site with works being undertaken without any special protection;*
- *hoarding on the rail platform would require Network Rail and train operators involvement and approvals;*
- *There did not appear to be any allowance in the Supplier M's management costs for rail possessions, isolations of the overhead line, signalling dis/re-connections of platform equipment.*
- *The suitability of the model used for inviting tenders from contractors.*

No response was received from the former Head of Major Projects to the above and it is unclear if risks around these issues have been managed or mitigated.

- 3.2 Having reviewed the above, and following discussions with the Project Manager, it appears there had been a misinterpretation of this paragraph. This section of the report makes specific reference to concerns raised by Corporate Procurement at that time and during the retendering of the contract following Supplier A being removed from the scheme. The purpose of the paragraph in the report was to highlight the failure to engage Corporate Procurement during the contractor procurement process.
- 3.3 The bullet points under this paragraph related to potential issues in respect of tender documentation reviewed by Corporate Procurement and do not reflect the current position of the scheme, which Supplier M are now delivering following their successful tender.
- 3.4 Based on the above being clarified there is no proposal to either remove this paragraph from the report or change it.

4.0 Financial implications

- 4.1 There are no direct financial implications arising from the recommendations in this report.
[CN/11072018/S]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendations in this report.
[RB/13072018/F]

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 The report outlines the absolute necessity of ensuring that qualified and competent people and organisations are employed and/or deployed onto large capital programmes.

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

10.1 None.

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