



**TRAFFORD**  
**COUNCIL**

**AGENDA PAPERS FOR**  
**ACCOUNTS AND AUDIT COMMITTEE MEETING**

Date: Wednesday, 20 March 2013

Time: 6.30 p.m.

Place: Rooms 7 and 8, Ground Floor, Quay West, Trafford Wharf Road, Trafford Park, Manchester, M17 1HH

<b>A G E N D A</b>	<b>PART I</b>	<b>Pages</b>
1.	<b>ATTENDANCES</b>  To note attendances, including Officers and any apologies for absence.	
2.	<b>MINUTES</b>  To receive and if so determined, to approve as a correct record the Minutes of the meeting held on 5 February 2013.	1 - 4
3.	<b>PARTNERSHIP WORKING</b>  To receive a presentation from the Head of Partnerships and Performance.	
4.	<b>ANNUAL GOVERNANCE STATEMENT 2011/12 - GOVERNANCE ISSUE UPDATE: WORKFORCE PLANNING</b>  To consider a report of the Director of Human Resources.	To Follow
5.	<b>CERTIFICATION WORK REPORT 2011/12</b>  To receive a report from the Council's External Auditor.	5 - 16
6.	<b>AUDIT PLAN 2012/13</b>  To receive a report from the Council's External Auditor.	To Follow

7. **AUDIT AND ASSURANCE SERVICE - INTERNAL AUDIT OPERATIONAL PLAN 2013/14**  
To consider a report of the Audit and Assurance Manager. 17 - 30
8. **STRATEGIC RISK REGISTER - 2012/13 QUARTER 4**  
To consider a report of the Audit and Assurance Manager. 31 - 62
9. **RISK MANAGEMENT POLICY STATEMENT AND STRATEGY**  
To consider a report of the Audit and Assurance Manager. 63 - 80
10. **ANTI-FRAUD AND CORRUPTION UPDATE**  
To note a report of the Audit and Assurance Manager. 81 - 86
11. **ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT**  
To consider a report of the Audit and Assurance Manager. 87 - 96
12. **ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2012/13**  
To consider a report of the Audit and Assurance Manager. 97 - 100
13. **URGENT BUSINESS (IF ANY)**  
Any other item or items which by reason of special circumstances (to be specified) the Chairman of the meeting is of the opinion should be considered at this meeting as a matter of urgency.

**THERESA GRANT**  
Chief Executive

Membership of the Committee

Councillors M. Whetton (Chairman), Mrs. L. Evans (Vice-Chairman), J. Baugh, C. Boyes, B Brotherton, P. Lally and T. Ross

Further Information

For help, advice and information about this meeting please contact:

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This agenda was issued on **Tuesday, 12 March 2013** by the Legal and Democratic Services Section, Trafford Council, Quay West, Trafford Wharf Road, Trafford Park, Manchester, M17 1HH.

## ACCOUNTS AND AUDIT COMMITTEE

5 FEBRUARY 2013

### PRESENT

Councillor M. Whetton (in the Chair).

Councillors Mrs. L. Evans (Vice-Chairman), Mrs. J. Baugh, C. Boyes, B Brotherton, T. Ross and P. Lally.

#### In attendance

Director of Finance (Mr. I. Duncan),  
Audit and Assurance Manager (Mr. M. Foster),  
Investigations Manager (Mr. D. Wright),  
Records and Information Manager (Ms. P. Titterington),  
Principal Audit and Assurance Team Leader (Ms. H. Carnson),  
Democratic Services Officer (Mr. I. Cockill).

Also in attendance: Ms. H. Stevenson, Grant Thornton UK LLP.

### 30. MINUTES

RESOLVED: That the Minutes of the meeting held on 21 November 2012 be approved as a correct record and signed by the Chairman.

### 31. ANNUAL GOVERNANCE STATEMENT 2011/12 - UPDATE ON SIGNIFICANT GOVERNANCE ISSUE : RECORDS AND INFORMATION MANAGEMENT

The Records and Information Manager submitted a report providing an update on work undertaken to date and further work planned in respect of the introduction of an effective electronic records management solution and embedding the corporate records management policy within services.

#### RESOLVED

- (1) That the report and progress to date be noted.
- (2) That the Records and Information Manager be requested to explore the marketing opportunities of the Electronic Document and Records Management Solution that the Council is developing.
- (3) That, with regard to document scanning, the Records and Information Manager be requested to consider elected member access; and monitor scan on demand service requests to ascertain its cost effectiveness in comparison to alternative solutions.

### 32. TACKLING BENEFIT FRAUD

The Committee received a presentation from the Investigations Manager on the effects of Benefit Fraud, the types of fraud investigated by the Council and the

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methods used. The presentation also advised on the outcome of investigations and the challenges ahead for the service.

The Investigations Manager highlighted the advantages of the team's stationing at Stretford Police Station and, responding to Members' questions, provided examples of working practices and the types of tactical decisions taken. The Committee was also informed that Trafford's performance compared well against other authorities.

RESOLVED –

- (1) That the information be noted and the Investigations Manager be thanked for an informative and impressive presentation.
- (2) That the Committee be informed of developments relating to the Single Fraud Investigation Service proposals.

**33. TREASURY MANAGEMENT STRATEGY 2013/14 - 2015/16**

The Executive Member for Finance and the Director of Finance submitted a joint report presenting the expected treasury operations and the prudential indicators for the period 2013/14 – 2015/16. The report also detailed the risks facing local authorities in Treasury Management operations and the measures to minimize these risks.

The Committee was advised that, in response to the continuing stagnant world economic climate, the recommended strategy would remain similar to that approved the previous year with only a minor change requested to the Investment criteria, as detailed in Appendix 1 to the report.

In considering the report, Members of the Committee questioned the Director of Finance on the recommended limits and the security of the Council's investments.

RESOLVED: That the Council be recommended to approve:

- (a) the policy on debt strategy for 2013/14 to 2015/16 as set out in section 3 of the report;
- (b) the investment strategy for 2013/14 to 2015/16 as set out in section 5 of the report; and
- (c) the Prudential Indicators and limits, including the Authorised Limit and Operational Boundary as required by Section 3(1) of the Local Government Act 2003, Minimum Revenue Provision Statement and Investment Criteria as detailed in Appendix 1 to the report.

**34. EXTERNAL AUDIT PROGRESS REPORT - JANUARY 2013**

The Council's External Auditor, Grant Thornton, submitted a report detailing its planned audit work for the year and its audit fee for 2012/13. The report also drew

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Member's attention to a number of emerging national issues and developments and also suggested some key considerations for the Committee.

RESOLVED –

- (1) That the report be noted.
- (2) That the questions highlighted in the report as key considerations for the Committee be assessed and considered for future meetings if appropriate.
- (3) That, in relation to the Audit Commission report 'Protecting the Public Purse' and mention of new frauds emerging in schools, the Committee notes that reference will be made to this at the next meeting, as part of the Committee's consideration of anti-fraud arrangements.

**35. AUDIT AND ASSURANCE REPORT FOR THE PERIOD OCTOBER TO DECEMBER 2012**

The Audit and Assurance Manager submitted a report summarising the work of Audit and Assurance during the period October to December 2012 and providing ongoing assurance to the Council on the adequacy of its control environment.

RESOLVED: That the report be noted.

**36. ANNUAL GOVERNANCE STATEMENT 2012/13 - APPROACH / TIMETABLE**

The Audit and Assurance Manager submitted a report setting out a proposed action plan and timetable to ensure compliance with the statutory requirement to produce an Annual Governance Statement for 2012/13.

RESOLVED –

- (1) That the action plan and timetable to enable the production of the Annual Governance Statement for 2012/13 be noted.
- (2) That the responsibility for reviewing the robustness of the 2012/13 Annual Governance Statement be delegated to the Chairman, Vice-Chairman and Opposition Spokesperson.

**37. ACCOUNTS AND AUDIT COMMITTEE - WORK PROGRAMME - 2012/13**

The Audit and Assurance Manager submitted a report setting out the updated work plan for the Committee for the 2012/13 Municipal Year and outlining the areas to be considered at the remaining meeting.

Further to the report, Members were advised of an additional presentation to be made at the next meeting regarding Trafford Partnership and it was requested that reference be made to locality boards and their linkage with the structure.

RESOLVED –

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- (1) That the 2012/13 work programme, with the addition of a presentation on Trafford Partnership's Governance Arrangements at the next meeting on 20 March 2013, be noted.
- (2) That Members of the Committee be requested to notify the Audit and Assurance Manager of any further training needs or issues to be covered at future meetings.

The meeting commenced at 6.30 p.m. and finished at 8.32 p.m.



## Trafford Council

Certification work report 2011/12

February 2013

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# 1 Executive Summary

## Introduction

- 1.1 Grant Thornton, as the Council's auditors and acting as agents of the Audit Commission, is required to certify the claims submitted by the Council. This certification typically takes place some 6-12 months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.
- 1.2 We and the Audit Commission have certified three claims and returns for the financial year 2011/12 relating to expenditure of £235 million.
- 1.3 This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to those matters in relation to individual claims.

## Approach and context to certification

- 1.4 We provide a certificate on the accuracy of grant claims and returns to various government departments and other agencies. Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.
- 1.5 Appendix A sets out an overview of the approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform.

## Key messages

- 1.6 The National non-domestic rates return and part of the Housing and Council Tax Benefit claim reported in this certification report was completed by the Audit Commission prior to our appointment as the Council's auditors. The findings set out in this report therefore represent the results of your previous auditor's work as well as our own.
- 1.7 A summary of all claims and returns subject to certification and details of our certification fee is provided at Appendix B. The key messages from our review are summarised in Exhibit One, and set out in detail in the next section of the report.

### Arrangements for certification for claims and returns:

- below £125,000 - no certification
- above £125,000 and below £500,000 - agreement to underlying records
- over £500,000 - agreement to underlying records and assessment of control environment. Where full reliance cannot be placed, detailed testing.

**Exhibit One: Summary of Council performance**

<b>Aspect of certification arrangements</b>	<b>Key Message</b>
Submission and certification	All three claims were submitted to us on time to audit. We certified the Teachers' pensions return on the 18 December 2012 after the auditors certification deadline of 30 November 2012. This was due to delays in receiving supporting evidence to audit the claim. The two other claims were certified within the required deadlines.
Accuracy of claim forms submitted to the auditor Amendments and qualifications	Overall the Council is performing well. Of the three claims certified with a total value of £235,053,194 only the Housing and Council Tax Benefit required amendments and qualification. The amendments resulted in increased grant entitlement of £17,858 and the qualification letter related to relatively minor issues.
Supporting working papers	With the exception of the Teachers' pension return the supporting working papers were sufficient to enable certification within the deadlines. Payroll interrogation reports supporting the Teachers' pension return were not supplied to us until after the deadline. The delay was due in part to the implementation of the new payroll system during the year.

**The way forward**

- 1.8 We have made a number of recommendations to address the key messages above and other findings arising from our certification work at Appendix C.
- 1.9 Implementation of the agreed recommendations will assist the Council in compiling accurate and timely claims for certification. This will reduce the risk of penalties for late submission, potential repayment of grant and additional fees.

**Acknowledgements**

- 1.10 We would like to take this opportunity to thank the Council officers for their assistance and co-operation during the course of the certification process.

**Grant Thornton UK LLP**

**February 2013**

## 2 Results of our certification work

### Key messages

- 2.1 We have certified three claims and returns for the financial year 2011/12 relating to expenditure of £235 million.
- 2.2 The Council's performance in preparing claims and returns is summarised in Exhibit Two.

#### Exhibit Two: Performance against key certification targets

Performance measure	Target	Achievement in 2011-12		Achievement in 2010-11		Direction of travel
		No.	%	No.	%	
<b>Total claims/returns</b>		3		5		
Number of claims submitted on time	100%	3	100	5	100	→
Number of claims certified on time	100%	2	67	5	100	↓
Number of claims certified with amendment	0%	1	33	1	20	→
Number of claims certified with qualification	0%	1	33	1	20	→

- 2.3 This analysis of performance highlights the late certification of the Teachers' pension return which is considered further in paragraph 2.12.
- 2.4 Details on the certification of all claims and returns are included at Appendix B.
- 2.5 Where we have identified matters or opportunities for improvement in the compilation of claims and returns, these are summarised below and recommendations are included in the action plan at Appendix C.
- 2.6 We charged a total fee of £15,910 for the certification of claims and returns in 2011-12. In addition, your previous auditors the Audit Commission, charged a total fee of £35,397 against an indicative budget of £40,500. Details of fees charged for specific claims and returns are included at Appendix B.

### **Audit findings**

- 2.7 The following findings were identified in relation to the certification of individual grant claims and returns.

#### **Certification of Housing and Council Tax Benefit Claim**

- 2.8 Expenditure in certain cases was netted down in error for recovery of overpayments from previous years resulting in understatement of subsidy. This was due to the way the cases were coded within the Benefits system. We carried out additional work to identify all such cases. The claim was amended for these cases with resulting additional grant entitlement of £15,760. Similar errors also took place in the previous two years and the Council has submitted claims to the Department of Works and Payments (DWP) which we have reviewed. The additional grant entitlement resulting from this work is £46,407.
- 2.9 There were a number of other small amendments made to the claim resulting in further grant entitlement of £2,098. The overall adjustment to the claim taking into account all our findings resulted in additional grant entitlement of £17,858. This amendment represents less than 1% in the total value of the claim and reflects a good performance in the context of the complexity of the entries within it.
- 2.10 We issued a qualification letter to the DWP relating to issues on the misclassification of overpayments. Similar findings have been included in qualification letters for the last two years and are fairly common reporting issues for this type of claim.
- 2.11 We recommend that the Council review procedures to ensure that recoveries in overpayments are treated correctly for subsidy purposes.

#### **Certification of Teachers' Pension Return**

- 2.12 The deadline for auditors certification of the Teachers' pension return was 30 November 2012. We certified this return on the 18 December 2012. This return was certified late as interrogations reports supporting the contributions included in the return were not provided by the Council until after the deadline. The delay in part was due to the implementation of the new payroll system during 2011/12.
- 2.13 We recommend that the Council takes steps to ensure that all working papers (including payroll interrogation reports) are produced at the same time the return is compiled. These working papers should also be subjected to an independent review to ensure adequacy and completeness.

## A Approach and context to certification

### Introduction

In addition to our responsibilities under the Code of Audit Practice, we also act as agents for the Audit Commission in reviewing and providing a certificate on the accuracy of grant claims and returns to various government departments and other agencies.

The Audit Commission agrees with the relevant grant paying body the work and level of testing which should be completed for each grant claim and return, and set this out in a grant Certification Instruction (CI). Each programme of work is split into two parts, firstly an assessment of the control environment relating to the claim or return and secondly, a series of detailed tests.

In summary the arrangements are:

- for amounts claimed below £125,000 - no certification required
- for amounts claimed above £125,000 but below £500,000 - work is limited to certifying that the claim agrees to underlying records of the Council
- for amounts claimed over £500,000 - an assessment of the control environment and certifying that the claim agrees to underlying records of the Council. Where reliance is not placed on the control environment, detailed testing is performed.

### Our certificate

Following our work on each claim or return, we issue our certificate. The wording of this depends on the level of work performed as set out above, stating either the claim or return is in accordance with the underlying records, or the claim or return is fairly stated and in accordance with the relevant terms and conditions. Our certificate also states that the claim has been certified:

- without qualification;
- without qualification but with agreed amendments incorporated by the authority; or
- with a qualification letter (with or without agreed amendments incorporated by the authority).

Where a claim is qualified because the authority has not complied with the strict requirements set out in the certification instruction, there is a risk that grant-paying bodies will retain funding claimed by the authority or, claw back funding which has already been provided or has not been returned. In addition, where claims or returns require amendment or are qualified, this increases the time taken to undertake this work, which impacts on the certification fee.

### **Certification fees**

Each year the Audit Commission sets a schedule of hourly rates for different levels of staff, for work relating to the certification of grant claims and returns. When billing the Council for this work, we are required to use these rates. They are shown in the table below.

<b>Role</b>	<b>2011/12</b>	<b>2010/11</b>
Engagement lead	£325	£325
Manager	£180	£180
Senior auditor	£115	£115
Other staff	£85	£85

## B Details of claims and returns certified for 2011-12

Claim or return	Value (£)	Amended?	Amendment Amount (£)	Qualified?	Fee 2010/11 (£)	Fee 2011/12 (£)	Comments
Housing and council tax benefit scheme	75,386,290	17,858	75,404,148	Yes	28,992	41,949	Additional testing required in 2011/12 resulting in amendment to claim and additional subsidy of £17,858.  (Note : since the finalisation of the 2011/12 claim further testing on the 2009/10 and 2010/11 claims has also gained additional subsidy of £46,407).  Qualification letter issued on the misclassification of overpayments. Higher cost staff mix in 2011/12.
National non-domestic rates return	147,546,000	0	147,546,000	No	4,293	3,510	Lower cost staff mix used in 2011/12.
Teachers' pensions return	12,120,904	0	12,120,904	No	2,496	5,847	Delays in providing payroll interrogation reports and higher cost staff mix in 2011/12.
<b>Total</b>	<b>235,053,194</b>		<b>235,071,052</b>		<b>35,781</b>	<b>51,307</b>	

## C Action plan

Claim or return	Recommendation	Priority (L/M/H)	Management response & implementation details
<p>Housing and Council Tax Benefit Scheme</p>	<p>The Council should review procedures to ensure that recoveries in overpayments are treated correctly for subsidy purposes.</p>	<p>L</p>	<p>Based on the findings of the review, training has been updated and all relevant staff have attended a refresher course. Alongside this initiative, more targeted checks have been introduced to identify whether there are systemic issues. This is a complex area, with many transactions, sometimes requiring a degree of interpretation by staff. Some human error is inevitable, however, whilst previous error rates were already low the new training regime would appear to have reduced errors still further.</p>



Claim or return	Recommendation	Priority (L/M/H)	Management response & implementation details
Teachers' Pension Return	The Council should ensure that all working papers (including payroll interrogation reports) are produced at the same time the return is compiled. These working papers should also be subjected to an independent review to ensure adequacy and completeness.	M	<p>The delay in producing the working papers to support this return was due to the implementation of the new HR/Payroll system mid-way through the reporting period. As the next return will be captured in full from the new system all supporting documentation will be available promptly to support the return within the deadlines set.</p> <p>Reconciliation processes have been reviewed and reporting requirements implemented that support each monthly remittance to the Teacher's Pension Authority this will in turn provide the backing documentation to support the annual teachers' pension return.</p>

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## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 20 March 2013  
**Report for:** Approval  
**Report of:** Audit and Assurance Manager

### Report Title

**Audit and Assurance Service – Internal Audit Operational Plan 2013/14**

### Summary

**The purpose of the report is to provide, at a high level, the proposed Internal Audit Operational Plan for 2013/14.**

### Recommendation

**The Accounts and Audit Committee is asked to approve the 2013/14 Internal Audit Operational Plan**

### Contact person for access to background papers and further information:

Name: Mark Foster – Audit and Assurance Manager  
Extension: 1323

### **Background Papers:**

Audit and Assurance reports  
Internal Audit Terms of Reference and Strategy (2012)

## **Internal Audit Operational Plan 2013/14 – Audit and Assurance Service**

### **1. Introduction**

- 1.1 The 2013/14 Internal Audit Operational Plan identifies the work to be undertaken by the Audit and Assurance Service during the year. This report describes its method of compilation and presents, at a high level, the 2013/14 Plan for approval.

### **2. Background**

- 2.1 Each year the Audit and Assurance Service produces a report setting out its annual plan for approval by CMT and the Accounts and Audit Committee. Subsequent updates are then provided to CMT and the Accounts and Audit Committee through the year highlighting work undertaken and progress against key areas of the Plan.

### **3. Compilation of the Plan**

- 3.1 The underlying principle in producing the Operational Plan is that the areas representing the highest risk to the Council are included. An important consideration is that the Operational Plan should include good coverage across Council services and systems. As in previous years, the current economic conditions and associated challenges faced by public services particularly highlight the need to ensure there are effective governance and internal control arrangements in place to ensure risks are minimised and value for money is achieved.
- 3.2 A number of factors are taken into account in compiling the Operational Plan based on both statutory obligations, the objectives of the Council and an assessment of risks. Factors such as materiality, business risks, inherent risks and time since the area was last reviewed are taken into account.
- 3.3 New developments such as changes in legislation and council responsibilities are considered in planning work. In 2013/14, issues relating to the transfer of Public Health responsibilities to councils and also changes in benefits arrangements including the introduction of a local council tax support scheme and a local welfare provision scheme will be covered within the Plan.
- 3.4 Corporate Directorates provide input to the plan through liaison with the Audit and Assurance Service throughout the year, information provided in risk registers, self assessments and control / governance issues raised by individual services.
- 3.5 The Service has a number of obligations to take into account in producing the Plan. This includes the need to set aside time to meet the

- requirements of the Accounts and Audit Regulations 2011 by facilitating the production of the Authority's Annual Governance Statement.
- 3.6 Plans also take into account other audit, assurance or development work being undertaken in particular areas. This includes for instance work by the External auditor and other developments across the Council.
  - 3.7 The amount of time available to undertake the annual plan is identified, and individual areas of work selected on the basis of risk until available time has been utilised. This includes time taken into account to ensure there is adequate follow up of findings from work undertaken in the previous year. A contingency is also held to allow for unforeseen circumstances. Last year, most of the time allocated for contingency was utilised to accommodate a reduction in staffing when a vacancy for a full time post was not filled (the post having subsequently being deleted).
  - 3.8 For reporting and monitoring purposes the plan is divided into a number of categories. Whilst the plan is divided into these categories it must be stressed that there are significant areas of overlap between them and assurance gathered from one source could apply to another. For instance, whilst there is a block of time allocated to procurement and value for money, such issues will also be covered to some degree within other areas of the plan such as reviews of fundamental systems; anti-fraud and corruption work and reviews of schools and other establishments.
  - 3.9 It should be noted that there is a reduction in planned operational days in the Audit Plan, mainly due to the departure of one member of staff, the post having been subsequently deleted. (1450 planned days in 2013/14 compared to 1595 in 2012/13). This has resulted in a reduction in days in some areas of the Plan although given the reduction has been applied over a number of categories, in 2013/14 there is no significant reduction in any one specific category.
  - 3.10 There is a variety of activities undertaken to fulfil the Audit Plan and in addition to conducting internal audit reviews, work also includes providing input to project / working groups, providing guidance and advice, and developing or providing input to council policies and procedures.
  - 3.11 The report does not include reference to all work planned for the year. As issues are raised or areas of risks are identified on an ongoing basis, other areas are included through the year and existing plans reviewed. For some areas, elements of planning may take place during the year and therefore detailed plans are not available at the commencement of the year. Quarterly updates to CMT and the Accounts and Audit Committee will include reference to new work included in the work plan through the year. The Operational Plan is flexible and during the year adjustments may be made to accommodate any changes in the control environment and to consider emergent risks. Supporting the plan set out in this report

are further detailed programmes of work for the individual categories listed in section 4, plus further plans detailing work allocated to individual staff.

- 3.12 It should be noted that there are a number of other activities undertaken that are not reflected in the analysis of planned days as they are not attributable to one particular category of work but support the audit process. These include support to the Accounts and Audit Committee, liaison with the External Auditor (Grant Thornton), development of audit systems, procedures and guidance, networking with other Greater Manchester Internal Audit groups to share good practice, information gathering in support of the production of the audit plan etc. Separate time allocations are given to individual staff to undertake these activities.
- 3.13 Where key areas identified in the Plan are not undertaken as scheduled, this will be reported in subsequent updates and / or the Annual Internal Audit Report as necessary.
- 3.14 Finally, it should be noted that new standards for Internal Audit will be introduced from 1 April 2013, the Public Sector Internal Audit Standards. These will replace the existing CIPFA Code of Practice for Internal Audit in Local Government (2006). Through 2013/14, the Audit and Assurance Service will be reviewing its existing terms of reference, strategy and supporting procedures to ensure adherence to the Standards which will be reported on, as required, by June 2014 in the 2013/14 Annual Internal Audit Report. CIPFA are issuing accompanying guidance to the Standards in April 2013 and this will be taken into account as part of the process.

#### **4. Operational Plan Coverage 2013/14**

- 4.1 The Operational Plan is compiled to ensure coverage across a wide and diverse range of services, systems and thematic areas of coverage. Each of the main categories of work is described in the paragraphs below. In the appendix is a summary of all the planned work and an estimated time is allocated to each category. This includes an estimate of time profiled by quarter.

#### **4.2 Fundamental Systems**

These are the core financial systems that provide key inputs for the production of the material balances in the Council's accounts. Work in the first part of the year will focus on completing 2012/13 system reviews as planned and towards the end of the year, work will commence on the 2013/14 reviews.

The following systems will be reviewed as part of annual reviews specifically covering 2012/13 with a report issued for each review:

Payroll, Treasury Management, Purchase to Pay, Accounts Receivable, Council Tax, Business Rates, Housing and Council Tax Benefits, Income Control, Personalised Budgets, General Ledger (Budgetary control and IT reviews),

Work relating to a number of other systems will be undertaken during the year. This will include completion of reviews commenced in 2012/13 or follow up of previous work undertaken. These reviews relate to Legal Debt Recovery, Let Estates, Insurance, Works Management, Softbox system (Communities and Wellbeing) and the Education FMS system.

Previous assurance obtained in earlier audits will be taken into account in planning the level of audit coverage within individual reviews.

#### **4.3 Governance**

In the first half of 2013/14, work will focus on reviewing and collating supporting evidence and assurances for the completion of the Council's 2012/13 Annual Governance Statement. As part of this, a Corporate Governance review will be completed using CIPFA/SOLACE guidance as a framework. (The guidance was updated and issued by CIPFA/SOLACE in December 2012). This identifies particular aspects of governance arrangements to review across the Council such as clarity of responsibilities and reporting arrangements, procedural issues, standards of conduct, management of risks, community engagement, workforce planning etc. The review will include following up on areas identified in last year's Corporate Governance review that were being developed or progressed. Work in support of producing the 2013/14 Annual Governance Statement will commence in the final quarter of the year.

There will also continue to be audit coverage of the Council's significant partnerships. In 2012/13, a review was completed in respect of governance arrangements in respect of the Trafford Local Strategic Partnership. There will be further follow up work of progress in implementing recommendations from this review which will also help inform future partnership related work.

Work was originally planned for the latter part of 2012/13 to undertake a review of CYPS partnership arrangements covering a Section 75 partnership agreement with health partners. In agreement with the Corporate Director for CYPS it was agreed, given a number of factors relating to the health reforms and changes in providers being used coming into effect from 1 April 2013, review work would be delayed until later in 2013/14. It is now planned that two Section 75 Agreements will be covered commencing in the second half of 2013/14, one covering commissioning and the other the provision of services.

In the last quarter of 2012/13, Audit and Assurance started to work with relevant services to monitor the transition arrangements in respect of the

responsibility for Public Health switching to the Authority from 1 April 2013. This included highlighting progress with the governance arrangements against an agreed due diligence checklist. It has been agreed that an allocation of time will be set aside for further review work in respect of the new public health arrangements. This may also impact on other areas of the audit plan including procurement and / or ICT related reviews.

Finally, where required, the Audit and Assurance Service will continue to review the quality of data provided by services to monitor performance. Where required, Audit will conduct checks for instance on the data provided on statutory returns. This will include the Carbon Reduction Commitment (CRC) reports the Council is required to submit.

#### **4.4 Risk Management**

Time is allocated to review existing risk management arrangements across the Council and ensuring processes are evidenced. This will include continuing to facilitate the ongoing update of the strategic risk register. This provides assurance in respect of the highest strategic risks faced by the Authority in terms of the management and ongoing monitoring of those risks. As part of this, there will also be ongoing liaison with individual Corporate Directorates to share good practice and gather assurance at a Directorate level that risk registers at that level continue to be maintained effectively.

The Service reviewed and updated the Council's Risk Management Policy Statement and Strategy at the end of 2012/13 and commenced the update of supporting guidance including, as planned, the completion of an e-learning tool. This will be shared, together with further updated guidance, with relevant officers across the Council's Corporate Directorates through the year and details will also be publicised across the Council. This will include further update of the Risk Management site on the Council's intranet.

#### **4.5 Anti Fraud & Corruption**

There are two important main strands in this category:

- To further develop the anti fraud and corruption culture within the Council by, for example, raising awareness corporately.
- To investigate referred cases.

In 2012/13, the Audit and Assurance Service reviewed and updated the Council's Anti-Fraud and Corruption Strategy. In 2013/14, the Service will continue to contribute to raising awareness across the Council of the Strategy and supporting guidance in order to promote measures to prevent, deter or detect instances of fraud and corruption.

Cases of suspected fraud or theft referred to the Audit and Assurance Service will be subject to investigation during the year.



The Service will continue to support the National Fraud Initiative and will report progress on this and other anti-fraud and corruption activity to the Accounts and Audit Committee in 2013/14.

#### **4.6 Procurement / Value for Money**

Audit and Assurance undertakes reviews of procurement arrangements and processes to ensure the Council strives to achieve value for money and undertakes procurement in accordance with the Council's Contract Procedure Rules and relevant legislation.

It is acknowledged that the Council is currently in discussions with a number of local authorities to collaborate in respect of undertaking procurement processes, with the proposed formation of a Strategic Procurement Unit. Audit and Assurance will therefore consider developments in this area as part of audit planning in liaison with the Strategic Procurement team.

Through 2012/13, Audit and Assurance has undertaken reviews of particular areas of spending, assessing processes in respect of adherence to the Contract Procedure Rules and where appropriate making recommendations for improvement. As part of ongoing audit planning and identification of further review areas, in the first quarter of 2013/14, through liaison with Strategic Procurement and relevant service areas and review of spend across the Council, further contracts reviews will be identified covering contract letting and monitoring arrangements. As referred to in 3.3, this will also include taking into account contracts in respect of Public Health. Further work which is planned / undertaken though the year (at least two contracts related reviews) will be included in quarterly updates to CMT and the Accounts and Audit Committee.

In terms of contracts reviews planned in to date, there will be a review of contract arrangements in respect of schools which obtain income from parking from major local sporting events in Old Trafford. This will include following up on reviews previously undertaken.

An audit review was undertaken in 2012/13 of contract monitoring arrangements for the Sale Waterside Facilities Management contract with Cofely, and also a review was completed on the use of the PQQ (Pre-Qualification Questionnaire) due diligence process used to assess contractor suitability at the early stages of the tendering process. Progress in implementing recommendations from these reviews will be followed up in 2013/14.

#### **4.7 Information, Communications and Technology (ICT)**

The audit of ICT is a highly specialist area covering the audit of procedures, processes and controls across a range of computer systems and technical solutions. Salford Audit Services undertake some of this work and also contribute to audit planning in respect of this area.

Audit work in the first quarter of the year will continue to focus on review work by Salford Audit Services of arrangements relating to the move of the ICT Data Centre from Friars Court to Trafford Town Hall.

Once new arrangements in the Town Hall have been established, further reviews will be agreed through a risk assessment in liaison with ICT. Audit and Assurance will provide an update on further work planned as part of its 2013/14 Quarter 1 report.

This block of work will also cover investigating cases of misuse of the Council's ICT facilities, ensuring members and staff are aware of responsibilities, such as in adhering to the council's Acceptable Use Policy.

Audit will continue to provide project assurance where required to project / working groups for corporate ICT developments. Advice / guidance on control issues relating to ICT related developments within individual service areas will also be given as required.

#### **4.8 Schools**

The Schools Financial Value Standard was introduced in 2011/12 and schools are required to submit evidence to support adherence to the Standard by 31 March 2013. Information submitted will be utilised by Audit and Assurance to assist in planning and undertaking future school audits.

Based on a risk assessment, taking into account the information above and from previous work undertaken at each school and liaison with CYPs and Finance Services, a minimum of 14 schools will be audited. This will include follow up work undertaken for schools where a less than adequate opinion was provided in 2012/13. The majority of school audits will take place from September 2013.

In addition to audits of specific schools, other thematic reviews relating to schools are included within other relevant sections of the Audit Plan (see other schools related work referred to within sections 4.6 and 4.10).

#### **4.9 Establishments**

The approach taken to auditing this area includes reviews of individual establishments and also central reviews taking into account processes on a service wide basis.

Within ETO there is a planned review of Sale Waterside Arts Centre in 2013/14 including review of the Box Office system introduced in 2012/13.

Within the Children, Families and Wellbeing Directorate, in the latter part of the year there will be audits of two of the Council's children's centres.

Within EGP, there is a planned audit review Altrincham Market, which will include assessing progress in implementing previous audit recommendations made.

Risks reviewed will encompass a number of areas of control such as procedures and responsibilities, adherence to legislation and internal procedures, budgetary control, Payroll/HR related processes, risk management, security (of cash, assets and data), purchasing; income collection and recording and other areas specific to the service under review.

There will also be time allocated for the completion of any reviews in progress / carried forward from 2012/13 (which will be highlighted in the 2012/13 Annual Internal Audit Report). Reports relating to the audit of one children's home and one youth centre are planned to be issued later in 2013 relating to areas included in the 2012/13 Plan.

Further time will be allocated if necessary for other establishment reviews, dependent on priorities, including accommodating audits following issues raised during the year.

Where appropriate, there will be follow up work in respect of establishment reviews previously undertaken.

#### **4.10 Assurance – Other Key Business Risks**

Time is allocated to reviewing risk areas derived from a number of sources not covered within other categories of the Plan, including Directors / senior managers' recommendations, risk registers (Strategic and Directorate Risk Registers), and internal audit risk assessments.

Reviews planned include the following:

- Review of arrangements established from 2013/14 to manage the local welfare provision scheme which is under the responsibility of local authorities, replacing the DWP Social Fund.
- Audit of arrangements for staff car parking given the introduction of charges.
- Two reviews in respect of licensing arrangements, one a review covering processes for administering applications for private hire / hackney carriage drivers licenses and another reviewing street traders licenses.
- A service review of school catering in respect of processes both in respect of income collection and monitoring (including coverage of the recently introduced ParentPay system), expenditure and performance monitoring.

For the above reviews, Audit and Assurance will contact individual services to discuss and agree the detailed scope of the reviews prior to any work being undertaken.

There will also be time allocated for the completion of any reviews in progress / carried forward from 2012/13 (which will be highlighted in the 2012/13 Annual Internal Audit Report). Reports expected to be issued later in 2013 relating to areas included in the 2012/13 Plan will be:

- Corporate Health and Safety review
- Audit of Youth Offending Service

Where appropriate, follow up work in respect of reviews previously undertaken in 2012/13 will be undertaken. This will include follow up reviews of:

- Section 17 Payments (payments administered by CYPS under Children's Act 1989)
- Section 106 Planning Agreements

There will also be time set aside to review other potential risk areas as raised through 2013/14.

#### **4.11 Service Advice / Projects**

The Audit and Assurance Service provides advice across the Council on governance and control issues. In addition to areas listed elsewhere in this report, time is set aside for the provision of ongoing service advice. This may take the form of responses to ad hoc queries, issuing guidance, input to project groups and liaison with other services including the Transformation team. Significant areas of work undertaken will be reported as part of 2013/14 updates to CMT and the Accounts and Audit Committee.

#### **4.12 Financial Appraisals**

The Service will continue to liaise with the Strategic Procurement team to support the process of evaluating the financial position of contractors and potential providers.

2013/14 Operational Audit Plan – Allocation in Days

Appendix

<b>Category</b>	<b>Details</b>	<b><u>Impact of Audit and Assurance's work</u></b>	<b><u>Planned Days</u></b> (Profiled by each quarter of year – Q1/Q2/Q3/Q4)
<b>Fundamental Systems</b>	Completion of annual (2012/13) fundamental systems reviews and other system reviews. Planning and commencement of 2013/14 fundamental systems reviews.	Assurance on the operation of material business critical systems. Improvements in control environment supporting the achievement of corporate priorities, effective financial management, good governance and supporting the Council's position in respect of its external audit review.	<b>200</b> (75/40/35/50)
<b>Governance</b>	Corporate Governance Review.  Collation of supporting evidence and production of the 2012/13 Annual Governance Statement  Audit reviews of governance arrangements for the Council's significant partnerships.	Provision of assurance on the effectiveness of governance arrangements in place within the Council to support the achievement of Council and Community objectives and priorities.  The Annual Governance Statement provides assurance to the public on the effectiveness of governance arrangements and enables the establishment of corporate improvement priorities.  Provision of assurance on the effectiveness of partnership governance arrangements. Supporting the achievement of Council and Trafford Partnership priority outcomes.	<b>100</b> (40/15/15/30)
<b>Corporate Risk Management</b>	Progression of actions to support the Council's Risk Management Strategy including review of risk management processes and awareness raising and provision of guidance to services and partnerships	Assisting the Council to effectively manage risks leading to improvements in service delivery, achievement of objectives and improvements in the allocation of resources. The work also supports the Council in evidencing good practice undertaken when subject to external audit review.	<b>40</b> (10/10/10/10)

	<b>Facilitating the updating of the Council's strategic risk register.</b>		
<b>Anti Fraud &amp; Corruption</b>	<p><b>Work supporting the Anti- Fraud and Corruption Strategy, including raising awareness of supporting guidance to promote measures to prevent, deter or detect instances of fraud and corruption.</b></p> <p><b>Continued work in supporting the National Fraud Initiative.</b></p> <p><b>Investigation of referred cases, including if applicable those highlighted through the National Fraud Initiative.</b></p>	<b>Contributes to the maintenance of high standards of conduct and governance. Provides assurance on the management of the risks of fraud and corruption. Advice to services on the improvement of controls in place to reduce potential risks, e.g. financial loss and reputational damage.</b>	<b>180</b> (40/45/45/50)
<b>Procurement / Value for money</b>	<b>Review of procurement / contract management arrangements across the council including systems in place and associated arrangements to secure value for money.</b>	<b>Assurance and challenge on the adequacy of procurement arrangements. Contributes to improvements in service delivery and the achievement of value for money for the Council.</b>	<b>100</b> (10/20/30/40)
<b>ICT Audit</b>	<p><b>Reviews to be completed in line with the ICT audit plan.</b></p> <p><b>Investigation of misuse of ICT and awareness raising regarding appropriate use of ICT.</b></p>	<b>Specialised technical advice and assurance on the adequacy of controls surrounding ICT systems. Assurance to managers who place significant reliance on ICT systems for the delivery of services.</b>	<b>100</b> (20/25/20/35)
<b>Schools</b>	<p><b>School Audit reviews</b></p> <p><b>Support the Council in raising awareness with schools of the new DfE Schools Financial Value Standard.</b></p>	<b>Supports improvements in standards of governance and control in schools and supports process to enable achievement of standards set by DfE.</b>	<b>190</b> (25/30/70/65)

<b>Establishments</b>	<b>Reviewing governance and control arrangements across a range of establishments.</b>	<b>This work enables Internal Audit to provide a breadth of assurance across the Council that there are effective governance and control arrangements in place, that policies and procedures are being implemented, that risks are being managed, and outcomes delivered.</b>	<b>80</b> (10/20/20/30)
<b>Assurance – Other Key Business Risks</b>	<b>Selected on the basis of risk from a number of sources including senior managers' recommendations, risk registers and internal audit risk assessments. Reviews will include authority wide issues and areas relating to individual service areas.</b>	<b>Improvement in the delivery of objectives and outcomes in areas where risks are identified.</b>	<b>150</b> (20/45/45/40)
<b>Service Advice / Projects</b>	<b>General advice across all services.</b>  <b>Support and advice to the organisation in carrying out key projects ensuring new systems, functions and procedures provide for adequate controls and good governance arrangements.</b>	<b>Support to services around the relevance and application of corporate policies, procedure rules and good governance arrangements.</b>  <b>Contributing to the delivery of effective project outcomes ensuring key risks are taken into account and appropriate controls considered in the development of new systems, functions and procedures.</b>	<b>110</b> (27/27/28/28)
<b>Financial Appraisals</b>	<b>Financial Assessments of contractors and potential providers</b>	<b>Assurance to services on the financial viability of contractors and potential providers</b>  <b>Reducing risk in procurement and delivery of services across the Council</b>	<b>70</b> (17/18/17/18)

		<b>Total Allocated Days</b>	<b>1320</b> (294/295/335/396)
		<b>Contingency (To cover additional / unexpected work and any unexpected reductions in available staff days).</b>	<b>130</b>
		<b>Total Planned Days</b>	<b>1450</b>
		<b>Available Days</b>	<b>1450</b>
		<b>Surplus/Deficit for Year</b>	<b>0</b>



## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 20 March 2013  
**Report for:** Information  
**Report of:** Audit and Assurance Manager

### Report Title

## STRATEGIC RISK REGISTER (SRR) – 2012/13 Quarter 4

### Purpose of the Report

The Accounts and Audit Committee is asked to consider this report which contains an update on the strategic risk environment for quarter four, 2012/13. This includes arrangements in place to manage each of the strategic risks.

### Recommendation

The Accounts and Audit Committee reviews the report.

### **Contact person for access to background papers and further information**

**Name:** Mark Foster – Audit & Assurance Manager. **Extension:** 1323

Kerry Bourne – Senior Audit & Assurance Officer **Extension:** 4603

**Background Papers:** Corporate Risk Management Policy and Strategy

## 1. INTRODUCTION

- 1.1 The Council's Strategic Risk Register (SRR) contains the strategic risks the Council is likely to face in achieving its high level corporate objectives.
- 1.2 In accordance with the Council's Risk Management Policy, the Corporate Management Team (CMT) provides regular quarterly updates on the strategic risk environment and in particular performance in managing the specific risks incorporated within the strategic risk register (SRR).
- 1.3 This report, for quarter four 2012/13, is based on information provided by risk owners through February 2013.
- 1.4 The report highlights changes since the previous quarterly update but also as referred to in 2.3 below, key developments since the Committee last received an update in September 2012.
- 1.5 It should be noted that the Audit & Assurance Service is currently updating the corporate Risk Management Guidance. A refreshed Risk Management Policy and Strategy is to be presented to the Accounts and Audit Committee in March 2013 and updated guidance will be issued in early 2013/14.

## 2. THE STRATEGIC RISK ENVIRONMENT – RISK EXPOSURE AND PERFORMANCE MANAGEMENT

- 2.1 Section 3 of this report contains a summary listing of the highest strategic risks identified. The Audit & Assurance Service requested strategic risk owners to provide an update on the strategic risks that are under their remit including progress in managing these risks.
- 2.2 **Overall, it is considered that the level of strategic risk faced by the Council remains fairly stable. There have been two changes to risk assessment scores since the last update to CMT (2012/13 quarter 3 report – December 2012). SR5 (relating to the Council's medium term financial position) has reduced from 25 to 20 remaining a high risk level, and SR6 (relating to the Council's delivery of its capital programme) has reduced from 12 to 9, remaining at medium risk level.**
- 2.3 Since the last strategic risk monitoring update was reported to the Accounts and Audit Committee (Quarter 2 report 2012/13 in September 2012), **there has been one addition to the SRR. SR22: "Failure or delay in implementing the Local Welfare Assistance Scheme which replaces the DWP Social Fund in April 2013, putting vulnerable residents at risk and causing reputational damage to the Council".**

- 2.4 The risk charts on page 4 shows an analysis of the current strategic risks. The chart analyses the levels of risk exposure in terms of impact and likelihood. The number of strategic risks for each risk level is shown. **There are now 22 strategic risks (five of which are considered high level).**
- 2.5 It is considered that the strategic risk environment is stable overall as highlighted in the summary analysis of each risk on pages 5 to 11.

#### **Future Action**

- 2.6. There will be a further summary SRR update report produced in June 2013. As part of that process, a number of risks will need to be reviewed in terms of considering their future inclusion in the register, given, for instance, any relevant changes coming in to effect from 1 April 2013 e.g. the introduction of the Council tax reduction scheme and, also from April, the accommodation move back to the Town Hall. The Accounts and Audit Committee will receive a further detailed update at its September 2013 meeting.

**Comparison of Risk Levels December 2012 and March 2013**

**IMPACT Risk Levels – December 2012**

Very High(5)	5	3	3	1	
High (4)	1	1		1	
Medium (3)	1	2	3	1	
Low (2)					
Very Low (1)					
	Very Low (1)	Low (2)	Med. (3)	High (4)	Very High (5)

**LIKELIHOOD**

**IMPACT Risk Levels – March 2013**

Very High(5)	5	3	3		
High (4)	1	1		2	
Medium (3)	1	3	2	1	
Low (2)					
Very Low (1)					
	Very Low (1)	Low (2)	Med. (3)	High (4)	Very High (5)

**LIKELIHOOD**

<b>High Risk</b>
<b>Medium Risk</b>
<b>Low Risk</b>

### 3. Summary Table –Strategic Risks (March 2013)

Red	Amber	Green
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<i>Risk</i>	<i>Strategic Risk Title / (Directorate) / (Portfolio)</i>	<i>Risk Level</i>	<i>Management of Risk - Direction of Travel *</i>	<i>Comments</i>
1	Transformation Programme is not delivered with the speed, scale and degree of innovation required to maintain future financial sustainability. (T&R)/ (T&R)	<b>8 Low</b>	↑ Improvement	<p>In 2012/13 the Council has a savings target of £12.161m; this and savings for 2011/12 and 2010/11 were delivered within schedule.</p> <p>In 2013/14, £6,474m (34.6%) of the full MTFP savings (£18,685m) is classified as Transformation savings.</p> <p>Governance arrangements for the Transformation programme were reviewed in January/ February 2012 by the TPR Group to promote a focus on fundamental organisational change whilst ensuring the in-year transformation savings were being monitored and delivered to schedule.</p> <p>Based on the level of savings achieved to date and the governance improvements in place, this risk is considered to be well managed and therefore has been given a low rating.</p>
2	Major regeneration projects, including Altair, Altrincham Strategic Framework delivery, LCCC, Old Trafford Master Plan (OTMP) and Carrington development do not proceed due to economic and financial constraints. (EGP) / (EGP)	<b>15 Medium</b>	↔ Stable	<p>All project risks contained and detailed within individual project plans. Overall, all projects within tolerance.</p> <p>Urmston Phase 2 is now completed.</p>
3	Whilst safeguarding services in Trafford have been inspected and rated by OfSTED as good with good prospects for improvement, this is an area of Council responsibility that requires constant high levels of vigilance to guard against the risk of harm or abuse to Children that could have been prevented through intervention and support of	<b>20 High</b>	↔ Stable	<p>No change since the last update</p> <ul style="list-style-type: none"> <li>Partnership working and communication in safeguarding services are good, both within the CYPS and between the CYPS, health partners and other agencies. Guidance and direction for staff are good and staff report experiencing professional challenge and support, with accessible managers and clear decision making.</li> <li>The CYPS has recruited to a number of posts in recent months. The number of</li> </ul>

	<p>services. In particular, the risk of the Safeguarding Board not being effective in undertaking its duties and responsibilities and/ or insufficient numbers of staff, particularly social workers with relevant experience, to provide effective safeguarding services to children and young people. (CYPS)/ (Supporting Children and Families)</p>			<p>high quality applicants was high indicating Trafford's good reputation as an employer. New staff have settled into Trafford well and are very positive about their early experiences here.</p> <ul style="list-style-type: none"> <li>• Caseloads are high but manageable and the workload management system is helping to promote balanced workloads in line with the capability of staff and their level of experience.</li> <li>• Training and support for social work staff is being reviewed to comply with the new national professional capabilities framework that is still in development.</li> <li>• The Munro Review of child protection services and the government response indicates Trafford's direction of travel is in line with current thinking and work is in progress to address the Munro recommendations.</li> <li>• The Family Justice Review recommendations are progressed as are the requirements for changes to adoption processes.</li> </ul>
4	<p>Demand for school places underestimated and/ or additional school places are not delivered to satisfy increased demand. (CYPS)/ (Education)</p>	<p><b>15</b> <b>Medium</b></p>	<p>↔ Stable</p>	<ul style="list-style-type: none"> <li>• All children have been allocated places for the 2012/13 academic year.</li> <li>• The demand for primary and secondary school places continues to be monitored. Plans with capital resources allocated to them are progressing well.</li> <li>• There has been a delay in receiving 2013/14 capital allocations from the Department for Education so planning of future projects is currently on hold until level of funding is known.</li> </ul>
5	<p>There continues to be uncertainty regarding the Council's medium term financial position given the reliance that exists on support from Central Government. The grant settlement for 2013/14 and the indicative position for 2014/15 were announced on 19 December 2012. A new feature of the financial regime for local authorities is the Business Rates retention Scheme. This will allow the Council to have a share of 24.5% of</p>	<p><b>20</b> <b>High</b></p>	<p>↑ Improvement</p>	<p>The Council has agreed its budget for 2013/14 and issued a provisional budget for 2014/15.</p> <p>New risks from the local government financial settlement include:</p> <ul style="list-style-type: none"> <li>• Risks and rewards in the growth/ reduction in business rates;</li> <li>• Changes in the number and cost of Council Tax Benefit claims;</li> <li>• The cost of local welfare assistance (replacement of the DWP Social Fund)</li> </ul> <p>All of which will require close monitoring during this first year of operation.</p>

	<p>any growth rates above the baseline set for Trafford. However, the Council will become responsible for 49% of any reductions below the baseline.</p> <p>There are a large number of outstanding appeals against business rates that could adversely impact on the Council. These appeals are determined by the Valuation Office Agency. (T&amp;R)/ (Finance)</p>			<p>Austerity is now expected to last until at least 2017. In addition to reducing funding there continue to be cost pressures and demands on the budget including:</p> <ul style="list-style-type: none"> <li>• Increased demand on and in the cost of adult social care</li> <li>• Investment rates continue to be suppressed</li> <li>• Pressure from Transport and Waste Disposal levies.</li> </ul> <p>The Government has also signalled that austerity is likely to continue through to 2017. Their high level spending plans for 2015/16 are expected to be announced in March/ April 2013.</p>
6	<p>Reduced value of surplus assets and reduced Government Grant impacting on delivery of Capital Programme. (T&amp;R)/ (Finance)</p>	<p><b>9</b> <b>Medium</b></p>	<p>↑ Improvement</p>	<p>Government funding has been suppressed and remains unchanged. The sale of spare Council assets has also been suppressed due to the economy. This has reduced the availability of local discretionary funds. Available resources need to demonstrate a pay back in terms of budget savings and social capital beyond the cost of capital investments.</p> <p>The Capital Programme has been fully reviewed and remodelled as part of the 2012/15 budget process and is monitored and reported on a quarterly basis. The Community Infrastructure Levy represents a potential significant improvement in the availability of funds. Values set at realistic levels and some evidence of minor improvements, and new approaches introduced.</p>
7	<p>Affordability of long-term accommodation project. (T&amp;R)/ (T&amp;R)</p>	<p><b>6</b> <b>Low</b></p>	<p>↑ Improvement</p>	<p>Close monitoring of costs of decant and main contract is undertaken on a continuing basis. New governance and project management arrangements are now in place to manage the identified risk by close scrutiny of the project and the developer. Contingency included in overall project costs.</p>
8	<p>Ability of partnership working in relation to vulnerable adults and older people. (CWB)/ (Adult Social Services)</p>	<p><b>20</b> <b>High</b></p>	<p>↔ Stable</p>	<p>No change in the risk since the last update.</p> <ul style="list-style-type: none"> <li>• The Health and Wellbeing Partnership Board has been set up and work is underway to create a transition plan for the transfer of Public Health responsibilities which has been rated green by the Department of Health.</li> <li>• Robust project management approaches</li> </ul>

				<p>are in place in relation to integration of TPS and Operational Services.</p> <ul style="list-style-type: none"> <li>• Joint Strategic Commissioning Group.</li> <li>• Review of Public Health Due Diligence.</li> </ul>
9	Ability of partnership working to release resources with sufficient speed and execution to deliver joint objectives around children. (CYPS)/ (Supporting Children & Families)	15 Medium	↔ Stable	<ul style="list-style-type: none"> <li>• Strategic Partnership Agreement (Section 75) for CYPS Commissioning with NHS Trafford is now in place with associated governance arrangements implemented. Joint Commissioning Management Board established. Work is underway to transfer the Agreement to Trafford CCG following the closure of NHS Trafford at 31 March 2013.</li> <li>• Community Health Services Tender completed with both CYPS and CAMHS lots awarded to Pennine Care.</li> <li>• Provider S75 agreement to be 'novated' to Pennine Care to minimise disruption.</li> <li>• Children's Trust Board receives quarterly performance indicator updates.</li> </ul>
10	Demand for eligible services outstrips resources in adult social care (CWB)/ (Adult Social Services)	20 High	↔ Stable	<p>No change in the risk since the last update.</p> <ul style="list-style-type: none"> <li>• Business Delivery Programme Board established to monitor and manage demand, performance and savings delivery.</li> <li>• Business Case portfolio in place.</li> <li>• Resource Allocation System introduced and embedded.</li> <li>• Improvements made to re-ablement services / embedding of telecare offer.</li> <li>• Local Business performance indicators developed.</li> <li>• As an improvement action the Directorate is to implement LD and Mental Health programmes which is now complete.</li> <li>• The integration of TPS and Operational Services to deliver more effective population management – Ongoing Telecare, Ascot House Assessment and Re-ablement.</li> <li>• Partnership working with acute trust to more effectively manage demand.</li> </ul>
11	Failure of the Adult Safeguarding Service (CWB)/ (Adult Social Services)	10 Medium	↔ Stable	<p>No change in the risk since the last update.</p> <ul style="list-style-type: none"> <li>• Development and launch of new Safeguarding procedures.</li> <li>• Refresh of adult safeguarding board.</li> </ul>
12	Breach of health and safety legislation leading to prosecution under the Corporate Manslaughter Act	10 Medium	↔ Stable	<p>No change in the risk since the last update. Based on the findings of service audits undertaken with Trafford's schools, several new toolkits have been produced to</p>



	(T&R) / (T&R)			address areas requiring improvement, such as Use of Display Screen Equipment, lone working and driving at work. A programme of audit of Fire Safety is starting in Trafford's schools in February 2013. This will give increased assurance about the Council's arrangements for managing Fire Safety.
13	Council does not agree, adopt and deliver carbon reduction targets. (ETO)/ (Highways & Environment) & (EGP)/ (EGP)	<b>12</b> <b>Medium</b>	 Stable	<ul style="list-style-type: none"> <li>• Trafford successfully submitted its 2012 CRC Scheme annual report and purchased and surrendered the required number of carbon allowances.</li> <li>• A contract for the installation of Automatic Meter Readers has been agreed and installation is underway. Progress has also been made on the electronic population of the Council's energy database.</li> <li>• A new CRC management group comprising officers from ETO, EGP and Audit now meets to ensure data robustness and CRC scheme compliance and strengthen forward planning and coordination across services.</li> <li>• A refreshed Energy &amp; Water Management Plan, including street lighting and transport, is being prepared to provide a framework for carbon emissions reduction.</li> <li>• In December 2012, the government issued its response to the consultation on simplifying the CRC Energy Efficiency Scheme. The qualification year for Phase 2 of the CRC is 2012/13. Based on current assumptions, under the proposed new arrangements, Trafford would fall out of the CRC Scheme at the beginning of Phase 2 in 2014/15.</li> </ul>
14	Statutory targets relating to Adult Social Care services are not met. (CWB) / (Adult Social Services)	<b>12</b> <b>Medium</b>	 Stable	<p>No change in risk since the last update.</p> <ul style="list-style-type: none"> <li>• Monitoring is in place within the service and a range of weekly, monthly and quarterly reports are overseen by Business Delivery Board and reported through to SMT.</li> <li>• Performance is monitored against national and local performance indicators as per Directorate Performance framework. Action plans are implemented, where appropriate, against underperforming targets.</li> </ul>

15	Major event leading to inability to deliver critical services to vulnerable people. (CWB)/ (Adult Social Services)	<b>9 Medium</b>	↔ Stable	No change in the risk since the last update. Business continuity plans are to be established, monitored and tested.
16	Failure to complete the Business Continuity (BC) Programme Project, resulting in an increased risk that the Council may fail to deliver Council services in the event of significant disruption. (T&R)/ (T&R)	<b>12 Medium</b>	↔ Stable	No change in the risk since the last update. Testing plan is to be developed by the Local Resilience Forum by April 2013. Plans are to be reviewed on an annual basis. Business Impact Analysis documents are in the process of being updated.
17	Financial and other implication as a result of coalition Government policy to fast track initially “outstanding” schools and then all other schools to academy status. (CYPS)/ (Education)	<b>15 Medium</b>	↔ Stable	<ul style="list-style-type: none"> <li>• 15 Trafford schools have Academy Status.</li> <li>• One school has been approved Academy status and will convert in June 2013.</li> <li>• In total 12 secondary schools and 4 primary schools have or are about to convert.</li> <li>• A number of other schools are giving consideration to conversion.</li> <li>• There remains a very low level of interest in primary schools, We will continue to: <ul style="list-style-type: none"> <li>• Monitor closely the position regarding the status for schools that currently have expressed an interest to convert and work with the Headteacher and Governing Bodies.</li> <li>• To continue the programme of meetings with senior officers in CYPS.</li> </ul> </li> </ul>
18	Continuity and availability of Council systems, infrastructure and telephony services in the run up to, during and following the relocation of the Data Centre from Friars Court in Sale, to the newly built Data Centre in the refurbished Town Hall. (T&R)/ (Finance)	<b>10 Medium</b>	↔ Stable	The risk remains the same. The detailed migration plan is currently being finalised and will be released with the detailed move schedule by April 2013. The plan will detail the process and quantify downtime required for the move(s). With new infrastructure being procured to facilitate this, downtime is anticipated to be minimal. It is anticipated the risk will stay at medium.
19	The implementation of the new localised council tax reduction scheme is not implemented on time due to the very short timescale and legal challenges are lodged over the Council’s consultation process and	<b>10 Medium</b>	↔ Stable	<p>The final scheme was approved by full Council on 23 January 2013, ahead of the DCLG cut-off date.</p> <p>The project is now focusing on IT testing and staff training, ahead of the April go live date.</p>

	Equality Impact Assessments. (T&R)/ (Finance)			
20	Public Health: transfer of responsibility to the Council April 2013. (CWB)/ (Community Health & Wellbeing).	<b>9 Medium</b>	↔ Stable	Transition plan is in place for the transfer of Public Health responsibilities which has been rated green by the Department of Health.
21	Adult Social Care Budget 2012/13: Ability to implement wide range of savings proposals in the current economic conditions. (CWB)/ (Adult Social Services).	<b>20 High</b>	↔ Stable	<ul style="list-style-type: none"> <li>• 100% of savings proposals delivered.</li> <li>• Business Delivery Programme Board continues to monitor the savings proposals, alongside the demand led budgets and performance indicators/ outcomes.</li> </ul>
22	Failure or delay in implementing the Local Welfare Assistance Scheme which replaces the DW Social Fund in April 2013, putting vulnerable residents at risk and causing reputational damage to the Council. (T&R & CWB)/ (T&R & Community Health & Wellbeing)	<b>10 Medium</b>	↔ Stable	A collaborative model, based on positive intervention has been developed and endorsed by CMT. A lead Executive Member has been identified, together with a timetable for sign off. A steering group and underpinning task and finish groups have been established to deliver the project plan and ensure timely and effective implementation of the model.

\* Note: This indicates the direction of travel in respect of performance in managing the risk and not direction of travel of the risk level.

## APPENDIX 1 – STRATEGIC RISK REGISTER (March 2013)

STRATEGIC RISK REGISTER 2012/13			Risk Number		1	
Corporate Priorities	All Corporate Priorities	Link(s) to Community Strategy Key Objectives	No specific link			
<b>RISK</b>	Transformation Programme is not delivered with the speed, scale and degree of innovation required to maintain future financial sustainability.					
Consequences	<ul style="list-style-type: none"> <li>• Promises to the public around the living environment significantly impaired.</li> <li>• Some of the statutory obligations will be under significant strain.</li> </ul>					
Controls	<ul style="list-style-type: none"> <li>• Clear Transformation Vision and Principles set by CMT and Executive;</li> <li>• Transformation programme incorporated into MTFP;</li> <li>• Implemented a robust business planning process to review and approve all business cases for inclusion within the MTFP and Transformation Programme;</li> <li>• Invested in capacity required to deliver the programme of change, including a full time Programme Manager to oversee delivery of the Transformation programme and management of the Transformation Team;</li> <li>• Transformation Team is mobilised to support delivery of the programme;</li> <li>• Work on high priority projects is progressed well and has already delivered savings as well as better outcomes for residents;</li> <li>• Programme governance established and implemented incorporating a monthly Transformation Board (sponsoring group); monthly meeting of day to day Senior Responsible Officers representatives (TPR), in addition to project and programme boards for individual projects/ work programmes;</li> <li>• Monthly reporting of progress against the delivery of the programme which includes exception reporting, progress reporting and benefits realisation reporting to the Transformation Board;</li> <li>• Transformation Team supporting the definition and implementation of the new operating model post 2015.</li> </ul>					
Risk Assessment	Likelihood	2	Impact	4	Exposure	8
<b>RISK LEVEL</b>		<b>Low Risk</b>				
Risk Performance Indicators	<ul style="list-style-type: none"> <li>• Milestone achievements of individual/ collective projects.</li> <li>• Monthly Highlight Reporting of Transformation Programme Performance to the monthly Transformation Board</li> <li>• Realisation of benefits and tracking of delivery of those benefits</li> <li>• Changes to business models and structures within the organisation</li> <li>• Improved customer satisfaction from residents following the implementation of projects – better outcomes for residents.</li> </ul>					
Effectiveness of controls and performance indicators (1 to 4, 1 = inadequate and 4 = effective).	3					
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> <li>• Two Transformation Team service reviews, which have also taken account of feedback from Scrutiny</li> <li>• Transformation Team skills and competency audits implemented</li> <li>• Transformation programme website due to be launched, to support skills transfer and communication</li> <li>• Governance arrangements reviewed</li> </ul>					

Person or Group Responsible for management of risk		Corporate Director, Transformation & Resources			
<b>Previous risk reviews completed:</b>					
<ul style="list-style-type: none"> <li>• R Huntington, Director Performance &amp; Improvement. April 2009; October 2009; and February 2010</li> <li>• K Griffiths, Acting Director Performance &amp; Improvement. July 2010</li> <li>• H Baker, Transformation Programme Manager. January 2011</li> <li>• S Maynard, Transformation Programme Manager. August 2011; and January 2012</li> </ul>					
Risk Review Date	August 2012	Completed By	S Maynard	Designation	Transformation Programme Manager
Risk Review Date	February 2013	Completed By	S Maynard	Designation	Transformation Programme Manager

STRATEGIC RISK REGISTER 2012/13			Risk Number	2		
Corporate Priorities		<ul style="list-style-type: none"> <li>• Value for money</li> <li>• Fighting crime</li> <li>• Better roads and Pavements</li> </ul>	Link(s) to Community Strategy Key Objectives	<ul style="list-style-type: none"> <li>• Positive environmental impact</li> <li>• Better homes</li> <li>• Health and improved quality of life for all</li> <li>• Strong economy</li> </ul>		
<b>RISK</b>		Major regeneration projects, including Altair, Altrincham Strategic Framework delivery, LCCC, Old Trafford Master Plan (OTMP) and Carrington development do not proceed due to economic and financial constraints.				
Consequences		<ul style="list-style-type: none"> <li>• Failure to deliver on promise to community.</li> <li>• Negative impact on reputation.</li> <li>• Adverse impact on urban regeneration.</li> <li>• Failure to deliver the Core Strategy housing and employment growth targets</li> <li>• Negative impact on economic and housing growth in the borough.</li> </ul>				
Controls		<ul style="list-style-type: none"> <li>• Lead officers identified</li> <li>• Consultants in advisory role where appropriate</li> <li>• Officer/ member steering groups in place</li> <li>• Regular performance meetings with developer/ key stakeholders</li> <li>• Detailed project plans in place.</li> <li>• Altrincham Delivery Group</li> </ul>				
Risk Assessment	Likelihood	Altair = 3 Altrincham = 3 LCCC = 3 OTMP = 3 Carrington = 3	Impact	Altair = 5 Altrincham = 5 LCCC = 5 OTMP = 5 Carrington = 5	Exposure	Altair = 15 Altrincham = 15 LCCC = 15 OTMP = 15 Carrington = 15 Average = 15
<b>RISK LEVEL</b>			<b>Medium Risk (Average)</b>			
Risk Performance Indicators		<p><b>Altair</b></p> <ul style="list-style-type: none"> <li>• CPO confirmed, Development Agreement extended to 31 March 2013 and developer proposals being finalised.</li> <li>• Funding strategy dependent upon pre-letting key parts of development – possibility of increasing residential element as hotel market not strong in this location.</li> </ul> <p><b>Altrincham</b></p> <ul style="list-style-type: none"> <li>• Altrincham Forward Board reviews – quarterly</li> <li>• Consultation on Altrincham Town Centre Plan being undertaken (Summer 2012)</li> <li>• Delivery of pipeline developments, including Graftons (on site), new hospital, interchange and Altair (see above)</li> </ul>				

	<ul style="list-style-type: none"> <li>• Support of local traders/ organisations/residents</li> </ul> <b>LCCC</b> <ul style="list-style-type: none"> <li>• LCCC started on site</li> <li>• Tesco on-site – delivery being monitored</li> <li>• Stretford High School completion Summer 2012</li> </ul> <b>OTMP</b> <ul style="list-style-type: none"> <li>• Essex Way development on-site – completion Summer 2013</li> <li>• Tamworth refurbishment and demolition works on site – completion March 2014</li> <li>• Hullard refurbishments on site – completion December 2013-02-14 HCA funding bid submitted for Shrewsbury Street scheme – decision May 2013</li> </ul> <b>Carrington</b> <ul style="list-style-type: none"> <li>• Project meetings with Shell – quarterly</li> <li>• Outline of spatial concepts being developed</li> <li>• Engagement with key stakeholders ongoing</li> <li>• Flixton Road junction improvements on site – completion December 2013</li> </ul>				
Effectiveness of controls and performance indicators	Altair = 3 Altrincham = 4 LCCC = 3 OTMP = 3 Carrington				
Improvement Actions (ref to action plans)	Regular performance meetings with developers/ key stakeholders to ensure project time times and delivery of key mile stones.				
Person or Group Responsible for management of risk	Economic Growth and Prosperity				
<b>Previous risk reviews completed:</b>					
<ul style="list-style-type: none"> <li>• G Pickering, Corporate Director PPD. April 2009</li> <li>• J Valentine, Head of Asset Management. October 2009</li> <li>• P Harvey, Director of Environment. February 2010 and July 2010</li> <li>• D Smith/ J Valentine, Head of Strategic Planning &amp; Houses/ Head of Asset Management. May 2010 and January 2011</li> <li>• D Challis, Asset manager. June 2011</li> <li>• N Gerrard, Corporate Director EGP &amp; Steph Everett, Growth Delivery Manager. September 2011; and February 2012</li> </ul>					
Risk Review Date	August 2012	Completed By	Rob Haslam/ John Steward	Designation	Acting Strategic Planning Manager/ Interim Economic Growth Lead
Risk Review Date	February 2013	Completed By	Stephen James	Designation	Economic Growth Manager

STRATEGIC RISK REGISTER 2012/13	Risk Number	3
Corporate Priorities	Link(s) to Community Strategy Key Objectives	
<b>RISK</b>	Whilst safeguarding services in Trafford have been inspected and rated by Ofsted as good with good prospects for improvement, this is an area of Council responsibility that requires constant high levels of vigilance to guard against the risk of harm or abuse to children that could have been prevented through intervention and support of services. In particular, the risk of the Safeguarding Board not being effective in undertaking its duties and responsibilities and/ or insufficient numbers of staff, particularly social workers with relevant experience, to provide effective safeguarding services to children and young	

	people.					
Consequences	<ul style="list-style-type: none"> <li>• Harm or abuse of children</li> <li>• Sanctions/ penalties against Service.</li> <li>• Legal liability claims.</li> <li>• Negative impact on reputation.</li> </ul>					
Controls	<ul style="list-style-type: none"> <li>• Monthly meetings of the Director of Children's Services Safeguarding Group.</li> <li>• Independent Chair appointed and Safeguarding Board governance and planning approved.</li> </ul>					
Risk Assessment	Likelihood	4	Impact	5	Exposure	20
RISK LEVEL			<b>High Risk</b>			
Risk Performance Indicators	<ul style="list-style-type: none"> <li>• Responsibility for the risks are multi-agency and depend on all parties to achieve successful outcomes and sustained improvement;</li> <li>• There were staffing implications arising from the CQC/OFSTED Inspection report in April 2010 around the need to strengthen the role of LADO and Independent Reviewing Team and the role of Statutory Children's Compliant Service. The issues have been addressed and additional resources identified as appropriate.</li> </ul>					
Effectiveness of controls and performance indicators	<ul style="list-style-type: none"> <li>• The direction of travel is improving. The Service was inspected by OFSTED and CQC in April 2010 and the report concluded that the overall effectiveness of safeguarding and the capacity for improvement were good, with only a few exceptions, performance is better than statistical neighbours and nationally. In addition in December 2010 children's services in Trafford were rated as performing excellently by OFSTED and this rating was confirmed for a second year in December 2011.</li> <li>• The TSCB remains independently chaired and made good progress against its 2010/ 11 business plan. A revised business planning process has now been developed linked to the children and young people's strategy and a three year plan is complete. The work of the TSCB sub-groups is robust and they are monitoring and quality assuring safeguarding outcomes for children.</li> <li>• Multi-agency preventative work with children in need is well developed and effective and the number of new children coming into care in 2010/ 11 reduced. However, the current number of child protection plans and children in care is high and reasons for this are analysed regularly with actions taken if appropriate.</li> <li>• Action plans have been developed following recent inspections but all recommendations are very minor.</li> <li>• Partnership working and communication in safeguarding services are good, both within the CYPS and between the CYPS, health partners and other agencies. Guidance and direction for staff are good and staff report experiencing professional challenge and support, with accessible managers and clear decision making.</li> <li>• The CYPS has recruited to a number of posts in recent months. The number of high quality applicants was high indicating Trafford's good reputation as an employer. They are settling into Trafford well and are very positive about their early experiences here.</li> <li>• Caseloads are high but manageable and the workload management system is helping to promote balanced workloads in line with the capability of staff and their level of experience.</li> <li>• Training and support for staff are of consistently high quality, especially the multi-agency training arranged by the TSCB for which take-up is good.</li> <li>• The Munro review of child protection services and the government response indicates Trafford's direction of travel is in line with current thinking and work is in progress to address the Munro recommendations although full clarity is not yet available from government in terms of detailed expectations.</li> </ul>					

Improvement Actions (ref to action plans)						<ul style="list-style-type: none"> <li>Action plans from recent inspections to be progressed and monitored within CYPS.</li> <li>Requirements of the Munro review are being progressed via an implementation plan.</li> </ul>
Person or Group Responsible for management of risk			Corporate Director of CYPS			
<b>Previous risk reviews completed:</b>						
<ul style="list-style-type: none"> <li>C Pratt, Corporate Director CYPS. April 2009 and October 2009</li> <li>M Woodhouse, Interim Corporate Director CYPS. March 2010 and July 2010</li> <li>D Brownlee, Corporate Director CYPS. January, April, July, September 2011 and January 2012</li> </ul>						
Risk Review Date	August 2012	Completed By	Deborah Brownlee	Designation	Corporate Director CYPS	
Risk Review Date	February 2013	Completed By	Deborah Brownlee	Designation	Corporate Director CYPS	

STRATEGIC RISK REGISTER 2012/13				Risk Number	4	
Corporate Priorities				Link(s) to Community Strategy Key Objectives		
<b>RISK</b>	Demand for school places underestimated and/ or additional school places are not delivered to satisfy increased demand.					
Consequences	<ul style="list-style-type: none"> <li>Statutory duty not discharged.</li> <li>Negative impact on reputation.</li> <li>Ad hoc expensive provision required</li> <li>Disruption to pupils education</li> </ul>					
Controls	<ul style="list-style-type: none"> <li>Thorough review based on most recent birthrates undertaken in January 2012 taking into account recent and planned housing developments.</li> <li>The comprehensive plan, giving the analysis of and projecting the increased demand for school places considered by the Executive in March 2012 now being implemented.</li> </ul>					
Risk Assessment	Likelihood	3	Impact	5	Exposure	15
<b>RISK LEVEL</b>			<b>Medium Risk</b>			
Risk Performance Indicators						
Effectiveness of controls and performance indicators	The direction of travel remains stable. Planning for school places continues to be an area of risk. All pupils have been placed in schools for the 2012/13 academic year, although not necessarily in the preferred choice of parents. Robust plans are in place for creating additional places in 2013/14 to meet continued growth in demand. However, this will be subject to the Council receiving sufficient capital resources in the next Government Spending Review.					
Improvement Actions (ref to action plans)						
<ul style="list-style-type: none"> <li>Continue to update the review undertaken on most recent birth rates and taking into account recent and planned housing developments.</li> <li>Monitor the potential consequence of the economic recession of parents transferring from private schools to Trafford state schools.</li> <li>Continue to monitor the demand for primary and secondary school places; produce a plan for meeting these; secure the necessary capital resources and deliver the plan.</li> <li>Update the Executive when Spending Review allocations are published (December 2012).</li> <li>Subject to approval, implement the comprehensive plan.</li> </ul>						
Person or Group Responsible for management of risk			Corporate Director of CYPS			



**Previous risk reviews completed:**

- C Pratt, Corporate Director CYPS. April 2009 and October 2009
- M Woodhouse, Interim Corporate Director CYPS. March 2010 and July 2010
- D Brownlee, Corporate Director CYPS. January, April, July, September 2011 and January 2012

Risk Review Date	August 2012	Completed By	Deborah Brownlee	Designation	Corporate Director CYPS
Risk Review Date	February 2013	Completed By	Deborah Brownlee	Designation	Corporate Director CYPS

STRATEGIC RISK REGISTER 2012/13			Risk Number	5		
Corporate Priorities		All Corporate Priorities	Link(s) to Community Strategy Key Objectives			
<b>RISK</b>	<p>There continues to be uncertainty regarding the Council's medium term financial position given the reliance that exists on support from Central Government. The grant settlement for 2013/14 and the indicative position for 2014/15 were announced on 19 December 2012. A new feature of the financial regime for local authorities is the Business Rates retention Scheme. This will allow the Council to have a share of 24.5% of any growth in rates above the baseline set for Trafford. However, the Council will become responsible for 49% of any reduction below the baseline.</p> <p>There are a large number of outstanding appeals against business rates that could adversely impact on the Council. These appeals are determined by the Valuation Office Agency.</p> <p>Two other changes have resulted in greater risk being transferred to local government. These are the local council tax support scheme (replacing the national council tax benefit scheme) and the local welfare scheme (replacing the DWP social fund). The Government has also signalled that austerity is likely to continue through to 2017. Their high level spending plans for 2015/16 are expected to be announced in March/April 2013.</p>					
Consequences	<ul style="list-style-type: none"> <li>• Reducing level of services across the Authority.</li> <li>• Adverse perception of the Authority.</li> <li>• Negative impact on reputation.</li> <li>• Potential political impact.</li> </ul>					
Controls	<ul style="list-style-type: none"> <li>• The Council's budget for 2013/14 was agreed in February 2013</li> <li>• An indicative budget for 2014/15 was also agreed by the Council</li> <li>• Budget and financial management information systems in place</li> <li>• Regular (at least monthly) budget monitoring reports</li> <li>• Liaison with Valuation Office</li> <li>• Government safety net will limit losses on business rates (Trafford's maximum liability in 2013/14 is £2.4m)</li> <li>• Minimum level of reserves established to provide short term cover for losses</li> </ul>					
Risk Assessment	Likelihood	5	Impact	4	Exposure	20
<b>RISK LEVEL</b>			<b>High Risk</b>			
Risk Performance Indicators	<ul style="list-style-type: none"> <li>• Director of Finance monitoring Council's current year budget</li> <li>• Regular (at least monthly) budget/ financial monitoring (Directorates)</li> <li>• TPR monitoring transformation savings.</li> <li>• Consideration of the likely position in 2015/16 will be re-assessed after the Government's spending plans for that year are released</li> </ul>					
Effectiveness of	3					

controls and performance indicators					
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> <li>• Will need to refresh MTFP</li> <li>• Other options for savings being developed by Corporate Directors.</li> </ul>				
Person or Group Responsible for management of risk	Director of Finance				
<b>Previous risk reviews completed:</b>					
<ul style="list-style-type: none"> <li>• I Duncan, Director of Finance. April 2009; October 2009; February 2010; July 2010 and January 2011</li> <li>• I Kershaw, Head of Financial Management. August 2011 and January 2012.</li> </ul>					
Risk Review Date	September 2012	Completed By	Ian Duncan	Designation	Acting Corporate Director – T&R
Risk Review Date	February 2013	Completed By	Ian Duncan	Designation	Director of Finance

<b>STRATEGIC RISK REGISTER 2012/13</b>				<b>Risk Number</b>	<b>6</b>	
Corporate Priorities		Link(s) to Community Strategy Key Objectives	No specific link			
<b>RISK</b>	Reduced value of surplus assets and reduced Government Grant impacting on delivery of Capital Programme.					
Consequences	<ul style="list-style-type: none"> <li>• Reduction in ability to deliver capital improvement plans.</li> </ul>					
Controls	<ul style="list-style-type: none"> <li>• Capital programme and land sales programme reviewed from April/ July 2012 to take account of likely resource availability</li> <li>• Monitor generation of capital receipts.</li> <li>• Forecasts updated on a ¼ basis.</li> <li>• Review of capital expenditure plans accordingly – either continuing to proceed, flexing, rescheduling or postponing as appropriate.</li> </ul>					
Risk Assessment	Likelihood	3	Impact	3	Exposure	9
<b>RISK LEVEL</b>			<b>Medium Risk</b>			
Risk Performance Indicators	<ul style="list-style-type: none"> <li>• Capital receipts.</li> <li>• Monitoring existing commitments.</li> </ul>					
Effectiveness of controls and performance indicators	4					
Improvement Actions (ref to action plans)	None proposed at present. Values set at realistic levels and some evidence of minor improvements, and new approaches introduced.					
Person or Group Responsible for management of risk	Acting Corporate Director of Transformation & Resources					
<b>Previous risk reviews completed:</b>						
<ul style="list-style-type: none"> <li>• I Duncan, Director of Finance. April 2009; October 2009; February 2010; July 2010 and January 2011</li> <li>• I Kershaw, Head of Financial Management. August 2011</li> <li>• J Valentine, Head of Asset Management. January 2012</li> </ul>						
Risk Review Date	August 2012	Completed By	Jeremy Valentine	Designation	Head of Asset Management	
Risk Review Date	February 2013	Completed By	Jeremy Valentine	Designation	Head of Asset Management	

STRATEGIC RISK REGISTER 2012/13				Risk Number	7	
Corporate Priorities	Value for Money	Link(s) to Community Strategy Key Objectives	<ul style="list-style-type: none"> <li>•Strong Communities</li> <li>•Strong Economy</li> </ul>			
<b>RISK</b>	Affordability of long-term accommodation project.					
Consequences	<ul style="list-style-type: none"> <li>• Potentially not meeting the needs of future organisational model</li> <li>• Costs of maintaining current accommodation becomes excessive</li> <li>• Cannot fully deliver Transformation Process</li> <li>• Services do not meet emerging needs and delivery objectives</li> </ul>					
Controls	<ul style="list-style-type: none"> <li>• Programme and Project Management in place</li> <li>• Full integration with transformation process through Programme Office</li> <li>• Project Board fully informed of key risks on a regular basis</li> <li>• Contract price agreed and most affordable solution selected, with affordability being checked on an ongoing basis</li> <li>• Means of reducing costs and increasing income being developed throughout the project</li> <li>• Potential Value Engineering options made</li> <li>• External Quantity Surveyors appointed to regularly assess the preferred Developers Cost Plan</li> </ul>					
Risk Assessment	Likelihood	2	Impact	3	Exposure	6
<b>RISK LEVEL</b>			<b>Low Risk</b>			
Risk Performance Indicators	<ul style="list-style-type: none"> <li>• Output specification</li> <li>• Cost against benchmark</li> </ul>					
Effectiveness of controls and performance indicators	3 – Controls are effective. Finances relating to project assessed by team including Finance Manager, and awareness of likely costs included in budgeting process; additional items means of reducing overall cost are being pursued.					
Improvement Actions (ref to action plans)	No additional measures necessary provided costs are within expected parameters, monitoring outcomes and additional affordability measures are being followed up.					
Person or Group Responsible for management of risk	Long-term Accommodation Board					
<b>Previous risk reviews completed:</b>						
<ul style="list-style-type: none"> <li>• G Pickering, Corporate Director PPD. April 2009</li> <li>• J Valentine, Head of Asset Management. October 2009, February 2010, August 2011 and January 2012.</li> <li>• S Withington &amp; J Boland, Senior Project Manager &amp; Project Manager LTA Programme. July 2010</li> <li>• J Valentine/ D Geary/ J Boland, Head of Asset Management / Senior Project Managers. January 2011.</li> </ul>						
Risk Review Date	August 2012	Completed By	Jeremy Valentine	Designation	Head of Asset Management	
Risk Review Date	February 2013	Completed By	Jeremy Valentine	Designation	Head of Asset Management	

STRATEGIC RISK REGISTER 2012/13				Risk Number	8
Corporate Priorities	<ul style="list-style-type: none"> <li>• Improving Health &amp; Wellbeing</li> <li>• Low Council Tax</li> <li>• Value for Money</li> </ul>	Link(s) to Community Strategy Key Objectives	Health & Improved Quality of Life for All.		
<b>RISK</b>	Ability of partnership working with health to deliver joint objectives for vulnerable adults and older people and to improve health inequalities.				
Consequences	<ul style="list-style-type: none"> <li>• Not meeting service objectives around key groups of people.</li> </ul>				

	<ul style="list-style-type: none"> <li>• Spend is not best utilised/ limited value for money.</li> <li>• Could lead to reduced service/ support to vulnerable persons.</li> </ul>					
Controls	<ul style="list-style-type: none"> <li>• Partnership Boards in place</li> <li>• Mechanisms in place to support decision-making and deliver governance</li> <li>• Regular leadership and oversight meetings with Council and NHS Chief Executives.</li> <li>• Leadership and engagement by relevant Chief Officers in respective fields.</li> </ul>					
Risk Assessment	Likelihood	5	Impact	4	Exposure	20
<b>RISK LEVEL</b>			<b>High Risk</b>			
Risk Performance Indicators	<ul style="list-style-type: none"> <li>• Signing-off procedures on key agreements and arrangements</li> <li>• Delivery of health and wellbeing indicators</li> </ul>					
Effectiveness of controls and performance indicators	<p>3 – There are forums in place which enable Adult Social Services and PCT commissioners to meet on a regular basis, to ensure the deliver of joint partnership objectives. The Health and Wellbeing Partnership Board has been set up and work is underway to create a transition plan for the transfer of Public Health responsibilities. There are Boards in place to oversee the delivery of joint services e.g. the Mental Health Commissioning Partnership Group and the Integrated Community and Equipment Services Board.</p>					
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> <li>• Work closely with PCT as it transfers the commissioning function to GP consortia.</li> <li>• Work with the Director of Public Health to secure new arrangements for Public Health</li> <li>• Work with Health and Wellbeing Partnership to implement Health and Wellbeing Strategy.</li> <li>• Ensuring existing partnerships have governance arrangements in place that are fit for the future.</li> </ul>					
Person or Group Responsible for management of risk			Corporate Director CYPS			
Previous risk reviews completed by: <ul style="list-style-type: none"> <li>• D McNulty, Chief Executive. April 2009.</li> <li>• D Hanley, Deputy Director CWB. February 2010; July 2010 and January 2011.</li> <li>• J Walker, Performance &amp; Partnerships Manager, August 2011</li> <li>• D Wagstaff, Senior Business Relationship Partner. January 2012</li> </ul>						
Risk Review Date	August 2012	Completed By	Anne Higgins, Jo Wilmott, Jeremy Kay & Mark Grimes	Designation	CWB Senior Management Team	
Risk Review Date	February 2013	Completed By	Deborah Brownlee, Linda Harper, Jo Willmott & Jeremy Kay	Designation	CWB Senior Management Team	

<b>STRATEGIC RISK REGISTER 2012/13</b>			<b>Risk Number</b>	<b>9</b>
Corporate Priorities	<ul style="list-style-type: none"> <li>• Children</li> <li>• Value for Money</li> </ul>	Link(s) to Community Strategy Key Objectives		Health & Improved Quality of Life for All
<b>RISK</b>	Ability of partnership working to release resources with sufficient speed and execution to deliver joint objectives around children.			
Consequences	<ul style="list-style-type: none"> <li>• Not meeting service objectives around key groups of people.</li> <li>• Unable to deliver services to as many people as the Council ought to.</li> <li>• Spend is not best utilised/ limited value for money.</li> <li>• Could lead to reduced service/ support to vulnerable persons.</li> </ul>			

Controls		<ul style="list-style-type: none"> <li>Children's Trust Board</li> <li>Joint Commissioning Management Board</li> <li>Mechanisms in place to support decision-making and deliver governance.</li> <li>Regular leadership and oversight meetings with Council and PCT Chief Executives.</li> <li>Leadership and engagement by relevant Chief Officers in respective fields.</li> </ul>				
Risk Assessment	Likelihood	3	Impact	5	Exposure	15
RISK LEVEL			<b>Medium Risk</b>			
Risk Performance Indicators		<ul style="list-style-type: none"> <li>Children and Young Persons delivery plan</li> <li>Signing-off procedures on key agreements and arrangements.</li> </ul>				
Effectiveness of controls and performance indicators		<ul style="list-style-type: none"> <li>Establishment of a Shadow Health and Well-Being Board for Trafford provide a governance structure supporting local planning, integrated strategic needs assessment and ensuring local accountability, promote integrity and partnership and review major service redesigns of health and wellbeing related services provided by the NHS and Local Government.</li> <li>Strategic Partnership (Section 75) for CYPS Commissioning with NHS Trafford is now in place with associated governance arrangements implemented.</li> <li>Provider Partnership Agreements signed on an interim basis with both CMFT and Bridgewater pending the outcome of tender exercise.</li> <li>CYPS lead role in the Trafford community services tender for those areas relating to children and families.</li> <li>Children's Trust Board receives quarterly performance indicator updates.</li> <li>CTB successful in bidding for a range of project funding from the LAA reward grant to support partnership delivery of priorities.</li> </ul>				
Improvement Actions (ref to action plans)		<ul style="list-style-type: none"> <li>Work closely with PCT as it transfers the commissioning function to GP consortia and establish links with emerging bodies such as National Commissioning Board and Public Health England.</li> <li>Work with the Director of Public Health to secure new arrangements for Public Health.</li> <li>Ensuring existing partnerships have governance arrangements in place that are fit for the future.</li> </ul>				
Person or Group Responsible for management of risk			Corporate Director of CYPS			
<b>Previous risk reviews completed:</b>						
<ul style="list-style-type: none"> <li>M Woodhouse, Interim Director CYPS. March and July 2010</li> <li>D Brownlee, Corporate Director CYP. January, April, July, September 2011 and January 2012</li> </ul>						
Risk Review Date	August 2012	Completed By	Deborah Brownlee	Designation	Corporate Director CYPS	
Risk Review Date	February 2013	Completed By	Deborah Brownlee	Designation	Corporate Director CYPS	

<b>STRATEGIC RISK REGISTER 2012/13</b>			<b>Risk Number</b>	<b>10</b>
Corporate Priorities	Quality Care for Adults	Link(s) to Community Strategy Key Objectives	Health & Improved Quality of Life for All	
<b>RISK</b>	Demand for eligible services outstrips resources in adult social care.			
Consequences	<ul style="list-style-type: none"> <li>Overspend on budgets.</li> <li>People do not receive services they are eligible for.</li> </ul>			
Controls	<ul style="list-style-type: none"> <li>Delivery of MTFP and in year savings.</li> <li>Monitoring of budgets at SMT and service level.</li> </ul>			

	<ul style="list-style-type: none"> <li>• Business Delivery Programme Board established to monitor and manage demand, performance and savings delivery</li> <li>• Business case portfolio in place</li> <li>• Resource allocation system introduced and embedded</li> <li>• Improvements made to re-ablement services/ embedding of telecare offer.</li> <li>• Improved performance data in place, to identify trends in take up of services.</li> <li>• Local business performance indicators developed</li> </ul>					
Risk Assessment	Likelihood	4	Impact	5	Exposure	20
<b>RISK LEVEL</b>			<b>High Risk</b>			
Risk Performance Indicators	<ul style="list-style-type: none"> <li>• Budget monitoring.</li> <li>• Project monitoring.</li> </ul>					
Effectiveness of controls and performance indicators	4 – Delivery of savings is on target but demand for services is increasing and impacting on budget.					
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> <li>• Work on delivering in year and future savings.</li> <li>• Implement austerity measures.</li> <li>• Improved performance data to identify trends in take-up of services.</li> <li>• Improved intelligence around take-up by potential service users.</li> <li>• Implement LD and mental health programmes</li> </ul>					
Person or Group Responsible for management of risk			CWB Interim Director – Operations/ Director of Commissioning			
<b>Previous risk reviews completed:</b>						
<ul style="list-style-type: none"> <li>• D Hanley, Director of Operations. April 2009; July 2010 and January 2011</li> <li>• J Walker, Performance &amp; Partnerships Manager. October 2009, February 2010 and August 2011</li> <li>• D Wagstaff, Senior Business Relationship Partner. January 2012</li> </ul>						
Risk Review Date	August 2012	Completed By	Anne Higgins, Jo Willmott, Jeremy Kay & Mark Grimes	Designation	CWB Senior Management Team	
Risk Review Date	February 2013	Completed By	Deborah Brownlee, Linda Harper, Jo Willmott & Jeremy Kay	Designation	CWB Senior Management Team	

<b>STRATEGIC RISK REGISTER 2012/13</b>			<b>Risk Number</b>	<b>11</b>
Corporate Priorities	Quality Care for Adults	Link(s) to Community Strategy Key Objectives	<ul style="list-style-type: none"> <li>•Strong Communities</li> <li>•Health &amp; Improved Quality of Life for All</li> </ul>	
<b>RISK</b>	Failure of the Adult Safeguarding Service.			
Consequences	<ul style="list-style-type: none"> <li>• Potential harm to vulnerable individuals.</li> <li>• Legal action against the Council.</li> <li>• Adverse impact on reputation.</li> </ul>			
Controls	<ul style="list-style-type: none"> <li>• Updated Safeguarding strategy in place.</li> <li>• Discrete Safeguarding team.</li> <li>• Training provided to all key staff.</li> </ul>			

	<ul style="list-style-type: none"> <li>Working with a wide range of partners.</li> <li>Robust management information and quarterly monitoring in place</li> <li>Regular multi-agency safeguarding management meeting in place.</li> </ul>					
Risk Assessment	Likelihood	2	Impact	5	Exposure	10
RISK LEVEL			<b>Medium Risk</b>			
Risk Performance Indicators	<ul style="list-style-type: none"> <li>SMT reporting.</li> <li>Reports to Safeguarding Board.</li> </ul>					
Effectiveness of controls and performance indicators	3					
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> <li>Multi-agency review re: extending safeguarding role and responsibilities underway.</li> <li>Reports on safeguarding incidents, by individual provider, to be introduced.</li> <li>Implement quality assurance arrangements.</li> <li>Re-launch communications with public and partners.</li> </ul>					
Person or Group Responsible for management of risk			Deputy Director CWB			
<b>Previous risk reviews completed:</b>						
<ul style="list-style-type: none"> <li>D Hanley, Deputy Director CWB. April 2009; October 2009; July 2010 and January 2011</li> <li>J Walker, Performance &amp; Partnerships Manager. February 2010 and August 2011</li> <li>D Wagstaff, Senior Business Relationship Partner. January 2012</li> </ul>						
Risk Review Date	August 2012	Completed By	Anne Higgins, Jo Willmott, Jeremy Kay & Mark Grimes	Designation	CWB Senior Management Team	
Risk Review Date	February 2013	Completed By	Deborah Brownlee, Linda Harper, Jo Willmott & Jeremy Kay	Designation	CWB Senior Management Team	

STRATEGIC RISK REGISTER 2012/13			Risk Number	12
Corporate Priorities	Value for Money	Link(s) to Community Strategy Key Objectives		
<b>RISK</b>	Breach of health and safety legislation leading to prosecution under the Corporate Manslaughter Act.			
Consequences	<ul style="list-style-type: none"> <li>Possible personal conviction of Officers and/ or Members.</li> <li>Adverse impact on reputation.</li> <li>Financial consequences of fines/ legal claims.</li> </ul>			
Controls	<ul style="list-style-type: none"> <li>Health and Safety policy.</li> <li>Procedures in place to ensure legal compliance.</li> <li>Risk assessments and safe systems of work.</li> <li>Health and Safety Advisors aligned to each Directorate to provide expertise and support.</li> <li>Member awareness.</li> <li>Management training</li> <li>Improved support to schools to be provided via SLA</li> </ul>			

Risk Assessment	Likelihood	2	Impact	5	Exposure	10
RISK LEVEL			<b>Medium Risk</b>			
Risk Performance Indicators	<ul style="list-style-type: none"> <li>• Health and Safety team track all accidents/ near misses.</li> <li>• Six month report to CMT/ Executive and Annual Report to Council</li> <li>• Targets set for accident reduction</li> <li>• Corporate Health and Safety Improvement Plan</li> </ul>					
Effectiveness of controls and performance indicators	2					
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> <li>• Delivery of work plan to implement recommendations from February 08 report.</li> <li>• Audit &amp; Assurance to undertake a review of the Council's corporate health and safety arrangements.</li> </ul>					
Person or Group Responsible for management of risk			All			
<b>Risk reviews completed:</b>						
<ul style="list-style-type: none"> <li>• G Pickering, Corporate Director PPD. April 2009</li> <li>• P Valentine, IBU Manager. October 2009</li> <li>• J Arnold, Health &amp; Safety Manager. February 2010; July 2010, January 2011 and August 2011</li> </ul>						
Risk Review Date	August 2012	Completed By	C Hay	Designation	Workforce & Core Strategy Officer	
Risk Review Date	February 2013	Completed By	J Arnold	Designation	Health & Safety Manager	

<b>STRATEGIC RISK REGISTER 2012/13</b>			<b>Risk Number</b>	<b>13</b>		
Corporate Priorities	<ul style="list-style-type: none"> <li>• A Cleaner, Greener Borough</li> <li>• Value for money</li> <li>• Low Council Tax</li> </ul>	Link(s) to Community Strategy Key Objectives	<ul style="list-style-type: none"> <li>• Positive Environmental Impact</li> <li>• Better Homes</li> <li>• Strong Economy</li> </ul>			
<b>RISK</b>	Council does not agree, adopt and deliver carbon reduction targets.					
Consequences	<ul style="list-style-type: none"> <li>• Financial consequences due to lack of CRC compliance</li> <li>• Reputation damage to the Council</li> </ul>					
Controls	<ul style="list-style-type: none"> <li>• Key stakeholders engaged</li> <li>• Low Carbon Infrastructure Delivery Group established</li> <li>• The Energy and Water Management Plan</li> <li>• The Borough –wide Sustainability Strategy</li> <li>• E-technology monitoring tools being utilised</li> </ul>					
Risk Assessment	Likelihood	4	Impact	3	Exposure	12
RISK LEVEL			<b>Medium Risk</b>			
Risk Performance Indicators	<ul style="list-style-type: none"> <li>• Delivery of the Energy and Water Management Plan</li> <li>• Delivery of the borough-wide Sustainability Strategy</li> <li>• Reporting compliance with CRC Energy Efficiency Scheme</li> <li>• Corporate Greenhouse Gas Emissions reporting data</li> <li>• Emissions data for the local authority area (published by DECC)</li> </ul>					
Effectiveness of controls and	2					



performance indicators					
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> <li>Review and update the corporate Energy and Water Management Plan</li> <li>Review and update the borough-wide Sustainability Strategy and Action Plan</li> <li>Implementation of continuous audit reviews and recommendations.</li> </ul>				
Person or Group Responsible for management of risk	EGP are primarily responsible for this risk supported by ETO				
<b>Risk reviews completed:</b> A Hunt, Sustainability Manager. September 2011 and January 2012					
Risk Review Date	August 2012	Completed By	A Hunt	Designation	Sustainability Manager
Risk Review Date	February 2013	Completed By	A Hunt	Designation	Sustainability Manager

STRATEGIC RISK REGISTER 2012/13				Risk Number	14	
Corporate Priorities	<ul style="list-style-type: none"> <li>Lower Council Tax and Value for Money.</li> <li>Quality Care for Adults</li> </ul>	Link(s) to Community Strategy Key Objectives		Health & Improved Quality of Life for All		
<b>RISK</b>	Statutory targets relating to Adult Social Care services are not met.					
Consequences	<ul style="list-style-type: none"> <li>Services fail.</li> <li>Adverse impact on Council's reputation.</li> <li>Failure to meet personalisation agenda</li> </ul>					
Controls	<ul style="list-style-type: none"> <li>Performance management framework in place (now also captures PCT information).</li> <li>Established data flows on statutory/ national indicators and performance indicators.</li> <li>Monitoring in place within service – a range of weekly, monthly and quarterly reports overseen by Business Delivery Board and reported through to SMT</li> <li>Mental Health Trust engaged through Partnership meetings.</li> </ul>					
Risk Assessment	Likelihood	4	Impact	3	Exposure	12
<b>RISK LEVEL</b>			<b>Medium Risk</b>			
Risk Performance Indicators	<ul style="list-style-type: none"> <li>Performance monitored against national and local performance indicators as per Directorate Performance framework. Action plans implemented, where appropriate, against underperforming targets.</li> </ul>					
Effectiveness of controls and performance indicators	3					
Improvement Actions (ref to action plans)	Ensure the roll out of the new operating model continues to address key personalisation performance indicators.					
Person or Group Responsible for management of risk	Performance Manager/ Senior Business Relationship Partner (CWB)					
<b>Risk reviews completed:</b>						
<ul style="list-style-type: none"> <li>J Walker, Performance &amp; Partnerships Manager. April 2009; October 2009; February 2010; July 2010, January 2011 and August 2011</li> <li>D Wagstaff, Senior Business Relationship Partner. August 2011 and January 2012</li> </ul>						
Risk Review Date	August 2012	Completed By	Anne Higgins, Jo Willmott, Jeremy Kay & Mark Grimes	Designation	CWB Senior Management Team	
Risk Review Date	February 2013	Completed By	Deborah	Designation	CWB Senior	

Date			Brownlee, Linda Harper, Jo Willmott & Jeremy Kay		Management Team
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STRATEGIC RISK REGISTER 2012/13				Risk Number		15
Corporate Priorities	Quality Care for Adults	Link(s) to Community Strategy Key Objectives		Health & Improved Quality of Life for All		
<b>RISK</b>	Major event leading to inability to deliver critical services to vulnerable people.					
Consequences	<ul style="list-style-type: none"> <li>• Interruption to service provision to vulnerable people.</li> <li>• Financial loss to the organisation.</li> </ul>					
Controls	<ul style="list-style-type: none"> <li>• Business continuity plans under development within Directorate with supporting action plans actively monitored.</li> <li>• Plan development with providers.</li> </ul>					
Risk Assessment	Likelihood	3	Impact	3	Exposure	9
<b>RISK LEVEL</b>			<b>Medium Risk</b>			
Risk Performance Indicators	Action plan to develop business continuity plans monitored.					
Effectiveness of controls and performance indicators	2					
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> <li>• Complete process of establishing business continuity plans</li> <li>• Establish programme for testing plans</li> </ul>					
Person or Group Responsible for management of risk			Deputy Director CWB			
<b>Previous risk reviews completed:</b>						
<ul style="list-style-type: none"> <li>• D Hanley, Deputy Director CWB. April 2009; July 2010 and January 2011</li> <li>• J Walker, Performance &amp; Partnerships Manager. October 2009, February 2010 and August 2011</li> <li>• D Wagstaff, Senior Business Relationship Partner. January 2012</li> </ul>						
Risk Review Date	August 2012	Completed By	Anne Higgins, Jo Willmott, Jeremy Kay & Mark Grimes	Designation	CWB Senior Management Team	
Risk Review Date	February 2013	Completed By	Deborah Brownlee, Linda Harper, Jo Willmott & Jeremy Kay	Designation	CWB Senior Management Team	

STRATEGIC RISK REGISTER 2012/13				Risk Number		16
Corporate Priorities	All	Link(s) to Community Strategy Key Objectives		<ul style="list-style-type: none"> <li>• Health &amp; Improved Quality of Life for All</li> <li>• Better Homes</li> <li>• Positive Environmental Impact</li> <li>• Strong Economy</li> </ul>		
<b>RISK</b>	Failure to complete the Business Continuity (BC) Programme Project, resulting in an increased risk that the Council fails to deliver Council services in the event of significant disruption.					

Consequences		<ul style="list-style-type: none"> <li>• Failure to meet requirements of the Civil Contingencies Act, good practice and Use of Resources Assessment criteria</li> <li>• Failure to have sufficient plans in place at a service and corporate level to respond effectively to local and widespread disruption, including that caused by emergencies</li> <li>• Failure to continue the delivery of critical Council services including those vital to human welfare during disruption</li> </ul>					
Controls		<ul style="list-style-type: none"> <li>• Set of templates and guidelines in place to guide service business continuity planning</li> <li>• Performance Business Partners have responsibility to support Directorates to review plans on an annual basis</li> <li>• Council wide Civil Contingencies Steering Group in place to plan testing of plans and to monitor the effectiveness of the plans</li> </ul>					
Risk Assessment	Likelihood	3	Impact	4	Exposure	12	
RISK LEVEL			<b>Medium Risk</b>				
Risk Performance Indicators		<ul style="list-style-type: none"> <li>• All services to have a Business Continuity Plan</li> <li>• Testing programme in place with review periods linked to risk</li> <li>• Corporate BC Plan to be produced</li> <li>• Service level and Corporate Business Continuity Plans to be tested.</li> </ul>					
Effectiveness of controls and performance indicators		2					
Improvement Actions (ref to action plans)		<ul style="list-style-type: none"> <li>• Testing plan to be developed by the Local Resilience Forum by April 2013</li> <li>• Many plans have been indirectly tested as a result of the comprehensive Olympics testing programme</li> <li>• Business Impact Analysis documents are in the process of being updated</li> </ul>					
Person or Group Responsible for management of risk			Jayne Stephenson				
<b>Previous risk reviews completed:</b>							
<ul style="list-style-type: none"> <li>• A Harrison, Temporary Business Continuity Lead. February 2010; May 2010; July 2010 and January 2011.</li> <li>• J Stephenson, Head of Partnerships &amp; Performance. August 2011</li> </ul>							
Risk Review Date	August 2012	Completed By	J Stephenson	Designation	Head of Partnerships & Performance		
Risk Review Date	February 2013	Completed By	J Stephenson	Designation	Head of Partnerships & Performance		

<b>STRATEGIC RISK REGISTER 2012/13</b>			<b>Risk Number</b>	<b>17</b>	
Corporate Priorities	Preserving and Improving Educational Excellence	Link(s) to Community Strategy Key Objectives	Bright Futures		
<b>RISK</b>	Financial and other implication as a result of coalition Government policy to fast track initially "outstanding" schools and then all other schools to academy status.				
Consequences	<ul style="list-style-type: none"> <li>• Significant reduction in Dedicated Schools Grant.</li> <li>• Possible reduction in "buy back" arrangements of school services – loss of income</li> <li>• Possible reduction in purchase of authority wide service contracts e.g. Payroll, Grounds Maintenance, Buildings Maintenance, Legal, Audit, Insurance etc.</li> <li>• Human Resource implications – if we no longer provide services to a substantial number of schools then will not need to maintain (or be able to afford) current staffing levels – unless we substantially increase costs to other schools.</li> </ul>				

	<ul style="list-style-type: none"> <li>• All good and outstanding schools are eligible for independent Academy Status. All satisfactory schools may convert to Academy Status with good/ outstanding sponsor.</li> <li>• Underperforming schools will be compelled to convert as part of an Academy chain.</li> </ul>					
Controls	Monitoring the position of schools who have expressed an interest.					
Risk Assessment	Likelihood	5	Impact	3	Exposure	15
RISK LEVEL			<b>Medium Risk</b>			
Risk Performance Indicators	<ul style="list-style-type: none"> <li>• Twelve secondary and 3 primary schools have Academy Status.</li> <li>• A further primary school has been approved for conversion by the Secretary of State.</li> <li>• A number of other secondary schools are giving serious consideration to conversion.</li> <li>• There is a very low level of interest in primary schools.</li> <li>• Numbers under constant review.</li> <li>• Working relationships with schools that have converted to Academy status remain excellent.</li> </ul>					
Effectiveness of controls and performance indicators	<ul style="list-style-type: none"> <li>• SLA improvement programme in place.</li> <li>• Dialogue and review of SLAs agreed for 2012/13 has commenced feedback from schools and has been positive to date and School Improvement Services has achieved buy back of £120,000.</li> <li>• Programme of regular meetings with Academy principles to ensure effective partnership working continue to take place.</li> <li>• Academies have become members of the Schools Joint Negotiating Committee.</li> <li>• Academy schools are represented on the School Funding Forum.</li> </ul>					
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> <li>• To continue to offer value for money service level agreements to schools who become Academy Status.</li> <li>• To monitor closely the position regarding status of schools that currently have expressed and interest and to work with the Headteacher and Governing Bodies.</li> <li>• To continue the programme of meeting with Senior Officers.</li> </ul>					
Person or Group Responsible for management of risk	Corporate Director: CYPS/ Acting Corporate Director T&R					
<b>Previous risk reviews completed:</b>						
<ul style="list-style-type: none"> <li>• M Woodhouse, Interim Corporate Director CYPS. July 2010</li> <li>• D Brownlee, Corporate Director CYPS. January April, July, September 2011 and January 2012</li> </ul>						
Risk Review Date	August 2012	Completed By	Deborah Brownlee	Designation	Corporate Director CYPS	
Risk Review Date	February 2013	Completed By	Deborah Brownlee	Designation	Corporate Director CYPS	

<b>STRATEGIC RISK REGISTER 2012/13</b>			<b>Risk Number</b>	<b>18</b>
Corporate Priorities	All Corporate Priorities	Link(s) to Community Strategy Key Objectives	No specific link	
<b>RISK</b>	Continuity and availability of council systems, infrastructure and telephony services in the run up to, during and following the relocation of the Data Centre from Friars Court in Sale, to the newly built Data Centre in the refurbished Town Hall.			
Consequences	<ul style="list-style-type: none"> <li>• Failure to continue the delivery of ICT dependent council services, including those vital to vulnerable or at risk groups</li> <li>• Disruption to back office services and citizen/business facing web content and forms and mobile applications</li> </ul>			

	<ul style="list-style-type: none"> <li>• Reduced level of internal and external telephony services (land lines)</li> <li>• Accessibility of corporate information and records impaired</li> <li>• Negative impact on reputation</li> </ul>				
Controls	<ul style="list-style-type: none"> <li>• Detailed project plan and risk register being prepared and experienced technical member of staff allocated to do the planning, liaison and scheduling of the move to minimise disruption and risk</li> <li>• Request made to the Transformation Board for a Project Manager to be allocated to lead this work during the period September 2012 to end of April 2013</li> <li>• Systems and services will be migrated in stages (with regression plans) as opposed to a single "big bang" approach, with robust testing and pre-planning carried out before any planned moves</li> <li>• Liaise closely with our vendors and partners such as Virgin and BT etc. to plan each migration</li> <li>• Plan and risk register will be monitored and challenged by the ICTMT on a regular basis in the lead up to, during and post any moves, ensuring lessons learned are incorporated in later stages as appropriate</li> </ul>				
Likelihood	2	Impact	5	Exposure	10
<b>RISK LEVEL</b>			<b>Medium Risk</b>		
Risk Performance Indicators	<ul style="list-style-type: none"> <li>• Sign off at ICTMT of method statement and risk register prior to each stage of the move</li> <li>• Project monitoring</li> <li>• Adoption of a robust change control procedure to manage the work and any deviations from plan</li> </ul>				
Effectiveness of controls and performance indicators	3 – This is a new risk on the risk register, but it is felt the planned approach and monitoring will ensure the risk is effectively mitigated				
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> <li>• Work closely within ICT to ensure technical assessment and readiness</li> <li>• Brief T&amp;R DMT and TPR in due course of plans and key dates</li> <li>• Communicate more widely with the business as part of migration, especially to confirm dates when systems or services may be unavailable</li> <li>• Waiver for additional hardware signed off, procurement can now commence</li> <li>• Move planned for the 4<sup>th</sup>/ 5<sup>th</sup> and 11<sup>th</sup>/ 12<sup>th</sup> May,</li> </ul>				
Person or Group Responsible for management of risk	ICT Management Team				
Risk Review Date	June 2012	Completed By	David McIlroy	Designation	Head of Business Change and ICT
Risk Review Date	July 2012	Completed By	David McIlroy	Designation	Head of Business Change and ICT
Risk Review Date	February 2013	Completed By	Chris Walker	Designation	ICT Operations Manager

<b>STRATEGIC RISK REGISTER 2012 /13</b>			<b>Risk Number</b>	<b>19</b>
Corporate Priorities	Low council tax and value for money. Improving health and wellbeing of residents.	Link(s) to Community Strategy Key Objectives	Health and improved quality of life.	
<b>RISK</b>	The implementation of the new localised council tax reduction scheme is not implemented on			

	time due to the very short timescale and legal challenges are lodged over the Council's consultation process and Equality Impact Assessments.				
Consequences	<ul style="list-style-type: none"> <li>Poor customer service.</li> <li>Delays in awarding council tax reductions to vulnerable people.</li> <li>Delays in recovering council tax debts.</li> <li>Inaccurate reduction calculations leading to overpayments.</li> <li>Risk to the Council's reputation</li> </ul>				
Controls	<ul style="list-style-type: none"> <li>Formal project management methodology will be followed.</li> <li>Programme governance will be established with regular reporting.</li> <li>Early decision on appointing IT supplier will be made.</li> <li>Extensive consultation will be undertaken with stakeholders.</li> <li>MORI assisting with consultation process.</li> </ul>				
Likelihood	2	Impact	5	Exposure	10
RISK LEVEL			<b>Medium Risk</b>		
Risk Performance Indicators	<ul style="list-style-type: none"> <li>Key project milestones will be documented.</li> <li>Formal monthly reports to the Corporate Director will be given.</li> </ul>				
Effectiveness of controls and performance indicators	4.				
Improvement Actions (ref to action plans)	<ul style="list-style-type: none"> <li>Project Plan will be compiled by Head of Service.</li> <li>Reports will be submitted to the Corporate Director on progress.</li> <li>Monthly meetings will take place with the Executive Member.</li> </ul>				
Person or Group Responsible for management of risk	Corporate Director – T&R				
<b>Previous risk reviews completed:</b>					
<ul style="list-style-type: none"> <li>P Mather, Head of Revenues &amp; Benefits. February 2012</li> </ul>					
Risk Review Date	August 2012	Completed By	Carl Lamb	Designation	Development and Support Services Manager
Risk Review Date	February 2013	Completed By	Carl Lamb	Designation	Development and Support Services Manager

<b>STRATEGIC RISK REGISTER 2012/13</b>				<b>Risk Number</b>	<b>20</b>
Corporate Priorities		Improving Health & Wellbeing	Link(s) to Community Strategy Key Objectives	Health & Improved Quality of Life for all	
<b>RISK</b>		Public Health: transfer of responsibility to the Council April 2013			
Consequences		Transferred budget may not be sufficient to meet duties and existing liabilities			
Controls		Robust programme for transition. Detailed analysis of public health contracts			
Likelihood	3	Impact	3	Exposure	9
RISK LEVEL			<b>Medium Risk</b>		
Risk Performance Indicators	Public Health Transition Plan				
Effectiveness of controls and performance	<ul style="list-style-type: none"> <li>Transition plan is being closely monitored</li> <li>Detailed work on budget and contracts underway</li> </ul>				

indicators					
Improvement Actions (ref to action plans)	Continue to work closely with the PCT and Public Health colleagues				
Person or Group Responsible for management of risk	Corporate Director, Communities & Wellbeing				
<b>Previous risk reviews completed:</b>					
<ul style="list-style-type: none"> <li>D Wagstaff, Senior Business Relationships Partner. March 2012.</li> </ul>					
Risk Review Date	August 2012	Completed By	Anne Higgins, Jo Willmott, Jeremy Kay & Mark Grimes	Designation	CWB Senior Management Team
Risk Review Date	February 2013	Completed By	Deborah Brownlee, Linda Harper, Jo Willmott & Jeremy Kay	Designation	CWB Senior Management Team

STRATEGIC RISK REGISTER 2012/13				Risk Number		21	
Corporate Priorities		Improving Health & Wellbeing	Link(s) to Community Strategy Key Objectives		Health & Improved Quality of Life for all		
<b>RISK</b>	Adult Social Care Budget 2012/13: Ability to implement wide range of savings proposals in the current economic conditions.						
Consequences	<ul style="list-style-type: none"> <li>Difficulty of implementing wide range of budget savings proposals destabilises provision with potential that people may not receive the services they are eligible for.</li> <li>Not delivering budget savings within agreed timescales leading to an overspend</li> <li>Potential risk to destabilising the social care market in Trafford arising from implementing wide range of budget savings proposals</li> </ul>						
Controls	<ul style="list-style-type: none"> <li>Regular monitoring of budget at SMT and service level</li> <li>Robust plans for implementation of budget savings proposals</li> <li>Business Delivery Programme Board to monitor and manage savings delivery</li> <li>Performance data in place to identify trends in take up of service</li> <li>Market management and intelligence role of CWB commissioning officers</li> </ul>						
Likelihood	4	Impact	5	Exposure	20		
<b>RISK LEVEL</b>				<b>High Risk</b>			
Risk Performance Indicators	<ul style="list-style-type: none"> <li>Budget monitoring</li> <li>SMT reporting</li> <li>Business Delivery Programme Board's role in monitoring and managing savings proposals delivery</li> </ul>						
Effectiveness of controls and performance indicators	3 <ul style="list-style-type: none"> <li>Each proposal has agreed business case and risk rating</li> <li>Consultation exercise was completed</li> <li>Budget savings proposals being closely monitored.</li> <li>Performance data being collected on an on going basis</li> <li>100% of savings proposals delivered.</li> </ul>						
Improvement Actions (ref to action plans)							
Person or Group Responsible for management of	Corporate Director CYPS						

risk					
<b>Previous risk reviews completed:</b>					
<ul style="list-style-type: none"> <li>J Kay, Finance Manager and D Wagstaff, Senior Business Relationship Partner. March 2012</li> </ul>					
Risk Review Date	August 2012	Completed By	Anne Higgins, Jo Willmott, Jeremy Kay & Mark Grimes	Designation	CWB Senior Management Team
Risk Review Date	February 2013	Completed By	Deborah Brownlee, Linda Harper, Jo Willmott & Jeremy Kay	Designation	CWB Senior Management Team

STRATEGIC RISK REGISTER 2012/13				Risk Number		22	
Corporate Priorities		<ul style="list-style-type: none"> <li>Improving Health &amp; Wellbeing</li> <li>Value for Money</li> </ul>	Link(s) to Community Strategy Key Objectives		Health & Improved Quality of Life for all		
<b>RISK</b>		Failure or delay in implementing the Local Welfare Assistance Scheme					
Consequences		<ul style="list-style-type: none"> <li>Vulnerable residents at risks</li> <li>Reputational damage to the Council</li> </ul>					
Controls		<ul style="list-style-type: none"> <li>Model endorsed by CMT</li> <li>Lead Executive Member identified</li> <li>Steering Group established</li> <li>Project Plan</li> </ul>					
Likelihood	2	Impact	5	Exposure	10		
<b>RISK LEVEL</b>				<b>Medium Risk</b>			
Risk Performance Indicators		<ul style="list-style-type: none"> <li>Delivery within the set timetable</li> <li>Monitoring against Project Plan</li> </ul>					
Effectiveness of controls and performance indicators		<ul style="list-style-type: none"> <li>Model agreed and endorsed by CMT</li> <li>Agreed timetable and Project Plan</li> <li>Delivery of model from 01.04.13</li> </ul>					
Improvement Actions (ref to action plans)							
Person or Group Responsible for management of risk			Corporate Director T&R				
Risk Review Date	February 2013	Completed By	Jo Willmott & Jeremy Kay	Designation	CWB Director of Operations & Finance Manager		



## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 20 March 2013  
**Report for:** Information / Approval  
**Report of:** Audit and Assurance Manager

### **Report Title**

**Risk Management Policy Statement and Strategy**

### **Summary**

The Council's Risk Management Policy Statement and Strategy have recently been reviewed and updated by the Audit and Assurance Service, in liaison with Corporate Directors and senior managers (having previously been issued in 2009). This has been completed to both ensure details reflected within the documents are up to date and also to complement activity currently underway in updating risk management guidance and raising awareness across the Council.

There are no fundamental changes proposed to the Authority's Policy Statement and Strategy but both have been refreshed to reflect changes since the previous versions were issued.

The Policy Statement sets out the Authority's overall position regarding its approach to risk management. The Strategy document sets out, in detail, the expected arrangements to be in place to ensure there are adequate risk management processes across the Council. The Strategy includes the updated arrangements for Risk Management Reporting (set out in the appendix).

### **Recommendation**

The Accounts and Audit Committee is asked to:

- (a) Approve the Council's Risk Management Policy Statement and Strategy.
- (b) Note that updated guidance supporting the Risk Management Strategy will be publicised across the Council.

### **Contact person for access to background papers and further information:**

Name: Mark Foster - Audit and Assurance Manager  
Kerry Bourne – Senior Audit & Assurance Officer  
Extension: 1323 / 4603

### **Background Papers:**

Risk Management Policy and Strategy (issued 2009)

## **Risk Management Policy Statement, Strategy and Supporting Guidance**

### **1. Introduction**

The purpose of this report is to provide the Accounts and Audit Committee with the updated Risk Management Policy Statement and Strategy for review and approval, and highlight work underway or planned to ensure adequate processes and supporting guidance on risk management are in place across the Authority.

### **2. Background**

The Council has had an established Risk Management Policy and Strategy for a number of years which is reviewed periodically to ensure it remains appropriate and effective. In line with the Audit and Assurance Service Plan, the Policy Statement and Strategy has recently been reviewed and updated.

### **3. Update of the Risk Management Policy and Strategy**

The Audit and Assurance Service has led on developing the Authority's corporate risk management approach for a number of years. As part of the 2012/13 Audit Plan, this included review and update of the Policy and Strategy, together with activity in respect of updating risk management guidance.

There are no fundamental changes proposed to the Authority's framework but the Policy Statement and Strategy have been refreshed to reflect changes since the previous versions were issued.

These include references to the Accounts and Audit Regulations 2011, the change in External Audit arrangements in 2012 and, prior to that, the ceasing of the Use of Resources Assessment process.

An addition to the Strategy document is the inclusion in the appendix of "Protocols for Risk Management reporting." This reflects expected standards for reporting both at officer and member levels. In particular, in recent years, the process for maintaining the Council's Strategic Risk Register has developed. Quarterly updates are reviewed by the Transformation Performance and Resources Group (TPR) and the Corporate Management Team (CMT) and regular updates are also presented to the Accounts and Audit Committee, at least twice per year. The protocols therefore formalise existing practice currently in place.

### **4. Further Work Underway and Planned**

The revised Risk Management Policy Statement and Strategy is designed to support staff and members in discharging their risk management responsibilities. There is various supporting guidance on risk management currently available. This includes an overarching document "Risk Management – Guidance for Services" together with a range of other supporting tools / guidance on the Council intranet.

Audit and Assurance is currently working on the review of existing guidance which will be completed and made available in the first quarter of 2013/14. This will include:

- An updated version of the “Risk Management: Service Guidance” guide.
- Updated details of examples of risk areas and also guidance on controls to manage such risks.
- Guidance on reporting risk management implications.
- Roll out of e-learning guidance (as referred to below).

In 2012/13 the Audit and Assurance Service, in liaison with Human Resources, has completed the development of an e-learning tool to supplement existing guidance available. This has been shared with a selection of officers from other Corporate Directorates for feedback. It is planned that this will be made available to all staff in the first quarter of 2013/14, to access via the intranet.

Audit and Assurance liaises on a regular basis with officers in each of the Council's Corporate Directorates as part of the ongoing maintenance of the Council's Strategic Risk Register and also to gain assurance that adequate arrangements are in place for Directorate level risks. The updated guidance will be shared with relevant staff through ongoing 1:1 meetings, via the intranet, and through attendance by Audit, where agreed, at service meetings etc.

The updated guidance will also be made available to staff via the intranet and will be publicised when available.

Audit and Assurance will also continue to provide advice and guidance on an ongoing basis, both through its role in co-ordinating strategic risk register updates, undertaking internal audit reviews and providing ad hoc advice. Ongoing or planned audit reviews in 2013/14 include coverage of a number of strategic risk areas.



**TRAFFORD**  
**COUNCIL**

# Risk Management Policy Statement

March 2013

# **Risk Management Policy Statement**

## **1. Introduction**

Trafford Council is responsible for the provision of a diverse range of services, and it is essential that the Authority protects and preserves its ability to continue to provide these services by ensuring its assets, both tangible and intangible, are protected against loss and damage.

The Accounts and Audit Regulations 2011 set out requirements related to the Council's systems of internal control, and the review and reporting of those systems. The Regulations require Councils to "have a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes the arrangements for the **management of risk.**"

The management of risk is central to the achievement of all Trafford Council's key objectives. If risks are not controlled or managed, this could greatly affect the Council's ability to discharge its responsibilities and achieve its objectives. Effective management of risks is an essential part of good governance.

Risk management should not be viewed as a negative exercise. Effective risk management may reduce the total cost of risk and enhance the delivery of services provided. The current financial climate particularly highlights the need to ensure effective arrangements for managing risks are in place. Risk management is not just about managing threats; it is also about identifying opportunities.

Effective risk management processes therefore provide the Council with a means of:

- improving strategic, operational and financial management;
- securing robust operational and service performance;
- maximising opportunities, and;
- minimising threats, or negative events, which might result in the Council failing to meet its objectives.

## **2. Trafford Council's Approach to Risk Management**

The risk management process involves the identification, assessment, prioritisation, control, review and management reporting of risk.

The Council's overriding approach to risk management is that it acknowledges it will always be faced with risks, but it is the Council's policy to adopt a proactive approach to risk management to achieve its objectives.

Although it is accepted that risk will not be totally eliminated, the Council is committed to the management of risk in order to:

- ensure that the Authority's policies are put into practice;
- ensure the Authority's values are met;
- ensure that laws and regulations are complied with;

- ensure that high quality services are delivered efficiently;
- safeguard members, employees, customers, service users, pupils and all other persons to whom the Council has a duty of care;
- protect its property including buildings, equipment, vehicles and all other assets and resources;
- maintain effective control of public funds and ensure that human, financial and other resources are managed efficiently and effectively;
- protect and improve the environment, and;
- protect and promote the reputation of the Council.

Risk is managed by systematically identifying, analysing and evaluating, cost effectively controlling and monitoring the risks that endanger the people, property, reputation and financial stability of the Council. Risks need to be considered in managing the delivery of both ongoing service provision and specific projects. Risks need to be managed both where functions / services are provided in-house or through partnership arrangements. If risks are not controlled, this can result in a loss of resources that could have been directed to front-line provision and meeting the Council's key objectives.

It is important that all aspects of risk are considered in the broadest sense, i.e. not just insurable risks as the majority of risks are not insurable. Risk management implications needed to be considered in all key decisions affecting the Council.

### **3. Responsibility of Corporate Directorates**

All Corporate Directorates and associated service areas must embrace risk management as part of service planning, financial management and performance management processes. Responsible officers need to consider what may prevent corporate/service objectives being achieved i.e. the principal risks should be identified.

As part of this, all Corporate Directorates should maintain up-to-date risk registers, which identify and analyse the principal risks and detail and evaluate action plans for managing and monitoring the risks. This should include risks relating to partnership arrangements in place or major projects being undertaken.

Managers with responsibility around particular partnerships should take appropriate action to ensure that the partnership itself has adequate risk management arrangements in place. All significant partnerships should maintain a partnership risk register.

Managers responsible for projects need to ensure risks are recognised and managed to minimise the possibility of the project failing and to ensure the project meets its objectives. A project risk log should be maintained.

Ownership of principal risks should be assigned to managers with sufficient authority to assign resources to control those risks. Responsibilities for managing risks should be clearly assigned to particular individuals, groups or sections as appropriate, details of which should be recorded in the risk registers.

All services within the Council must engage in this process. Directors and managers have the responsibility and accountability for managing the risks within their own work

areas. It is also, however, the responsibility of all members and employees to take into account risks in carrying out their duties. There must be commitment throughout the organisation to gain the benefits of effective risk management and achieve the Council's objectives.

All Corporate Directorates should review their risk registers on a regular basis. This should include ensuring significant risks considered to be of a strategic nature are escalated to the Corporate Management Team (CMT) (see Section 4. Strategic Risks). Whilst this is an ongoing process throughout the year, it is a requirement that Directorate level risk registers are fully reviewed and updated at least on an annual basis which should form an important part of the service planning process.

#### **4. Strategic Risks**

The Authority maintains a Strategic Risk Register (SRR). This contains the strategic, medium to long term risks (or barriers) the Authority is likely to face in achieving its high level vision and corporate objectives, as identified by the leadership of the organisation, the Executive and CMT. The SRR refers to actions required and responsibilities for managing and monitoring the risks. CMT has a responsibility to ensure that strategic risks are adequately managed as, given their nature, the occurrence of the risk may severely impact on the Council's achievements and performance. The SRR should be reviewed on a regular basis to ensure that there is adequate monitoring and control of risks and due regard is given to any emerging risks. The Accounts and Audit Committee are provided with regular updates in respect of the SRR. Executive portfolio holders are provided with performance monitoring reports which include strategic risk updates.

#### **5. Risk Management Reporting**

Reporting arrangements relating to risk management are contained in the Council's Risk Management Strategy in an agreed protocol. This is to ensure that roles of officers and members are defined and adequate reporting arrangements are in place for risk management issues to be taken into account in policy and decision-making. Responsibility for updating and maintaining the agreed protocol lies with the Audit and Assurance Service, with any significant changes being referred to, and approved by, CMT.

#### **6. Review of Risk Management Policy Statement**

This Policy statement, as a working document, will be reviewed on a regular basis and updated as necessary. Any significant changes will be referred to and approved by CMT and the Accounts and Audit Committee.



**TRAFFORD**  
**COUNCIL**

# Risk Management Strategy

**March 2013**



# **Risk Management Strategy**

## **1. Introduction**

- 1.1 Risk is something that could happen which may have an impact on the achievement of the Authority's objectives, at service level, authority-wide or working in partnership with other organisations. Risk management is the culture and processes that are directed towards the effective management of potential opportunities and threats to the organisation. Risk management is a key element of effective corporate governance. It involves Identifying, assessing, managing and controlling the principal risks facing an authority, enabling it to identify the key actions it must take to deliver its main goals.
- 1.2 The current financial climate particularly highlights the need to ensure effective arrangements for managing risks are in place. Effective risk management arrangements are essential for enabling high quality decision making to take place.
- 1.3 The Authority's initial Risk Management Policy and Strategy were originally approved in September 2004 and have since been regularly reviewed and updated. The Policy and Strategy were previously updated in February 2009. The Strategy has been refreshed to take into account the current risk management framework and associated guidance and sets out the arrangements required and considerations the Authority has for maintaining effective risk management.

## **2. Background**

- 2.1 Formal corporate risk management processes in the Authority have been developed over a number of years. Guidance was first issued to officers in 2003/4 and since then there has been a process of awareness raising around risk management. This has included ongoing directorate and service area liaison through meetings and workshops, and further documented guidance being issued (which is available on the Authority's intranet site). An e-learning risk management training module has also been developed.
- 2.2 All Corporate Directorates are required to maintain risk registers on an ongoing basis and are expected to fully update their registers at least annually as part of the service planning process. The Authority's strategic risk register contains the strategic risks (or barriers) the Authority is likely to face in achieving its high level vision and corporate objectives and actions required for managing / monitoring the risks. Key Council partnerships and major projects must also have adequate documented risk management processes.
- 2.3 It is important that there are adequate arrangements in place for identifying, assessing, reporting and managing risks. The Accounts and Audit Regulations 2011 set out requirements related to the Council's systems of internal control, and the review and reporting of those systems. The Regulations require Councils to "have a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes the arrangements for the management of risk." The Council is required to produce an Annual Governance Statement which includes an assessment of its processes for managing risks.

### **3. Risk Management Policy Statement**

- 3.1 The Risk Management Policy Statement sets out the Authority's overall position regarding its approach to risk management. It highlights potential benefits to be gained from effective risk management. The Council's overriding approach to risk management is that it acknowledges it will always be faced with risks, but it is the Council's policy to adopt a proactive approach to risk management to achieve its objectives. Although it is accepted that risk will not be totally eliminated, the Council is committed to the management of risk. The Policy states that the Authority must embrace risk management as part of planning and other processes.

### **4. Risk Management Strategy**

- 4.1 The purpose of the Risk Management Strategy is to ensure that effective risk management arrangements are implemented in practice. The Strategy needs to ensure that:

- Risk management is clearly and consistently integrated and embedded in the culture of the Council.
- Risk management is a top-down process with support and ownership of risk management by members and senior officers.
- There is adequate accountability with procedures and responsibilities clearly established at corporate and service levels.
- There are adequate cost effective controls in place for risk management directed to activities that reflect the Authority's objectives.
- All services identify and analyse their principal risks.
- Strategic / authority-wide risks are identified and analysed.
- There is adequate control and monitoring of risks, with risks reviewed on a regular basis.
- All principal risks, including details of who is responsible for managing the risk and how they are managed are recorded, where applicable, in Directorate and / or Strategic risk registers.
- Services manage their risks as part of the business planning process providing assurance on the effectiveness of risks being managed.
- Project management arrangements incorporate effective risk management processes.
- Risks associated with partnerships the Council participates in are effectively managed.
- Adequate information is provided to members to ensure that risk is explicitly taken into account in key decisions.
- Adequate guidance and support is provided regarding the risk management process to ensure adequate awareness and to ensure there are adequate skills for the identification, assessment and control of risks.
- The risk management process in the Authority forms a key part of the control assurance framework and the process for producing the Annual Governance Statement.

## **Top – down Process**

- 4.2 It is crucial that the Risk Management Policy Statement and Strategy are supported by the Executive and the Corporate Management Team (CMT). This ensures that risk is considered in decision-making and the overall approach to risk is consistent with the Authority's key objectives.

### **Accountability**

- 4.3 Members and staff must be aware of their respective roles in managing risks and ensure risks are taken into account when making decisions. All members and officers are responsible for ensuring effective risk management. The strategy refers to the management of risks by services but this is intended to also incorporate project teams, authority wide groups and partnership representatives as well as individual services.
- 4.4 It is the responsibility of CMT and the Accounts and Audit Committee to monitor the adequacy of the Authority's overall approach to risk management. CMT and the Accounts and Audit Committee are responsible for approving the Risk Management Policy and ensuring there is an effective Risk Management Strategy. The Audit and Assurance Service has a key role in ensuring there is adequate guidance available to staff and members and will review actual risk management arrangements in place as part of ongoing assurance work.
- 4.5 All managers have responsibility and accountability for managing the risks within their own service areas. However, to be successfully managed, risk awareness must be embedded in all working practices and therefore requires the inclusion of all staff in the process.

### **Resources**

- 4.6 Risk management should be an integral part of the budget setting and performance management framework. Resources should be allocated according to priorities which include addressing the highest risks to the Authority.

### **Identification and Analysis of Risks (Operational and Strategic)**

- 4.7 In identifying risks, services need to consider what may prevent corporate / service objectives being achieved i.e. identify the principal risks. Risks may be internally or externally generated (from local, national or international sources). The risks may relate to strategic or operational matters. Risks may arise from partnership arrangements, relate to specific projects or ongoing service provision.
- 4.8 Once risks are identified, an assessment needs to be made about the level of risk that is considered acceptable (i.e. the Council's risk appetite). In assessing the level of the potential risk, this can be classified by considering two basic factors – the likelihood of the risk actually occurring, and secondly, the impact that occurrence would have on the ability to achieve corporate and service objectives.
- 4.9 A framework was originally established in 2003 for identifying and analysing risks, which has since been developed and updated over time. The template for the service risk

register together with accompanying guidance is included as part of risk management guidance available on the intranet. In summary, this sets out that once the principal risks have been identified a simple risk assessment methodology should be used to enable services to carry out risk assessments in order to prioritise risks.

- 4.10 All Corporate Directorates should undertake the formal risk assessments on at least an annual basis, but risks should be reviewed and managed on an ongoing basis. All Corporate Directorates should maintain risk registers and on request provide a copy to the Audit & Assurance Service. In addition to enabling the process to be monitored, this will allow for reporting to the CMT as appropriate. Significant risks identified at a Directorate level which are considered to be of a strategic nature should be escalated to the Corporate Management Team and considered for inclusion on the Strategic Risk Register if appropriate.
- 4.11 **The Strategic Risk Register (SRR)** contains the strategic, medium to long term risks (or barriers) the Authority is likely to face in achieving its high level vision and corporate objectives, as identified by the leadership of the organisation, the Executive and CMT. The SRR refers to actions required and responsibilities for managing and monitoring the risks. CMT has a responsibility to ensure that strategic risks are adequately managed as, given their nature, the occurrence of the risk may severely impact on the Council's achievements and performance. The SRR should be reviewed on a regular basis to ensure that there is adequate monitoring and control of risks and due regard is given to any emerging risks. At officer level, the SRR is reported to the Transformation, Performance and Resources Group (TPR) and CMT on a quarterly basis. At member level, the Accounts and Audit Committee are provided with updates at least twice a year. Strategic risk updates are sent to the responsible Executive portfolio holder which are included as part of performance management reports enabling them to monitor performance within their area.
- 4.12 Given the nature of the risks it is essential that senior members and officers in the Authority are involved in the identification and analysis of strategic risks. The strategic risk register was originally produced following a series of discussions with Executive members and officers in CMT. The register is updated and reported on a regular basis. Whilst it is the responsibility of Trafford Council to maintain its own SRR and ensure that strategic risks are adequately addressed, it may be considered appropriate for independent assistance to be obtained from time to time to provide assurance on the adequacy of the register. Whilst this has not occurred in recent years, external risk management specialists have been utilised on occasion to provide assistance in respect of reviewing the SRR.

### **Control and Monitoring**

- 4.13 Decisions must be made both corporately and by services regarding what levels of risk are tolerable and what can be done to manage them. In simple terms there are four main responses to risk – tolerate the risk; transfer the risk to another organisation; terminate the activity that is generating the risk (if possible); or treat the risk by taking action to mitigate it.
- 4.14 The methods chosen to deal with risks should be reflected in the service objectives for the year, and in the allocation of resources (financial, human or otherwise).

- 4.15 Risk management is not a one-off exercise. Risks should be monitored on an ongoing basis and re-evaluated as appropriate. All risk registers should include arrangements to manage the risk, an evaluation of the effectiveness of these and any further improvement actions required to manage the risks as effectively as is feasible and practical. Significant issues regarding the management of risks, such as actions to be taken, should be reflected in service plans.

### **Responsibilities for Managing Risks**

- 4.16 To ensure there is adequate accountability for managing specific risks, it is important that responsibilities for monitoring / managing risks are clearly assigned to particular posts / groups / sections as appropriate. The respective completed risk registers should reflect this.

### **Business Planning**

- 4.17 Corporate Directorates should identify and manage risks as part of their service business planning process. Consideration of risks and associated required controls should be part of the process for considering priorities and the allocation of resources both within services and for the Authority as a whole.

### **Project Risks**

- 4.18 It is vital to the success of any project that the project manager recognises and manages associated risks. A clear understanding of the risks and mitigating actions are vital to the project's success. An escalation route for identified risks should be communicated to the project team and risk reviews should be a standing item on Project Board agendas. A major project should not fully commence until an initial risk identification and analysis has been carried out and a risk log created. Risk management should be undertaken in accordance with good practice set out in the Trafford Project Management Handbook available from the Council's Transformation team.

### **Partnership Risks**

- 4.19 The nature of partnership working requires working across existing organisational boundaries. This may provide many benefits but also can bring increased levels of risk to service delivery.
- 4.20 All significant partnerships should have an agreed set of objectives and the risks to achieving these objectives need to be identified and managed effectively. Partnerships should make reference to guidance set out in Trafford Council's Good Practice Guide for Managing Partnerships available on the Council's intranet.

## **Reporting and Decision Making**

- 4.21 There must be adequate reporting arrangements to ensure that risks identified are addressed and taken into account in decision-making processes. There should be adequate escalation procedures for identifying, reporting and addressing risks.
- 4.22 Detailed reporting arrangements are documented through an agreed risk management reporting protocol (see appendix).
- 4.23 It is essential that there are adequate reporting arrangements on risk management to the Executive. Risk implications should be considered in all key Executive decisions. Risk management should be embedded in policy making, performance management, strategic and financial planning.
- 4.24 All services must have an adequate process for reporting on principal risks, in particular through monitoring of progress against service plans but also through ensuring all officers are aware that risk implications must be reported when recommending particular courses of action. Risks should be reviewed on a regular basis within service management teams and there should be a suitable escalation procedure with any significant issues reported to senior management and / or members as appropriate.
- 4.25 Strategic risks must be reviewed on a regular basis. Any significant issues relating to the management of particular strategic risks should be reported to CMT. The Accounts and Audit Committee are provided with regular updates in respect of the SRR. Executive portfolio holders are provided with performance monitoring reports which include strategic risk updates.

## **Guidance and Support**

- 4.26 Adequate guidance and support is required to ensure that members and officers are aware of their responsibilities. Ongoing advice and guidance is provided by the Audit and Assurance Service. Various guidance has been distributed to services and there is ongoing liaison with staff contacts in each Corporate Directorate. Ongoing support will be given to ensure that members and staff are aware of the risk management process and their responsibilities. A range of guidance is available in respect of risk management on the Council's intranet including examples of risk, controls to address risks and guidance on the risk management process.

## **Governance / Control Framework**

- 4.27 As a statutory requirement the Council is required to produce an Annual Governance Statement which includes details of the standard of its internal control systems in place to achieve its objectives and manage risks. It is therefore important that there are clearly defined arrangements in place for identifying, reporting and managing risks. The Council should demonstrate that risk management process forms an integral part of its internal control systems. To achieve this, the risk management framework and procedures outlined above should be adhered to.

## **5. Conclusions**

- 5.1 This Strategy sets out the key arrangements required to ensure that adequate risk management structures and processes in the Authority are maintained and improvements are made where appropriate in order that key risks are effectively addressed and controlled. The Risk Management Strategy will be reviewed on a regular basis to ensure risk management continues to be an integral part of service planning, delivery and performance management.

## Trafford Council - Protocols For Risk Management Reporting

### 1. Introduction

This protocol document sets out the requirements at Trafford Council for reporting on risk management issues. It sets out arrangements in respect of general policy / strategy and the reporting of strategic and operational level risks.

### 2. Risk Management Policy Statement and Strategy

- CMT and the Accounts and Audit Committee will review and approve the Authority's Risk Management Policy Statement and Strategy, including any significant revisions to these. The Policy Statement and Strategy will be reviewed and updated on a regular basis as appropriate by the Audit and Assurance Service.
- Updates in respect of issues relating to the Risk Management Strategy will be reported to CMT / Accounts and Audit Committee as required including where applicable within Audit and Assurance update reports.

### 3. Strategic Risks

- Strategic risks should be monitored and reviewed as part of the corporate performance management process.
- Strategic risks will be monitored on a regular basis by TPR and CMT. Reports on strategic risks, co-ordinated by the Audit and Assurance Service, will be presented to TPR/CMT on a quarterly basis.
- The Accounts and Audit Committee will receive, biannually, strategic risk monitoring reports.
- The Executive should be informed of any significant issues or emerging risks. Executive portfolio holders are provided with quarterly updates in respect of strategic risks within their areas. Risk implications should be included in all Executive Decision reports.
- Internal Audit will include assurance reviews of strategic risks in its annual audit plan. Internal Audit will report on individual reviews to the Chief Executive and relevant Corporate Director. The annual internal audit report presented to CMT and the Accounts and Audit Committee will comment on the assurance work undertaken by Internal Audit. Findings will be reflected in the Authority's Annual Governance Statement.

### 4. Directorate / Service Risks

- Within individual Corporate Directorates and service areas, risks should be reviewed regularly within senior management teams. There should be a suitable escalation procedure with any significant issues reported to senior management and / or members as appropriate. Escalated risks should be considered for inclusion on the Strategic Risk Register. Risk management should be considered



as part of service planning, financial management and performance management arrangements, including any developments in these arrangements.

- Corporate Directorate risk registers must be reviewed on an ongoing basis and fully reviewed and updated at least on an annual basis. This process will be subject to periodic review by the Audit and Assurance Service.
- Directorate / service area risks will be taken into account in producing the annual internal audit plan. Internal Audit will provide a quarterly update to CMT and the Accounts and Audit Committee in respect of issues around risk and control as identified in its work programme, and the annual internal audit report will be presented to CMT and the Accounts and Audit Committee. As above, findings will be reflected in the Authority's Annual Governance Statement.

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## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 20 March 2013  
**Report for:** Information  
**Report of:** Audit and Assurance Manager

### Report Title

Anti-Fraud and Corruption Update

### Summary

To update members of the Committee with actions underway and planned which support the Council's Anti-Fraud and Corruption Strategy.

### Recommendation

The Accounts and Audit Committee is asked to note the report.

### Contact person for access to background papers and further information:

Name: Mark Foster – Audit and Assurance Manager  
Extension: 1323

Name: John Miller – Principal Audit and Assurance Team Leader  
1326

### **Background Papers:**

Trafford Council Anti-Fraud and Corruption Strategy

## **Audit and Assurance Service – Anti-Fraud and Corruption work update (March 2013)**

### **1. Introduction**

As part of the internal audit plan, the Audit and Assurance Service conducts work relating to anti-fraud and corruption. As well as undertaking investigative activities, work also involves reviewing measures in place to reduce the risk of fraud and raising awareness across the Council.

This report summarises work undertaken in 2012/13 and planned actions to support the Anti-Fraud and Corruption Strategy. An update was provided to the Accounts and Audit Committee in November 2012 on certain elements of the work which, where applicable, is referred to in this report. (The report does not include work relating to Benefit Fraud which will be covered in a separate annual report later in 2013).

### **2. Anti- Fraud and Corruption Strategy**

The Anti Fraud and Corruption Strategy document sets out the Council's firm stance against fraud and corruption. It details the responsibilities of members and officers, describes how concerns should be raised and identifies the importance of raising awareness across the Council.

A revised strategy document was presented to the Accounts and Audit Committee in November 2012, together with an update on planned work in developing guidance and raising awareness of anti-fraud measures. Related work completed and further work planned since the November 2012 update report are given in section 3.

### **3. Guidance / Awareness Raising**

The updated Anti Fraud and Corruption Strategy and Policy and supporting fraud response guidance are on the Council's intranet site. As planned, a range of guidance and awareness raising activity will support the issue of the updated Strategy.

Detailed below are actions undertaken since November 2012 to date:

- As planned, in December 2012, Audit and Assurance and Legal Services worked together to publicise the Council's policies on registering gifts and hospitality.
- In addition, the Audit and Assurance Service produced additional guidance for schools relating to the provision of gifts and hospitality. This was publicised through the schools e-bulletin in December

2012. Anti-fraud guidance was also circulated to all schools, originally produced by the Audit Commission as part of their “Protecting the Public Purse” report.

- Further work in relation to schools has included the update of guidance to undertake control risk self assessments which include assessment of controls to reduce fraud risks. This has been included on the schools’ “Trafford Learning” website as part of guidance supporting the Schools Financial Value Standard.

In terms of work in progress and further work planned through 2013/14:

- As part of the updated Anti Fraud and Corruption Strategy, guidance in responding to and reporting suspected fraud has been updated. In early 2013/14, this guidance is to be publicised through a number of means to managers and all staff. Specific fraud response guidance for schools is also to be publicised in early 2013/14.
- The Audit and Assurance Service is currently liaising with Human Resources in respect of an updated e-learning tool to support awareness raising titled “Fraud Awareness for Local Government”. In addition, updated guidance is to be reflected in staff induction processes.
- The National Fraud Authority (NFA) has developed a suite of materials for local authorities to use as part of a national campaign to increase fraud awareness among all staff: “Fraud: Spot it, Stop it”. It is planned that guidance available will be used to support ongoing awareness raising through the year.

Details of available guidance will be shared with Accounts and Audit Committee members as part of future training / guidance for the Committee.

#### **4. National Fraud Initiative (NFI)**

As Members will be aware through previous reports to the Committee, the National Fraud Initiative (NFI) is a nationwide data matching exercise. It is designed to help participating bodies identify possible cases of error or fraud and detect and correct any consequential under or overpayments from the public purse. It is carried out once every two years at minimal cost to the organisations involved and is firmly established as the United Kingdom’s premier public sector fraud detection exercise.

The NFI 2012/2013 commenced in October 2012, with the submission of the following Council data to the NFI team for matching with other participating bodies: -

- Payroll
- Creditors
- Residents in private care homes
- Insurance claimants
- Street trader licences
- Taxi driver licences
- Resident parking permits
- Personal licences to supply alcohol
- Blue badge holders

The resultant matches were released in January 2013 and these are currently being prioritised for investigation. Information on the progress of all aspects of the National Fraud Initiative 2012/2013 will be made to the Committee during 2013/14.

In May 2012 the Audit Commission published a briefing aimed at Council Members: - National Fraud Initiative – Council Members briefing, May 2012. <http://archive.audit-commission.gov.uk/auditcommission/sitecollectiondocuments/Downloads/nfi2012membersbriefing.pdf>

The briefing includes a checklist of key questions around five key areas: -

1. The NFI in our council
2. Maximising results
3. Broadening our council's engagement with the NFI
4. Data Security
5. The NFI fit with wider counter-fraud policies

The Audit and Assurance Service is reviewing current arrangements against this checklist. Details of the assessment made will be circulated to all Accounts and Audit Committee members.

## **5. Investigations**

During 2012/13 Audit and Assurance staff have contributed to work in relation to 11 new investigations, four of which are still ongoing.

For the completed cases, none of these resulted in formal disciplinary action against employees but in some instances, findings identified scope for improved controls within systems. Audit and Assurance have made recommendations to the relevant service areas as appropriate. Improvements relate to a number of themes including cash handling (in two investigations), record keeping (one), procurement processes (one) and awareness of the Council's ICT Acceptable Use Policy (two).

Of the four ongoing cases, these include alleged fraudulent timekeeping (two), possible misuse of the Council's ICT facilities (one) and possible breaches of the Contract Procedure Rules (one).

The start of 2012/13 saw the end of two complex, long running cases. As detailed in the Annual Internal Audit Report issued in June 2012, in the first case an employee who resigned in 2010 appeared at Crown Court in May 2012 and pleaded guilty to a theft of just over £10k. She was given a suspended prison sentence, community service and ordered to repay £1k. The fraud related to activity surrounding the administration of monies for individuals where the Council held Court appointed responsibility in respect of their financial affairs. Audit and Assurance liaised with the relevant service area and provided guidance and in the current year is undertaking an audit review of this area to follow up further.

The second case involved allegations of financial irregularity at a school and involved the review of a significant number of financial records. Whilst no evidence of fraud was identified, Audit and Assurance have made recommendations to improve the financial systems used for the administration of the school's unofficial funds and further internal audit review work is being undertaken.

Further updates on the ongoing investigations will be given as part of the 2012/13 Annual Internal Audit Report.

## **6. Internal Audit Planning**

The Annual Internal Audit Plan includes an allocation of time dedicated to anti-fraud and corruption activity, which includes time set aside for each of the activities referred to in this report.

The total time set aside for this work during 2012/13 was 200 days (including an allocation of time within planned ICT Audit work for ICT related investigations). Total time spent at the end of January 2013 was 195 days. It is therefore expected that actual work undertaken will amount to in excess of planned time, the excess relating to time spent undertaking investigations. (Details of planned against actual time spent for the year for all main categories of audit work will be reported in the 2012/13 Annual Internal Audit Report).

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Trafford Council  
Annual Review of the Effectiveness of Internal Audit 2012/13

## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 20 March 2013  
**Report for:** Information / Decision  
**Report of:** Audit and Assurance Manager

### Report Title

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

### Summary

The purpose of the report is to provide members with details of the annual review of the effectiveness of the Council's internal audit function. The review is a requirement in accordance with the Accounts and Audit Regulations 2011. The report also includes information in respect of the new Public Sector Internal Audit Standards to be introduced from 1 April 2013.

### Recommendation

The Committee is asked, on the basis of the evidence provided, to support the conclusion that Trafford Council continues to operate adequate and effective arrangements for Internal Audit.

### Contact person for access to background papers and further information:

Name: Mark Foster – Audit and Assurance Manager  
Extension: 1323

### **Background Papers:**

Audit and Assurance update reports  
Internal Audit self assessment – March 2013  
Accounts and Audit Regulations 2011  
Chartered Institute for Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government (2006)  
Public Sector Internal Audit Standards (issued December 2012)



## 1. Introduction

- 1.1 The Accounts and Audit Regulations 2011 require that the Council should, at least once a year, "...conduct a review of 'the effectiveness of its internal audit'". The results of the review should be considered by members as part of the Annual Governance Statement. The Department for Communities and Local Government stated that the audit committee 'would provide an appropriate means through which to carry out the review of internal audit as it has a role in monitoring internal audit but is independent from it'.

## 2. Scope of the Review

- 2.1 In terms of a review of Internal Audit, this report focuses on performance relating to the Audit and Assurance Service. Arrangements relating to internal audit are wider than this encompassing the operation of the Accounts & Audit Committee and it could also potentially include the operation of the Council's system of internal control. Assurance is gathered on these areas through the annual Internal Audit Opinion and the Annual Governance Statement both of which will be considered by the Committee in June 2013 and therefore have not been incorporated into this report. In addition, the Accounts and Audit Committee 2012/13 report will also be considered in June, which will detail the work of the Committee. **This report therefore focuses on the review of the Internal Audit function provided by the Audit and Assurance Service in 2012/13.**

## 3. Review of Internal Audit

- 3.1 The key sources referred to as part of this review are:
- Self Assessment review against the CIPFA Code of Practice for Internal Audit in Local Government.
  - Review of performance as detailed in updates issued to the Accounts and Audit Committee through 2012/13.

### **CIPFA Code of Practice for Internal Audit in Local Government**

- 3.2 As part of ongoing review processes, on an annual basis, the Audit and Assurance Service conducts a self assessment against the standards set out in the CIPFA Code of Practice for Internal Audit in Local Government. Details are reported to the Accounts and Audit Committee on an annual basis. A self assessment was completed in March 2013. (It should be noted that as from 1 April 2013, as Internal Audit will be subject to a new set of standards – the Public Sector Internal Audit Standards, future self

assessments will be conducted against the new standards. This is referred to in more detail in section 4).

3.3 The CIPFA self assessment checklist requires a yes/no response against 192 items reflecting all the requirements of the Code. Areas include:

- The scope of internal audit work
- Audit independence
- Ethics for internal auditors
- Audit Committee
- Relationships with Management and Members
- Staffing / Due Professional Care
- Strategy and Planning
- Undertaking audit assignments / Reporting
- Performance / Quality Assurance

3.4 The results of the March 2013 exercise (see Table 1) show that Trafford internal audit is 98.5% compliant with the Code (including those areas that are not applicable). Partial compliance is in respect of only 1.5% of the items (3 areas).

(For the most recent benchmarking exercise undertaken on this within the Greater Manchester Chief Internal Auditor's Group, of the seven councils that completed this self assessment in 2011, the average level of compliance was 96.5% including not applicable responses).

3.5 The results of the analysis are summarised below and the results are similar to findings reported in the previous year.

**Table 1: Trafford Council – Compliance with CIPFA Code of Practice for Internal Audit.**

	March 2013	
	Nos.	%
Compliant	<b>184</b>	<b>96*</b>
Partially Compliant	<b>3</b>	<b>1.5</b>
Non compliant	<b>0</b>	<b>0</b>
Not applicable	<b>5</b>	<b>2.5</b>
Overall	192	100

\* Note: As a percentage of overall standards, taking out non applicable areas, compliance is 98.5%.

- 3.6 The 3 areas out of the 192 standards where Trafford Council is partially compliant are the same as reported in 2011/12 and are shown in the appendix. It is not considered that these areas are a matter of concern based on current arrangements, and other authorities typically face similar issues in completing these areas of the self assessment. Where issues relate to aspects of audit independence, it is not considered that partial compliance currently gives rise to concern as suitable arrangements have been established to ensure the independence of the Service.

### **Communication / Performance Reporting**

- 3.7 The Audit and Assurance Service provides a quarterly update to CMT and the Accounts and Audit Committee on its work undertaken in addition to the Annual Internal Audit Report. Quarterly updates on work in 2012/13 have been provided to the Accounts and Audit Committee in September 2012, November 2012 and February 2013. Prior to this the 2011/12 Annual Internal Audit Report was reported to CMT and the Accounts and Audit Committee in June 2012. The Internal Audit Plan for 2013/14 is due to be presented to the Accounts and Audit Committee in March 2013.
- 3.8 The update reports include progress against the audit plan and list details of all audit reports issued where an audit opinion has been given. The reports also detail the impact of audit work both in terms of acceptance of recommendations made and subsequent implementation. Details for 2012/13 of the percentage of recommendations accepted and implemented (through findings from follow up reviews) will be included in the Annual Internal Audit Report. Up to the end of quarter 3 in 2012/13, 94% of audit recommendations had been accepted (against a service target of 95%).
- 3.9 Following each audit review, a client survey is sent to the relevant manager to provide feedback on the audit process. Results for the whole of 2012/13 will be detailed in the Annual Internal Audit Report. In the Audit and Assurance update provided as at the end of December 2012, 100% of responses were recorded as "Satisfactory or above" with 98.5% shown as "Very Good or Good".
- 3.10 In addition to undertaking internal audit reviews through the year and providing advice on internal control issues, Audit and Assurance has continued to support the organisation in a number of other roles (details of which will be reflected in the 2012/13 Annual Internal Audit Report). Key work has included:
- Facilitating the production of the Annual Governance Statement
  - Regular review and update of the Strategic Register.
  - Review and update of the Council's Risk Management Policy Statement and Strategy and ongoing work in providing guidance and raising

awareness (detailed in a separate report to the Accounts and Audit Committee in March 2013)

- Review and update of the Council's Anti-Fraud and Corruption Strategy and ongoing work to undertake investigations, support the Council in contributing to the National Fraud Initiative and also in raising awareness and addressing the associated risks of fraud and corruption. (detailed in reports to the Accounts and Audit Committee in November 2012 and March 2013).

- 3.11 The Audit and Assurance Service has continued to regularly liaise with the External Auditors (Audit Commission and then Grant Thornton) during 2012/13 and final audit reports issued by the Service have been shared. Areas for development highlighted by external audit findings, both across the Council and for Audit and Assurance to action, are discussed on an ongoing basis with the external auditors as required.
- 3.12 In order to share good practice and maintain awareness of key developments, the Audit and Assurance Manager continues to attend quarterly meetings of the Greater Manchester Chief Internal Audit Group and the Service also contributes to a number of other local internal audit groups. The Service also subscribes to the CIPFA Better Governance Forum to receive updates / guidance on latest developments relevant to internal audit work.

#### **Internal Audit Terms of Reference and Strategy**

- 3.13 The Internal Audit Terms of Reference and Strategy were last reviewed and updated in March 2012. The Strategy sets out how the internal audit service will be provided and includes reference to ongoing developments to ensure it continues to provide an effective service. The Strategy takes into account expected standards as set out in the CIPFA Code of Practice and other related guidance from CIPFA including the "Role of the Head of Internal Audit". As referred to in Section 4, the Terms of Reference and Strategy will be reviewed in 2013/14, in line with the introduction of the Public Sector Internal Audit Standards.

#### **4. Public Sector Internal Audit Standards**

- 4.1 In May 2011, CIPFA and the Chartered Institute of Internal Auditors (CIIA) agreed to collaborate in the development of the internal audit profession in the public sector. As a result, national Public Sector Internal Audit Standards (PSIAS), based upon the mandatory elements of the global CIIA's International Professional Performance Framework have been developed and were issued in December 2012.
- 4.2 The PSIAS replace the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom, last revised in 2006. The new

Standards are intended to promote further improvement in the professionalism, quality and effectiveness of internal audit across the public sector. They reaffirm the importance of robust, independent and objective internal audit arrangements to provide assurances to the organisation and for producing the Annual Governance Statement.

4.3 The objectives of the PSIAS are to:

- define the nature of internal auditing within the UK public sector,
- set basic principles for carrying out internal audit in the UK public sector,
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and
- establish the basis for the evaluation of internal audit performance and to drive improvement planning.

4.4 The PSIAS includes the following areas:

- Ethics (incorporating integrity, independence, objectivity, confidentiality and competency).
- Purpose, authority and responsibility of Internal Audit.
- Standards (including planning, undertaking and managing audit assignments, monitoring, communication, due professional care, quality assurance and improvement).

4.5 Overall, it appears that most of the content within the Standards reflects a continuation of existing best practice. The Audit and Assurance Service currently regularly reports on compliance with the CIPFA Code of Practice in Internal Audit in Local Government. Most requirements set out in the PSIAS are reflected to some degree in the CIPFA standards. **One significant new requirement with the implementation of PSIAS is the need for an external assessment of Internal Audit to take place at least every five years.**

4.6 CIPFA is issuing guidance in April 2013 to assist local authorities in the implementation of these new standards. This will be reviewed by the Audit and Assurance Service when made available and any actions required will be reflected as part of service planning for 2013/14. This will include review and update of the existing Internal Audit Terms of Reference and Strategy and associated audit procedures and protocols.

4.7 The Audit and Assurance Service will take into account CIPFA guidance and will liaise with other local authorities in the Greater Manchester Chief Internal Audit Group to share best practice in respect of implementing the standards, including ensuring a process of external review is established.

- 4.8 Local Authorities will be expected to report on compliance with these standards by June 2014. Audit and Assurance will report details of compliance with the standards as part of the 2013/14 Annual Internal Audit Report.
- 4.9 Full details of the PSIAS can be found using the following link:  
<http://www.cipfa.org/Policy-and-Guidance/Standards/Public-Sector-Internal-Audit-Standards>
- 4.10 Finally, it should be noted that future arrangements for reporting the annual review of internal audit will be reviewed in light of the new standards. It is expected that for the next review in 2013/14, this will include the results of an external review.

## 5. Conclusion

- 5.1 Based on the details provided in this report, and taking into account information provided throughout 2012/13, including the quarterly update reports, **the Committee is asked to support the conclusion that Trafford Council continues to operate adequate and effective internal audit arrangements.**



Trafford Council  
Annual Review of the Effectiveness of Internal Audit 2012/13

<b>Standard</b>	<b>Appendix</b> <b>CIPFA Code : Areas of Partial Compliance</b>
Is Internal Audit free from any non-audit [operational] duties?	The main areas where there is an operational role relate to conducting financial appraisals of contractors, contribution to retrieving information from ICT systems in respect of Freedom of Information requests and the issue of controlled stationery. If any activity in relation to this were to give rise to any significant concerns in respect of independence this would need to be raised by Internal Audit, initially with the Director of Finance.
Where internal audit staff have been consulted during system, policy or procedure development, are they precluded from reviewing and making comments during routine or future audits?	<p>The Service's Code of Conduct and Values includes details regarding independence. This Code includes reference to considering the issue of involvement of audit staff in consultation. In 2012/13, Audit and Assurance staff signed a declaration form concerning independence, conduct and values.</p> <p>Consideration of this issue is taken into account as part of audit planning. It is difficult, however, in some areas, e.g. staff may be consulted during the development of systems given their particular knowledge and experience and may also need to be in a position to subsequently audit them.</p>
Has the Head of Internal Audit sought to establish a dialogue with the regulatory and inspection agencies that interact with the organisation?	<p>There is regular liaison between the Audit and Assurance Manager and the External Auditors, Grant Thornton. Grant Thornton receive copies of all final audit reports and Internal Audit updates to the Accounts and Audit Committee.</p> <p>A formal ongoing dialogue has not been established with agencies other than the External Auditors but would be considered if needed. For example, Internal Audit has continued to have contact with Mersey Internal Audit Agency (PCT auditors) when considering audits in respect of multi agency working arrangements.</p> <p>It is expected that the work carried out by external agencies other than the External Auditor will be taken into account as part of planning individual audits to ascertain relevant information and also to inform and support the production of the Authority's Annual Governance Statement.</p>

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## TRAFFORD COUNCIL

**Report to:** Accounts and Audit Committee  
**Date:** 20 March 2013  
**Report for:** Information  
**Report of:** Audit and Assurance Manager

### Report Title

Accounts and Audit Committee – Work Programme – 2012/13

### Summary

This report sets out the updated work plan for the Committee for the 2012/13 municipal year i.e. items covered during the year in addition to the agenda for the March 2013 meeting.

It outlines areas considered by the Committee at each of its meetings, over the period of the year. The work programme has assisted in ensuring that the Committee has met its responsibilities under its terms of reference and maintained focus on key issues and priorities as defined by the Committee.

The work programme has been flexible and as well as covering all the items planned at the start of the year, other items have been added through the year.

### Recommendation

The Committee is asked to note the 2012/13 work programme.

### Contact person for access to background papers and further information:

Name: Mark Foster – Audit and Assurance Manager  
Extension: 1323

### Background Papers:

Accounts and Audit Committee Terms of Reference.

Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	External Audit	Risk Management	Annual Governance Statement / Corporate Governance	Anti- Fraud & Corruption Arrangements	Accounts
28 June 2012	Agree Committee's Work Programme for 2012/13 Training & Development – Presentation on draft accounts (provided outside committee)					
	- 2011/12 Annual Internal Audit Report	- Audit Progress Report		- Review 2011/12 draft Annual Governance Statement - Accounts and Audit Committee Annual Report to Council		- Review 2011/12 draft accounts - Treasury Management Annual Performance 2011/12
26 September 2012	Training & Development - Treasury Management (to be provided outside committee – 10 October 2012) - Role of External Audit (Presentation by the Audit Commission at the Committee meeting)					
	- Q1 Internal Audit Monitoring Report	- Annual Governance Report	- Strategic Risk Register Monitoring Report	- 2011/12 Annual Governance Statement (final version)	- Benefit Fraud Investigation 2011/12 Annual Report	- Approval of Annual Statement of Accounts 2011/12
21 November 2012	Training & Development – Insurance (Presentation at the Committee meeting)					
	- Q2 Internal Audit monitoring report	- Annual Audit Letter			- Anti Fraud and Corruption Policy and Strategy.	- Treasury Management : mid year review - Insurance update - Reserves update

Committee Meeting Dates	Areas of Responsibility of the Committee					
	Internal Audit	External Audit	Risk Management	Annual Governance Statement / Corporate Governance	Anti- Fraud & Corruption Arrangements	Accounts
5 February 2013	Training and Development - Benefit Fraud Investigation (Presentation at the Committee meeting)					
	- Q3 Internal Audit monitoring report	- Audit Update		- Consider improvement action taken in 2012/13 in respect of a 2011/12 governance issue. - Report on arrangements for 2012/13 Annual Governance Statement		-Treasury Management Strategy
20 March 2013	Training and Development - Presentation on the Trafford Partnership - Consideration of 2013/14 work programme.					
	- 2013/14 Internal Audit Plan	- Audit Opinion Plan - Grant Claims report	- Risk Management Policy and Strategy - Strategic Risk Register Monitoring Report	- Consider improvement action taken in 2012/13 in respect of a 2011/12 governance issue. - Effectiveness of Internal Audit (Annual Review)	- Anti Fraud & Corruption / National Fraud Initiative update	

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